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116TH CONGRESS
1ST SESSION

H. R. 5197

To add establish the treatment of managed stablecoins under the securities laws, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 20, 2019

Ms. GARCIA of Texas (for herself and Mr. GOODEN) introduced the following bill; which was referred to the Committee on Financial Services

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A BILL

To add establish the treatment of managed stablecoins under the securities laws, 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 ''Managed Stablecoins are Securities Act of 2019''.

SEC. 2. SENSE OF CONGRESS.

It is the sense of Congress that—

(1) digital assets, known as managed stablecoins, are investment contracts and therefore are se-

curities within the meaning given the term in section 2(a) of the Securities Act of 1933; and

(2) because issuers of managed stablecoins nevertheless maintain that managed stablecoins are not securities, it is appropriate for Congress to provide clarity by amending statutory definitions of the term security to include managed stablecoins.

SEC. 3. MANAGED STABLECOINS.

(a) DEFINITIONS UNDER THE SECURITIES ACT OF 1933.—Section 2(a) of the Securities Act of 1933 (15 U.S.C. 77b(a)) is amended—

(1) in paragraph (1)—

(A) by inserting ", regardless of form" after "any of the foregoing"; and

(B) by inserting ", managed stablecoin," after "national securities exchange relating to foreign currency"; and

(2) by adding at the end the following:

"(20) The term 'managed stablecoin' means a digital asset that—

"(A) is not a security registered under section 8(a) of the Investment Company Act of 1940; and

"(B) satisfies one or more of the following:

"(i) The market value of such digital asset is determined, in whole or in significant part, directly or indirectly, by reference to the value of a pool or basket of assets, including digital assets, held, designated, or managed by one or more persons.

"(ii) One or more holders of such digital asset, directly or indirectly, are entitled to obtain consideration or other assets, including other digital assets and any sovereign currency of a foreign government or the United States, in exchange for the digital asset, the amount of which payment is determined, in whole or in significant part, directly or indirectly, on the basis of the value of a pool or basket of assets, including digital assets, held, designated, or managed by one or more persons.

"(21) The term 'digital asset' means any asset, contract, agreement or transaction, including a representation of an economic, proprietary, or access right, that is stored in a computer-readable form and has or will have a transaction history that is recorded in a distributed ledger, digital ledger or other

digital data structure. A digital asset may be a managed stablecoin and a security.''.

(b) DEFINITIONS UNDER THE SECURITIES EXCHANGE ACT OF 1934.—Section 3(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78c) is amended—

(1) in paragraph (10)—

(A) by inserting '', regardless of form'' after ''any of the foregoing'';

(B) by inserting '', managed stablecoin'' after ''national securities exchange relating to foreign currency''; and

(C) by inserting ''sovereign'' after ''but shall not include''; and

(2) by adding at the end the following:

''(81) The term 'managed stablecoin' has the meaning given the term in section 2(a) of the Securities Act of 1933.

''(82) The term 'digital asset' has the meaning given the term in section 2(a) of the Securities Act of 1933.''.

(c) DEFINITIONS UNDER THE INVESTMENT COMPANY ACT OF 1940.—Section 2(a) of the Investment Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amended—

(1) in paragraph (36)—

(A) by inserting ", regardless of form" after "any of the foregoing"; and

(B) by inserting ", managed stablecoin" after "national securities exchange relating to foreign currency"; and

(2) by adding at the end the following:

"(55) The term 'managed stablecoin' has the meaning given the term in section 2(a) of the Securities Act of 1933.

"(56) The term 'digital asset' has the meaning given the term in section 2(a) of the Securities Act of 1933.".

(d) DEFINITIONS UNDER THE INVESTMENT ADVISERS ACT OF 1940.—Section 202(a) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended—

(1) in paragraph (18)—

(A) by inserting ", regardless of form" after "any of the foregoing"; and

(B) by inserting ", managed stablecoin" after "national securities exchange relating to foreign currency"; and

(2) by adding at the end the following:

"(31) The term 'managed stablecoin' has the meaning given the term in section 2(a) of the Securities Act of 1933.

"(32) The term 'digital asset' has the meaning given the term in section 2(a) of the Securities Act of 1933.".

(e) SEC RULEMAKING.—The Securities and Exchange Commission may issue rules and regulations to further define the terms "managed stablecoin" and "digital asset" as such terms are defined in section 2(a) of the Securities Act of 1933.

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