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## Crypto Policy Tracker

# White House Releases Stablecoin Yield Report, GENIUS Act Regulations Advance, SEC's 'Regulation Crypto' Progresses and Federal Courts Issue Rulings in Prediction Markets Cases

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Regulations under the GENIUS Act continued to advance. FinCEN and OFAC issued a joint proposed rule that would implement the GENIUS Act's requirement that stablecoin issuers be treated as financial institutions under the Bank Secrecy Act and would apply anti-money laundering obligations. The FDIC also approved a notice of proposed rulemaking under the GENIUS Act that would establish a prudential framework for FDIC-supervised permitted payment stablecoin issuers, including requirements related to reserve assets, redemption, capital and risk management standards.

The White House released a report finding that prohibiting yield on stablecoins would have only a minimal impact on preventing deposit flight from banks, suggesting that concerns about deposit flight may be overstated. Stablecoin yield discussions between crypto and bank representatives reportedly continued on Capitol Hill last week, but no final resolution was reached.

SEC Chairman Paul Atkins stated that the SEC will release Regulation Crypto shortly. He previously described it as providing crypto innovators "bespoke pathways" to raise capital in the United States. Additionally, the CFTC requested a budget increase to maintain and enhance its role and capabilities as the primary regulator of the U.S. futures, swaps and options markets.

The U.S. Court of Appeals for the 3rd Circuit affirmed a District Court's grant of a preliminary injunction, holding that "because Kalshi has demonstrated a reasonable chance of success on its argument that the Commodity Exchange Act ... preempts otherwise applicable state law, we will affirm." In another case, the U.S. District Court for the District of Arizona granted a temporary restraining order barring Arizona from continuing to pursue criminal charges against CFTC-regulated designated contract markets.

## White House and Regulatory Agency Updates

### **White House Report Finds Stablecoin Yield Poses Limited Risk to Banks**

- On April 8, the White House Council of Economic Advisers (CEA) released a report titled "[Effects of Stablecoin Yield Prohibition on Bank Lending](#)." The report found that prohibiting yield on stablecoins would have only a minimal impact on preventing deposit flight from banks, suggesting

those concerns may be overstated. The report states: “In short, a yield prohibition would do very little to protect bank lending, while forgoing the consumer benefits of competitive returns on stablecoin holdings.” On April 13, the American Bankers Association [objected to the report’s findings](#).

- Stablecoin yield discussions between crypto and bank representatives reportedly continued on Capitol Hill last week, but no final resolution was reached. After returning from spring recess, it is still unclear when the Senate Banking Committee will release an updated draft of the legislation with the updated stablecoin yield language.
- Treasury Secretary Scott Bessent [urged Congress](#) to enact the CLARITY Act, [stating](#), “It is time for @BankingGOP to hold a markup and send the CLARITY Act to President Trump’s desk. Senate time is precious, and now is the time to act.”

### **FinCEN Proposes Rule to Implement the GENIUS Act’s Requirements to Counter Illicit Finance**

- On April 8, the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) and the Office of Foreign Assets Control (OFAC) issued a joint proposed rule that would implement provisions of the GENIUS Act titled “[Permitted Payment Stablecoin Issuer Anti-Money Laundering/Countering the Financing of Terrorism Program and Sanctions Compliance Program Requirements](#).”
- The proposed rule [would implement](#) the GENIUS Act’s requirement that issuers are treated as financial institutions under the Bank Secrecy Act (BSA) and applies anti-money laundering obligations.
- Among the obligations included in the proposal are the requirement for issuers to:
  - Establish and maintain an anti-money laundering program
  - Report suspicious activity
  - Have the technical capabilities, policies and procedures to block, freeze and reject specific or impermissible transactions
  - Have the technical capabilities to comply with the terms of any lawful order
  - Maintain an effective sanctions compliance program
- The proposal also makes clear that transactions in payment stablecoins are covered by the Travel Rule.
- The proposal does not include Customer Identification Program requirements, as they will be subject to a subsequent rulemaking.

### **FDIC Approves Proposal to Implement GENIUS Act Requirements and Standards**

- On April 7, the Federal Deposit Insurance Corporation (FDIC) Board of Directors [approved a notice of proposed rulemaking](#) to implement a provision of the GENIUS Act establishing a prudential framework for FDIC-supervised permitted payment stablecoins issuers, including requirements related to reserve assets, redemption, capital and risk management standards.
- The proposed rule would also establish requirements for FDIC-supervised permitted payment stablecoin issuers and insured depository institutions (IDIs) that provide certain payment stablecoin-related custodial and safekeeping services. The proposed rule also addresses the applicability of pass-through insurance to deposits held as reserves backing payment stablecoins.
- Moreover, the proposed rule clarifies that tokenized deposits issued by banks that satisfy the statutory definition of “deposit” under the Federal Deposit Insurance Act will be treated under the Federal Deposit Insurance Act like any other types of deposits.

- The proposed rule is the FDIC's second rulemaking implementing provisions of the GENIUS Act. On [Dec. 19, 2025](#), the FDIC issued a proposed rule that would establish application procedures for IDIs seeking approval to issue payment stablecoins through a subsidiary.

