

118TH CONGRESS  
2D SESSION

**S.** \_\_\_\_\_

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

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IN THE SENATE OF THE UNITED STATES

Mr. TILLIS (for himself and Mr. HAGERTY) introduced the following bill;  
which was read twice and referred to the Committee on

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**A BILL**

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

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Ensuring Necessary  
5 Financial Oversight and Reporting of Crypto Ecosystems  
6 Act of 2024” or the “ENFORCE Act of 2024”.

7 **SEC. 2. DIGITAL ASSET FINANCIAL INSTITUTIONS.**

8 (a) IN GENERAL.—Section 5312(a) of title 31,  
9 United States Code, as amended by section 6110(a) of the  
10 William M. (Mac) Thornberry National Defense Author-

1 ization Act for Fiscal Year 2021 (Public Law 116–283),  
2 is amended—

3 (1) in subsection (a)—

4 (A) in paragraph (2)—

5 (i) in subparagraph (Z), by striking  
6 “or” at the end;

7 (ii) in subparagraph (AA), by striking  
8 the period and inserting “; or”; and

9 (iii) by adding at the end the fol-  
10 lowing:

11 “(BB) a digital asset financial institu-  
12 tion.”;

13 (B) by striking paragraph (3); and

14 (C) by redesignating paragraphs (4), (5),  
15 and (6) as paragraphs (3), (4), and (5), respec-  
16 tively; and

17 (2) by amending subsection (c) to read as fol-  
18 lows:

19 “(c) **ADDITIONAL DEFINITIONS.**—For purposes of  
20 this subchapter, the following definitions shall apply:

21 “(1) **CERTAIN INSTITUTIONS INCLUDED IN**  
22 **DEFINITION.**—The term ‘financial institution’ (as  
23 defined in subsection (a)) includes any futures com-  
24 mission merchant, commodity trading advisor, or  
25 commodity pool operator registered, or required to

1 register, under the Commodity Exchange Act (7  
2 U.S.C. 1 et seq.).

3 “(2) ASSET REFERENCE TOKEN.—The term  
4 ‘asset reference token’ means a digital asset that is  
5 issued in correlation with, and backed by the value  
6 of, a physical or traditional financial asset that is  
7 not natively electronic.

8 “(3) DIGITAL ASSET.—The term ‘digital  
9 asset’—

10 “(A) means any digital representation of  
11 value that is recorded on a cryptographically se-  
12 cured digital ledger; and

13 “(B) includes a payment stablecoin and an  
14 asset reference token.

15 “(4) DIGITAL ASSET EXCHANGE.—The term  
16 ‘digital asset exchange’—

17 “(A) means any centralized or intermedi-  
18 ated trading facility—

19 “(i) through which transactions can  
20 be executed on behalf of customers of the  
21 facility; and

22 “(ii) that lists for trading not less  
23 than 1 digital asset; and

24 “(B) does not include non-custodial soft-  
25 ware that facilitates peer-to-peer transactions

1 on a public ledger with publicly available and  
2 accessible source code or any network of smart  
3 contracts.

4 “(5) DIGITAL ASSET CUSTODIAN.—

5 “(A) IN GENERAL.—The term ‘digital  
6 asset custodian’—

7 “(i) means an entity that holds, main-  
8 tains, or safeguards digital commodities  
9 and digital assets on behalf of a customer;  
10 and

11 “(ii) does not include—

12 “(I) an entity providing support  
13 services as an authorized third party  
14 acting under contract;

15 “(II) an entity offering or uti-  
16 lizing software or hardware to enable  
17 self-custody of the digital commod-  
18 ities, digital assets, and other assets,  
19 including those that provide an inter-  
20 face through which users can access  
21 other platforms or protocols; or

22 “(III) a distributed ledger net-  
23 work node operator.

24 “(B) EXCEPTION.—Any entity facilitating  
25 clearance or settlement services of a covered

1 asset on behalf of a customer shall not be con-  
2 sidered to be a digital custodian of that covered  
3 asset for the duration of the clearance or settle-  
4 ment process.

5 “(6) DIGITAL ASSET FINANCIAL INSTITU-  
6 TION.—The term ‘digital asset financial institution’  
7 means a person that—

8 “(A) is not described in any of subpara-  
9 graphs (A) through (AA) of paragraph (2); and

10 “(B) is, or engages in (as a portion of the  
11 business activity of the person) the functions of,  
12 a digital asset exchange, a digital asset custo-  
13 dian, a digital asset issuer, or a digital asset  
14 monetary intermediary.

