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DLx Law Policy Tracker

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United States *page*

Federal Stablecoin Legislation

Senate passes GENIUS Act stablecoin bill, sending it to House for possible vote

Jun 17, 2025

See the bill

Summary:

On June 17, 2025, the Senate passed the GENIUS Act stablecoin bill in a 68–30 vote, marking the first time either body of the Congress has passed any comprehensive digital assets-focused legislation. The bill now moves to the House of Representatives, where it is undergoing review and markup by the House Agriculture and Financial Services Committees. Here, it could still face challenges, especially if the House passes a substantially modified or competing stablecoin bill (like the STABLE Act, H.R.2392) or rolls it into a broader crypto market infrastructure bill (like the CLARITY act, H.R.3633), in which event the Senate would need to approve again and might be unwilling to vote it through.

The GENIUS Act reflects rare bipartisan cooperation in the Congress and arrives amid growing institutional interest in issuing stablecoins. Several major banks and technology firms have already announced plans to launch dollar-pegged tokens in anticipation of regulatory clarity. The bill would require issuers to maintain minimum reserves, peg tokens to the U.S. dollar, and provide token holders with limited bankruptcy protections. It also prohibits certain forms of advertising. As introduced, the bill closely tracked the Lummis-Gillibrand Payment Stablecoin Act (S.4155), which failed to advance to a full Senate vote during the 118th Congress.

Last Updated 06/19/2025.

History:

- **Jun 17, 2025**: The Senate passes the GENIUS Act with bipartisan support in a 68–29 vote, advancing the landmark stablecoin legislation to the House of Representatives for consideration.
- **Jun 11, 2025**: The GENIUS Act bill, as modified by the Hagerty amendment, passes through another cloture vote in the Senate, 68 to 30, the final procedural hurdle before a final vote on the Senate floor. S.A.2307.
- **May 19, 2025**: After managing to gain the support of 16 Democrats, 66 Senators vote to approve cloture on the GENIUS Act bill, a procedural move allowing the legislation to avoid filibuster with the agreement of at least 60% of the Senate.
- **May 01, 2025**: Sen. Bill Hagerty (R-Tenn.) introduces a new version of the GENIUS Act to the Senate of the 119th Congress. S.1582.
- **Feb 04, 2025**: Sen. Bill Hagerty (R-Tenn.) introduces the first version of the GENIUS Act to the Senate of the 119th Congress. S.394.

IRS Reporting Requirements for Digital Asset Brokers

IRS extends reporting requirements deadline for digital asset brokers

Jun 12, 2025

See the IRS notice

Summary:

The U.S Treasury Department's Internal Revenue Service (IRS) issued a public notice on June 12, 2025, extending the deadline for "digital asset brokers" to comply with the agency's reporting requirements by an additional year, from January 1, 2026, now to 2027. Notice 2025-33. The IRS's requirements, which were mandated in a July 2024 final rule titled "Gross Proceeds and Basis Reporting by Brokers and Determination of Amount Realized and Basis for Digital Asset Sales," originally would have required custodial digital asset brokers to begin reporting crypto sales and exchanges on Form 1099-DA starting January 1, 2025. 89 Fed. Reg. 56480. The IRS first extended the compliance deadline by a year in the same month as when they promulgated the final rule. Notice 2024-56, 29 I.R.B. 64.

Under the IRS's previous guidance, brokers were also required to include cost basis information beginning in 2026. The biggest contributing factor in the IRS's decision to delay the compliance deadline by another year was the significant burden digital asset brokers are facing in collecting TINs ('taxpayer identification numbers') from existing customers. Before the IRS published its final rule, most brokers had not been required to gather this information. The new notice (Notice 2025-33) now clarifies that brokers making good-faith efforts to comply with the new guidance will not be subject to the regulation's strict backup withholding rules, which would otherwise require them to withhold 24% of gross proceeds from customers who fail to provide a valid TIN.

