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

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

A BILL

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

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

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

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

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

(2) An assessment of—

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

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

(C) the impact on individuals and businesses of requiring tender of Bitcoin; and
(D) the impact of such adoption of a

- cryptocurrency on—

(i) the macroeconomic stability and

- public finances of El Salvador, including

- taxation;

(ii) the rule of law and democratic

- governance in El Salvador;

(iii) the unbanked population in El

- Salvador;

(iv) the flow of remittances from the

- United States to El Salvador;

(v) El Salvador’s relations with multi-

- lateral financial institutions, such as the

- International Monetary Fund and the

- Word Bank;

(vi) bilateral and international efforts

- to combat transnational illicit activities;

(vii) El Salvador’s bilateral economic

- and commercial relationship with the

- United States and the potential for re-

- duced use by El Salvador of the United

- States dollar; and

(viii) existing United States sanctions

- frameworks and the potential for the use
of cryptocurrency to circumvent such sanctions.

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

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

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

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

(e) Plan to Mitigate Risks to United States Financial System Posed by Adoption of Cryptocurrency as Legal Tender in Certain Countries.—

(1) In general.—Not later than 90 days after the submittal of the report required by subsection (a), the Secretary of State, in coordination with the heads of other relevant Federal departments and agencies, shall submit to the appropriate committees of Congress a plan to mitigate any potential risk to the United States financial system posed by the adoption of a cryptocurrency as legal tender in—

(A) El Salvador; and
(B) any other country that uses the United States dollar as legal tender.

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

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

(e) APPROPRIATE COMMITTEES OF CONGRESS DEFINED.—In this section, the term “appropriate committees of Congress” means—

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

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