15 “(7) DIGITAL ASSET ISSUER.—The term ‘dig-  
16 ital asset issuer’—

17 “(A) means any person that, in exchange  
18 for any consideration—

19 “(i) issues a unit of a payment  
20 stablecoin or asset reference token to a  
21 person; or

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

25 “(B) does not include any person that—

1 “(i) solely, for the purpose of partici-  
2 pating in operations of a distributed ledg-  
3 er, creates units of a digital asset reward-  
4 ing—

5 “(I) users of the digital asset or  
6 any distributed ledger to which the  
7 digital asset relates; or

8 “(II) an individual performing  
9 activities directly related to the oper-  
10 ation of the distributed ledger, such  
11 as mining, validating, staking, or  
12 other activity directly tied to the oper-  
13 ation of the distributed ledger; or

14 “(ii) causes a digital asset to be  
15 issued due to the functioning of self-exe-  
16 cuting code that the person has deployed,  
17 contributed to, or interacted with.

18 “(8) DIGITAL ASSET MONETARY INTER-  
19 MEDIARY.—The term ‘digital asset monetary inter-  
20 mediary’ means any person that—

21 “(A) converts a monetary instrument into  
22 a digital asset;

23 “(B) converts a digital asset into a mone-  
24 tary instrument; or

1                   “(C) engages in money transmitting, as de-  
2                   fined in section 1960(b)(2) of title 18.

3                   “(9) DISTRIBUTED LEDGER NETWORK NODE  
4                   OPERATOR.—The term ‘distributed ledger network  
5                   node operator’ means any computing hardware  
6                   that—

7                   “(A) is used to communicate across a dis-  
8                   tributed ledger network for the purpose of ac-  
9                   quiring the consensus necessary to verify dis-  
10                  tributed ledger operations; and

11                  “(B) does not exercise discretion over any  
12                  transaction initiated by end users of the net-  
13                  work described in subparagraph (A).

14                  “(10) MONETARY INSTRUMENT.—

15                  “(A) IN GENERAL.—The term ‘monetary  
16                  instrument’ means—

17                         “(i) United States coins and currency;

18                         “(ii) as the Secretary of the Treasury  
19                         may prescribe by regulation, coins and cur-  
20                         rency of a foreign country, travelers’  
21                         checks, bearer negotiable instruments,  
22                         bearer investment securities, bearer securi-  
23                         ties, stock on which title is passed on deliv-  
24                         ery, and similar material;

1           “(iii) as the Secretary of the Treasury  
2           shall provide by regulation for purposes of  
3           sections 5316 and 5331, checks, drafts,  
4           notes, money orders, and other similar in-  
5           struments which are drawn on or by a for-  
6           eign financial institution and are not in  
7           bearer form; or

8           “(iv) as the Secretary of the Treasury  
9           shall provide by regulation, value that sub-  
10          stitutes for any monetary instrument de-  
11          scribed in clause (i), (ii), or (iii).

12          “(B) RULE OF CONSTRUCTION.—Nothing  
13          in subparagraph (A) may be construed or inter-  
14          preted such that the term ‘monetary instru-  
15          ment’ means a digital asset.

16          “(11) PAYMENT STABLECOIN.—The term ‘pay-  
17          ment stablecoin’—

18                 “(A) means a digital asset—

19                         “(i) that—

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

22                                 “(II) is issued by a centralized  
23                                 entity; and

24                                 “(ii) the issuer of which (as described  
25                                 in clause (i)(II))—



1 “(I) is obligated to convert, re-  
2 deem, or repurchase for a fixed  
3 amount of monetary value; and

4 “(II) represents will maintain, or  
5 creates the reasonable expectation  
6 that the digital asset will maintain, a  
7 stable value, relative to the value of a  
8 fixed amount of monetary value; and

9 “(B) does not include—

10 “(i) a national currency; or

11 “(ii) a security issued by an invest-  
12 ment company registered under section  
13 8(a) of the Investment Company Act of  
14 1940 (15 U.S.C. 80a–8(a)).

