Title: To define and ensure that digital asset financial institutions follow certain requirements, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Ensuring Necessary Financial Oversight and Reporting of Crypto Ecosystems Act of 2024" or the "ENFORCE Act of 2024".

SEC. 2. DIGITAL ASSET FINANCIAL INSTITUTIONS.

(a) In General.—Section 5312(a) of title 31, United States Code, as amended by section 6110(a) of the William M. (Mac) Thornberry National Defense Authorization Act for Fiscal Year 2021 (Public Law 116–283), is amended—

(1) in subsection (a)—

(A) in paragraph (2)—

(i) in subparagraph (Z), by striking "or" at the end;

(ii) in subparagraph (AA), by striking the period and inserting "; or"; and

(iii) by adding at the end the following:

"(BB) a digital asset financial institution.";

(B) by striking paragraph (3); and

(C) by redesignating paragraphs (4), (5), and (6) as paragraphs (3), (4), and (5), respectively; and

(2) by amending subsection (c) to read as follows:

"(c) Additional Definitions.—For purposes of this subchapter, the following definitions shall apply:

"(1) CERTAIN INSTITUTIONS INCLUDED IN DEFINITION.—The term 'financial institution' (as defined in subsection (a)) includes any futures commission merchant, commodity trading advisor, or commodity pool operator registered, or required to register, under the Commodity Exchange Act (7 U.S.C. 1 et seq.).

"(2) ASSET REFERENCE TOKEN.—The term 'asset reference token' means a digital asset that is issued in correlation with, and backed by the value of, a physical or traditional financial asset that is not natively electronic.

"(3) DIGITAL ASSET.—The term 'digital asset'—

"(A) means any digital representation of value that is recorded on a cryptographically secured digital ledger; and

"(B) includes a payment stablecoin and an asset reference token.

"(4) DIGITAL ASSET EXCHANGE.—The term 'digital asset exchange'—

"(A) means any centralized or intermediated trading facility—

"(i) through which transactions can be executed on behalf of customers of the facility; and

"(ii) that lists for trading not less than 1 digital asset; and

"(B) does not include non-custodial software that facilitates peer-to-peer transactions on a public ledger with publicly available and accessible source code or any network of smart contracts.

"(5) DIGITAL ASSET CUSTODIAN.—

"(A) IN GENERAL.—The term 'digital asset custodian'—

"(i) means an entity that holds, maintains, or safeguards digital commodities and digital assets on behalf of a customer; and

"(ii) does not include—

"(I) an entity providing support services as an authorized third party acting under contract;

"(II) an entity offering or utilizing software or hardware to enable self-custody of the digital commodities, digital assets, and other assets, including those that provide an interface through which users can access other platforms or protocols; or

"(III) a distributed ledger network node operator.

"(B) EXCEPTION.—Any entity facilitating clearance or settlement services of a covered asset on behalf of a customer shall not be considered to be a digital custodian of that covered asset for the duration of the clearance or settlement process.

"(6) DIGITAL ASSET FINANCIAL INSTITUTION.—The term 'digital asset financial institution' means a person that—

"(A) is not described in any of subparagraphs (A) through (AA) of paragraph (2); and

"(B) is, or engages in (as a portion of the business activity of the person) the functions of, a digital asset exchange, a digital asset custodian, a digital asset issuer, or a digital asset monetary intermediary.

"(7) DIGITAL ASSET ISSUER.—The term 'digital asset issuer'—

"(A) means any person that, in exchange for any consideration—

"(i) issues a unit of a payment stablecoin or asset reference token to a person; or

"(ii) offers or sells a right to a future issuance of a unit of a payment stablecoin or asset reference token to a person; and

"(B) does not include any person that—

"(i) solely, for the purpose of participating in operations of a distributed ledger, creates units of a digital asset rewarding—

"(I) users of the digital asset or any distributed ledger to which the digital asset relates; or

"(II) an individual performing activities directly related to the operation of the distributed ledger, such as mining, validating, staking, or other activity directly tied to the operation of the distributed ledger; or

"(ii) causes a digital asset to be issued due to the functioning of self-executing code that the person has deployed, contributed to, or interacted with.

