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Crypto Policy Tracker

White House to Nominate Michael Selig as CFTC Chair, Federal Reserve Considers ‘Skinny’ Master Account and SEC Clarifies Regulatory Authority

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Members of Congress and the financial services regulators demonstrated continued attention to market structure legislation, stablecoins and tokenization. Michael Selig was nominated to serve as CFTC Chair, with Caroline Pham continuing as Acting Chair pending confirmation. At the Federal Reserve, Governor Christopher Waller previewed a potential “skinny” master account that would provide legally eligible institutions basic access to Fed payment rails while controlling risk. On stablecoin policy, Comptroller of the Currency Jonathan Gould addressed concerns as to whether stablecoins will cause a flight of deposits from the traditional banking system, noting that any material deposit outflows linked to payment stablecoins would not occur “overnight.”

SEC Chair Paul Atkins welcomed congressional action on digital asset market structure legislation and affirmed the SEC’s authority to proceed in parallel with rules and exemptive orders. Acting CFTC Chair Pham said the agency’s “crypto sprint” aims to bring listed spot crypto trading live on at least one designated contract market by year-end.

Executive Branch Nominations

White House to Nominate Michael Selig as CFTC Chair

- The President has selected Michael Selig, currently chief counsel for the SEC’s Crypto Task Force and an adviser to SEC Chair Paul Atkins, to be the next chair of the Commodity Futures Trading Commission. Both [Selig](#) and [David Sacks](#), the White House artificial intelligence and crypto czar, confirmed the selection in separate posts on X. If confirmed by the Senate, Selig would succeed Acting Chair [Caroline Pham](#), who currently leads the agency.

Congressional Updates

Senators Discuss Market Structure Legislation With Industry

- Although it was the fourth week of the government shutdown, senators continued to make progress on the crypto market structure bill. Several crypto executives traveled to Washington, D.C. last week to meet with both Senate Republicans and Democrats to help advance the

legislation, as Senate Banking Committee Chairman Tim Scott (R-SC) remains focused on moving the bill out of committee before Thanksgiving. Despite earlier tensions surrounding a leaked Democratic proposal on decentralized finance, discussions have continued to move forward in a constructive manner. Even with the challenges posed by the shutdown, including reduced staffing at some agencies, the industry and lawmakers are maintaining momentum. Key issues still under discussion include the regulatory treatment of DeFi and the division of oversight between the SEC and the CFTC.

- On Oct. 15, Sen. John Kennedy (R-LA) [delivered floor remarks](#) also addressing digital asset market structure legislation. He emphasized that crypto businesses need clear lines defining whether the SEC or the CFTC has jurisdiction. Kennedy said the Senate will not take up the CLARITY Act and instead will draft its own bill, noting the issue is complex and that at least two additional hearings are needed to weigh the pros and cons. He added that while the GENIUS Act has been enacted, it addresses only stablecoins. Kennedy also referenced banking industry concerns about the GENIUS Act. He did not take a position on the banking issues but said those views should be heard.

Senators Introduce Bill to Update 1970s Financial Reporting Standards

- On Oct. 21, Sens. Tim Scott (R-SC), Chairman of the Senate Banking Committee, and John Kennedy (R-LA), together with other Republican members of the Senate Banking Committee, introduced the Streamlining Transaction Reporting and Ensuring Anti-Money Laundering Improvements for a New Era (STREAMLINE) Act, which would modernize the Bank Secrecy Act's reporting requirements for currency transaction reports (CTRs) and suspicious activity reports (SARs).
- The Bank Secrecy Act, a law signed in 1970, requires financial institutions to assist government agencies with detecting and preventing financial crimes.
- Under the law, and substantive amendments since 1970, financial institutions must submit CTRs for cash transactions exceeding \$10,000 and SARs for transactions exceeding \$2,000 or \$5,000, depending on the circumstances. However, the SAR thresholds were adopted in 1996 for banks and 1999 for money services businesses (MSBs).
- The [STREAMLINE Act](#) would raise these thresholds from \$10,000 to \$30,000, \$2,000 to \$3,000 and \$5,000 to \$10,000, respectively, and require the Treasury Department to adjust these amounts every five years to account for inflation.