15 “(12) SMART CONTRACT.—The term ‘smart  
16 contract’ means—

17 “(A) computer code deployed to a distrib-  
18 uted ledger technology network that executes an  
19 instruction based on the occurrence or non-  
20 occurrence of specified conditions; or

21 “(B) any similar analogue.”.

22 (b) TECHNICAL AND CONFORMING AMENDMENT.—  
23 Section 607(a)(4) of the Tariff Act of 1930 (19 U.S.C.  
24 1607(a)(4)) is amended by striking “section 5312(a)(3)

1 of title 31 of the United States Code” and inserting “sec-  
2 tion 5312(c) of title 31, United States Code”.

3 **SEC. 3. REQUIREMENTS FOR DIGITAL ASSET FINANCIAL IN-**  
4 **STITUTIONS.**

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

8 **“§ 1022.220. Anti-money laundering programs for dig-**  
9 **ital asset financial institutions.**

10 “(a) Each digital asset financial institution shall de-  
11 velop, implement, and maintain an effective anti-money  
12 laundering program. An effective anti-money laundering  
13 program is one that is reasonably designed to prevent the  
14 digital asset financial institution from being used to facili-  
15 tate money laundering and the financing of terrorist ac-  
16 tivities.

17 “(b) The program shall be commensurate with the  
18 risks posed by the location and size of, and the nature  
19 and volume of the financial services provided by, the dig-  
20 ital asset financial institution.

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

25 “(d) At a minimum, the program shall:

1           “(1) Incorporate policies, procedures, and inter-  
2           nal controls reasonably designed to assure compli-  
3           ance with this chapter.

4           “(i) Policies, procedures, and internal con-  
5           trols developed and implemented under this sec-  
6           tion shall include provisions for complying with  
7           the requirements of this chapter including, to  
8           the extent applicable to the digital asset finan-  
9           cial institution, requirements for:

10                   “(A) Verifying customer identifica-  
11                   tion, including as set forth in clause (iv);

12                   “(B) Filing reports;

13                   “(C) Creating and retaining records;

14                   “(D) Responding to law enforcement  
15                   requests; and

16                   “(E) Sharing relevant information  
17                   with market participants, financial institu-  
18                   tions, and law enforcement agencies.

19           “(ii) digital asset financial institutions that  
20           have automated data processing systems should  
21           integrate their compliance procedures with such  
22           systems.

23           “(iii) A person that is a digital asset finan-  
24           cial institution solely because it is an agent for  
25           another digital asset financial institution, and

1 the digital asset financial institution for which  
2 it serves as agent, may by agreement allocate  
3 between them responsibility for development of  
4 policies, procedures, and internal controls re-  
5 quired by this paragraph. Each digital asset fi-  
6 nancial institution shall remain solely respon-  
7 sible for implementation of the requirements set  
8 forth in this section, and nothing in this para-  
9 graph relieves any digital asset financial institu-  
10 tion from its obligation to establish and main-  
11 tain an effective anti-money laundering pro-  
12 gram.

13 “(iv) A digital asset financial institution  
14 must establish procedures to verify the identity  
15 of any customer of the digital asset financial in-  
16 stitution and obtain identifying information  
17 concerning such a person, including name, date  
18 of birth, address, and identification number.  
19 Digital asset financial institutions must retain  
20 access to such identifying information for five  
21 years after the last transaction.

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

1           “(i) The digital asset financial institution  
2 properly files reports, and creates and retains  
3 records, in accordance with applicable require-  
4 ments of this chapter;

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

9           “(iii) The digital asset financial institution  
10 provides appropriate training and education in  
11 accordance with paragraph (d)(3) of this sec-  
12 tion.

13           “(3) Provide education and training of appro-  
14 priate personnel concerning their responsibilities  
15 under the program, including training in the detec-  
16 tion of suspicious transactions to the extent that the  
17 digital asset financial institution is required to re-  
18 port such transactions under this chapter.

19           “(4) Provide for independent review to monitor  
20 and maintain an adequate program. The scope and  
21 frequency of the review shall be commensurate with  
22 the risk of the financial services provided by the dig-  
23 ital asset financial institution. Such review may be  
24 conducted by an officer or employee of the digital  
25 asset financial institution so long as the reviewer is

1 not the person designated in paragraph (d)(2) of  
2 this section and is functionally independent from  
3 such person.

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

11 “(f) In this section, the term ‘digital asset financial  
12 institution’ has the meaning given the term in section  
13 5312(c) of title 31, United States Code.”.

