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Crypto Policy Tracker

SEC and CFTC Propose Form PF Relief for Private Fund Advisors, NY and Wisconsin Sue Prediction Market Platforms and Senate Holds Hearing on Fed Chair Nomination

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The SEC and CFTC jointly proposed amendments to Form PF that would raise the reporting threshold from \$150 million to \$1 billion in private fund assets under management, which may relieve a number of current filers, including digital asset-focused fund managers, from filing obligations. On Capitol Hill, the Senate Banking Committee held a confirmation hearing for Kevin Warsh, President Trump's nominee to chair the Federal Reserve Board of Governors, where Warsh affirmed that crypto is already part of the fabric of our financial services industry in the U.S.

Representatives also introduced the PACE Act, which would create a federal registration framework, overseen by the Office of the Comptroller of the Currency (OCC), allowing qualified nonbank payment providers to access Federal Reserve payment systems directly. In the states, the Wisconsin Department of Justice and the New York Attorney General separately filed lawsuits against prediction market platforms alleging violations of each state's gambling laws, adding both to the growing list of states challenging the CFTC's assertion of exclusive federal jurisdiction over event contract markets. In the executive branch, President Trump told private meeting attendees that banks will not delay CLARITY Act progress as bill negotiations continue.

Crypto industry leaders sent a letter to the SEC, urging the agency to formalize the principles in the staff [statement](#) on broker-dealer registration of certain crypto user interfaces in notice-and-comment rulemaking, for "durable regulatory clarity that lasts."

White House and Regulatory Agency Updates

SEC and CFTC Issue Joint Proposal on Private Funds Reporting

- On April 20, the SEC and CFTC issued a [joint proposal](#) to amend Form PF, a reporting form required to be filed by certain SEC-registered investment advisers to private funds. The proposal would increase the filing threshold from \$150 million in private funds assets under management to \$1 billion, thereby freeing advisers with less than \$1 billion in private assets under management (an estimated near half of advisers currently required to file the form) from Form PF filing obligations. The proposal also raises the reporting threshold to qualify as a large hedge fund

adviser to \$10 billion in hedge fund assets under management from \$1.5 billion, sparing smaller hedge fund advisers from the additional reporting burdens applicable to large hedge fund advisers. Furthermore, the proposal eliminates or streamlines certain other Form PF reporting obligations, for example eliminating quarterly event reporting, separate reporting for certain feeder funds and certain “look through” requirements, among other things. Digital asset-focused private fund managers who fall below the proposed \$1 billion threshold would be among the advisers relieved of Form PF filing obligations if the proposal is adopted.

- SEC Chairman Paul Atkins [said](#) he is committed to reducing the cost of compliance burdens. In separate [remarks](#) at the Economic Club of Washington, he said the Commission is “closely monitoring” the private credit lending gap and the emerging pressures that have resulted. He said transparency, valuation and credit quality are key when examining the associated risks.

Christopher Phelan Nominated to Chair the Council of Economic Advisers

- On April 21, President Trump [nominated](#) Christopher Phelan, a professor of economics at the University of Minnesota, to serve as Chairman of the Council of Economic Advisers. Phelan previously served as a senior economist at the Federal Reserve Bank of Minneapolis. If confirmed, he would succeed Pierre Yared, who has been serving as Acting Chairman following the departure of Stephen Miran, who left the position to join the Federal Reserve Board of Governors.

Congressional Updates

Bipartisan Bill Introduced to Expand Nonbank Access to Federal Reserve Payment Rails

- On April 21, Representatives Young Kim (R-CA) and Sam Liccardo (D-CA) introduced the [Payments Access and Consumer Efficiency \(PACE\) Act](#), which would create a federal registration framework, overseen by the OCC, allowing qualified nonbank payment providers to access Federal Reserve payment systems directly, including FedACH, FedNow and Fedwire. Qualified providers would be required to maintain customer funds on a one-to-one basis in segregated reserves and meet risk management, record-keeping and consumer protection requirements.

Senate Banking Committee Holds Hearing on Federal Reserve Chair Nomination

- On April 21, the Senate Banking Committee [held](#) a confirmation hearing for Kevin Warsh, President Trump’s nominee to serve as Chairman of the Federal Reserve Board of Governors. Warsh affirmed that he opposes the creation of a central bank digital currency and stated that debanking practices have no place in supervision and regulation. Warsh also affirmed that crypto is already part of the fabric of our financial-services industry in the United States.
- On April 24, the Justice Department [announced](#) it will end its investigation into current Fed Chairman Jerome Powell. On the same day, the Senate Banking Committee [announced](#) it will hold an executive session to vote on the nomination on April 29.
- On April 26, Senator Thom Tillis (R-NC), a key vote in the Senate Banking Committee, [said](#) he would now support the nomination after the Justice Department’s close of the investigation, “He is an outstanding nominee, and it is time for the Federal Reserve to move beyond this distraction and return its full attention to its mission.”

House Appropriations Committee Releases FY 2027 Financial Services Bill

- Republican members of the House Appropriations Committee released updated text of the [Fiscal Year 2027 Financial Services and General Government Bill](#). The bill includes a ban on the development of a U.S. central bank digital currency, a provision to codify Executive Order 14331

prohibiting debanking practices, and an 11% reduction in SEC appropriations from the prior fiscal year.

- On April 22, Treasury Secretary Scott Bessent [testified](#) before the Senate Appropriations Committee regarding the President's FY 2027 budget request.

Additional Updates

Wisconsin and New York Enter Legal Battle on Prediction Markets

- On April 24, the Wisconsin Department of Justice [filed lawsuits](#) against four prediction market platforms, alleging the platforms facilitated illegal sports betting and other forms of unlawful commercial gambling.
- On April 21, New York Attorney General Letitia James [filed lawsuits](#) against two prediction market platforms, alleging the platforms operated as unlicensed gambling businesses in violation of New York law without obtaining licenses from the New York State Gaming Commission. The platforms argue their event contracts are federally regulated derivatives subject to the CFTC's exclusive jurisdiction under the Commodity Exchange Act.

Crypto Industry Leaders Ask SEC to Finalize Crypto User Interface Guidance

- On April 24, crypto industry leaders sent a [letter](#) to the SEC, urging the agency to formalize the principles in the "[Staff Statement Regarding Broker-Dealer Registration of Certain User Interfaces Utilized to Prepare Transactions in Crypto Asset Securities](#)" in notice-and-comment rulemaking, for "durable regulatory clarity that lasts."
- For additional information on the statement, read our client alert, "[SEC Unshackles Digital Asset Interfaces — What the New Broker-Dealer Guidance Means for DeFi and Every Digital Asset Platform.](#)"

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

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