Crypto Policy Tracker

PAUL HASTINGS

July 2026

Follow us on **LinkedIn**

Crypto Policy Tracker

Senate Releases Updated Clarity Act Text, SEC Commissioner Addresses Crypto Vaults, and SEC and CFTC Advance 24-Hour Trading

By Chris Daniel, Eric Sibbitt, Dana Syracuse, Josh Boehm, Meagan Griffin, Michael L. Spafford, Spencer Young, Lisa Rubin and Samantha Ackel

Senate Republicans released updated text of the Digital Asset Market Clarity Act, merging the Banking and Agriculture Committees' texts into a single framework as negotiations continue. At the SEC, Commissioner Hester Peirce issued a statement on crypto vaults and lending strategies, reiterating that moving activity within the scope of the federal securities laws onchain does not, as a general matter, place that activity outside those laws, and the staff of the Division of Corporation Finance confirmed that when conducting a Rule 506(c) offering of a tokenized security, investors may provide certain representations programmatically through the tokenized security by means of a digital attestation. The SEC announced a September roundtable to examine the shift toward 24-hour trading in U.S. equity markets, and the CFTC extended the comment period on 24/7 futures trading. In litigation, a Washington state court enjoined a prediction markets platform and rejected its argument that the Commodity Exchange Act preempts state gambling law.

Congressional Updates

Senators Release Updated Clarity Act Text

- On July 22, Senate Republicans released an updated 616-page text of the Digital Asset Market Clarity Act (H.R. 3633), which merges Senate Banking and Agriculture Committees' texts. A bill text and a section-by-section summary are also available.
- The updated text adds a government ethics title developed with the White House. It bars covered federal officials and their spouses from issuing or sponsoring a digital asset in exchange for consideration during public service, prohibits digital asset intermediaries from listing assets issued or sponsored in violation of the provision, sunsets in 2029, and provides that enforcement actions may be brought only by the Attorney General and not by state attorneys general or private parties.
- Seven Democrats who have been negotiating on the bill issued a joint statement expressing concerns with the updated text. Senate Banking Committee Ranking Member Elizabeth Warren (D-MA) issued a separate statement.
- A coalition of banking trade associations said the updated text continues to put at risk the local lending that drives economic activity in the United States, reflecting the ongoing dispute over rewards paid in connection with holding payment stablecoins. The chief executive of a major U.S. investment bank separately voiced support for advancing the bill.

- On July 23, Senate Majority Leader John Thune (R-SD) cast doubt on the Senate's ability to pass the bill before the August recess.

Law Enforcement Organization Reverses Position on Clarity Act

- On July 24, the Fraternal Order of Police wrote a letter supporting the Clarity Act, reversing an April letter opposing the bill over provisions of the Blockchain Regulatory Certainty Act, which would protect certain developers and firms that do not control customer assets from prosecution for illicit activity conducted by others on the platforms they build.
- The organization said it reviewed the clarifying language in the revised bill and is satisfied that the provision does not limit the ability of law enforcement and prosecutors to address unlawful conduct involving digital assets.

White House Digital Assets Adviser Defers Military Training

- On July 20, Patrick Witt, Executive Director of the President's Council of Advisers on Digital Assets, posted on X that his mandatory Georgia Army National Guard training, previously scheduled to begin July 27, has been deferred, allowing him to remain in his role during Senate consideration of the Clarity Act. Witt has led White House negotiations on market structure legislation since taking over the council in August 2025.
- Following Sen. Thune's July 23 remarks on floor timing, Witt said publicly that he remains more optimistic and that the first week of August remains a potential window for Senate action.

Senate Banking Aide Expected to Join FDIC

- On July 20, Senate Banking Committee Republican Staff Director Janie Faulkner was reported to be leaving the Committee for a position as senior counsel to FDIC Chairman Travis Hill. Neither the Committee nor the FDIC has confirmed the move. Faulkner, who assumed the staff director role in March, is expected to remain through the August recess and to continue leading the Committee's work on market structure legislation until she departs.

Regulatory Updates

SEC Commissioner Addresses Crypto Vaults and Onchain Lending Strategies

- On July 22, SEC Commissioner Hester Peirce issued a statement on crypto vaults and lending strategies, reiterating that moving activity within the scope of the federal securities laws onchain does not, as a general matter, place that activity outside those laws. Peirce described how the attributes of a vault or lending strategy could implicate various securities law concerns, from the products themselves being considered securities to those involved in their management being considered investment advisers. The SEC will look to the facts and circumstances of a particular vault or lending strategy when determining whether its activities or structure falls within the federal securities laws.