14 **SEC. 4. REPORTING REQUIRED OF DIGITAL ASSET FINAN-**  
15 **CIAL INSTITUTIONS.**

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

19 **“§ 1022.330. Reports by digital asset financial institu-**  
20 **tions**

21 “(a) GENERAL.—

22 “(1) Every digital asset financial institution, or  
23 an authorized third party acting under contract on  
24 behalf of the digital asset financial institution, shall  
25 file with the Treasury Department, to the extent and

1 in the manner required by this section, a report of  
2 any suspicious transaction relevant to a possible vio-  
3 lation of law or regulation. Any digital asset finan-  
4 cial institution, or an authorized third party acting  
5 under contract on behalf of the digital asset finan-  
6 cial institution, may also file with the Treasury De-  
7 partment, by using the form specified in paragraph  
8 (b)(1) of this section, or otherwise, a report of any  
9 suspicious transaction that it believes is relevant to  
10 the possible violation of any law or regulation but  
11 whose reporting is not required by this section.

12 “(2) A transaction requires reporting under the  
13 terms of this section if it is conducted or attempted  
14 by, at, or through a digital asset financial institu-  
15 tion, involves or aggregates funds or other assets of  
16 at least \$2,000 (except as provided in paragraph  
17 (a)(3) of this section), and the digital asset financial  
18 institution knows, suspects, or has reason to suspect  
19 that the transaction (or a pattern of transactions of  
20 which the transaction is a part):

21 “(i) Involves funds derived from illegal ac-  
22 tivity or is intended or conducted in order to  
23 hide or disguise funds or assets derived from il-  
24 legal activity (including, without limitation, the  
25 ownership, nature, source, location, or control

1 of such funds or assets) as part of a plan to  
2 violate or evade any Federal law or regulation  
3 or to avoid any transaction reporting require-  
4 ment under Federal law or regulation;

5 “(ii) Is designed, whether through struc-  
6 turing or other means, to evade any require-  
7 ments of this chapter or of any other regula-  
8 tions promulgated under the Bank Secrecy Act;

9 “(iii) Serves no business or apparent law-  
10 ful purpose, and the reporting digital asset fi-  
11 nancial institution knows of no reasonable ex-  
12 planation for the transaction after examining  
13 the available facts, including the background  
14 and possible purpose of the transaction; or

15 “(iv) Involves use of the digital asset fi-  
16 nancial institution to facilitate criminal activity.

17 “(3) To the extent that the identification of  
18 transactions required to be reported is derived from  
19 a review of clearance records or other similar records  
20 of money orders or traveler’s checks that have been  
21 sold or processed, an issuer of money orders or trav-  
22 eler’s checks shall only be required to report a trans-  
23 action or pattern of transactions that involves or ag-  
24 gregates funds or other assets of at least \$5,000.



1           “(4) The obligation to identify and properly and  
2           timely to report a suspicious transaction rests with  
3           each digital asset financial institution involved in the  
4           transaction, provided that no more than one report  
5           is required to be filed by the digital asset financial  
6           institutions involved in a particular transaction (so  
7           long as the report filed contains all relevant facts).  
8           Whether, in addition to any liability on its own for  
9           failure to report, a digital asset financial institution  
10          that issues the instrument or provides the funds  
11          transfer service involved in the transaction may be  
12          liable for the failure of another digital asset financial  
13          institution involved in the transaction to report that  
14          transaction depends upon the nature of the contrac-  
15          tual or other relationship between the businesses,  
16          and the legal effect of the facts and circumstances  
17          of the relationship and transaction involved, under  
18          general principles of the law of agency.

19          “(b) FILING PROCEDURES.—

20                 “(1) WHAT TO FILE.—A suspicious transaction  
21                 shall be reported by completing a Suspicious Activity  
22                 Report (‘SAR’), and collecting and maintaining sup-  
23                 porting documentation as required by paragraph (c)  
24                 of this section.

