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Crypto Policy Tracker

SEC and CFTC Sign MOU, SEC Considers Tokenized Securities Innovation Exemption, CFTC Issues Prediction Markets Advisory, FDIC Discusses Stablecoin Pass-Through Insurance

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The SEC and CFTC released a Memorandum of Understanding to guide coordination and collaboration between the two agencies. SEC Chairman Paul Atkins stated that he expects the Commission to soon consider an innovation exemption to facilitate limited trading of certain tokenized securities with an eye toward developing a long-term regulatory framework. The SEC also submitted interpretive guidance to the White House addressing how federal securities laws could apply to crypto assets. The CFTC issued a prediction markets advisory regarding the listing for trading of event contracts and published an Advance Notice of Proposed Rulemaking seeking public comment on whether new or amended regulations may be needed for event contracts traded on prediction markets.

Separately, the FDIC announced the agency is planning to propose that payment stablecoins subject to the GENIUS Act would not be eligible for pass-through insurance. The U.S. Department of the Treasury issued its report to Congress in response to the GENIUS Act's mandate for developing recommendations on countering illicit finance through innovation. The Federal Reserve Bank of Kansas City approved what appears to be a limited purpose "skinny" master account for a crypto exchange. In addition, the OCC, FDIC and Federal Reserve jointly issued Capital Treatment of Tokenized Securities FAQs, clarifying that tokenized securities should generally receive the same capital treatment as their non-tokenized equivalents. Finally, Nasdaq announced a collaboration with a crypto company to support the development of a Nasdaq equity token design.

Regulatory Updates

SEC and CFTC Release Memorandum of Understanding

- On March 11, the [SEC](#) and [CFTC](#) released a [Memorandum of Understanding](#) to guide coordination and collaboration between the two agencies, with the goal of reducing duplicative or conflicting regulatory requirements, clarifying jurisdictional boundaries and streamlining pathways for innovative financial products and services. The MOU focuses on regulation of security-based

swaps and discusses regular meetings, sharing data, ongoing notifications, cross-training between the two agencies and examination coordination to avoid duplication.

- On March 10, [SEC Chairman Paul Atkins](#) noted the launch of an [SEC-CFTC Harmonization](#) webpage where market participants can request coordinated discussions with staff from both agencies.
- On March 9, [CFTC Chairman Michael Selig](#) noted that harmonization is already underway and that he and the SEC Chairman meet on a regular basis.

FDIC to Propose That Payment Stablecoins Are Not Eligible for Pass-Through Insurance

- On March 11, in a speech at the American Bankers Association's Washington Summit, FDIC Chairman Travis Hill [announced that](#) in connection with its regulations implementing the GENIUS Act, the agency is planning to propose that payment stablecoins subject to the GENIUS Act would not be eligible for pass-through insurance. Accordingly, if a bank holding an issuer's reserves in a deposit account failed, the FDIC would only insure the account as a corporate deposit account eligible for only \$250,000 of insurance rather than insuring the deposit account based on the interests of the individual stablecoin holders. The proposal would align the FDIC's regulatory policy with the GENIUS Act's prohibition on deposit insurance for stablecoins.

Federal Reserve Bank of Kansas City Approves Limited Account for Crypto Company

- On March 4, the Federal Reserve Bank of Kansas City [approved what appears to be](#) a limited purpose "skinny" master account for a crypto exchange that is chartered as a State of Wyoming Special Purpose Depository Institution. The company, a Tier 3 entity under the [Federal Reserve's master account guidelines](#), was approved for a limited purpose account for an initial term of one year. The banking industry [expressed concern](#) that the Kansas City Federal Reserve approved the initial application before the Federal Reserve Board released its final rulemaking for skinny master accounts.

SEC Submits Framework Applying Securities Laws to Crypto Assets

- On March 3, the SEC [submitted interpretive guidance](#) to the White House on how federal securities laws could be applied to cryptocurrencies. The proposal is titled "Commission Interpretation on Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets."