Last updated 06/16/2025

History:

- **Jun 12, 2025**: The IRS issues a public notice extending by one additional year (until January 1, 2027) the deadline for digital asset brokers to comply with the new reporting requirements. Notice 2025-33.
- **Jul 15, 2024**: Shortly after publishing the final rule, the IRS issues an internal revenue bulletin extending the deadline for broker compliance from January 1, 2025, by one year. Notice 2024-56, 29 I.R.B. 64.
- **Jul 09, 2024**: The IRS publishes its final rule requiring digital asset brokers to comply with various tax reporting requirements but exempting certain activities, such as staking and certain DeFi liquidity operations. 89 Fed. Reg. 56480.
- **Aug 29, 2023**: The IRS issues a notice of proposed rulemaking (NPR) outlining draft digital asset broker reporting rules, triggering over 44,000 public comments from industry stakeholders. 88 Fed. Reg. 59576.

Federal Digital Assets Market Infrastructure Legislation

House FS and Ag Committees advance amended crypto market infrastructure bill

Jun 10, 2025

See the bill

Summary:

On June 10, 2025, the House Financial Services and Agriculture Committees made significant advancements on the CLARITY Act, a comprehensive market infrastructure bill for digital assets. In a 32-to-19 vote, the Financial Services Committee adopted an amendment to the bill that creates a catch-all category for "tradable assets" (covering digital assets that fall outside the bill's definition of "digital commodities") that would be regulated by the Commodity Futures Trading Commission (CFTC) under the framework. Other changes include new broker-dealer disclosure requirements (which would require firms to explain how digital assets are treated in insolvency) and exemptions from money transmission licensing for developers and decentralized protocols that have no control over consumer funds.

Originally introduced on May 29 by House Financial Services Committee Chair French Hill (R-Ark.), the bipartisan CLARITY Act (also known as the "Digital Asset Market Clarity Act of 2025") would divide oversight of digital assets between the CFTC and the Securities Exchange Commission (SEC). The bill would give the CFTC primary authority over most secondary market trading of digital assets, while preserving SEC jurisdiction at the inception stage of certain cryptocurrency projects. It would also create a CFTC-led registration regime for exchanges and intermediaries, mandate disclosures and asset segregation, and prohibit staking as a condition of access. The legislation aligns with the GENIUS Act (the federal stabecoin legislation currently being considered in the Senate) and reflects growing bipartisan support for a comprehensive regulatory framework.

Last updated 06/16/2025.

History:

- **Jun 10, 2025**: The House Financial Services and Agriculture Committees advance key amendments to the CLARITY Act bill before moving it to the floor of the House of Representatives for a vote.
- **May 29, 2025**: House Financial Services Committee Chair French Hill (R-Ark.) introduces the bipartisan CLARITY Act, a bill that would allocate digital asset oversight between the SEC and CFTC and establish a maturity framework for when cryptocurrency projects would shift between the two agencies.

SEC Staking Guidance

SEC issues statement reversing position on crypto staking

May 29, 2025

See the SEC statement

Summary:

In a significant policy shift, the U.S. Securities and Exchange Commission (SEC) issued a non-binding staff 'Statement' on May 29, 2025, indicating the agency is assuming the policy position that certain forms of PoS digital assets staking do not involve the offer or sale of securities and therefore do not require registration under federal securities laws. The Statement signals that the SEC has assumed a view more better aligned with the technological and economic realities of PoS staking activities, recognizing self-staking, self-custodial staking using third parties, and custodial staking as being primarily of an administrative or ministerial—rather than investment—nature.

The Statement indicates a sharp reversal from the SEC's policy position on staking under the former leadership of Gary Gensler, when it sought to classify some of these staking-related activities as investment contracts, a type of security, under the test established by the Supreme Court in SEC v. Howey. The Statement also diverges from recent federal court decisions—including in the closely watched Binance and Coinbase cases—finding that certain staking service arrangements did meet the legal threshold for securities offerings. Notably, the Statement does not carry the same weight as formal rulemaking, but the SEC's newly assumed policy position could help to persuade stakeholders to assume similar policy positions in connection with PoS staking more broadly.

Last updated 06/04/2025.

History:

- **May 29, 2025**: The SEC Division of Corporation Finance releases a non-binding staff statement reversing the Commission's prior position on what it calls "protocol staking" of digital assets, indicating the suggesting the agency will now generally interpret such activities as not involving the offer or sale of any security.
- **Feb 21, 2025**: SEC Commissioner Hester Peirce releases a statement containing a Request for Information (RFI) from the SEC Cryptocurrency Task Force, seeking public input on 48 questions related to the regulation of digital assets, including several questions that are specifically focused on staking.