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

4           “(3) WHEN TO FILE.—A digital asset financial  
5           institution subject to this section is required to file  
6           each SAR no later than 30 calendar days after the  
7           date of the initial detection by the digital asset fi-  
8           nancial institution of facts that may constitute a  
9           basis for filing a SAR under this section. In situa-  
10          tions involving violations that require immediate at-  
11          tention, such as ongoing money laundering schemes,  
12          the digital asset financial institution shall imme-  
13          diately notify by telephone an appropriate law en-  
14          forcement authority in addition to filing a SAR. Dig-  
15          ital asset financial institutions wishing voluntarily to  
16          report suspicious transactions that may relate to ter-  
17          rorist activity may call FinCEN’s Financial Institu-  
18          tions Hotline at 1–866–556–3974 in addition to fil-  
19          ing timely a SAR if required by this section.

20          “(c) RETENTION OF RECORDS.—A digital asset fi-  
21          nancial institution, or an authorized third party acting  
22          under contract on behalf of the digital asset financial insti-  
23          tution, shall maintain a copy of any SAR filed and the  
24          original or business record equivalent of any supporting  
25          documentation for a period of five years from the date

1 of filing the SAR. Supporting documentation shall be iden-  
2 tified as such and maintained by the digital asset financial  
3 institution, or an authorized third party acting under con-  
4 tract on behalf of the digital asset financial institution,  
5 and shall be deemed to have been filed with the SAR. A  
6 digital asset financial institution, or an authorized third  
7 party acting under contract on behalf of the digital asset  
8 financial institution, shall make all supporting documenta-  
9 tion available to FinCEN or any Federal, State, or local  
10 law enforcement agency, or any Federal regulatory au-  
11 thority that examines the digital asset financial institution  
12 for compliance with the Bank Secrecy Act, or any State  
13 regulatory authority administering a State law that re-  
14 quires the digital asset financial institution to comply with  
15 the Bank Secrecy Act or otherwise authorizes the State  
16 authority to ensure that the digital asset financial institu-  
17 tion complies with the Bank Secrecy Act.

18 “(d) CONFIDENTIALITY OF SARs.—A SAR, and any  
19 information that would reveal the existence of a SAR, are  
20 confidential and shall not be disclosed except as authorized  
21 in this paragraph (d). For purposes of this paragraph (d)  
22 only, a SAR shall include any suspicious activity report  
23 filed with FinCEN pursuant to any regulation in this  
24 chapter.

1           “(1) PROHIBITION ON DISCLOSURES BY DIG-  
2           ITAL ASSET FINANCIAL INSTITUTIONS.—

3           “(i) GENERAL RULE.—No digital asset fi-  
4           nancial institution, no authorized third party  
5           acting under contract on behalf of the digital  
6           asset financial institution, and no director, offi-  
7           cer, employee, or agent of such digital asset fi-  
8           nancial institution or authorized third party  
9           shall disclose a SAR or any information that  
10          would reveal the existence of a SAR. Any digi-  
11          tial asset financial institution, any authorized  
12          third party acting under contract on behalf of  
13          the digital asset financial institution, and any  
14          director, officer, employee, or agent of such digi-  
15          tial asset financial institution or authorized  
16          third party that is subpoenaed or otherwise re-  
17          quested to disclose a SAR or any information  
18          that would reveal the existence of a SAR, shall  
19          decline to produce the SAR or such informa-  
20          tion, citing this section and 31 U.S.C.  
21          5318(g)(2)(A)(i), and shall notify FinCEN of  
22          any such request and the response thereto.

23          “(ii) RULES OF CONSTRUCTION.—Provided  
24          that no person involved in any reported sus-  
25          picious transaction is notified that the trans-

1 action has been reported, this paragraph (d)(1)  
2 shall not be construed as prohibiting:

3 “(A) The disclosure by a digital asset  
4 financial institution, an authorized third  
5 party acting under contract on behalf of  
6 the digital asset financial institution, or  
7 any director, officer, employee, or agent of  
8 such digital asset financial institution or  
9 authorized third party of:

10 “(1) A SAR, or any information  
11 that would reveal the existence of a  
12 SAR, to FinCEN or any Federal,  
13 State, or local law enforcement agen-  
14 cy, or any Federal regulatory author-  
15 ity that examines the digital asset fi-  
16 nancial institution for compliance with  
17 the Bank Secrecy Act, or any State  
18 regulatory authority administering a  
19 State law that requires the digital  
20 asset financial institution to comply  
21 with the Bank Secrecy Act or other-  
22 wise authorizes the State authority to  
23 ensure that the digital asset financial  
24 institution complies with the Bank Se-  
25 crecy Act; or

1                   “(2) The underlying facts, trans-  
2                   actions, and documents upon which a  
3                   SAR is based, including but not lim-  
4                   ited to, disclosures to another finan-  
5                   cial institution, or any director, offi-  
6                   cer, employee, or agent of a financial  
7                   institution, for the preparation of a  
8                   joint SAR.

