

April 2026

Follow us on [LinkedIn](#)

Crypto Policy Tracker

## Treasury Proposes GENIUS Act Rule, CFTC Challenges States, DOL Expands Alternative Investments in 401(k)s, Congress Releases Updated Crypto Tax Bill

By [Chris Daniel](#), [Eric Sibbitt](#), [Dana V. Syracuse](#), [Josh Boehm](#), [Meagan Griffin](#), [Larry Finnell](#), [Stephen J. Turanchik](#), [Lisa Rubin](#), [Dina Ellis Rochkind](#) and [Samantha Ackel](#)

The Treasury Department issued a notice of proposed rulemaking for determining whether a state-level regulatory regime is substantially similar to the federal regulatory framework under the GENIUS Act. The CFTC filed lawsuits challenging the actions of Arizona, Connecticut and Illinois against CFTC-registered designated contract markets, asserting the CFTC's exclusive jurisdiction to regulate event contracts under the Commodity Exchange Act.

Two members of the House released an updated discussion draft of the Digital Asset PARITY Act to regulate the taxation of digital assets. The Department of Labor released a proposed rule designed to encourage inclusion of alternative assets in 401(k)s to provide retirement account holders access to additional types of investments. The New Hampshire Business Finance Authority received a provisional rating from Moody's for bitcoin-backed municipal bonds.

### Regulatory Updates

#### Treasury Issues Notice of Proposed Rulemaking Under GENIUS Act

- On April 1, the Treasury Department issued a [notice of proposed rulemaking](#) for determining whether a state-level regulatory regime is substantially similar to the federal regulatory framework.
- The [GENIUS Act](#) 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.
- In implementing [Section 4\(c\)](#) of the GENIUS Act, the Treasury Department is tasked with determining when a state-level regulatory regime is substantially similar to the federal regulatory framework. The comment period will close 60 days after the date of publication in the Federal Register.

### CFTC Sues Three States to Reaffirm Its Exclusive Jurisdiction Over Prediction Markets

- On April 2, the CFTC, joined by the Department of Justice, [filed lawsuits](#) challenging the actions of Arizona, Connecticut and Illinois against CFTC-registered designated contract markets, asserting the CFTC's exclusive jurisdiction to regulate event contracts under the Commodity Exchange Act (CEA).
- The CFTC recently issued an [Advanced Notice of Proposed Rulemaking](#) to assist the agency with identifying areas of confusion regarding the proper application of the CEA and the CFTC's regulations to prediction markets and expects to move forward with regulation reinforcing those obligations.
- On March 31, CFTC Director of Enforcement David Miller [clarified that](#) insider trading laws apply to prediction markets under the CEA and anti-fraud provisions, and that one of the agency's top enforcement priorities will be combating insider trading, fraud and market manipulation.

### Department of Labor Releases Proposed Rule to Expand Alternative Investments in 401(k)s

- On March 30, the Department of Labor released a proposed rule, [the Fiduciary Duties in Selecting Designated Investment Alternatives](#), that provides a safe harbor for a fiduciary's duty of prudence under the Employee Retirement Income Security Act of 1974 (ERISA) in connection with selecting designated investment alternatives for participant-directed defined contribution retirement plans. The proposal aims to allow fiduciaries to consider a broader range of financial instruments when designing plan investment lineups, including funds that hold alternative assets.
- This proposal implements Section 3(c) of the President's [Executive Order 14330](#), "Democratizing Access to Alternative Assets for 401(k) Investors." EO 14330 contains a definition of alternative assets that includes holdings in actively managed investment vehicles which are investing in digital assets, as well as debt instruments secured by real estate and private market investments not traded on public exchanges, among others. The comment period will close on June 1.

### Federal Reserve Gov. Barr on the GENIUS Act

- On March 31, in a [speech at the Federalist Society](#), Federal Reserve Gov. Michael Barr told attendees that robust implementation of the GENIUS Act is needed among federal and state regulators. According to Barr, key issues include regulation of reserve assets, the potential for regulatory arbitrage, the scope of permissible activities for stablecoin issuers beyond stablecoin issuance, appropriate capital and liquidity requirements, anti-money-laundering controls and consumer protection requirements. Barr stated that while the GENIUS Act made important progress in creating a regulatory framework for stablecoins, a great deal will depend on how federal and state regulators implement the statute.