Federal Policy on AI

"One Big Beautiful Bill" would put moratorium on states' ability to regulate AI following Trump's unwinding of federal oversight

May 22, 2025

See the bill

Summary:

On May 22, 2025, the House of Representatives passed the "One Big Beautiful Bill," a sweeping budget reconciliation measure that includes major artificial intelligence provisions. Section 43201, named the "Artificial Intelligence and Information Technology Modernization Initiative," would allocate $500 million to modernize and secure federal IT systems by deploying commercial AI technologies. If the Senate passes the bill and President Donald Trump signs it into law, then states would also be under a 10-year moratorium prohibiting them from enacting or enforcing any regulation or oversight of the nascent and rapidly growing AI industry. In 2024, 45 state legislatures introduced AI-related bills, and 31 states enacted laws. The moratorium directly targets that surge in state activity and will likely trigger lawsuits challenging Congress's ability to broadly preempt state law in any matter without establishing meaningful federal legislation to assume its place.

If the omnibus spending bill gets enacted, and absent the 119th Congress giving serious consideration to AI-focused legislation at any point, which it is highly unlikely to do, then regulation and oversight of AI in the U.S. would likely be nill to none on both the federal and state level. Trump moved to reverse course from President Joe Biden's administration on AI regulation immediately upon assuming office. On January 20, 2025, Trump signed an executive order that not only revoked Biden's October 2023 executive order on the safe and responsible development of AI but also effectively invalidated and nullified the final AI guidance promulgated by the Department of Commerce's National Institute of Standards and Technology (NIST) in July 2024 on the basis of Biden's directive. NIST's final guidance documents had included the AI Risk Management Framework and Generative AI Profile (NIST AI 600-1), Secure Software Development Practices for Generative AI and Dual-Use Foundation Models (NIST SP 800-218A), and a Plan for Global Engagement on AI Standards (NIST AI 100-5). These documents were intended to provide a roadmap for organizations—particularly in emerging technologies like blockchain and digital assets—to manage AI risks and simultaneously attempt to promote innovation and global cooperation.

History: *Last updated 05/22/2025.*

- **May 22, 2025**: The House of Representatives passes the "One Big Beautiful Bill," a sweeping budget measure that includes a ten-year moratorium on states' ability to regulate the AI sector. H.R. 1, § 43201.
- **Jan 20, 2025**: President Donald Trump signs an Executive Order titled "Initial Rescissions of Harmful Executive Orders and Actions" that revokes—among other of former President Joe Biden's Executive Orders—the order on responsible AI development, effectively invalidating and repealing previous NIST guidance. E.O. No. 14148 (90 Fed. Reg. 8237).
- **Jul 26, 2024**: NIST publishes its three sets of final AI guidance, effective immediately. NIST AI 600-1; NIST SP 800-218A; NIST AI 100-5.
- **Apr 29, 2024**: NIST releases three initial public draft guidance documents related to AI risk management, secure software development for generative AI, and global AI standards. NIST AI 600-1; NIST SP 800-218A; NIST AI 100-5.
- **Oct 30, 2023**: President Joe Biden signs an executive order on the safe and responsible development of AI technologies. E.O. No. 14110 (88 Fed. Reg. 5191).

CFTC Treatment of Foreign Crypto Futures Trading Firms

CFTC reverses stance on the extraterritorial application of FCM reporting requirements

May 21, 2025

See the CFTC advisory

Summary:

On May 21, 2025, the CFTC issued an advisory letter confirming that offshore digital assets firms are not subject to U.S. registration as futures commission merchants (FCMs) if they are organized and primarily managed from outside the United States. Staff Letter No. 25-14. By doing so, the CFTC returns to its longstanding position and aligns its approach with that of the SEC (and Supreme Court precedent), focusing on a company's legal domicile and "nerve center" to determine where it is located for purposes of regulatory jurisdiction and extraterritoriality.

The CFTC had previously departed from this approach in its May 2024 enforcement action against Falcon Labs in which it asserted the Seychelles-based crypto firm was subject to U.S. jurisdiction and required to register as an FCM based on its business dealings with U.S. counterparties. Although not a binding rule, the advisory letter offers welcome relief to offshore digital asset dealers by reaffirming their ability to operate without triggering onerous U.S. registration requirements. Many crypto services firms have historically chosen to domicile outside the U.S. to avoid significant compliance costs and an unclear or inconsistent regulatory landscape. Under the new staff advisory (and previous precedent), a foreign-registered company would not be subject to CTFC jurisdiction if their "nerve center" (i.e., the principal location of the decision makers) is also offshore.