9                   “(B) The sharing by a digital asset fi-  
10                  nancial institution, or any director, officer,  
11                  employee, or agent of the digital asset fi-  
12                  nancial institution, of a SAR, or any infor-  
13                  mation that would reveal the existence of a  
14                  SAR, within the digital asset financial in-  
15                  stitution’s corporate organizational struc-  
16                  ture for purposes consistent with Title II  
17                  of the Bank Secrecy Act as determined by  
18                  regulation or in guidance.

19                  “(2) PROHIBITION ON DISCLOSURES BY GOV-  
20                  ERNMENT AUTHORITIES.—A Federal, State, local,  
21                  territorial, or Tribal government authority, or any  
22                  director, officer, employee, or agent of any of the  
23                  foregoing, shall not disclose a SAR, or any informa-  
24                  tion that would reveal the existence of a SAR, except  
25                  as necessary to fulfill official duties consistent with

1 Title II of the Bank Secrecy Act. For purposes of  
2 this section, ‘official duties’ shall not include the dis-  
3 closure of a SAR, or any information that would re-  
4 veal the existence of a SAR, in response to a request  
5 for disclosure of non-public information or a request  
6 for use in a private legal proceeding, including a re-  
7 quest pursuant to 31 CFR 1.11.

8 “(e) LIMITATION ON LIABILITY.—A digital asset fi-  
9 nancial institution, an authorized third party acting under  
10 contract on behalf of a digital asset financial institution,  
11 and any director, officer, employee, or agent of such dig-  
12 ital asset financial institution or authorized third party  
13 that makes a voluntary disclosure of any possible violation  
14 of law or regulation to a government agency or makes a  
15 disclosure pursuant to this section or any other authority,  
16 including a disclosure made jointly with another institu-  
17 tion, shall be protected from liability to any person for  
18 any such disclosure, or for failure to provide notice of such  
19 disclosure to any person identified in the disclosure, or  
20 both, to the full extent provided by 31 U.S.C. 5318(g)(3).

21 “(f) COMPLIANCE.—Digital asset financial institu-  
22 tions and authorized third parties acting under contract  
23 on behalf of digital asset financial institutions shall be ex-  
24 amined by FinCEN or its delegates for compliance with  
25 this section. Failure to satisfy the requirements of this

1 section may be a violation of the Bank Secrecy Act and  
2 of this chapter.

3 “(g) **APPLICABILITY DATE.**—This section applies to  
4 transactions occurring on or after the date that is 180  
5 days after the date of enactment of the **ENFORCE Act**  
6 of 2024.

7 “(h) **TREASURY REVIEW.**—Not later than 5 years  
8 after the date of enactment of the **ENFORCE Act** of  
9 2024, the Secretary of the Treasury shall review the pro-  
10 cedures in this section and publish a recommendations for  
11 best practices under this section.

12 “(i) **DEFINITION.**—In this section, the term ‘digital  
13 asset financial institution’ has the meaning given the term  
14 in section 5312(e) of title 31, United States Code.”.

15 **SEC. 5. NEW SPECIAL MEASURES AUTHORITY.**

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

18 (1) in subsection (a)(2)(C), by striking “sub-  
19 section (b)(5)” and inserting “paragraphs (5) and  
20 (6) of subsection (b)”;

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

23 “(6) **PROHIBITIONS OR CONDITIONS WITH RE-**  
24 **SPECT TO CERTAIN PRIMARY MONEY LAUNDERING**  
25 **CONCERNS.**—If the Secretary of the Treasury finds



1 reasonable grounds exist for concluding that 1 or  
2 more financial institutions operating outside of the  
3 United States, or 1 or more classes of transactions  
4 within, or involving, a jurisdiction outside of the  
5 United States, or 1 or more types of accounts with-  
6 in, or involving, a jurisdiction outside of the United  
7 States is of primary money laundering concern in  
8 connection with illicit digital asset activity, the Sec-  
9 retary, in consultation with the Secretary of State,  
10 the Attorney General, and the Chairman of the  
11 Board of Governors of the Federal Reserve System,  
12 may—

13 “(A) require domestic financial institutions  
14 and domestic financial agencies to take 1 or  
15 more of the special measures described in para-  
16 graphs (1) through (4); or

17 “(B) prohibit, or impose conditions upon,  
18 certain transmittals of funds (as determined ap-  
19 propriate by the Secretary) or transmittals of  
20 digital assets by any domestic financial institu-  
21 tion or domestic financial agency, if such trans-  
22 mittal involves any such digital asset financial  
23 institution, class of transaction, or type of ac-  
24 count associated with illicit digital asset activ-  
25 ity.”.

