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Crypto Policy Tracker

SEC Highlights ‘Innovation Exemption’ as North Dakota and Global Banks Move on Stablecoin Initiatives

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This week’s developments spanned federal, state and industry initiatives. SEC Chair Paul Atkins indicated the Commission is working to formalize an “innovation exemption” by year-end or early 2026, despite delays related to the government shutdown. The Senate confirmed Jonathan McKernan as the U.S. Treasury Under Secretary for Domestic Finance. At the state level, North Dakota announced “Roughrider,” a state-supported stablecoin initiative led by the Bank of North Dakota and Fiserv. In parallel, stablecoin issuers face potential uncertainty between forthcoming federal standards under the GENIUS Act, effective by January 2027, and emerging state regimes such as California’s Digital Financial Assets Law, taking effect July 2026. Finally, a consortium of international banks disclosed plans to explore the issuance of fully reserve-backed digital money on public blockchains.

Regulatory Agency Updates

SEC Chair Paul Atkins Speaks at Digital Asset Leadership Summit

- On Oct. 7, SEC Chair Paul Atkins stated that the Commission [aims to finalize](#) an “innovation exemption” by late 2025 or early 2026, notwithstanding delays associated with the federal government shutdown. He described the initiative as a top priority aimed at providing regulatory certainty that encourages innovators to build in the United States rather than abroad. Atkins also expressed optimism regarding congressional efforts on digital-asset market-structure legislation.
- For information about the government shutdown’s impact on the SEC, [see our recent client alert](#).

Jonathan McKernan Confirmed to the Department of Treasury

- On Oct. 7, Jonathan McKernan was [confirmed by the Senate](#) to serve as the Under Secretary for Domestic Finance at the Department of the Treasury, which is one of the most senior roles at Treasury responsible for managing the U.S. government’s debt. McKernan previously served on the Board of Directors of the FDIC from January 2023 to February 2025. As Under Secretary, McKernan will be responsible for developing the Treasury’s policies and guidance on debt management, financial institutions, markets and security.

FDIC Acting Chair Travis Hill on GENIUS Act Implementation

- Speaking at D.C. Fintech Week on Oct. 15, 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 harder policy issues. The GENIUS Act contemplates a narrower FDIC role, supervising issuers that are subsidiaries of the institutions it already oversees (e.g., state banks that are not members of the Federal Reserve System), while the OCC and states will be tasked with licensing non-bank stablecoin issuers. The FDIC is setting up a licensing framework for subsidiaries of state nonmember banks but is also working with the OCC to issue rules to set prudential standards for issuers.

State Updates

North Dakota Plans to Launch a State Stablecoin

- On Oct. 8, the North Dakota Industrial Commission announced its support for a new partnership between the Bank of North Dakota and its core banking services provider, Fiserv, to develop the state's own stablecoin, known as the Roughrider coin. The name Roughrider was selected as a tribute to Theodore Roosevelt, who attributed his rise to the presidency to time spent in North Dakota.

Stablecoin Issuers Caught Between GENIUS Act and California Legislation

- On Oct. 8, *Bloomberg* [published an article](#) featuring quotes from [Chris Daniel](#) and [Eric Sibbitt](#) on the regulatory uncertainty stablecoin issuers may face between unfolding federal and state regulatory regimes. California's Digital Financial Assets Law (DFAL), [Assembly Bill 39](#) and [Senate Bill 401](#), has an effective date of July 1, 2026, while the GENIUS Act ([S. 1582](#)) is set to go into effect by January 2027.
 - The GENIUS Act introduces a [dual-track framework](#) that permits certain smaller issuers, those with less than \$10 billion in consolidated outstanding stablecoin issuance, to opt into a state-level regulatory regime, provided that regime is certified as "substantially similar" to the federal framework.
 - Meanwhile, the DFAL as currently drafted requires persons and entities engaged in "digital financial asset administration" (which includes issuance of a digital asset) to obtain a license.
- Given uncertainty over whether California's framework will be deemed "substantially similar" under the GENIUS Act, issuers may hesitate to invest in California-specific compliance that could require recalibration once federal certification decisions are made.

Industry Group Updates

International Banks Explore Issuance of 1:1 Reserve-Backed Digital Money

- On Oct. 10, a group of international banks announced that they are exploring the issuance of a 1:1 reserve-backed form of digital money, providing a stable payment asset available on public blockchains, with a focus on G7 currencies. The objective of the initiative is to explore whether a new industry-wide offering could bring the benefits of digital assets and enhance competition across the market, while ensuring full compliance with regulatory requirements and best practice risk management. The group is in contact with regulators and supervisors in each relevant market and will continue to keep appropriate parties updated as the project progresses.

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