"(8) DIGITAL ASSET MONETARY INTERMEDIARY.—The term 'digital asset monetary intermediary' means any person that—

"(A) converts a monetary instrument into a digital asset;

"(B) converts a digital asset into a monetary instrument; or

"(C) engages in money transmitting, as defined in section 1960(b)(2) of title 18.

"(9) DISTRIBUTED LEDGER NETWORK NODE OPERATOR.—The term 'distributed ledger network node operator' means any computing hardware that—

"(A) is used to communicate across a distributed ledger network for the purpose of acquiring the consensus necessary to verify distributed ledger operations; and

"(B) does not exercise discretion over any transaction initiated by end users of the network described in subparagraph (A).

"(10) MONETARY INSTRUMENT.—

"(A) IN GENERAL.—The term 'monetary instrument' means—

"(i) United States coins and currency;

"(ii) as the Secretary of the Treasury may prescribe by regulation, coins and currency of a foreign country, travelers' checks, bearer negotiable instruments, bearer investment securities, bearer securities, stock on which title is passed on delivery, and similar material;

"(iii) as the Secretary of the Treasury shall provide by regulation for purposes of sections 5316 and 5331, checks, drafts, notes, money orders, and other similar instruments which are drawn on or by a foreign financial institution and are not in bearer form; or

"(iv) as the Secretary of the Treasury shall provide by regulation, value that substitutes for any monetary instrument described in clause (i), (ii), or (iii).

"(B) RULE OF CONSTRUCTION.—Nothing in subparagraph (A) may be construed or interpreted such that the term 'monetary instrument' means a digital asset.

"(11) PAYMENT STABLECOIN.—The term 'payment stablecoin'—

"(A) means a digital asset—

"(i) that—

"(I) is designed to be used as a means of payment or settlement; and

"(II) is issued by a centralized entity; and

"(ii) the issuer of which (as described in clause (i)(II))—

"(I) is obligated to convert, redeem, or repurchase for a fixed amount of monetary value; and

"(II) represents will maintain, or creates the reasonable expectation that the digital asset will maintain, a stable value, relative to the value of a fixed amount of monetary value; and

"(B) does not include—

"(i) a national currency; or

"(ii) a security issued by an investment company registered under section 8(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–8(a)).

"(12) SMART CONTRACT.—The term 'smart contract' means—

"(A) computer code deployed to a distributed ledger technology network that executes an instruction based on the occurrence or nonoccurrence of specified conditions; or

"(B) any similar analogue.".

(b) Technical and Conforming Amendment.—Section 607(a)(4) of the Tariff Act of 1930 (19 U.S.C. 1607(a)(4)) is amended by striking "section 5312(a)(3) of title 31 of the United States Code" and inserting "section 5312(c) of title 31, United States Code".

SEC. 3. REQUIREMENTS FOR DIGITAL ASSET FINANCIAL INSTITUTIONS.

The Secretary of the Treasury shall amend subpart B of part 1022 of title 31, Code of Federal Regulations, by adding at the end the following:

"1022.220. Anti-money laundering programs for digital asset financial institutions.

"(a) Each digital asset financial institution shall develop, implement, and maintain an effective anti-money laundering program. An effective anti-money laundering program is one that is reasonably designed to prevent the digital asset financial institution from being used to facilitate money laundering and the financing of terrorist activities.

"(b) The program shall be commensurate with the risks posed by the location and size of, and the nature and volume of the financial services provided by, the digital asset financial institution.

"(c) The program shall be in writing, and a digital asset financial institution shall make copies of the anti-money laundering program available for inspection to the Department of the Treasury upon request.

"(d) At a minimum, the program shall:

"(1) Incorporate policies, procedures, and internal controls reasonably designed to assure compliance with this chapter.

