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117TH CONGRESS
2D SESSION

S. 3666

[Report No. 117-_____]]

To require reports on the adoption of a cryptocurrency as legal tender in El Salvador, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2022

Mr. RISCH (for himself, Mr. MENENDEZ, and Mr. CASSIDY) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

_____ (legislative day, _____), _____

Reported by Mr. MENENDEZ, with an amendment

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To require reports on the adoption of a cryptocurrency as legal tender in El Salvador, 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 "Accountability for~~
5 ~~Cryptocurrency in El Salvador Act" or "ACES Act".~~

1 **SEC. 2. REPORTS ON ADOPTION OF CRYPTOCURRENCY AS**
2 **LEGAL TENDER IN EL SALVADOR.**

3 (a) **IN GENERAL.**—Not later than 60 days after the
4 date of the enactment of this Act, the Secretary of State,
5 in coordination with the heads of other relevant Federal
6 departments and agencies, shall submit to the appropriate
7 committees of Congress a report on the adoption by the
8 Government of El Salvador of a cryptocurrency as legal
9 tender.

10 (b) **ELEMENTS.**—The report required by subsection
11 (a) shall include the following:

12 (1) A description of the process followed by the
13 Government of El Salvador to develop and enact the
14 Bitcoin Law (Legislative Decree No. 57, Official
15 Record No. 110, Volume 431, enacted June 9,
16 2021), which provides the cryptocurrency, Bitcoin,
17 with legal tender status in El Salvador.

18 (2) An assessment of—

19 (A) the regulatory framework in El Sal-
20 vador with respect to the adoption of a
21 cryptocurrency as legal tender and the technical
22 capacity of El Salvador to effectively mitigate
23 the financial integrity and cyber security risks
24 associated with virtual-asset transactions;

25 (B) whether the regulatory framework in
26 El Salvador meets the requirements of the FI-

1 nancial Action Task Force with respect to vir-
2 tual-asset transactions;

3 (C) the impact on individuals and busi-
4 nesses of requiring tender of Bitcoin; and

5 (D) the impact of such adoption of a
6 cryptocurrency on—

7 (i) the macroeconomic stability and
8 public finances of El Salvador, including
9 taxation;

10 (ii) the rule of law and democratic
11 governance in El Salvador;

12 (iii) the unbanked population in El
13 Salvador;

14 (iv) the flow of remittances from the
15 United States to El Salvador;

16 (v) El Salvador's relations with multi-
17 lateral financial institutions, such as the
18 International Monetary Fund and the
19 World Bank;

20 (vi) bilateral and international efforts
21 to combat transnational illicit activities;

22 (vii) El Salvador's bilateral economic
23 and commercial relationship with the
24 United States and the potential for re-

1 duce use by El Salvador of the United
2 States dollar; and

3 (viii) existing United States sanctions
4 frameworks and the potential for the use
5 of cryptocurrency to circumvent such sanc-
6 tions.

7 (3) A description of the internet infrastructure
8 of El Salvador and an assessment of—

9 (A) the degree to which cryptocurrency is
10 used in El Salvador;

11 (B) matters relating to chain of custody
12 and the potential for hacking and cybertheft of
13 cryptocurrency; and

14 (C) access to transparent and affordable
15 internet and digital infrastructure among the
16 unbanked population of El Salvador.

17 (e) PLAN TO MITIGATE RISKS TO UNITED STATES
18 FINANCIAL SYSTEM POSED BY ADOPTION OF
19 CRYPTOCURRENCY AS LEGAL TENDER IN CERTAIN
20 COUNTRIES.—

21 (1) IN GENERAL.—Not later than 90 days after
22 the submittal of the report required by subsection
23 (a); the Secretary of State, in coordination with the
24 heads of other relevant Federal departments and
25 agencies, shall submit to the appropriate committees

1 of Congress a plan to mitigate any potential risk to
2 the United States financial system posed by the
3 adoption of a cryptocurrency as legal tender in—

4 (A) El Salvador; and

5 (B) any other country that uses the United
6 States dollar as legal tender.

7 (2) IMPLEMENTATION.—Not later than 30 days
8 after the date on which the plan is submitted under
9 paragraph (1), the Secretary of State shall com-
10 mence implementation of the plan.

11 (d) SUBSEQUENT REPORT.—Not later than 270 days
12 after the submittal of the report required by subsection
13 (a), the Secretary of State, in coordination with the heads
14 of other relevant Federal departments and agencies, shall
15 submit to the appropriate committees of Congress an up-
16 dated version of such report, including a description of any
17 significant development related to the risks to the United
18 States financial system posed by the use of a
19 cryptocurrency as legal tender in El Salvador.