Corporation Finance Staff Addresses Digital Attestations in Tokenized Rule 506(c) Offerings

- On July 21, the staff of the SEC's Division of Corporation Finance issued new Securities Act Rules Corporation Finance Interpretations Question 260.40, reflected in the Division's July 21 interpretations update.
- The question concerns an issuer conducting a Rule 506(c) offering of a tokenized security that relies on the verification approach described in the Division's March 12, 2025, no-action letter, under which minimum investment amounts and written investor representations can constitute reasonable steps to verify accredited investor status. The staff confirmed that investors may provide those representations programmatically through the tokenized security by means of a

digital attestation. However, issuers are advised to keep adequate records documenting the steps taken to verify purchaser's accredited investor status.

SEC Announces Roundtable on Preparations for 24-Hour Trading

- On July 23, the SEC announced that it will convene a roundtable on Sept. 17 to examine the shift toward 24-hour trading in U.S. equity markets, focusing on preparations for overnight trading, operational and resiliency considerations in an around-the-clock market, and the potential benefits and challenges of expanded trading hours.
- SEC Chairman Paul Atkins said he looks forward to aligning U.S. equity markets with markets that already trade continuously while balancing investor and customer protections. Public comments may be submitted under File Number 4-913.

CFTC Extends Comment Period on 24/7 Trading and Energy Perpetual Contracts

- On July 23, the CFTC extended by 30 days, to Aug. 26, the comment deadline on its request for comment addressing the extension of standard futures contracts to a 24/7 schedule and the listing of perpetual contracts referencing physically delivered or storable energy commodities.

CFTC Staff Issues Advisory on Self-Certificate of an Event Contract Series

- On July 24, the CFTC's Division of Market Oversight issued an advisory reminding designated contract markets of the procedures for submitting self-certifications of an event contract series. The advisory is set out in CFTC Staff Letter No. 26-22. It states that broad, template-style certifications should not be submitted, and explains when closely related event contracts may be certified as a class or submitted for approval under Commission regulations.

CFTC Staff Extends No-Action Position on Designated Contract Market Dormancy Procedures

- On July 24, the CFTC's Division of Market Oversight issued a time-limited no-action letter to a designated contract market affiliated with a digital asset exchange, addressing certain procedures related to dormancy. The position extends relief previously granted in CFTC Letter No. 25-46 and is subject to the terms and conditions in CFTC Staff Letter No. 26-21.

Additional Updates

Prediction Markets Platform Seeks Emergency Relief From 2nd Circuit

- On July 23, a CFTC-designated contract market operating a prediction markets platform filed an emergency motion in the 2nd Circuit for an injunction pending appeal, seeking to bar New York regulators from enforcing the state's gambling laws against its sports-related event contracts. The regulators have agreed to withhold enforcement only through July 30, and the platform asked the court to rule before that date.

Washington State Court Enjoins Prediction Markets Platform and Rejects Preemption Defense

- On July 20, a court granted the Washington Attorney General's motion for a preliminary injunction against a CFTC-designated contract market operating a prediction markets platform, finding the state likely to succeed on claims that the platform's event contract offerings violate the Washington Gambling Act and that its marketing constitutes an unfair or deceptive practice under the Washington Consumer Protection Act. The court rejected the platform's argument that the Commodity Exchange Act preempts state gambling law.

✧ ✧ ✧

If you have any questions concerning these developing issues, please do not hesitate to contact any of the following Paul Hastings lawyers:

Atlanta

Chris Daniel
+1-404-815-2217
chrisdaniel@paulhastings.com

Meagan E. Griffin
+1-404-815-2240
meagangriffin@paulhastings.com

New York

Dana V. Syracuse
+1-212-318-6034
danasyracuse@paulhastings.com

Josh Boehm
+1-212-318-6033
joshboehm@paulhastings.com

Samantha Ackel
+1-212-318-6385
samanthaackel@paulhastings.com

San Diego

Spencer Young
+1-858-458-3026
spenceryoung@paulhastings.com

San Francisco

Eric C. Sibbitt
+1-415-856-7210
ericsibbitt@paulhastings.com

Lisa E. Rubin
+1-415-856-7027
lisarubin@paulhastings.com

Washington, D.C.

Michael L. Spafford
+1-202-551-1988
michaelspafford@paulhastings.com