Last updated 06/10/2025.

History:

- **May 21, 2025**: The CFTC issues a staff advisory confirming that offshore digital asset firms with foreign incorporation and management aren't subject to FCM or swap dealer registration in the United States. CFTC Staff Letter No. 25-14.
- **May 13, 2024**: The CFTC charges Falcon Labs, a Seychelles-based firm, with failing to register as an FCM due to U.S. counterparty activity, drawing criticism for expanding jurisdiction through enforcement. CFTC Docket No. 24-06.
- **Sep 14, 2020**: The CFTC finalizes its Swap Dealer Cross-Border Rule, codifying the "nerve center" test for determining the U.S.'s jurisdiction over a foreign a firm for purposes of the Commodity Exchange Act. 85 Fed. Reg. 56924.
- **Jul 26, 2013**: The CFTC issues cross-border guidance for swaps, tying "U.S. person" status to a company's legal domicile and principal place of business. 78 Fed. Reg. 45292.

CFPB Digital Payment Processor Regulations

Congress nullifies CFPB rule on digital payment processors

May 12, 2025

See the CRA resolution

Summary:

Congress, exercising its power under the Congressional Review Act (CRA), officially disclaimed and effectively nullified the CFPB's final rule establishing federal oversight over large digital payment service providers. Under the CRA, a disclaimer of an agency rule prevents the agency from passing the same or a substantially similar rule in the future.

The Final Rule, published December 10, 2024, required certain consumer-facing payment apps to comply with existing consumer protection laws and CFPB supervisory authority. Intended to safeguard personal data, reduce fraud, and prevent unfair account closures (sometimes referred to as "illegal debanking"), the rule defined "larger participants" in the digital payments market based on transaction volume and other objective criteria, thereby extending CFPB examination to those meeting the specified thresholds. The final rule became effective on January 9, 2025, and was officially disclaimed on May 12, 2025.

Last updated 05/21/2025.

History:

- **May 12, 2025**: Congress passes and President Donald Trump signs into law a binding resolution pursuant to the CRA, nullifying the CFPB's final rule on digital payments oversight and preventing the agency from passing the same or a substantially similar rule in the future without explicit direction otherwise from Congress. S.J. Res. 28.
- **Dec 10, 2024**: The CFPB publishes its final rule in the Federal Register, formally extending its supervisory authority to large digital payment app providers and setting forth new compliance requirements. 89 Fed. Reg. 99582.
- **Nov 17, 2023**: The CFPB issues an official Notice of Proposed Rulemaking (NPRM) outlining criteria for defining "larger participants" in the digital payments market and detailing proposed supervisory requirements. 88 Fed. Reg. 99582.

Federal Policy on Crypto and FinTech Illicit Finance

House FS Committee advances modified illicit finance bill targeting crypto and fintech

May 6, 2025

See the bill

Summary:

The Financial Technology Protection Act of 2025 (H.R. 2384) is a reintroduced version of a bill originally proposed in 2023 (H.R. 2969), aimed at addressing the growing threat of digital assets being used for terrorism financing and other illicit activities. The bill would establish an Independent Financial Technology Working Group to Combat Terrorism and Illicit Financing, composed of both federal government and private-sector representatives, under the leadership of the Treasury Department.

If enacted, the Working Group would be chaired by the Treasury's Under Secretary for Terrorism and Financial Crimes and include senior officials from key agencies such as the DOJ, FBI, IRS, DHS, DEA, and others. It would also include representatives from financial technology companies, blockchain intelligence firms, financial institutions, privacy and civil liberties groups, and academic institutions. The Working Group would be tasked with conducting research into the illicit use of digital assets and related technologies, and developing legislative and regulatory proposals to strengthen anti-money laundering and counter-terrorism financing frameworks. The bill would require annual reports to Congress, a final report prior to its sunset after four years, and the development of a public strategy to prevent the misuse of digital assets by sanctioned or terrorist entities.

Last Updated 06/16/2025.

