



1. [H.R. 624 – Promoting Transparent Standards for Corporate Insiders Act](#)
2. [H.R. 502 – FIND Trafficking Act](#)
3. [H.R. 56 – Financial Technology Protection Act](#)

H.R. 624 – Promoting Transparent Standards for Corporate Insiders Act (Rep. Waters, D-CA)

FLOOR SCHEDULE:

Expected to be considered on January 28, 2019 under a suspension of the rules which requires 2/3 majority for final passage.

TOPLINE SUMMARY:

[H.R. 624](#) would require the Securities and Exchange Commission to conduct a study on Rule 10b5-1 trading plans, regarding the regulation of insider trading, and after completion of the study submit – subject to public notice and comment requirements – revisions to Rule 10b5-1 consistent with the study.

COST:

A Congressional Budget Office (CBO) estimate is not available.

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** The bill would require the SEC to complete a study and being a rulemaking process to revise an existing rule, potentially with stricter requirements.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

In 2000, the SEC issued Rule 10b5-1 to address insider trading liability in as it pertains to a trader's use or knowing possession of material information that is not available to the public. A [person trading](#) "on the basis of" material information not available to the public does so when they buy or sell securities while cognizant of this information. There are, however, affirmative defenses such as trading on insider information according to a predetermined [trading plan](#).

H.R. 624 would require the Securities and Exchange Commission to conduct a study on Rule 10b5-1 trading plans, regarding the regulation of insider trading, and to suggest any revisions in its final report. The SEC would be required to submit a report to Congress and revise the rule – subject to a public notice and comment period -- in a manner consistent with the report's findings.

COMMITTEE ACTION:

H.R. 624 was introduced on January 16, 2019 and was referred to the House Committee on the Judiciary.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the sponsor, "Congress has the power to enact this legislation pursuant to the following: "Article I, Section 8."

H.R. 502 – FIND Trafficking Act (Rep. Vargas, D-CA)

FLOOR SCHEDULE:

Expected to be considered on January 28, 2019 under a suspension of the rules which requires 2/3 majority for final passage.

TOPLINE SUMMARY:

[H.R. 502](#) would require the Government Accountability Office (GAO) to prepare a report on how virtual currencies and online marketplaces are used to facilitate transactions with respect to sex and drug trafficking.

COST:

A Congressional Budget Office (CBO) estimate is not available. The previous Congress' CBO [cost estimate](#) indicated that the bill would cost less than \$500,000 over the 2019-2020 period for GAO to complete the study; any spending would be subject to the availability of appropriated funds.

CONSERVATIVE CONCERNS:

- **Expand the Size and Scope of the Federal Government?** No.
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** No.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

According to the Drug Enforcement Agency, drug and sex traffickers are increasingly relying on virtual currencies to facilitate the exchange of goods or services. This legislation would require the GAO to prepare a report on how virtual currencies and online marketplaces are used to facilitate transactions with respect to sex and drug trafficking. The study must include consideration of:

- How online marketplaces, including the darkweb, are being used as platforms for transactions in sex or drug trafficking;
- How financial payment methods are being used to facilitate transactions associated with sex or drug trafficking;
- How virtual currencies are being used when an online platform is not otherwise involved;
- How illicit proceeds make their way into the U.S. banking system;
- Which state and non-state actors participate or benefit;
- Preventative measures taken on behalf of state or federal agencies; and
- To what extent can the traceable nature of virtual currencies contribute to the prosecution of illicit funding.

The GAO would be required to submit a report to Congress on the results of the study within one year following enactment.

COMMITTEE ACTION:

H.R. 502 was introduced on January 11, 2019 and was referred to the House Committees on the Financial Services and on Energy and Commerce. This legislation passed in the 115th Congress by [voice vote](#) on June 25, 2018.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor, "Congress has the power to enact this legislation pursuant to the following: (1) To regulate commerce with foreign nations, and among the several states, and with the Indian tribes, as enumerated in Article 1, Section 8, Clause 3 of the U.S. Constitution; (2) To coin Money, regulate the Value thereof, and of foreign Coin, and fix the Standard of Weights and Measures, as enumerated in Article 1, Section 8, Clause 5 of the U.S. Constitution; and (3) To make all laws necessary and proper for executing powers vested by the Constitution in the Government of the United States, as enumerated in Article I, Section 8, Clause 18 of the United States Constitution."

H.R. 56 – Financial Technology Protection Act (Rep. Budd, R-NC)

FLOOR SCHEDULE:

Expected to be considered on January 28, 2019 under a suspension of the rules which requires 2/3 majority for final passage.

