

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

A BILL

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

6 **SEC. 2. SENSE OF CONGRESS.**

7 It is the sense of Congress that—

8 (1) digital assets, known as managed stable-
9 coins, are investment contracts and therefore are se-

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

3 (2) because issuers of managed stablecoins nev-
4 ertheless maintain that managed stablecoins are not
5 securities, it is appropriate for Congress to provide
6 clarity by amending statutory definitions of the term
7 security to include managed stablecoins.

8 **SEC. 3. MANAGED STABLECOINS.**

9 (a) DEFINITIONS UNDER THE SECURITIES ACT OF
10 1933.—Section 2(a) of the Securities Act of 1933 (15
11 U.S.C. 77b(a)) is amended—

12 (1) in paragraph (1)—

13 (A) by inserting “, regardless of form”
14 after “any of the foregoing”; and

15 (B) by inserting “, managed stablecoin,”
16 after “national securities exchange relating to
17 foreign currency”; and

18 (2) by adding at the end the following:

19 “(20) The term ‘managed stablecoin’ means a
20 digital asset that—

21 “(A) is not a security registered under sec-
22 tion 8(a) of the Investment Company Act of
23 1940; and

24 “(B) satisfies one or more of the following:

1 “(i) The market value of such digital
2 asset is determined, in whole or in signifi-
3 cant part, directly or indirectly, by ref-
4 erence to the value of a pool or basket of
5 assets, including digital assets, held, des-
6 ignated, or managed by one or more per-
7 sons.

8 “(ii) One or more holders of such digi-
9 tal asset, directly or indirectly, are entitled
10 to obtain consideration or other assets, in-
11 cluding other digital assets and any sov-
12 ereign currency of a foreign government or
13 the United States, in exchange for the digi-
14 tal asset, the amount of which payment is
15 determined, in whole or in significant part,
16 directly or indirectly, on the basis of the
17 value of a pool or basket of assets, includ-
18 ing digital assets, held, designated, or
19 managed by one or more persons.

20 “(21) The term ‘digital asset’ means any asset,
21 contract, agreement or transaction, including a rep-
22 resentation of an economic, proprietary, or access
23 right, that is stored in a computer-readable form
24 and has or will have a transaction history that is re-
25 corded in a distributed ledger, digital ledger or other

1 digital data structure. A digital asset may be a man-
2 aged stablecoin and a security.”.

3 (b) DEFINITIONS UNDER THE SECURITIES EX-
4 CHANGE ACT OF 1934.—Section 3(a) of the Securities Ex-
5 change Act of 1934 (15 U.S.C. 78c) is amended—

6 (1) in paragraph (10)—

7 (A) by inserting “, regardless of form”
8 after “any of the foregoing”;

9 (B) by inserting “, managed stablecoin”
10 after “national securities exchange relating to
11 foreign currency”; and

12 (C) by inserting “sovereign” after “but
13 shall not include”; and

14 (2) by adding at the end the following:

15 “(81) The term ‘managed stablecoin’ has the
16 meaning given the term in section 2(a) of the Secu-
17 rities Act of 1933.

18 “(82) The term ‘digital asset’ has the meaning
19 given the term in section 2(a) of the Securities Act
20 of 1933.”.

21 (c) DEFINITIONS UNDER THE INVESTMENT COM-
22 PANY ACT OF 1940.—Section 2(a) of the Investment
23 Company Act of 1940 (15 U.S.C. 80a–1 et seq.) is amend-
24 ed—

25 (1) in paragraph (36)—

1 (A) by inserting “, regardless of form”
2 after “any of the foregoing”; and

3 (B) by inserting “, managed stablecoin”
4 after “national securities exchange relating to
5 foreign currency”; and

6 (2) by adding at the end the following:

7 “(55) The term ‘managed stablecoin’ has the
8 meaning given the term in section 2(a) of the Secu-
9 rities Act of 1933.

10 “(56) The term ‘digital asset’ has the meaning
11 given the term in section 2(a) of the Securities Act
12 of 1933.”.

13 (d) DEFINITIONS UNDER THE INVESTMENT ADVIS-
14 ERS ACT OF 1940.—Section 202(a) of the Investment Ad-
15 visers Act of 1940 (15 U.S.C. 80b–1 et seq.) is amended—

16 (1) in paragraph (18)—

17 (A) by inserting “, regardless of form”
18 after “any of the foregoing”; and

19 (B) by inserting “, managed stablecoin”
20 after “national securities exchange relating to
21 foreign currency”; and

22 (2) by adding at the end the following:

23 “(31) The term ‘managed stablecoin’ has the
24 meaning given the term in section 2(a) of the Secu-
25 rities Act of 1933.

1 “(32) The term ‘digital asset’ has the meaning
2 given the term in section 2(a) of the Securities Act
3 of 1933.”.

4 (e) SEC RULEMAKING.—The Securities and Ex-
5 change Commission may issue rules and regulations to
6 further define the terms “managed stablecoin” and “dig-
7 ital asset” as such terms are defined in section 2(a) of
8 the Securities Act of 1933.

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