History:

- **May 06, 2025**: The House Committee on Financial Services amends the proposed bill and places it on the Union Calendar.
- **Mar 26, 2025**: Rep. Zachary Nunn (R-Iowa) reintroduces the Financial Technology Protection Act to the House of Representatives of the 119th Congress. H.R. 2384.
- **Jul 23, 2024**: The Senate receives the House bill and refers it to the Committee on Banking, Housing, and Urban Affairs, and the Senate failed to take up the legislation before the close of the 118th Congress.
- **Jul 22, 2024**: The House of Representatives of the 118th Congress passes a bill to establish the Financial Technology Protection Act (which was first introduced in 2023) with overwhelming support from both parties. H.R. 2969.

IRS Digital Asset Broker Reporting Rule

Congress nullifies IRS crypto broker reporting rule for decentralized operators

Apr 10, 2025

See the CRA resolution

Summary:

On April 10, 2025, President Donald Trump signed a binding resolution passed by both chambers of the Congress under the Congressional Review Act (RCA) that nullified digital asset reporting obligations imposed on operators of decentralized exchanges and DeFi platforms pursuant to a December 2024 rule promulgated by the Treasury Department's Internal Revenue Service (IRS) under the 2021 Infrastructure Investment and Jobs Act (IIJA). Under the CRA, a disclaimer of an agency rule prevents the agency from passing the same or a substantially similar rule in the future.

The IRS had promulgated its final rule under the IIJA with only weeks left in President Joe Biden's administration, seeking to require operators of 'front-end' web interfaces providing access to DEXs or other DeFi services to, starting in 2027, perform due diligence on users and file related transaction reports with the Internal Revenue Service (IRS). The originally proposed rule was sought to be applied even against the developers of DeFi protocols and self-hosted digital asset wallets, but the new legislation would likely prevent the IRS from pursuing similar rulemaking efforts in the future.

Last Updated 06/16/2025.

History:

- **Apr 10, 2025**: Congress passes and President Donald Trump signs into law a binding resolution pursuant to the CRA, nullifying the IRS rule as applied to DeFi applications and decentralized operators and preventing the agency from passing the same or a substantially similar rule in the future without explicit direction otherwise from Congress. H.J. Res. 25.
- **Dec 30, 2024**: Treasury and the IRS issue a final rule covering remaining components of the proposed rule, removing the requirements that originally would have directly implicated protocol developers. 89 Fed. Reg. 106,928.
- **Jul 09, 2024**: Treasury and the IRS issue a final rule covering only certain components of the proposed rule, including the calculation of basis for certain digital asset sales and exchanges. 89 Fed. Reg. 56,480.
- **Aug 29, 2023**: Treasury and the IRS publish proposed regulations that would have qualified many crypto service providers and protocol developers as information brokers under Section 6045 of the Internal Revenue Code, requiring them to make regular reports on customer transactions. 88 Fed. Reg. 59,576.

Federal Policy on Internet Neutrality

6th Circuit invalidates FCC's recently reinstated net neutrality rules and denies rehearing

Mar 11, 2025

See the case docket

Summary:

On March 11, 2025, the 6th Circuit Court of Appeals denied a rehearing motion on its order invalidating net neutrality rules. Pointing to the U.S. Supreme Court's Loper Bright decision from June 2024 overturning longstanding precedent on deferral to federal agencies in their promulgation of rules and regulations, on January 2, 2025, a three-judge panel for the 6th Circuit ruled that the Federal Communications Commission (FCC) lacked the statutory authority to regulate broadband internet service providers (ISPs), invalidating the FCC's net neutrality rule that was partially reinstated under President Joe Biden's administration.

Without the FCC's enforcement of net neutrality, the ability of private carriers to slow, block, or otherwise restrict access to internet content significantly undermines principles of openness and permissionless—principles that mirror the very ethos of decentralized blockchain networks. Ultimately, this change and the policy efforts of the Trump administration could jeopardize the frictionless flow of on-chain database transactions and access to various blockchain networks and dApps and could even threaten the innovation and adoption of AI technologies.

Last updated 05/21/2025.