"(i) Policies, procedures, and internal controls developed and implemented under this section shall include provisions for complying with the requirements of this chapter including, to the extent applicable to the digital asset financial institution, requirements for:

"(A) Verifying customer identification, including as set forth in clause (iv);

"(B) Filing reports;

"(C) Creating and retaining records;

"(D) Responding to law enforcement requests; and

"(E) Sharing relevant information with market participants, financial institutions, and law enforcement agencies.

"(ii) digital asset financial institutions that have automated data processing systems should integrate their compliance procedures with such systems.

"(iii) A person that is a digital asset financial institution solely because it is an agent for another digital asset financial institution, and the digital asset financial institution for which it serves as agent, may by agreement allocate between them responsibility for development of policies, procedures, and internal controls required by this paragraph. Each digital asset financial institution shall remain solely responsible for implementation of the requirements set forth in this section, and nothing in this paragraph relieves any digital asset financial institution from its obligation to establish and maintain an effective anti-money laundering program.

"(iv) A digital asset financial institution must establish procedures to verify the identity of any customer of the digital asset financial institution and obtain identifying information concerning such a person, including name, date of birth, address, and identification number. Digital asset financial institutions must retain access to such identifying information for five years after the last transaction.

"(2) Designate a person to assure day to day compliance with the program and this chapter. The responsibilities of such person shall include assuring that:

"(i) The digital asset financial institution properly files reports, and creates and retains records, in accordance with applicable requirements of this chapter;

"(ii) The compliance program is updated as necessary to reflect current requirements of this chapter, and related guidance issued by the Department of the Treasury; and

"(iii) The digital asset financial institution provides appropriate training and education in accordance with paragraph (d)(3) of this section.

"(3) Provide education and training of appropriate personnel concerning their responsibilities under the program, including training in the detection of suspicious transactions to the extent that the digital asset financial institution is required to report such transactions under this chapter.

"(4) Provide for independent review to monitor and maintain an adequate program. The

scope and frequency of the review shall be commensurate with the risk of the financial services provided by the digital asset financial institution. Such review may be conducted by an officer or employee of the digital asset financial institution so long as the reviewer is not the person designated in paragraph (d)(2) of this section and is functionally independent from such person.

"(e) A digital asset financial institution must develop and implement an anti-money laundering program that complies with the requirements of this section on or before the later of 360 days after the date of enactment of the ENFORCE Act of 2024 and the end of the 90-day period beginning on the day following the date the digital asset financial institution is established.

"(f) In this section, the term 'digital asset financial institution' has the meaning given the term in section 5312(c) of title 31, United States Code.".

SEC. 4. REPORTING REQUIRED OF DIGITAL ASSET FINANCIAL INSTITUTIONS.

The Secretary of the Treasury shall amend subpart C of part 1022 of title 31, Code of Federal Regulations, by inserting after section 1022.320 the following:

"1022.330. Reports by digital asset financial institutions

"(a) General.—

"(1) Every digital asset financial institution, or an authorized third party acting under contract on behalf of the digital asset financial institution, shall file with the Treasury Department, to the extent and in the manner required by this section, a report of any suspicious transaction relevant to a possible violation of law or regulation. Any digital asset financial institution, or an authorized third party acting under contract on behalf of the digital asset financial institution, may also file with the Treasury Department, by using the form specified in paragraph (b)(1) of this section, or otherwise, a report of any suspicious transaction that it believes is relevant to the possible violation of any law or regulation but whose reporting is not required by this section.

