

117TH CONGRESS  
1ST SESSION

# H. R. 2211

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

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 26, 2021

Mr. FOSTER (for himself and Mr. HILL) introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To direct the Board of Governors of the Federal Reserve System to conduct a study on central bank digital currencies, 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:

8               (1) A January 2021 survey by the Bank for  
9       International Settlements found that 86 percent of  
10       central banks, representing countries with close to

1        72 percent of the world’s population and 91 percent  
2        of global economic output, are currently or will soon  
3        be engaged in work relating to CBDC, with almost  
4        three-quarters of such central banks having moved  
5        beyond the research of CBDC to experimentation,  
6        proof of concept, or testing activities.

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

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

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

23           (5) In October 2020, the Financial Stability  
24       Board, in coordination with the BIS’s Committee on  
25       Payments and Market Infrastructures, released a re-

1 port to provide a roadmap for enhancing cross-bor-  
2 der payments, including an exploration of new pay-  
3 ment infrastructures presented by central bank dig-  
4 ital currencies.

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

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

23 (8) According to a 2018 report by the Board of  
24 Governors of the Federal Reserve System, cash con-  
25 tinues to be the most frequently used payment in-

1        strument, representing 30 percent of all transactions  
2        and 55 percent of transactions under \$10, with 77  
3        percent of those transactions made in-person.

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

11 **SEC. 3. SENSE OF CONGRESS.**

12        It is the sense of Congress that—

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

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

23 **SEC. 4. STUDY AND REPORT.**

24        (a) STUDY.—The Board of Governors of the Federal  
25       Reserve System, in consultation with the Comptroller of

1 the Currency, the Federal Deposit Insurance Corporation,  
2 the Department of the Treasury, the Securities and Ex-  
3 change Commission, and the Commodity Futures Trading  
4 Commission, shall conduct a study on the impact of the  
5 introduction of a CBDC on—

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

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

12 (3) the effectiveness of United States economic  
13 sanctions programs and the status of the United  
14 States dollar as a reserve currency;

15 (4) the United States financial system and  
16 banking sector, including liquidity, lending, and fi-  
17 nancial stability mechanisms;

18 (5) the United States payments and cross-bor-  
19 der payments ecosystems, including the FedNow  
20 Service;

21 (6) compliance with existing AML/BSA, illicit  
22 financing, and related laws and regulations, and  
23 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.

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