Federal Prudential Regulators Clarify the Capital Treatment of Tokenized Securities

- On March 5, the [OCC](#), [FDIC](#) and the [Federal Reserve](#) jointly [issued](#) "Capital Treatment of Tokenized Securities FAQs," clarifying that tokenized securities should generally receive the same capital treatment as the non-tokenized form of the security under their respective capital rules. The agencies also clarified that the capital rule is "technology neutral" and that the technologies used to issue and transact a security do not generally impact its capital treatment.

Treasury Report on Innovative Technologies to Counter Illicit Financing Involving Digital Assets

- The U.S. Department of the Treasury [issued its report](#) to Congress in response to the GENIUS Act's mandate for developing recommendations on countering illicit finance through innovation. These recommendations include fostering the use of digital identity, encouraging financial institutions to adopt AI tools for AML/CFT compliance and creating new subclasses to regulate decentralized finance.

CFTC Staff Issues Prediction Markets Advisory

- On March 12, the CFTC's Division of Market Oversight (DMO) [issued a prediction markets advisory](#) regarding the listing for trading of event contracts, stating: "In light of the rapid rise in popularity of prediction markets, the division seeks to encourage growth and innovation in these markets while reminding designated contract markets of their regulatory obligations pursuant to the Commodity Exchange Act and Commission regulations."
- "As front-line regulators, DCMs [Designated Contract Markets] should be proactive, ensuring proper surveillance and oversight of trading" of event contracts and compliance with DCM Core Principles, including Core Principle 3 (obligation to list only contracts "not readily susceptible to manipulation") and Core Principle 12 (obligation to establish and enforce rules to protect markets and market participants).
- With respect to sports contracts, DMO cautioned against overly broad or general product specifications and encouraged DCMs to cooperate with professional sports leagues on product definition and market oversight, including, among other things, pre-self-certification communications with sports leagues to ensure consistency with the league's integrity standards/guidance and establishing information sharing agreements with the relevant league to improve monitoring and consistency.

CFTC Seeks Public Comment on Advanced Notice of Proposed Rulemaking Relating to Prediction Markets

- On March 12, the CFTC [published an Advanced Notice of Proposed Rulemaking](#) seeking public comment on the need to amend or issue new regulations concerning event contracts traded on prediction markets.
- The Proposed Rulemaking seeks comments on a broad range of topics, including prediction market compliance with DCM core principles and CFTC regulations; the scope, meaning and procedural requirements of CEA Section 5c(c)(5)(C) (which authorizes the Commission to determine whether certain event contracts are contrary to public interest); and what constitutes "inside information" in the context of event contract trading. Comments are due within 45 days of March 12.

CFTC Chairman Announces Efforts to Future-Proof Derivatives Markets

- In a comprehensive review of CFTC efforts to promote a new "era of American markets leadership," [CFTC Chairman Michael Selig](#) announced plans to "return to principles-based regulation, ensure innovation-forward oversight and drive American prosperity for decades to come." In addition to discussing actions to promote prediction markets through new rulemaking and aggressive defense of CFTC jurisdiction, Chair Selig highlighted the following:
 - Harmonization initiatives with the SEC designed to increase cooperation and reduce duplication, noting that he and the SEC Chairman meet regularly.
 - Promoting a robust compute market and efforts to bring other markets, such as critical minerals, back to the United States.
 - Tying Project Crypto to "build[ing] in the U.S.A." and announcing plans to advance (by working with the SEC) a "clear crypto asset taxonomy," issue new guidance on the application of intermediary registration requirements to non-custodial software systems like digital wallets and decentralized finance, and issue new rulemaking clarifying the "actual delivery" exception for leveraged or margined transactions.
 - New rulemakings codifying prior no action letters.

- Plans to use the CFTC's "substituted compliance" framework to reduce unnecessary duplication and burdens.