"(2) A transaction requires reporting under the terms of this section if it is conducted or attempted by, at, or through a digital asset financial institution, involves or aggregates funds or other assets of at least $2,000 (except as provided in paragraph (a)(3) of this section), and the digital asset financial institution knows, suspects, or has reason to suspect that the transaction (or a pattern of transactions of which the transaction is a part):

"(i) Involves funds derived from illegal activity or is intended or conducted in order to hide or disguise funds or assets derived from illegal activity (including, without limitation, the ownership, nature, source, location, or control of such funds or assets) as part of a plan to violate or evade any Federal law or regulation or to avoid any transaction reporting requirement under Federal law or regulation;

"(ii) Is designed, whether through structuring or other means, to evade any requirements of this chapter or of any other regulations promulgated under the Bank Secrecy Act;

"(iii) Serves no business or apparent lawful purpose, and the reporting digital asset

financial institution knows of no reasonable explanation for the transaction after examining the available facts, including the background and possible purpose of the transaction; or

"(iv) Involves use of the digital asset financial institution to facilitate criminal activity.

"(3) To the extent that the identification of transactions required to be reported is derived from a review of clearance records or other similar records of money orders or traveler's checks that have been sold or processed, an issuer of money orders or traveler's checks shall only be required to report a transaction or pattern of transactions that involves or aggregates funds or other assets of at least $5,000.

"(4) The obligation to identify and properly and timely to report a suspicious transaction rests with each digital asset financial institution involved in the transaction, provided that no more than one report is required to be filed by the digital asset financial institutions involved in a particular transaction (so long as the report filed contains all relevant facts). Whether, in addition to any liability on its own for failure to report, a digital asset financial institution that issues the instrument or provides the funds transfer service involved in the transaction may be liable for the failure of another digital asset financial institution involved in the transaction to report that transaction depends upon the nature of the contractual or other relationship between the businesses, and the legal effect of the facts and circumstances of the relationship and transaction involved, under general principles of the law of agency.

"(b) Filing Procedures.—

"(1) WHAT TO FILE.—A suspicious transaction shall be reported by completing a Suspicious Activity Report ('SAR'), and collecting and maintaining supporting documentation as required by paragraph (c) of this section.

"(2) WHERE TO FILE.—The SAR shall be filed in a central location to be determined by FinCEN, as indicated in the instructions to the SAR.

"(3) WHEN TO FILE.—A digital asset financial institution subject to this section is required to file each SAR no later than 30 calendar days after the date of the initial detection by the digital asset financial institution of facts that may constitute a basis for filing a SAR under this section. In situations involving violations that require immediate attention, such as ongoing money laundering schemes, the digital asset financial institution shall immediately notify by telephone an appropriate law enforcement authority in addition to filing a SAR. Digital asset financial institutions wishing voluntarily to report suspicious transactions that may relate to terrorist activity may call FinCEN's Financial Institutions Hotline at 1–866–556–3974 in addition to filing timely a SAR if required by this section.

"(c) Retention of Records.—A digital asset financial institution, or an authorized third party acting under contract on behalf of the digital asset financial institution, shall maintain a copy of any SAR filed and the original or business record equivalent of any supporting documentation for a period of five years from the date of filing the SAR. Supporting documentation shall be identified as such and maintained by the digital asset financial institution, or an authorized third party acting under contract on behalf of the digital asset financial institution, and shall be deemed to have been filed with the SAR. A digital asset financial institution, or an authorized third party acting under contract on behalf of the digital asset financial institution, shall make all supporting

documentation available to FinCEN or any Federal, State, or local law enforcement agency, or any Federal regulatory authority that examines the digital asset financial institution for compliance with the Bank Secrecy Act, or any State regulatory authority administering a State law that requires the digital asset financial institution to comply with the Bank Secrecy Act or otherwise authorizes the State authority to ensure that the digital asset financial institution complies with the Bank Secrecy Act.

"(d) Confidentiality of SARs.—A SAR, and any information that would reveal the existence of a SAR, are confidential and shall not be disclosed except as authorized in this paragraph (d). For purposes of this paragraph (d) only, a SAR shall include any suspicious activity report filed with FinCEN pursuant to any regulation in this chapter.