History:

- **Mar 11, 2025**: The 6th Circuit Court of Appeals denies the petition for rehearing on an invalidation order, ruling that the issues raised in the rehearing petition were fully considered and noting that no judge had requested a vote on the rehearing. Ohio Telecom Assoc. v. Fed. Comms. Comm'n, Case 24-3449 Doc. 142 (Order).
- **Jan 02, 2025**: The 6th Circuit Court of Appeals rules that the FCC lacks the statutory authority to regulate broadband internet service providers (ISPs) under its mandate in the Communications Act of 1934, as amended by the Telecommunications Act of 1996, thereby invalidating the FCC's 2024 net neutrality rule. Ohio Telecom Assoc. v. Fed. Comms. Comm'n, Case 24-3449, Doc. 139-2 (Opinion).
- **May 22, 2024**: The FCC under President Joe Biden reinstates certain major parts of the originally promulgated net neutrality regulations, adopting a declaratory ruling, report and order, order, and reconsideration order re-establishing the Commission's authority over broadband internet access service. 83 Fed. Reg. 45,404.
- **Feb 22, 2018**: The FCC under President Donal Trump repeals the original net neutrality rule. 83 Fed. Reg. 7,852.
- **Apr 13, 2015**: The FCC under President Barack Obama promulgates the original net neutrality rule and issues its final rulemaking notice, requiring internet service providers (ISPs) not to unfairly restrict internet communications, consistent with the principle that all online traffic ought to be treated equally. 80 Fed. Reg. 19,738.
- **Jul 01, 2014**: The FCC publishes its initial proposed rule in July 2014 and accepts public comments. 79 Fed. Reg. 37,448.

Trump rescinds Biden EO on responsible AI development, potentially setting back the BIS's proposed EDD rule for large cloud service providers

Jan 20, 2025

See the proposed rule

Summary:

Immediately after assuming office, President Donald Trump signed an Executive Order that expressly repealed the former President Joe Biden's October 2023 order on the safe and responsible development of AI ('artificial intelligance'). The repealed order had established several directives for the Department of Commerce's Bureau of Industry and Security (BIS) on which parts of its January 2024 Proposed Rule was based that seeks to impose KYC ('know-your-customer') and enhanced due diligence requirements on large cloud service providers and were based.

The BIS's Proposed Rule would implement additional measures to address the 'ongoing national emergency' related to significant malicious cyber-enabled activities. It would expand on existing U.S. export control frameworks in an effort to deter malicious actors from exploiting U.S. technologies and services by imposing new restrictions and due diligence requirements, particularly for cloud infrastructure providers and other potentially vulnerable platforms. Organizations involved in providing or hosting software, data processing, or cloud services would be subject to heightened compliance obligations under the proposed regulations, having a potentially profound impact on the digital assets industry. The BIS has not indicated whether its publication of a final rule could still be expected or whether it would accord with a lesser scope than the Proposed Rule.

Last updated 05/21/2025.

History:

- **Jan 20, 2025**: President Donald Trump signs an Executive Order titled "Initial Rescissions of Harmful Executive Orders and Actions" that revokes—among other of former President Joe Biden's Executive Orders—the order on responsible AI development, potentially affecting the BIS's ultimate approach under a final rule (though the BIS has not indicated whether a final rule could still be anticipated). E.O. No. 14148 (90 Fed. Reg. 8237).
- **Jan, 29, 2024**: BIS publishes a Notice of Proposed Rulemaking (NPRM) that incorporates considerations from public input on the 2021 ANPRM and the mandates included in the October 2023 Executive Order, outlining expanded export controls and compliance duties aimed at curbing significant malicious cyber-enabled activities. 89 Fed. Reg. 5698.
- **Oct 30, 2023**: President Joe Biden signs an Executive Order on the safe and responsible development of AI technologies. E.O. 14110 (86 Fed. Reg. 6837).
- **Sep 24, 2021**: BIS publishes an Advance Notice of Proposed Rulemaking (ANPRM) on the basis of the January Executive Order, seeking public input on how to shape forthcoming regulations. 86 Fed. Reg. 53018.
- **Jan 19, 2021**: President Donald Trump signs an Executive Order expanding on concerns addressed under former President Barack Obama's 2015 Executive Order. E.O. 13984 (86 Fed. Reg. 6837).
- **Apr 01, 2015**: President Barack Obama signs an Executive Order declaring a national emergency in connection with significant malicious cyber-enabled activities and allowing for the blocking of property of persons involved under U.S. sanctions and export controls. E.O. 13694 (80 Fed. Reg. 18077).

