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Crypto Policy Tracker

Senate Agriculture Committee Advances Market Structure Bill, Fed Chair Nomination Announced, SEC and CFTC Jointly Proceed With Project Crypto, SEC Issues Tokenization Guidance

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The Senate Agriculture Committee voted 12–11 to advance its version of the digital asset market structure bill out of committee. Although it was a party-line vote, members on both sides of the aisle emphasized a continued commitment to bipartisan negotiations. The Agriculture Committee's text will ultimately need to be reconciled with the Senate Banking Committee's market structure framework before legislation can advance to the Senate floor. Against that backdrop, the White House Crypto Policy Council convened a meeting with crypto and banking representatives to discuss market structure priorities, including the ongoing debate over stablecoin yield.

Regulators also signaled increased interagency coordination. On Jan. 29, the SEC and CFTC held a joint event on harmonization and announced that “Project Crypto” will proceed as a joint initiative, reflecting the reality that trading, clearing, custody and risk management increasingly operate across asset classes, technologies and venues. Regarding prediction markets, CFTC Chairman Michael Selig is directing the agency to issue event contracts rulemaking and reassess active litigation cases. The SEC staff issued guidance regarding tokenized securities and stated that the Commission is evaluating the implications of potential 24/7 equity trading.

Finally, the President announced the nomination of Kevin Warsh to serve as the next Chair of the Federal Reserve. The CFTC announced that Tyler Badgley will serve as General Counsel at the agency.

Congressional Updates

Senate Agriculture Committee Advances Market Structure Bill Out of Committee

- On Jan. 29, the Senate Agriculture Committee voted 12–11 along party lines to [advance its digital asset market structure bill](#) out of committee. Members of both parties indicated they will continue working toward a bipartisan path forward, including Chairman John Boozman (R-AR) and Sen. Cory Booker (D-NJ), who has been the leading Democrat in the negotiations. Booker is the lead Democrat for the Subcommittee on Commodities, Derivatives, Risk Management and Trade, which has jurisdiction over the legislation. The Agriculture Committee text will need to be reconciled and combined with the Senate Banking Committee's market structure bill, before any

comprehensive package can move to the Senate floor. The Senate Banking Committee [delayed the markup](#) of its portion of the market structure legislation, which was scheduled for Jan. 15, due to several concerns, including the treatment of stablecoin yield. Senate Banking will need to pass its bill before the two bills can be reconciled.

- Chairman John Boozman (R-AR) stated: “There’s still more work ahead, but I’m proud to lead this important effort and hopeful this will build momentum in the Senate to advance this legislation.”

Regulatory Agency Updates

White House Meets With Banks and Crypto Companies on Market Structure

- On Feb. 2, the White House Crypto Policy Council convened a [meeting with executives](#) and trade associations representing crypto and TradFi to discuss digital asset market structure legislation. The discussion included the ongoing debate over stablecoin yield. White House AI and Crypto Czar David Sacks and Director of the White House Crypto Council Patrick Witt hosted the meeting. The meeting follows the Senate Banking Committee’s decision to cancel its scheduled markup after certain crypto industry participants reportedly withdrew support for the legislation.

Kevin Warsh Nominated for Federal Reserve Chair

- On Jan. 30, the [President announced](#) he is nominating [Kevin Warsh](#) to serve as the next Chair of the Federal Reserve. Federal Reserve Chair Jerome Powell’s term as Chair ends in mid-May, but his term on the Board of Governors ends in 2028. As a result, a vacant seat will be needed on the Board of Governors to install Warsh. Warsh previously served as Federal Reserve Governor from 2006-11 and currently is a Visiting Fellow in Economics at Stanford University.
- Senate Banking Committee Chairman Tim Scott (R-SC) applauded the nomination, [stating](#): “As a former Federal Reserve Governor, Kevin has deep knowledge of markets and monetary policy that will be essential in this role. Federal Reserve independence remains paramount, and I am confident Kevin will work to instill confidence and credibility in the Fed’s monetary policy.”

SEC and CFTC Hold Joint Event: Financial Leadership in the Crypto Era

- On Jan. 29, the SEC and CFTC [held a joint event](#) titled “SEC – CFTC Harmonization: U.S. Financial Leadership in the Crypto Era.” The event focused on interagency coordination and the development of a coherent regulatory approach to digital asset markets.
- [SEC Chairman Paul Atkins](#) stated that Project Crypto will now proceed as a joint initiative between the SEC and CFTC, emphasizing that modern markets “do not divide neatly along regulatory lines” and that trading, clearing, custody and risk management increasingly flow across asset classes, technologies and platforms. He suggested that fragmented regulation in an integrated market can create confusion for investors rather than enhance investor protection.
- [CFTC Chairman Michael Selig](#) similarly noted, “Project Crypto recognizes that crypto markets span across our agencies’ respective regulatory boundaries,” and that market participants have long faced uncertainty about whether they are regulated by the SEC, the CFTC or both. He also highlighted the potential benefits of 24/7 trading and tokenized collateral that can move across venues. Selig stated that the CFTC intends to use its authorities to support the onshoring of perpetual and other novel derivatives products across both centralized and decentralized markets, subject to appropriate safeguards. Selig also said that he has directed CFTC staff to begin drafting rules to clarify when leveraged, margined or financed retail commodity transactions in crypto may be offered off-exchange under an “actual delivery” exception. Regarding prediction markets, Selig is directing the agency to issue event contracts rulemaking and reassess active litigation cases.

SEC Provides Guidance on Tokenized Securities

- On Jan. 28, the SEC's Divisions of Corporation Finance, Investment Management and Trading and Markets staff issued a joint statement addressing taxonomies associated with tokenized securities in order to assist market participants in complying with federal securities laws and in deciding whether to submit registrations, proposals or requests for staff action to the Commission or its staff. The statement broadly categorizes tokenized securities into issuer-sponsored and third-party sponsored. The statement recognized both direct and indirect models of tokenized securities ownership. For third-party sponsored tokenization, the statement recognized both custodial tokenized securities models that implicate a tokenized securities entitlement and synthetic tokenized securities models involving the issuance of linked securities or security-based swaps with different regulatory implications.

SEC Prepares for 24/7 Trading: Money Never Sleeps

- On Jan. 28, SEC Division of Trading and Markets Director Jamie Selway stated that the Commission is evaluating the implications of potential 24/7 equity trading. He also observed that certain non-equity markets, including digital asset markets, already operate on a continuous, 24/7 basis, and that an increasing number of market participants favor extending equities trading in the same direction.

CFTC Announces New General Counsel

- On Jan. 28, the CFTC named Tyler Badgley as General Counsel. Badgley most recently served as the Deputy General Counsel to the Department of the Treasury and has prior legal industry experience.

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

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