"(1) PROHIBITION ON DISCLOSURES BY DIGITAL ASSET FINANCIAL INSTITUTIONS.—

"(i) GENERAL RULE.—No digital asset financial institution, no authorized third party acting under contract on behalf of the digital asset financial institution, and no director, officer, employee, or agent of such digital asset financial institution or authorized third party shall disclose a SAR or any information that would reveal the existence of a SAR. Any digital asset financial institution, any authorized third party acting under contract on behalf of the digital asset financial institution, and any director, officer, employee, or agent of such digital asset financial institution or authorized third party that is subpoenaed or otherwise requested to disclose a SAR or any information that would reveal the existence of a SAR, shall decline to produce the SAR or such information, citing this section and 31 U.S.C. 5318(g)(2)(A)(i), and shall notify FinCEN of any such request and the response thereto.

"(ii) RULES OF CONSTRUCTION.—Provided that no person involved in any reported suspicious transaction is notified that the transaction has been reported, this paragraph (d)(1) shall not be construed as prohibiting:

"(A) The disclosure by a digital asset financial institution, an authorized third party acting under contract on behalf of the digital asset financial institution, or any director, officer, employee, or agent of such digital asset financial institution or authorized third party of:

"(1) A SAR, or any information that would reveal the existence of a SAR, to FinCEN or any Federal, State, or local law enforcement agency, or any Federal regulatory authority that examines the digital asset financial institution for compliance with the Bank Secrecy Act, or any State regulatory authority administering a State law that requires the digital asset financial institution to comply with the Bank Secrecy Act or otherwise authorizes the State authority to ensure that the digital asset financial institution complies with the Bank Secrecy Act; or

"(2) The underlying facts, transactions, and documents upon which a SAR is based, including but not limited to, disclosures to another financial institution, or any director, officer, employee, or agent of a financial institution, for the preparation of a joint SAR.

"(B) The sharing by a digital asset financial institution, or any director, officer, employee, or agent of the digital asset financial institution, of a SAR, or any

information that would reveal the existence of a SAR, within the digital asset financial institution's corporate organizational structure for purposes consistent with Title II of the Bank Secrecy Act as determined by regulation or in guidance.

"(2) PROHIBITION ON DISCLOSURES BY GOVERNMENT AUTHORITIES.—A Federal, State, local, territorial, or Tribal government authority, or any director, officer, employee, or agent of any of the foregoing, shall not disclose a SAR, or any information that would reveal the existence of a SAR, except as necessary to fulfill official duties consistent with Title II of the Bank Secrecy Act. For purposes of this section, 'official duties' shall not include the disclosure of a SAR, or any information that would reveal the existence of a SAR, in response to a request for disclosure of non-public information or a request for use in a private legal proceeding, including a request pursuant to 31 CFR 1.11.

"(e) Limitation on Liability.—A digital asset financial institution, an authorized third party acting under contract on behalf of a digital asset financial institution, and any director, officer, employee, or agent of such digital asset financial institution or authorized third party that makes a voluntary disclosure of any possible violation of law or regulation to a government agency or makes a disclosure pursuant to this section or any other authority, including a disclosure made jointly with another institution, shall be protected from liability to any person for any such disclosure, or for failure to provide notice of such disclosure to any person identified in the disclosure, or both, to the full extent provided by 31 U.S.C. 5318(g)(3).

"(f) Compliance.—Digital asset financial institutions and authorized third parties acting under contract on behalf of digital asset financial institutions shall be examined by FinCEN or its delegatees for compliance with this section. Failure to satisfy the requirements of this section may be a violation of the Bank Secrecy Act and of this chapter.

"(g) Applicability Date.—This section applies to transactions occurring on or after the date that is 180 days after the date of enactment of the ENFORCE Act of 2024.

"(h) Treasury Review.—Not later than 5 years after the date of enactment of the ENFORCE Act of 2024, the Secretary of the Treasury shall review the procedures in this section and publish a recommendations for best practices under this section.

"(i) Definition.—In this section, the term 'digital asset financial institution' has the meaning given the term in section 5312(c) of title 31, United States Code.".

SEC. 5. NEW SPECIAL MEASURES AUTHORITY.