IRS Treatment of Digital Assets

Lawsuit over IRS ruling on crypto staking rewards remains ongoing, but new agency leadership could pivot

Oct 10, 2024

See the revenue ruling

Summary:

In October 2024, a Tennessee couple filed a second lawsuit challenging the IRS's position that staking rewards are taxable as ordinary income. Revenue Ruling 2023-14. Under that Revenue Ruling, taxpayers must include the fair market value of staking rewards in their gross income at the time they receive them, not when they sell them. They must also pay those taxes at ordinary income rates, which are generally higher than capital gains rates. Although IRS revenue rulings don't bind the courts, they express the agency's interpretation of tax law and actively guide its enforcement efforts and taxpayer compliance. With new leadership at the IRS (under Commissioner Michael Faulkender) and the Treasury Department (under Secretary Scott Bessent), the agency's interpretation of staking rewards as revenue could change, but it has not so far signaled that it will.

Joshua and Jessica Jarrett originally sued the IRS in 2021 before the agency issued formal guidance on staking rewards. Although the IRS refunded their disputed payment, it later reaffirmed its stance in a regulatory ruling in August 2023 concluding that staking rewards must be reported as ordinary income when taxpayers gain dominion and control—meaning when they can sell, transfer, or otherwise dispose of the rewards. The Jarrett's new lawsuit against the IRS came just before other federal agencies, including the SEC, started to reconsider their approaches to digital assets early in 2025, and it is unclear whether the IRS will follow suit.

Last updated 06/10/2025.

History:

- **Oct 10, 2024**: The Jarretts file a new lawsuit to challenge the Revenue Ruling. Jarrett v. U.S. (No. 2), 3:24-cv-01209 (M.D. Tenn.) doc. 1 (Complaint).
- **Aug 14, 2023**: The IRS issues a regulatory ruling asserting that staking rewards count as ordinary income under Section 61 of the Internal Revenue Code. **Revenue Ruling 2023-14**.
- **Sep 30, 2022**: The court dismisses the Jarretts' case after the IRS refunds the disputed amount. Jarrett v. U.S. (No. 1), 3:21-cv-00419 (M.D. Tenn.), doc. 65 (Dismissal).
- **May 26, 2021**: Joshua and Jessica Jarrett sue the IRS, launching the first legal challenge against the agency's policy of taxing staking rewards as income. Jarrett v. U.S. (No. 1), 3:21-cv-00419 (M.D. Tenn.), doc. 1 (Complaint).

Singapore Crypto Licensing Regime

MAS makes sudden move to restrict crypto licensing for foreign firms

Jun 6, 2025

See the MAS press release

Summary:

The Monetary Authority of Singapore (MAS) has tightened its approach to the regulation of Digital Token Service Providers (DTSPs) under the 2022 Financial Services and Markets Act (FSMA). On June 6, 2025 the MAS announced that DTSPs operating in Singapore but serving only foreign customers must obtain a license by June 30, 2025, or shut down. Citing money laundering risks, the MAS emphasized the licensing threshold would be high but that the agency "will generally not issue a licence." Failure to comply or cease operations is punishable by heavy fines and imprisonment. The new requirement does not apply to licensed DTSPs serving customers in Singapore (who are already regulated) or only distributing utility or governance tokens.

Singapore had a reputation as a hub for the digital assets industry, but many firms could now be forced to exit the jurisdiction on relatively short notice. The MAS issued a consultation paper in October 2024, outlining newly proposed FSMA requirements for DTSPs. Although the comment period on the MAS's proposed rules closed in November, the MAS has yet to finalize the rules.

Last Updated 06/13/2025.

History:

- **Jun 06, 2025**: MAS announces that unlicensed DTSPs serving only foreign customers must obtain a license under the FSMA by Jun 30, 2025, or cease operations.
- **Nov 04, 2024**: The comment period for the proposed regulation closes without any further announcements from the MAS as to implementation. MAS has said that they will give four weeks notice before the enactment of the proposed regulation.
- **Oct 04, 2024**: The MAS issues a consultation paper with proposed regulations for Digital Token Service Providers (DTSPs) under the Financial Services and Markets Act (FSMA).

