



(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. _____

To direct the Board of Governors of the Federal Reserve System to conduct
a study on central bank digital currencies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. FOSTER introduced the following bill; which was referred to the
Committee on _____

A BILL

To direct the Board of Governors of the Federal Reserve
System to conduct a study on central bank digital cur-
rencies, 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 “Central Bank Digital
5 Currency Study Act of 2021”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) A January 2021 survey by the Bank for
2 International Settlements found that 86 percent of
3 central banks, representing countries with close to
4 72 percent of the world’s population and 91 percent
5 of global economic output, are currently or will soon
6 be engaged in work relating to CBDC, with almost
7 three-quarters of such central banks having moved
8 beyond the research of CBDC to experimentation,
9 proof of concept, or testing activities.

10 (2) Since December 2016, the European Cen-
11 tral Bank and the Bank of Japan have conducted a
12 joint research project named “Project Stella”, which
13 aims to conduct experimental work and conceptual
14 studies exploring the opportunities of digital ledger
15 technologies and challenges for the future of finan-
16 cial market infrastructures, including CBDCs.

17 (3) Since 2014, the People’s Bank of China has
18 conducted research and development activities for a
19 CBDC, and in October 2020, launched a digital
20 yuan pilot program in Shenzhen.

21 (4) In August 2020, the Federal Reserve Bank
22 of Boston announced a collaboration with the Digital
23 Currency Initiative at the Massachusetts Institute of
24 Technology to perform technical research related to
25 a central bank digital currency.

1 (5) In October 2020, the Financial Stability
2 Board, in coordination with the BIS's Committee on
3 Payments and Market Infrastructures, released a re-
4 port to provide a roadmap for enhancing cross-bor-
5 der payments, including an exploration of new pay-
6 ment infrastructures presented by central bank dig-
7 ital currencies.

8 (6) In January 2020, the Bank for Inter-
9 national Settlements announced that the Bank of
10 England, the Bank of Canada, the Bank of Japan,
11 the European Central Bank, the Sveriges Riksbank,
12 the Swiss National Bank, and the Bank of Inter-
13 national Settlements had formed a group to share
14 information on the potential uses of CBDC in the
15 central banks' jurisdictions, as well as information
16 on potential economic, functional, and technical de-
17 sign choices.

18 (7) According to data from the International
19 Monetary Fund, as of the third quarter of 2019, the
20 United States dollar share of global currency re-
21 serves totaled \$6,750,000,000,000, or 61.78 percent
22 of all allocated reserves, and the standing of the
23 United States dollar as the world's predominant re-
24 serve currency enables the United States to use eco-
25 nomic sanctions as a foreign policy tool.

1 (8) According to a 2018 report by the Board of
2 Governors of the Federal Reserve System, cash con-
3 tinues to be the most frequently used payment in-
4 strument, representing 30 percent of all transactions
5 and 55 percent of transactions under \$10, with 77
6 percent of those transactions made in-person.

7 (9) The Federal Reserve System is responsible
8 for, among other things, conducting United States
9 monetary policy, promoting the stability of the fi-
10 nancial system, supervising financial institutions to
11 ensure safety and soundness, ensuring the safety
12 and efficiency of payment systems, and issuing and
13 circulating Federal Reserve notes.

14 **SEC. 3. SENSE OF CONGRESS.**

15 It is the sense of Congress that—

16 (1) the Board of Governors should continue to
17 conduct research on, design, and develop, a CBDC
18 that takes into account its impact on consumers,
19 businesses, the United States financial system, and
20 the United States economy, including the potential
21 impact of a CBDC on monetary policy; and

22 (2) the United States should strive to maintain
23 its leadership in financial technology and ensure that
24 the U.S. dollar remains the predominant reserve cur-
25 rency in the world economy.