### Congressional Updates

#### Market Structure Negotiation on Stablecoin Yield Continues

- Discussions regarding stablecoin yield within the market structure legislative text continued. Crypto and banking industry representatives are [reviewing the updated stablecoin yield proposal](#) and engaging in discussions on Capitol Hill.
- As background, the Senate Banking and Agriculture Committees have released drafts of the digital asset market structure legislation. The White House convened various meetings with executives and trade associations from the crypto industry and banking industry to continue negotiations, especially regarding stablecoin yield. For additional detail on the stablecoin yield issue, please see the following articles published on [Feb. 9](#), [Feb. 17](#) and [Feb. 23](#).

### Representatives Release Updated Discussion Draft of Crypto Tax Bill

- Reps. Max Miller (R-OH) and Steven Horsford (D-NV) released an [updated discussion draft](#) of the Digital Asset PARITY Act to regulate the taxation of digital assets. The bill would establish a safe harbor for digital asset trading and a de minimis tax exemption for payment stablecoins. The draft discussion contains a few new provisions for digital assets:
  - The sale or exchange of stablecoins would not be subject to gain or loss unless the basis in the stablecoin was less than 99% of the redemption value. The basis in the stablecoin does not include transaction costs.
  - There is a trading safe harbor for those who trade digital assets on their own behalf to avoid creating a U.S. trade or business. But the digital assets cannot represent equity, debt or similar property rights and cannot derive their value mainly from fiat currency, commodities, securities or other financial instruments.
  - The discussion provides for digital asset lending agreements comparable to securities loan agreements under current law (IRC Section 1058).
  - The discussion would apply the wash-sale rules to digital assets.
  - The constructive sale rules of current law (IRC Section 1259) would also apply to digital assets.
  - The discussion draft would also tax passive validators upon receipt of a newly created digital asset.

### Senators Introduce Digital Asset Infrastructure Bill

- On March 30, Sens. Bill Cassidy (R-LA) and Cynthia Lummis (R-WY) introduced the [Mined in America Act](#) to bring digital asset infrastructure to the U.S. and codify the President's [EO 14233](#) to establish a Strategic Bitcoin Reserve.

### Additional Updates

#### First Bitcoin-Backed State Municipal Bond Receives Moody's Rating

- On April 1, the New Hampshire Business Finance Authority (BFA) [received](#) a Ba2 [provisional rating](#) from Moody's for the first of its kind bitcoin-backed municipal bonds. The BFA announced their plans in [November 2025](#) to issue \$100 million worth of bonds for municipal projects through proceeds from bitcoin collateral.

✧ ✧ ✧

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

**Atlanta**

Chris Daniel  
+1-404-815-2217  
[chrisdaniel@paulhastings.com](mailto:chrisdaniel@paulhastings.com)

Meagan E. Griffin  
+1-404-815-2240  
[meagangriffin@paulhastings.com](mailto:meagangriffin@paulhastings.com)

**Los Angeles**

Stephen J. Turanchik  
+1-213-683-6187  
[stephenturanchik@paulhastings.com](mailto:stephenturanchik@paulhastings.com)

**New York**

Josh Boehm  
+1-212-318-6033  
[joshboehm@paulhastings.com](mailto:joshboehm@paulhastings.com)

Dana V. Syracuse  
+1-212-318-6034  
[danasyracuse@paulhastings.com](mailto:danasyracuse@paulhastings.com)

Larry Finnell  
+1-212-318-6376  
[larryfinnell@paulhastings.com](mailto:larryfinnell@paulhastings.com)

Lisa E. Rubin  
+1-415-856-7027  
[lisarubin@paulhastings.com](mailto:lisarubin@paulhastings.com)

Samantha Ackel  
+1-212-318-6385  
[samanthaackel@paulhastings.com](mailto:samanthaackel@paulhastings.com)

**San Francisco**

Eric C. Sibbitt  
+1-415-856-7210  
[ericsibbitt@paulhastings.com](mailto:ericsibbitt@paulhastings.com)

**Washington, D.C.**

Dina Ellis Rochkind  
+1-202-551-1938  
[dinaellis@paulhastings.com](mailto:dinaellis@paulhastings.com)

**Paul Hastings LLP**

Crypto Policy Tracker is published solely for the interests of friends and clients of Paul Hastings LLP and should in no way be relied upon or construed as legal advice. The views expressed in this publication reflect those of the authors and not necessarily the views of Paul Hastings. For specific information on recent developments or particular factual situations, the opinion of legal counsel should be sought. These materials may be considered ATTORNEY ADVERTISING in some jurisdictions. Paul Hastings is a limited liability partnership. Copyright © 2026 Paul Hastings LLP.