EU Markets in Crypto-Assets (MiCA) Regulation

MiCA officially takes full effect in EU member nations

Apr 29, 2025

See the MiCA regulation

Summary:

As of December 30, 2024, the European Union's Markets in Crypto-Assets (MiCA) Regulation has been fully implemented across all member states. This comprehensive regulatory framework now governs the issuance and provision of crypto-assets, including asset-referenced tokens, electronic money tokens, and services offered by crypto-asset service providers. The second phase of MiCA's application, which came into effect on this date, extended the regulation's scope to encompass a broader range of crypto-assets and service providers, ensuring a harmonized approach to crypto-asset regulation throughout the EU.

Following the full applicability of MiCA, the European Securities and Markets Authority (ESMA) has been actively working to provide guidance and supervisory practices to ensure consistent implementation across member states. On April 29, 2025, ESMA published its final report containing guidelines for the regulatory authorities in member states to prevent and detect market abuse under MiCA. These guidelines aim to harmonize supervisory practices and enhance the integrity of the crypto-asset market within the EU. Although MiCA is now fully in effect, certain transitional provisions allow existing service providers to continue operations under specific conditions until July 2026. This grandfathering period is designed to provide a smooth transition for entities adapting to the new regulatory requirements.

Last updated 05/21/2025.

History:

- **Apr 29, 2025**: Following several installments, all Titles of the MiCA Regulation assume full effect, and ESMA issues its Final Report on "Supervisory Practices for Competent Authorities to Prevent and Detect Market Abuse."
- **Dec 30, 2024**: The relevant regulatory agencies of the EU member nations, in coordination with ESMA, complete implementation all remaining Titles of the MiCA Regulation.
- **Jun 30, 2024**: The relevant regulatory agencies of the EU member nations, in coordination with ESMA, complete implementation of the first phase of the MiCA Regulation under Titles III and IV, including the requirements covering stablecoins.
- **Jan 01, 2024**: The European Council and Parliament approve and adopt amendments to the AMF General Regulation (Book VII) to align the licensing of digital asset service providers ("DASPs") with the MiCA Regulation.
- **May 16, 2023**: The European Council adopts the MiCA Regulation as approved by the Parliament.
- **Apr 20, 2023**: The plenary of the European Parliament votes in favor of the MiCA Regulation.
- **Sep 24, 2020:** The European Commission introduces the first MiCA Regulation proposal as a part of a broader digital finance policy package.

EU Digital Identity Wallets Regulation

Commission finalizes full EUDI regulatory framework, aiming to launch digital identity wallets across the EU by 2026

Nov 28, 2024

See the EUDI rules

Summary:

In November 2024, the European Commission officially adopted implementing rules to bring all five of the European Digital Identity Wallet (EUDI) acts in EU Regulation 2024/1183 into force by 2026. The EUDI regulatory framework, together with a recent amendment to the eIDAS Regulation, empowers EU citizens to use secure, interoperable digital wallets to store and share personal identification data across member state borders for both public and private services. It aims to provide for strong data protection and cybersecurity measures to ensure privacy and full compliance with the GDPR, and it incorporates a certification scheme to maintain wallet integrity.

The EUDI initiative also extends past EU borders, involving countries like the United Kingdom, Switzerland, Norway, and Ukraine. Four major pilot programs are driving the rollout of EUDI across various sectors. (1) EWC focuses on enabling Digital Travel Credentials, aiming to streamline and secure cross-border travel. (2) POTENTIAL develops infrastructure to support EUDI use in banking, healthcare, and electronic signatures. (3) NOBID facilitates cross-border payments using the Digital Identity Wallet in several Nordic and Baltic countries, along with Italy and Germany. (4) Finally, DC4EU advances digital credentials in education and social security, fostering interoperability between the public and private sectors across Europe.

Last updated 05/29/2025.

History:

- **Nov 28, 2024**: The European Commission formally adopts all five implementing regulations, setting the stage for EU member states to deploy at least one certified digital identity wallet by 2026.
- **Sep 9, 2024**: Public consultation period for the five implementing acts officially closes.
- **Aug 11, 2024**: EU Regulation 2024/1183 enters into force, amending Regulation (EU) No 910/2014 (eIDAS) and formally establishing the European Digital Identity Framework (EUDI), and the Commission opens a public consultation on five implementing acts.