Regulatory Agency Updates

Federal Reserve Announces Possible 'Skinny' Master Account

- On Oct. 21, Federal Reserve Governor Christopher Waller delivered [opening remarks](#) at the [Payments Innovation Conference](#) announcing a potential "skinny" master account to be known as a "Payment Account." Currently, Federal Reserve Banks provide access to master accounts and financial services to depository institutions and other legally eligible entities under a three-tier system of review. The payment account concept would permit only basic Federal Reserve payment services to legally eligible institutions that currently engage in payment services primarily through a third-party bank with a full-fledged master account.
- The payment account would provide access to the Federal Reserve payment rails, while limiting various risks to the Federal Reserve and the payment system. Reserve Banks would not pay interest on balances in payment accounts, and balance caps could be imposed to control the size of accounts and their associated impacts on the Fed's balance sheet. Payment accounts, if permitted, would not have daylight overdraft privileges, and it is contemplated that if balance in a payment account hits zero, subsequent payments would be rejected. Moreover, if adopted,

holders of skinny master accounts would not be eligible for discount window borrowing or have access to all Federal Reserve payment services to mitigate the risk of daylight overdrafts.

SEC Chair Atkins on Digital Assets at SIFMA: Market Structure Legislation, Innovation Exemption and Tokenization

- On Oct. 21, at the annual SIFMA conference, [SEC Chair Paul Atkins](#) stated that he welcomed congressional action on digital asset policy, pointing to the progress on the market structure bill by Congress, and noted the President's request for a bill this year. He also noted that the SEC still has ample authority to clarify when an asset is or is not a "security" and to adopt rules and exemptive orders. Atkins also outlined an "innovation exemption" to allow projects to develop in the U.S., with the exemption bounded by size, dollar amounts and participant limits to support proofs of concept without letting the exemption swallow the rule.
- Atkins also described blockchain technology as an opportunity to modernize market infrastructure, emphasizing tokenization and broader on-chain activity as levers to reduce costs and spur innovation across the ecosystem. Tokenization has been a topic of interest to many in the digital asset industry. [Last month](#), Nasdaq announced it had [submitted a filing](#) to the SEC to facilitate the trading of tokenized securities on its exchange. Specifically, Nasdaq proposed the option for member firms and investors to tokenize equity securities and exchange-traded products (ETPs) that they traded on the Nasdaq Stock Market, with the goal of advancing financial innovation while maintaining stability, fairness and investor protections.

CFTC Commissioner Pham Targets Year-End Launch of Listed Spot Crypto Trading on Registered Future Exchanges and Tokenized-Collateral Guidance

- On Oct. 21, at the annual SIFMA conference, [Acting CFTC Chair Caroline Pham](#) said the CFTC is continuing to execute a 12-month roadmap to implement the agency's recommendations from the [President's Working Group](#) on digital assets, aiming to complete the CFTC-specific items by next August. Pham said she expects "listed spot crypto" trading to be live on at least one CFTC-registered designated contract market by year-end. She also announced plans to issue by year-end guidance addressing tokenized collateral in derivatives markets.

OCC Comptroller Gould Touches on Potential Deposit Outflows

- On Oct. 20, Comptroller Gould [spoke at the American Bankers Association Annual Convention](#), responding to concerns on whether stablecoins will cause a flight of deposits from the traditional banking system. The Comptroller stated: "If there were to be a material impact to deposits as a result of payment stablecoins, or a significant impact to a subset of the banking system as a result of payment stablecoins, it would not happen in unnoticed fashion, meaning, I don't think it would happen overnight[.]" He continued: "Certainly, if there's a material flight of deposits from the banking system, that sure sounds to me like safety and soundness concerns, and obviously it's my job to ensure the safety and soundness of the federal banking system ... That'd be something we'd be focused on for sure."

OCC Approves Crypto-Focused National Bank

- On Oct. 15, the OCC gave [preliminary approval](#) to a crypto-focused bank for its national trust bank application. Comptroller Jonathan Gould said, "Permissible digital asset activities, like any other legally permissible banking activity, have a place in the federal banking system if conducted in a safe and sound manner. The OCC will continue to provide a path for innovative approaches to financial services to ensure a strong, diverse financial system that remains relevant over time."

Federal Regulators Speak at DC Fintech Week

- On Oct. 14-17, federal regulators gathered at the annual D.C. Fintech Week conference. FDIC Acting Chairman Travis Hill [said that](#) crafting a federal licensing regime for stablecoin issuers under the FDIC's purview would likely be relatively straightforward, but that the GENIUS Act tasks other banking regulators with more complicated policy issues.
- [Federal Reserve Governor Barr](#) stated that while the GENIUS Act will provide a “helpful statutory framework ... it will be up to both the federal banking agencies and the states to coordinate and develop a comprehensive set of rules that can fill in important gaps and ensure that there are robust guardrails to protect users of stablecoins and mitigate broader risks to the financial system.”

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