1 **SEC. 6. ENSURING ANTI-TIP OFF COMPLIANCE FOR DIG-**  
2 **ITAL ASSET FINANCIAL INSTITUTIONS.**

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

5 (1) in subparagraph (A), by striking “and” at  
6 the end;

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

9 “(B) the term ‘subpoena for records’  
10 means a Federal grand jury subpoena, a sub-  
11 poena issued under section 3486 of this title, or  
12 an order or subpoena issued in accordance with  
13 section 3512 of this title, section 5318 of title  
14 31, or section 1782 of title 28, for customer  
15 records that has been served relating to a viola-  
16 tion of, or a conspiracy to violate—

17 “(i) any section of this title;

18 “(ii) an offense constituting specified  
19 unlawful activity under section 1956;

20 “(iii) an offense constituting racket-  
21 eering activity under section 1961(1);

22 “(iv) an offense against a foreign na-  
23 tion constituting specified unlawful activity  
24 under section 1956; or

25 “(v) a foreign offense for which en-  
26 forcement of a foreign forfeiture judgment

1                   could be brought under section 2467 of  
2                   title 28, chapter 53 of title 31, or chapter  
3                   75 of the Internal Revenue Code of 1986;  
4                   and”; and

5                   (3) by adding at the end the following:

6                   “(C) the term ‘financial institution’ has  
7                   the meaning given that term in section  
8                   5312(a)(2) of title 31, or any regulations pro-  
9                   mulgated thereunder.”.

10 **SEC. 7. INFORMATION-SHARING PILOT PROGRAM TO COM-**  
11 **BAT ILLICIT USE OF DIGITAL ASSETS.**

12                   (a) DEFINITIONS.—In this section:

13                   (1) COVERED AGENCY.—The term “covered  
14                   agency” means—

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

18                   (B) the Financial Crimes Enforcement  
19                   Network; and

20                   (C) the Department of Homeland Security.

21                   (2) DESIGNATED PRIVATE SECTOR ENTITY.—

22                   The term “designated private sector entity” means  
23                   a private sector entity designated under subsection  
24                   (c).

1           (3) **DIGITAL ASSET.**—The term “digital asset”  
2           has the meaning given that term in section 5312(c)  
3           of title 31, United States Code, as amended by sec-  
4           tion 2 of this Act.

5           (4) **DIRECTOR.**—The term “Director” means  
6           the Director of the Financial Crimes Enforcement  
7           Network.

8           (5) **ILLICIT FINANCE VIOLATION.**—The term  
9           “illicit finance violation” means the illicit use of dig-  
10          ital assets.

11          (6) **ILLICIT USE.**—The term “illicit use” in-  
12          cludes fraud, money laundering, the purchase and  
13          sale of illicit goods, sanctions evasion, theft of funds,  
14          funding of illegal activities, transactions related to  
15          child sexual abuse material, and any other financial  
16          transaction involving the proceeds of specified un-  
17          lawful activity (as defined in section 1956(c) of title  
18          18, United States Code).

19          (7) **MONEY SERVICES BUSINESS.**—The term  
20          “money services business” has the meaning given  
21          the term in section 1010.100 of title 31, Code of  
22          Federal Regulations, or any successor regulation.

23          (8) **SECRETARY.**—The term “Secretary” means  
24          the Secretary of Homeland Security.

1 (b) ESTABLISHMENT OF PROGRAM.—The Attorney  
2 General shall establish a pilot program under which cov-  
3 ered agencies and designated private sector entities se-  
4 curely share information about potential illicit finance vio-  
5 lations and threats and emerging risks relating to illicit  
6 finance violations.