**** Members and staff should note that the version of the bill posted on docs.house.gov/floor/ (as of the time this Legislative Bulletin was written) will likely be amended prior to floor consideration today. The amendment would alleviate concern (note below) regarding how spending from the fund established by the bill would not be subject to the annual appropriations process. ****

TOPLINE SUMMARY:

[H.R. 56](#) would provide for the establishment of an Independent Financial Technology Task Force, authorize the Secretary to establish a fund to pay rewards for certain information leading to an arrest, and create a new federal program called the “Fintech Leadership in Innovation and Financial Intelligence Program.”

COST:

A Congressional Budget Office (CBO) [cost estimate](#) for H.R. 5036 passed by the House in the 115th Congress, which is substantially the same as H.R. 56, implementing the bill, “would require four employees annually at a total average annual cost of \$300,000, plus additional expenses for overhead, supplies, and the expenses of nonfederal task force members. In total, CBO estimates that the task force would cost about \$700,000 annually, or about \$4 million over the 2018-2023 period.

Individuals using digital currencies for terrorist purposes are subject to fines and the forfeiture of property or assets. Those proceeds are recorded on the budget as revenues and can be spent without further appropriation. Under the bill, those revenues could be used by the task force to reward any person who provides information leading to the conviction of an individual involved with the terrorist use of digital currencies and to fund a grant program to develop tools and programs to detect the illicit use of digital currencies. Because those funds can already be spent under current law, CBO estimates that there would be no significant effect on direct spending.

Because enacting the bill would affect direct spending, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.”

CONSERVATIVE CONCERNS:

Some conservatives may be concerned that the bill would authorize use of forfeitures and fines, collected in connection with terrorist convictions, that are deposited into a newly formed fund for rewards leading to certain arrests. The bill does not make use of these funds subject to the annual appropriation process or fiscal year limitation. The Fintech Leadership in Innovation and Financial Intelligence Program would also be paid for by these funds.

Many conservatives believe that fees, fines, penalties, forfeitures and other similar collections should be deposited in the Treasury's General Fund and should be subject to explicit congressional authority to spend these funds under the annual appropriations process.

- **Expand the Size and Scope of the Federal Government?** Yes. This legislation would require the creation of a new task force, authorize the Secretary to establish a fund to pay rewards for certain information leading to an arrest, and create a new federal program called the "Fintech Leadership in Innovation and Financial Intelligence Program."
- **Encroach into State or Local Authority?** No.
- **Delegate Any Legislative Authority to the Executive Branch?** The bill would allow the Treasury department to give awards and establish a grant program paid for from a new fund without being limited to the annual appropriation process or fiscal year limitation.
- **Contain Earmarks/Limited Tax Benefits/Limited Tariff Benefits?** No.

DETAILED SUMMARY AND ANALYSIS:

H.R. 56 would provide for the establishment of an Independent Financial Technology Task Force, authorize the Secretary to establish a fund to pay rewards for certain information leading to an arrest, and create a new federal program called the "Fintech Leadership in Innovation and Financial Intelligence Program."

This legislation includes a sense of Congress that the Federal Government should prioritize investigating illicit use of new financial technology. It would create an Independent Financial Technology Task Force for this purpose, consisting of the Secretary of Treasury as head, the Attorney General, the Director of National Intelligence, the Director of the Financial Crimes Enforcement Network, the Director of the Secret Service, the Director of the Federal Bureau of Investigation, and six individuals appointed by the Secretary of Treasury representing the private sector.

The Secretary of Treasury would be required to establish a fund for rewards for information related to terrorist use of digital currencies, with rewards not to exceed \$450,000 to any one person. The Secretary could pay rewards with fines and forfeitures pertaining to a person's conviction involving their terrorist use of digital currencies.

This legislation would require the establishment of a Fintech Leadership in Innovation and Financial Intelligence Program. Under this program, the Secretary of Treasury would make grants available for developing tools and programs to detect terrorist uses of digital currencies. This too would be paid for by the fine and forfeiture fund.

This legislation would require the president, acting through the Treasury Secretary and in consultation with other relevant individuals, to issue a report to Congress within 180 days following enactment, on potential uses of digital currencies and other emerging technologies. He would also be required to submit a strategy to mitigate and prevent illicit use. The unclassified portions of the report and strategy must be made publicly available on the Treasury Department's website. Within two years following enactment, the Treasury Secretary would be required to brief Congress on implementation of the strategy.

COMMITTEE ACTION:

H.R. 56 was introduced on January 3, 2019 and was referred to the House Committee on Financial Services. This legislation passed last Congress by voice vote on September 26, 2019.

ADMINISTRATION POSITION:

A Statement of Administration Policy is not available.

CONSTITUTIONAL AUTHORITY:

According to the bill's sponsor, "Congress has the power to enact this legislation pursuant to the following: Article I, Section 8, Clause 3, providing the power to "regulate commerce with foreign nations, and among the several states."

NOTE: *RSC Legislative Bulletins are for informational purposes only and should not be taken as statements of support or opposition from the Republican Study Committee.*