20 (e) APPROPRIATE COMMITTEES OF CONGRESS DE-
21 FINED.—In this section, the term “appropriate commit-
22 tees of Congress” means—

23 (1) the Committee on Foreign Relations and
24 the Committee on Banking, Housing, and Urban Af-
25 fairs of the Senate; and

1 ~~(2) the Committee on Foreign Affairs and the~~
2 ~~Committee on Financial Services of the House of~~
3 ~~Representatives.~~

4 **SECTION 1. SHORT TITLE.**

5 *This Act may be cited as the “Accountability for*
6 *Cryptocurrency in El Salvador Act” or “ACES Act”.*

7 **SEC. 2. REPORTS ON ADOPTION OF CRYPTOCURRENCY AS**
8 **LEGAL TENDER IN EL SALVADOR.**

9 *(a) IN GENERAL.—Not later than 60 days after the*
10 *date of the enactment of this Act, the Secretary of State,*
11 *in coordination with the heads of other relevant Federal de-*
12 *partments and agencies, shall submit to the appropriate*
13 *committees of Congress a report on the adoption by the Gov-*
14 *ernment of El Salvador of a cryptocurrency as legal tender.*

15 *(b) ELEMENTS.—The report required by subsection (a)*
16 *shall include the following:*

17 *(1) A description of the process followed by the*
18 *Government of El Salvador to develop and enact the*
19 *Bitcoin Law (Legislative Decree No. 57, Official*
20 *Record No. 110, Volume 431, enacted June 9, 2021),*
21 *which provides the cryptocurrency, Bitcoin, with legal*
22 *tender status in El Salvador.*

23 *(2) An assessment of—*

24 *(A) the regulatory framework in El Sal-*
25 *vador with respect to the adoption of a*

1 *cryptocurrency as legal tender and the technical*
2 *capacity of El Salvador to effectively mitigate*
3 *the financial integrity and cybersecurity risks*
4 *associated with virtual-asset transactions;*

5 *(B) whether the regulatory framework in El*
6 *Salvador meets the requirements of the Financial*
7 *Action Task Force with respect to virtual-asset*
8 *transactions;*

9 *(C) the impact on individuals and busi-*
10 *nesses of requiring tender of Bitcoin; and*

11 *(D) the impact of such adoption of a*
12 *cryptocurrency on—*

13 *(i) the macroeconomic stability and*
14 *public finances of El Salvador, including*
15 *taxation;*

16 *(ii) the rule of law and democratic*
17 *governance in El Salvador;*

18 *(iii) the unbanked population in El*
19 *Salvador;*

20 *(iv) the flow of remittances from the*
21 *United States to El Salvador;*

22 *(v) El Salvador's relations with multi-*
23 *lateral financial institutions, such as the*
24 *International Monetary Fund and the World*
25 *Bank;*

1 (vi) *bilateral and international efforts*
2 *to combat transnational illicit activities;*

3 (vii) *El Salvador's bilateral economic*
4 *and commercial relationship with the*
5 *United States and the potential for reduced*
6 *use by El Salvador of the United States dol-*
7 *lar;*

8 (viii) *existing United States sanctions*
9 *frameworks and the potential for the use of*
10 *cryptocurrency to circumvent such sanc-*
11 *tions;*

12 (ix) *the environmental impact of*
13 *cryptocurrency mining activities in El Sal-*
14 *vador, the deforestation associated with the*
15 *construction of new cryptocurrency mining*
16 *facilities, and the capacity of the electric*
17 *grid in El Salvador to deliver reliable and*
18 *affordable electricity meeting or exceeding*
19 *the level available before the adoption of a*
20 *cryptocurrency as legal tender; and*

21 (x) *the feasibility of using*
22 *cryptocurrency mining activities for pur-*
23 *poses of enhancing grid resiliency in El*
24 *Salvador and any other country that uses*
25 *the United States dollar as legal tender.*

1 (3) *A description of the internet infrastructure of*
2 *El Salvador and an assessment of—*

3 (A) *the degree to which cryptocurrency is*
4 *used in El Salvador;*

5 (B) *matters relating to chain of custody*
6 *and the potential for hacking and cybertheft of*
7 *cryptocurrency; and*

8 (C) *access to transparent and affordable*
9 *internet and digital infrastructure among the*
10 *unbanked population of El Salvador.*

11 (e) *PLAN TO MITIGATE RISKS TO UNITED STATES FI-*
12 *NANCIAL SYSTEM POSED BY ADOPTION OF*
13 *CRYPTOCURRENCY AS LEGAL TENDER IN CERTAIN COUN-*
14 *TRIES.—*

15 (1) *IN GENERAL.—Not later than 90 days after*
16 *the submittal of the report required by subsection (a),*
17 *the Secretary of State, in coordination with the heads*
18 *of other relevant Federal departments and agencies,*
19 *shall submit to the appropriate committees of Con-*
20 *gress a plan to mitigate any potential risk to the*
21 *United States financial system posed by the adoption*
22 *of a cryptocurrency as legal tender in—*

23 (A) *El Salvador; and*

24 (B) *any other country that uses the United*
25 *States dollar as legal tender.*

1 (2) *IMPLEMENTATION.*—Not later than 30 days
2 after the date on which the plan is submitted under
3 paragraph (1), the Secretary of State shall commence
4 implementation of the plan.

5 (d) *SUBSEQUENT REPORT.*—Not later than 270 days
6 after the submittal of the report required by subsection (a),
7 the Secretary of State, in coordination with the heads of
8 other relevant Federal departments and agencies, shall sub-
9 mit to the appropriate committees of Congress an updated
10 version of such report, including a description of any sig-
11 nificant development related to the risks to the United
12 States financial system posed by the use of a cryptocurrency
13 as legal tender in El Salvador.

14 (e) *APPROPRIATE COMMITTEES OF CONGRESS DE-*
15 *FINED.*—In this section, the term “appropriate committees
16 of Congress” means—

17 (1) *the Committee on Foreign Relations and the*
18 *Committee on Banking, Housing, and Urban Affairs*
19 *of the Senate; and*

20 (2) *the Committee on Foreign Affairs and the*
21 *Committee on Financial Services of the House of Rep-*
22 *resentatives.*