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Crypto Policy Tracker

Senate Advances Market Structure Markup and Wyoming Launches FRNT Stable Token

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The Senate Banking Committee is targeting Jan. 15 for the committee to mark up its portion of the digital asset market structure legislation. In anticipation of the markup, Senate Banking Republicans circulated a proposal to Democratic negotiators that reportedly addresses the legal classification of digital assets.

At the state level, Wyoming Gov. Mark Gordon announced the launch of the Frontier Stable Token (FRNT), the first fiat-backed stable token to be issued by a public entity in the United States.

Separately, Federal Reserve Vice Chair Michelle Bowman said the Federal Reserve will soon advance proposals to define “unsafe and unsound” practice for supervisory and enforcement purposes and to remove “reputational risk” from the supervisory framework.

Congressional Updates

Market Structure Legislation Moves Toward Committee Markup

- Portions of the digital asset market structure legislation are being drafted by the Senate Banking Committee and the Senate Agriculture Committee. In anticipation of the markup, Senate Banking Republicans circulated a “closing offer” to Democratic negotiators that reportedly includes more than 30 proposed revisions to Title I, which addresses the legal classification of digital assets. On Friday, the Senate Banking Committee formally announced that the markup will take place on Thursday, Jan. 15 at 10:00 a.m. On Monday, it was reported that the Senate Agriculture Committee will hold a markup during the last week of January.
- One of the key sticking points in the current market structure legislation is a dispute between banking groups and cryptocurrency platforms over whether stablecoin users should be allowed to earn yield or rewards on stablecoin balances. The GENIUS Act prohibits stablecoin **issuers** from paying yield directly, but does not prohibit exchanges from offering rewards on stablecoin balances.
- The banks argue that stablecoin yield or rewards will cause deposit flight, while the crypto industry contends that the GENIUS Act should not be reopened and was a “carefully negotiated compromise” that intentionally allowed third-party rewards.

- Industry groups have submitted comment letters to Congress and others on both sides of the stablecoin yield issue. On Jan. 6, American Bankers Association (ABA) President Rob Nichols [sent a letter](#) to bank CEOs to urge Congress to prohibit crypto exchanges from offering yield on stablecoin rewards. On Dec. 18, The Blockchain Association [sent a letter](#) to the Senate Banking Committee asking Congress not to further restrict stablecoin yield programs beyond the provisions created in the GENIUS Act.

Lawmakers Release Discussion Draft of Digital Asset Tax ‘PARITY Act’

- On Dec. 20, Reps. Steven Horsford (D-NV) and Max Miller (R-OH) [released](#) a [discussion draft](#) of crypto tax legislation titled “The Digital Asset Protection, Accountability, Regulation, Innovation, Taxation, and Yields (PARITY) Act.”
- The discussion draft would, among other changes, create a deemed-basis rule for regulated, dollar-pegged payment stablecoins to treat digital dollars used like cash as cash, and apply wash-sale rules to digital assets.
- The draft would also allow for optional tax deferral on staking and mining rewards. It also proposes a mark-to-market accounting election for active digital asset traders, requiring annual recognition of gains and losses based on fair market value.
- The draft also provides nonrecognition treatment for bona fide loans of digital assets in the same way that IRC 1058 provides nonrecognition treatment for securities loans.

Regulatory Agency Updates

White House Considers Bipartisan Nominees for CFTC

- On Jan. 7, [Bloomberg reported](#) that the White House is considering a bipartisan group of nominees to serve as CFTC commissioner. Currently, Chairman Michael Selig serves as the only sitting commissioner. A White House official said they intend to nominate “America First” candidates in the near future. By statute, no more than three commissioners may be from the same political party.

Federal Reserve Signals Forthcoming Proposal Defining ‘Unsafe and Unsound’ Practices

- On Jan. 7, Federal Reserve Vice Chair for Supervision Michelle Bowman [spoke at the California Bankers Association Bank Presidents Seminar](#) and stated that several regulatory proposals will soon be proposed that will guide the Federal Reserve’s supervisory priorities. She indicated that the Federal Reserve will adopt proposals to (i) define what constitutes “unsafe and unsound” practices for supervision and enforcement and (ii) formally remove “reputation risk” from the supervisory process, which could affect banks’ willingness to engage with crypto firms and offer custody and other banking services. Each of these proposals would align with similar initiatives previously advanced by the FDIC and OCC.

Crypto Policy Experts Join FINRA

- On Jan. 6, FINRA [announced the appointment](#) of four new board governors: (i) Rostin Behnam, who served as Chairman of the CFTC from 2021 to 2025, where he advocated for Congress to address the lack of crypto regulations; and (ii) Dan Gallagher, who currently serves as Chief Legal and Compliance Officer at a company focused on crypto. In the announcement, FINRA CEO Robert Cook said, “These appointments strengthen our Board’s ability to provide strategic oversight and guidance in an increasingly complex financial landscape.”

State Updates

Wyoming Launches Frontier Stable Token (FRNT)

- On Jan. 7, Wyoming Gov. Mark Gordon [announced the launch](#) of the Frontier Stable Token (FRNT). FRNT is designed for both individual and institutional use and is fully backed by U.S. dollars and short-duration U.S. Treasuries, which return interest income to the State of Wyoming.
- Gov. Gordon stated: “Today, our embrace of digital assets further demonstrates the strength of our enterprise and provides our citizens, businesses, and the nation a cheaper, faster, and more transparent means of transacting. Importantly, FRNT provides another source of funding for our schools and can lower the taxpayer burden in our state.”

Florida State Representative Introduces State Crypto Reserve Bill

- On Jan. 7, Florida State Rep. John Snyder (R) filed [House Bill 1039](#) to establish the Florida Strategic Cryptocurrency Reserve, a special fund separate from the State Treasury. The bill would authorize Florida's Chief Financial Officer to manage the reserve and any of its crypto investments. The CFO will be required to submit independent audits of the reserve and establish an advisory committee. The bill will be considered during the Florida House's 2026 legislative session.

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