To authorize additional appropriations to the Federal Trade Commission to prevent unfair or deceptive acts or practices relating to digital tokens and transactions relating to digital tokens, and to require a report to Congress on the Commission’s actions related to digital tokens.

IN THE HOUSE OF REPRESENTATIVES

APRIL 9, 2019

Mr. SOTO (for himself and Mr. DAVIDSON of Ohio) introduced the following bill; which was referred to the Committee on Energy and Commerce

A BILL

To authorize additional appropriations to the Federal Trade Commission to prevent unfair or deceptive acts or practices relating to digital tokens and transactions relating to digital tokens, and to require a report to Congress on the Commission’s actions related to digital tokens.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the “Digital Taxonomy Act of 2019”.

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SEC. 2. AUTHORIZATION OF APPROPRIATIONS TO PREVENT UNFAIR OR DECEPTIVE ACTS OR PRACTICES RELATING TO DIGITAL TOKENS.

There is authorized to be appropriated to the Federal Trade Commission $25,000,000 for each of fiscal years 2020 through 2024 to prevent unfair or deceptive acts or practices in transactions relating to digital tokens pursuant to section 5 of the Federal Trade Commission Act (15 U.S.C. 45).

SEC. 3. DEFINITION OF DIGITAL TOKENS.

As used in this Act—

(1) the term “digital token” means a digital unit—

(A) that is programmed with rules that govern its creation, supply, ownership, use, and transfer, where such rules are designed to resist modification or tampering by any single person or persons under common control;

(B) that has a transaction history that—

(i) is recorded in a distributed, digital ledger or digital data structure in which consensus is achieved through a mathematically verifiable process; and

(ii) after consensus is reached, is designed to resist modification or tampering
by any single person or persons under common control;

(C) that is capable of being transferred between persons in a decentralized fashion without an intermediate custodian; and

(D) that is not a representation of a financial interest in a company or partnership, including an ownership or debt interest or revenue share; and

(2) the term “digital unit”—

(A) means a representation of economic, proprietary, or access rights that is stored in a computer-readable format; and

(B) does not include a store of value.

SEC. 4. REPORT TO CONGRESS.

Beginning one year after the date of enactment of this Act and each year thereafter, the Federal Trade Commission shall transmit a report to the Committee on Energy and Commerce of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate of—

(1) any actions taken by the Commission relating to unfair or deceptive acts or practices in transactions relating to digital tokens;
(2) the Commission’s plan to prevent unfair or
deceptive acts or practices relating to digital tokens;
and
(3) any recommendations by the Commission
for legislation that would to improve the ability of
the Commission and other relevant Federal agen-
cies—

(A) to further protect consumers from un-
fair or deceptive acts or practices in the digital
token marketplace; and

(B) to promote the competitiveness of the
United States and promote innovation of busi-
nesses in the global digital token sector.

SEC. 5. PRESERVATION OF AUTHORITY.

Nothing in this Act shall supersede the authority of
the Commodity Futures Trading Commission nor prevent
the treatment of digital tokens as commodities subject to
the Commodity Exchange Act (7 U.S.C. 1a et seq.).