Section 5318A of title 31, United States Code, is amended—

(1) in subsection (a)(2)(C), by striking "subsection (b)(5)" and inserting "paragraphs (5) and (6) of subsection (b)"; and

(2) in subsection (b), by adding at the end the following:

"(6) PROHIBITIONS OR CONDITIONS WITH RESPECT TO CERTAIN PRIMARY MONEY LAUNDERING CONCERNS.—If the Secretary of the Treasury finds reasonable grounds exist for concluding that 1 or more financial institutions operating outside of the United States, or 1 or more classes of transactions within, or involving, a jurisdiction outside of the United States, or 1 or more types of accounts within, or involving, a jurisdiction outside of the United States is of primary money laundering concern in connection with illicit digital asset

activity, the Secretary may—

"(A) require domestic financial institutions and domestic financial agencies to take 1 or more of the special measures described in paragraphs (1) through (4); or

"(B) prohibit, or impose conditions upon, certain transmittals of funds (as determined appropriate by the Secretary) or transmittals of digital assets by any domestic financial institution or domestic financial agency, if such transmittal involves any such digital asset financial institution, class of transaction, or type of account associated with illicit digital asset activity.".

SEC. 6. ENSURING ANTI-TIP OFF COMPLIANCE FOR DIGITAL ASSET FINANCIAL INSTITUTIONS.

Section 1510(b)(3) of title 18, United States Code, is amended—

(1) in subparagraph (A), by striking "and" at the end;

(2) by striking subparagraph (B) and inserting the following:

"(B) the term 'subpoena for records' means a Federal grand jury subpoena, a subpoena issued under section 3486 of this title, or an order or subpoena issued in accordance with section 3512 of this title, section 5318 of title 31, or section 1782 of title 28, for customer records that has been served relating to a violation of, or a conspiracy to violate—

"(i) any section of this title;

"(ii) an offense constituting specified unlawful activity under section 1956;

"(iii) an offense constituting racketeering activity under section 1961(1);

"(iv) an offense against a foreign nation constituting specified unlawful activity under section 1956; or

"(v) a foreign offense for which enforcement of a foreign forfeiture judgment could be brought under section 2467 of title 28, chapter 53 of title 31, or chapter 75 of the Internal Revenue Code of 1986; and"; and

(3) by adding at the end the following:

"(C) the term 'financial institution' has the meaning given that term in section 5312(a)(2) of title 31, or any regulations promulgated thereunder.".

SEC. 7. INFORMATION-SHARING PILOT PROGRAM TO COMBAT ILLICIT USE OF DIGITAL ASSETS.

(a) Definitions.—In this section:

(1) COVERED AGENCY.—The term "covered agency" means—

(A) the Department of Justice, including the Federal Bureau of Investigation and the Drug Enforcement Administration;

(B) the Financial Crimes Enforcement Network; and

(C) the Department of Homeland Security.

(2) DESIGNATED PRIVATE SECTOR ENTITY.—The term "designated private sector entity" means a private sector entity designated under subsection (c).

(3) DIGITAL ASSET.—The term "digital asset" has the meaning given that term in section 5312(c) of title 31, United States Code, as amended by section 2 of this Act.

(4) DIRECTOR.—The term "Director" means the Director of the Financial Crimes Enforcement Network.

(5) ILLICIT FINANCE VIOLATION.—The term "illicit finance violation" means the illicit use of digital assets.

(6) ILLICIT USE.—The term "illicit use" includes fraud, money laundering, the purchase and sale of illicit goods, sanctions evasion, theft of funds, funding of illegal activities, transactions related to child sexual abuse material, and any other financial transaction involving the proceeds of specified unlawful activity (as defined in section 1956(c) of title 18, United States Code).

(7) MONEY SERVICES BUSINESS.—The term "money services business" has the meaning given the term in section 1010.100 of title 31, Code of Federal Regulations, or any successor regulation.

(8) SECRETARY.—The term "Secretary" means the Secretary of Homeland Security.

