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Crypto Policy Tracker

DeFi Proposal Pauses Market Structure Talks, First Staking Spot ETPs Launch in the US, and Treasury and IRS Release Guidance

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As the federal government shutdown continues, digital asset policy attention has shifted toward tax, banking supervision and market structure negotiations. On Capitol Hill, bipartisan Senate talks on crypto market structure legislation paused after a new DeFi proposal was circulated while the Senate Finance Committee examined how to modernize the tax code for crypto activity. Meanwhile, the White House formally nominated FDIC Acting Chair Travis Hill to officially head the agency, the Treasury and IRS issued additional interim guidance on the corporate alternative minimum tax, and the OCC and FDIC issued a joint notice of a proposed rulemaking to codify the elimination of “reputation risk” from their supervisory programs. On the market front, the first staking spot exchange-traded products launched in the United States.

Congressional Updates

Senate Crypto Market-Structure Talks Pause Amid New DeFi Proposal

- On Oct. 9, bipartisan negotiations over Senate [market-structure legislation paused](#) after Democratic staff circulated a new decentralized finance proposal titled “Preventing Illicit Finance and Regulatory Arbitrage Through DeFi Platforms.”
- The draft would treat those who design, deploy, operate or profit from a DeFi front-end as “digital asset intermediaries,” with potential SEC or CFTC obligations. The proposal would also grant Treasury the authority to determine whether a protocol is sufficiently decentralized.
- Some industry leaders stated that the proposal would effectively ban decentralized finance, wallet development and other applications in the United States.

Senate Finance Committee Holds Crypto Tax Hearing

- On Oct. 1, the Senate Finance Committee held a [hearing](#) titled “Examining the Taxation of Digital Assets.” During the hearing, Senators focused on the need to update the tax code to address the tax treatment of digital assets.
- Senate Finance Committee [Chairman Mike Crapo](#) (R-ID) noted that our current “tax code does not provide straightforward answers for many digital asset transactions, whether someone is

buying a cup of coffee, donating to charity, investing, lending, mining, or staking.” He stated that the tax code must be appropriately adapted to reflect a more comprehensive and durable approach. Crapo also expressed concern about tax uncertainty making the U.S. a less attractive place to do business and invest.

- Ranking Member [Ron Wyden](#) (D-OR) noted that crypto’s treatment under the tax code is a subject that deserves consideration, stating that the “severe lack of certainty and clarity on how tax rules apply to crypto” is “bad for just about everybody except for tax cheats.” Senators Steve Daines (R-MT) and Marcia Blackburn (R-TN) both said they were working on tax-related digital asset legislation along with Senator Cynthia Lummis (R-WY), who issued a discussion draft in June ([S. 2207](#)). Some of the key issues are establishing a de minimis threshold and the tax treatment of staking and wash sales.

Regulatory Agency Updates

Treasury and IRS Issue Tax Guidance

- On Oct. 1, the Treasury and IRS released new interim guidance ([Notice 2025-49](#)) about the Corporate Alternative Minimum Tax (CAMT), a 15% minimum tax on large corporations based on their financial statement income. This update matters because new accounting rules now require companies to record changes in the value of digital assets like Bitcoin on their books, even if those assets have not been disposed of. Without this clarification, corporations would owe tax on *unrealized crypto gains*, paying tax on paper profits the corporations have not yet received.
- The guidance temporarily fixes that problem. It says unrealized gains or losses on digital assets do not need to be counted when calculating CAMT. In other words, companies will not be taxed just because their crypto holdings appreciated in value. However, this relief is temporary because the Treasury plans to revise and reissue the proposed CAMT regulations in the coming months. The move aligns with efforts by Lummis and others in Congress to establish clearer tax rules for digital assets.

First Staking Spot ETPs Launch in the US

- On Oct. 6, the first [staking spot exchange-traded products](#) launched in the United States. This follows the SEC’s approval of generic listing standards for crypto ETPs on Sept. 17. The company will use partners to manage the staking process.

FDIC and OCC Jointly Propose Rule on Reputational Risk

- On Oct. 7, the [OCC](#) and [FDIC](#) issued a [joint notice of a proposed rulemaking](#) to codify the elimination of “reputation risk” from their supervisory programs. The proposal would define “reputation risk” and prohibit the agencies from criticizing or taking adverse action against an institution on the basis of reputation risk. The proposal would also prohibit requiring, instructing or encouraging an institution to close accounts, refuse to provide products or services, modify or terminate business relationships, or take other actions based on a customer’s political, social, cultural or religious views or constitutionally protected speech, or solely on the basis of politically disfavored but lawful business activities perceived to present reputation risk. Public comments are due 60 days after Federal Register publication.

White House Nominates Acting FDIC Chair Hill to Head the Agency

- On Sept. 30, Travis Hill was [nominated](#) by the President as Chair of the FDIC. Hill has been serving as the Acting Chair since Jan. 20 and was the Vice Chair during the Biden Administration. In his current role, Hill has rolled back limits on banks’ crypto activity, dropped “reputational risk” from exams, and coordinated with other regulators to relax bank capital requirements and revise

supervision. Hill previously served as senior adviser to former FDIC Chair Jelena McWilliams and as senior counsel for Republicans on the Senate Banking Committee. Senate Banking Committee Chair Tim Scott (R-SC) issued a [statement](#) supporting Hill's nomination.

State Updates

NYDFS Issues Industry Letter to New York Banks Working With Crypto

- The New York State Department of Financial Services (NYDFS) issued an [industry letter](#) on Sept. 17 to New York banking institutions advising that banks use blockchain analytics to review wallet addresses and customer transactions involving cryptocurrency, for example to screen wallets of customers who engage in crypto transactions to assess risk exposure. The guidance provides a non-exhaustive list of activities in which such banks can use blockchain analytics to tailor safeguards and address risks when bank activity and crypto activity intersect.

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