SEC Discusses Revitalizing IPOs

- On March 9, [SEC Chairman Paul Atkins](#) spoke at the 45th Annual Small Business Forum, noting that access to affordable capital remains a challenge for entrepreneurs. He stated that raising capital through an IPO should not be a privilege reserved for those few "unicorns." The regulatory framework should provide companies at all stages of their growth and from all industries with the opportunity for an IPO.
- [SEC Commissioner Hester Peirce](#) noted that moving away from mandatory quarterly reporting could allow smaller companies to more effectively allocate their limited resources.
- [SEC Commissioner Mark Uyeda](#) discussed eliminating the duplicative qualification processes between federal and state authorities.

SEC Considers Innovation Exemption for Tokenized Securities

- On March 12, the SEC [Investor Advisory Committee](#) discussed opportunities to reduce unnecessary disclosure burdens on public companies without compromising investor protection and capital formation, as well as potential benefits and risks of tokenization.
- [SEC Chairman Paul Atkins](#) stated that he expects the Commission to soon consider an innovation exemption to facilitate limited trading of certain tokenized securities, with an eye toward developing a long-term regulatory framework.
- [SEC Commissioner Hester Peirce](#) noted that the innovation exemption to facilitate limited trading of certain tokenized securities is much narrower than the "blanket" exemption mentioned in the draft recommendation and presented a set of questions for consideration.

Congressional Updates

Senate Advances Housing Package With CBDC Ban

- On March 12, the Senate passed the 21st Century ROAD to Housing Act ([H.R. 6644](#)) by a vote of [89 to 10](#). The legislation includes an unrelated provision, which bars the Federal Reserve from issuing a central bank digital currency until 2030.

House Financial Services Committee Holds Markup on Capital Formation Bills

- On March 4, the House Financial Services Committee [held a markup](#) to advance various capital formation bills for small businesses. The Committee voted to advance [H.R. 4171](#) and [H.R. 7127](#) and their respective amendments.
- The [Small Entrepreneurs' Empowerment and Development](#) (SEED) Act of 2025 (H.R. 4171) aims to reduce regulatory burdens for startups and small businesses seeking to raise early-stage capital by creating a micro-offering exemption.
- The [Restoring the Secondary Trading Market Act](#) (H.R. 7127) aims to reduce state-level regulatory barriers for the trading of securities in secondary markets. The bill seeks to amend the Securities Act of 1933 to exempt off-exchange secondary trading from state registration and requirements. The [amendment to the bill](#) states that issuers would only be eligible for the exemption if certain financial and operational information is made publicly available to investors.

Senate Banking Chairman Scott Names New Staff Director

- On March 10, Senate Banking Committee Chairman Tim Scott (R-SC) [named Janie Faulkner](#) as the committee's GOP staff director. Faulkner has previous legal industry experience and most recently served as a GOP Banking Committee aide.

Additional Updates**Nasdaq to Launch Equity Token Design**

- On March 9, [Nasdaq announced](#) its collaboration with a [crypto company](#) to support the upcoming Nasdaq equity token design, a new approach to tokenizing equities that will support tokenization of equities in a manner that preserves issuer control, existing regulatory frameworks and the underlying rights associated with company shares.
- The initiative builds upon [Nasdaq's tokenization proposal](#), filed with the SEC in September 2025, in which Nasdaq proposed enabling equity securities, including but not limited to issuer-sponsored tokens, to trade on its markets and to settle in token form through the Depository Trust & Clearing Corporation (DTCC).

Multinational Oversight Group Releases Report on Stablecoins

- The Financial Action Task Force (FATF) [released a report](#) detailing illicit finance risks regarding the misuse of stablecoins through peer-to-peer transactions on unhosted wallets. The report suggests that stablecoin issuers mitigate these risks by adopting risk-based technical and governance controls, developing expertise in technical capabilities within supervisory and law enforcement authorities, ensuring authorities have the tools and legal frameworks for cooperation, and establishing public-private relationships to strengthen cooperation on potential risks and threats.

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