### Chairman Atkins Says Innovation Exemption Coming Shortly

- On April 6, SEC Chairman Paul Atkins stated at the [Digital Assets and Emerging Tech Policy Summit](#) that the SEC will be proposing Regulation Crypto shortly. [He noted](#) that the proposal has advanced to the Office of Information and Regulatory Affairs (OIRA), which he states is the last step before being published.
- On March 17, SEC Chairman Paul Atkins [outlined his proposal](#) for a safe harbor, describing it as providing crypto innovators “bespoke pathways” to raise capital in the U.S. while providing appropriate investor protections. Chairman Atkins described three components under consideration:
  - A “startup exemption” that would allow entrepreneurs to raise up to a defined amount (potentially \$5 million) during a time-limited registration exemption (potentially four years) for offerings of investment contracts involving certain crypto assets.
  - A “fundraising exemption” for investment contracts involving certain crypto assets that would allow issuers to raise up to a defined amount (potentially \$75 million) in any 12-month period under a principles-based disclosure regime.
  - An “investment contract safe harbor” from the definition of “security” for certain crypto assets that could apply once an issuer has permanently ceased all essential managerial efforts it had promised that it would undertake.
- On [March 20](#), the SEC submitted the innovation exemption to the White House for review. The [submission states](#): “The Division is considering recommending that the Commission propose rules relating to the offer and sale of crypto assets, potentially to include certain exemptions and safe harbors, to help clarify the regulatory framework for crypto assets and provide greater certainty to the market.”
- On April 6, a blockchain industry group [urged the SEC](#) to proceed with the innovation exemption framework and grant exemptive relief for tokenized equity trading.

### CFTC Requests Budget Increase From Congress

- On April 3, the CFTC [requested a total of](#) \$410.0 million and 650 full-time equivalents for Fiscal Year (FY) 2027. The request for its operational budget is a 12.3% increase above the FY 2026 enacted budget and would allow the CFTC to “maintain and enhance its role and capabilities as the primary regulator of the U.S. futures, swaps, and options markets.”

### FinCEN Proposes Rule to Reform Financial Institution Programs Designed to Fight Illicit Finance

- On April 7, [FinCEN issued](#) a [proposed rule](#) intended to fundamentally reform financial institutions’ anti-money laundering and countering the financing of terrorism (AML/CFT) programs under the BSA. The proposed rule [supports Treasury’s efforts](#) to modernize the U.S. AML/CFT regulatory and supervisory framework and to ultimately reduce compliance burden. The proposed rule would promote risk-based, reasonably designed programs and greater consistency in how banks are evaluated for effectiveness. The proposal would limit enforcement actions under the BSA to

instances of systemic or egregious violations and not technical noncompliance. The proposal indicates that additional rules from the federal banking agencies are forthcoming.

### **Agencies Issue Final Rule to Prohibit Use of Reputation Risk by Regulators**

- On April 7, OCC and the FDIC [jointly issued a final rule](#) that codifies the elimination of “reputation risk” from their respective supervisory programs. The rule formally defines what constitutes “reputation risk” and prohibits the agencies from criticizing or taking adverse action against an institution based upon a perceived reputation risk. The final rule also prohibits the agencies from requiring, instructing or encouraging an institution to close customer accounts or take other actions on the basis of a person or entity’s political, social, cultural or religious views or beliefs, constitutionally protected speech, or solely on the basis of politically disfavored but lawful business activities perceived to present reputation risk.
- The final rule implements Executive Order 14331, “[Guaranteeing Fair Banking for All Americans](#).”

### **Treasury Launches Cybersecurity Information Sharing Initiative for the Digital Asset Industry**

- On April 9, the U.S. Department of the Treasury’s Office of Cybersecurity and Critical Infrastructure Protection (OCCICIP) [announced an initiative](#) to expand the digital asset industry’s access to actionable threat information to better respond to cyber threat incidents. Assistant Secretary for Financial Institutions Luke Pettit said, “By extending access to the same high-quality cybersecurity information used by traditional financial institutions, Treasury is helping promote a more secure and responsible digital asset ecosystem.”

### **Temporary Restraining Order Blocks Arizona Criminal Enforcement Proceedings on Prediction Markets**

- On April 10, at the request of the CFTC, the U.S. District Court for the District of Arizona [granted a temporary restraining order](#) barring Arizona from continuing to pursue criminal charges against CFTC-regulated designated contract markets (DCMs). This follows a prior filing of a complaint against Arizona by the CFTC seeking an injunction barring the state from attempting to preempt federal law.
- On April 2, the CFTC [sued two additional states](#) (Connecticut and Illinois) in addition to Arizona to seek declaratory and injunctive relief preventing the states from taking action against the CFTC registered DCMs for illegal gaming, arguing the state actions are preempted by federal law.

### **CFTC Announces Innovation Task Force Staff**

- On April 10, the CFTC [announced the members](#) of the Innovation Task Force. The ITF will work with the commission to develop a clear regulatory framework for innovators focused on crypto assets and blockchain technologies; artificial intelligence and autonomous systems; and prediction markets and event contracts.

### **Additional Updates**

#### **3rd Circuit Affirms Preliminary Injunction Ruling in Predictions Market Contract Case**

- On April 6, the U.S. Court of Appeals for the 3rd Circuit [affirmed a District Court’s ruling](#) granting a preliminary injunction to Kalshi. The majority held that “because Kalshi has demonstrated a reasonable chance of success on its argument that the Commodity Exchange Act preempts otherwise applicable state law, we will affirm.”
- Kalshi previously moved to preliminarily enjoin the New Jersey Division of Gaming Enforcement from enforcing state law against Kalshi’s sports-related event contracts. The District Court

granted Kalshi's motion, and the 3rd Circuit affirmed 2-1, finding field preemption. The dissent, however, argued that the majority failed to define the proper field for preemption and no conflict exists between federal regulation of derivatives and state regulation of gaming.

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