1 **SEC. 4. STUDY AND REPORT.**

2 (a) STUDY.—The Board of Governors of the Federal
3 Reserve System, in consultation with the Comptroller of
4 the Currency, the Federal Deposit Insurance Corporation,
5 the Department of the Treasury, the Securities and Ex-
6 change Commission, and the Commodity Futures Trading
7 Commission, shall conduct a study on the impact of the
8 introduction of a CBDC on—

9 (1) consumers and small businesses, including
10 with respect to financial inclusion, accessibility, safe-
11 ty, privacy, convenience, speed, and price consider-
12 ations;

13 (2) the conduct of monetary policy and inter-
14 action with existing monetary policy tools;

15 (3) the effectiveness of United States economic
16 sanctions programs and the status of the United
17 States dollar as a reserve currency;

18 (4) the United States financial system and
19 banking sector, including liquidity, lending, and fi-
20 nancial stability mechanisms;

21 (5) the United States payments and cross-bor-
22 der payments ecosystems, including the FedNow
23 Service;

24 (6) compliance with existing AML/BSA, illicit
25 financing, and related laws and regulations, and
26 electronic recordkeeping requirements;

1 (7) data privacy and security issues related to
2 CBDC, including transaction record anonymity and
3 digital identity authentication;

4 (8) the international technical infrastructure
5 and implementation of such a system, including with
6 respect to interoperability, cybersecurity, resilience,
7 offline transaction capability, and programmability;

8 (9) the likely participants in a CBDC system,
9 their functions, and the benefits and risks of having
10 third parties perform value-added functions, such as
11 fraud insurance and blocking suspicious trans-
12 actions; and

13 (10) the operational functioning of a CBDC
14 system, including—

15 (A) how transactions would be initiated,
16 validated, and processed;

17 (B) how users would interact with the sys-
18 tem; and

19 (C) the role of the private sector and pub-
20 lic-private partnerships.

21 (b) REPORT.—Not later than one year after the date
22 of the enactment of this Act, the Board of Governors shall
23 submit to the Committee on Financial Services of the
24 House of Representatives and the Committee on Banking,

1 Housing, and Urban Affairs of the Senate a report that
2 provides the following:

3 (1) The results of the study conducted under
4 subsection (a).

5 (2) Based on such study, one or more rec-
6 ommended feasible models for the development of a
7 CBDC that includes a description of the salient de-
8 sign, policy, and technical considerations therein, in-
9 cluding a model which takes into account the fol-
10 lowing:

11 (A) Financial access and inclusion for
12 unbanked and underbanked consumers, with
13 the ability to make real-time digital payments
14 and transactions through digital wallets.

15 (B) Strong cybersecurity controls capable
16 of mitigating cyber-related risks including
17 ransomware, malware, and fraud and theft.

18 (C) A strong digital identity verification
19 system to prevent identity fraud and allow for
20 compliance with applicable requirements relat-
21 ing to anti-money laundering, illicit financing,
22 and security and authentication standards.

23 (D) Mechanisms to account for instances
24 of mistake, unauthorized transfers, or fraud

1 which may require transaction modification or
2 reversibility.

3 (E) The capacity for third-party features
4 such as custody and recoverability, account and
5 transaction monitoring, and other services.

6 (F) Third-party transaction anonymity
7 which protects user privacy and only allows for
8 traceability when otherwise required by law, in-
9 cluding through a court order.

10 (G) Interoperability with other U.S. and
11 international payments systems.

12 (3) A timeline for CBDC development and de-
13 ployment of the recommended models in paragraph
14 (2), that includes relevant interim milestones.

15 (4) A description of any legal authorities, if
16 any, the Board of Governors would require to imple-
17 ment the CBDC model set forth in paragraph (2),
18 including any authority with respect to—

19 (A) the issuance of digital currency;

20 (B) licensing and supervision of digital
21 currency transmission services and nonbank
22 technology providers to the extent they provide
23 CBDC-related services; and

24 (C) international agreements which would
25 be necessary to allow foreign nationals to utilize

1 CBDC's while preserving appropriate privacy
2 and legal traceability.

3 (c) CBDC DEFINED.—In this Act, the term
4 “CBDC” means central bank digital currency.