(b) Establishment of Program.—The Attorney General shall establish a pilot program under which covered agencies and designated private sector entities securely share information about potential illicit finance violations and threats and emerging risks relating to illicit finance violations.

(c) Designation of Private Sector Entities.—

(1) REQUIRED DESIGNATION.—

(A) INITIAL DESIGNATION.—Not later than 90 days after the date of enactment of this Act, the Attorney General, in consultation with the Director and the Secretary, shall designate 10 private sector entities that are money services businesses and 10 private sector entities from the digital asset industry to participate in the pilot program established under subsection (b).

(B) BIANNUAL REVIEW.—Not less frequently than once every 6 months, the Attorney General, in consultation with the Director and the Secretary, shall review and, as appropriate, replace the private sector entities designated under this paragraph.

(2) OPTIONAL DESIGNATION.—In addition to the 20 private sector entities designated under paragraph (1), the Attorney General, in consultation with the Director and the Secretary, may designate 1 or more information sharing and analysis centers to participate in the pilot program.

(d) Information Sharing With Private Sector Entities.—A covered agency that initiates an investigation into a potential illicit finance violation, or identifies a threat or emerging risk relating to illicit finance violations, may share with any designated private sector entity such information about the investigation, threat, or emerging risk as the covered agency determines

appropriate in accordance with applicable law.

(e) Use of Information by Private Sector Entities.—Information received by a designated private sector entity under this section may not be used for any purpose other than identifying and reporting on activities that may involve illicit finance violations or threats and emerging risks relating to illicit finance violations.

(f) Means of Sharing Information.—The covered agencies and designated private sector entities may share information about potential illicit finance violations, or threats and emerging risks relating to illicit finance violations, with each other—

(1) through a portal established by the Attorney General or a similar mechanism determined appropriate by the Attorney General;

(2) through secure email; or

(3) at virtual monthly meetings, which shall be facilitated by the Attorney General.

(g) Limitation on Liability.—A designated private sector entity that transmits, receives, or shares information for the purposes of identifying and reporting activities that may constitute illicit finance violations, or threats and emerging risks relating to illicit finance violations, shall not be liable to any person under any law or regulation of the United States, any constitution, law, or regulation of any State or political subdivision thereof, or under any contract or other legally enforceable agreement (including any arbitration agreement), for such disclosure or for any failure to provide notice of such disclosure to the person who is the subject of such disclosure, or any other person identified in the disclosure.

(h) Voluntary Participation.—Participation by a designated private sector entity in the pilot program established under subsection (b), including sharing of information regarding potential illicit finance violations or threats and emerging risks relating to illicit finance violations, shall be voluntary.

(i) Sunset.—The pilot program established under subsection (b) shall terminate on the date that is 5 years after the date of enactment of this Act.

SEC. 8. DIGITAL ASSET ANTI-MONEY LAUNDERING EXAMINATION STANDARDS.

(a) Definitions.—In this section, the term “digital asset” has the meaning given that term in section 5312(c) of title 31, United States Code, as amended by section 2 of this Act.

(b) Examination and Review Process.—Not later than 2 years after the date of enactment of this Act, the Secretary of the Treasury, in consultation with the Conference of State Bank Supervisors and Federal functional regulators, as defined in section 1010.100 of title 31, Code of Federal Regulations, shall establish a risk-focused examination and review process for financial institutions, as defined in that section, to assess the following relating to digital assets and digital commodities, as determined by the Secretary:

(1) The adequacy of reporting obligations and anti-money laundering programs under subsections (g) and (h) of section 5318 of title 31, United States Code, respectively, as applied to those institutions.

(2) Compliance of those institutions with anti-money laundering and countering the

financing of terrorism requirements under subchapter II of chapter 53 of title 31, United States Code.

SEC. 9. RULE OF CONSTRUCTION.

Nothing in this Act shall limit or restrict the application of or requirements under—

(1) subchapter II of chapter 53 of title 31, United States Code; or

(2) part 1022 of title 31, Code of Federal Regulations.