7 (c) DESIGNATION OF PRIVATE SECTOR ENTITIES.—

8 (1) REQUIRED DESIGNATION.—

9 (A) INITIAL DESIGNATION.—Not later  
10 than 90 days after the date of enactment of  
11 this Act, the Attorney General, in consultation  
12 with the Director and the Secretary, shall des-  
13 ignate 10 private sector entities that are money  
14 services businesses and 10 private sector enti-  
15 ties from the digital asset industry to partici-  
16 pate in the pilot program established under  
17 subsection (b).

18 (B) BIENNIAL REVIEW.—Not less fre-  
19 quently than once every 6 months, the Attorney  
20 General, in consultation with the Director and  
21 the Secretary, shall review and, as appropriate,  
22 replace the private sector entities designated  
23 under this paragraph.

24 (2) OPTIONAL DESIGNATION.—In addition to  
25 the 20 private sector entities designated under para-

1 graph (1), the Attorney General, in consultation  
2 with the Director and the Secretary, may designate  
3 1 or more information sharing and analysis centers  
4 to participate in the pilot program.

5 (d) INFORMATION SHARING WITH PRIVATE SECTOR  
6 ENTITIES.—A covered agency that initiates an investiga-  
7 tion into a potential illicit finance violation, or identifies  
8 a threat or emerging risk relating to illicit finance viola-  
9 tions, may share with any designated private sector entity  
10 such information about the investigation, threat, or  
11 emerging risk as the covered agency determines appro-  
12 priate in accordance with applicable law.

13 (e) USE OF INFORMATION BY PRIVATE SECTOR EN-  
14 TITIES.—Information received by a designated private sec-  
15 tor entity under this section may not be used for any pur-  
16 pose other than identifying and reporting on activities that  
17 may involve illicit finance violations or threats and emerg-  
18 ing risks relating to illicit finance violations.

19 (f) MEANS OF SHARING INFORMATION.—The covered  
20 agencies and designated private sector entities may share  
21 information about potential illicit finance violations, or  
22 threats and emerging risks relating to illicit finance viola-  
23 tions, with each other—

1 (1) through a portal established by the Attorney  
2 General or a similar mechanism determined appro-  
3 priate by the Attorney General;

4 (2) through secure email; or

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

7 (g) LIMITATION ON LIABILITY.—A designated pri-  
8 vate sector entity that transmits, receives, or shares infor-  
9 mation for the purposes of identifying and reporting ac-  
10 tivities that may constitute illicit finance violations, or  
11 threats and emerging risks relating to illicit finance viola-  
12 tions, shall not be liable to any person under any law or  
13 regulation of the United States, any constitution, law, or  
14 regulation of any State or political subdivision thereof, or  
15 under any contract or other legally enforceable agreement  
16 (including any arbitration agreement), for such disclosure  
17 or for any failure to provide notice of such disclosure to  
18 the person who is the subject of such disclosure, or any  
19 other person identified in the disclosure.

20 (h) VOLUNTARY PARTICIPATION.—Participation by a  
21 designated private sector entity in the pilot program estab-  
22 lished under subsection (b), including sharing of informa-  
23 tion regarding potential illicit finance violations or threats  
24 and emerging risks relating to illicit finance violations,  
25 shall be voluntary.

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

4 **SEC. 8. DIGITAL ASSET ANTI-MONEY LAUNDERING EXAM-**  
5 **INATION STANDARDS.**

6 (a) DEFINITIONS.—In this section, the term “digital  
7 asset” has the meaning given that term in section 5312(c)  
8 of title 31, United States Code, as amended by section  
9 2 of this Act.

10 (b) EXAMINATION AND REVIEW PROCESS.—Not later  
11 than 2 years after the date of enactment of this Act, the  
12 Secretary of the Treasury, in consultation with the Con-  
13 ference of State Bank Supervisors and Federal functional  
14 regulators, as defined in section 1010.100 of title 31, Code  
15 of Federal Regulations, shall establish a risk-focused ex-  
16 amination and review process for financial institutions, as  
17 defined in that section, to assess the following relating to  
18 digital assets and digital commodities, as determined by  
19 the Secretary:

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

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



1 terrorism requirements under subchapter II of chap-  
2 ter 53 of title 31, United States Code.

3 **SEC. 9. RULE OF CONSTRUCTION.**

4 Nothing in this Act shall limit or restrict the applica-  
5 tion of or requirements under—

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

8 (2) part 1022 of title 31, Code of Federal Reg-  
9 ulations.