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CRYPTO BRIEF

July 24, 2025

Lowenstein Crypto advises leading digital asset and cryptocurrency projects, exchanges, and trading firms. Our practice covers regulatory advice, transactions and structuring advice, investigations, and adversarial matters including commercial disputes, bankruptcy, and related litigation. As these markets continue their rapid growth and market participants continue to evolve and mature their businesses, we are providing this weekly digest as a resource that highlights and summarizes a selection of key recent legal regulatory developments.

The GENIUS Act Becomes Law

On July 18, the GENIUS Act (the Act) was signed into law by President Donald Trump. According to a fact sheet released by the White House, the legislation aims to position the United States as a leader in the development of digital currency. The Act represents the first significant federal legislation on cryptocurrency. Under the Act, stablecoins must be fully backed on a 1-to-1 basis by U.S. dollars or short-term Treasury securities. The Act also mandates public disclosures by stablecoin issuers to enhance consumer protection and transparency. In the event of insolvency, claims by stablecoin holders will take precedence over other creditors, further reinforcing consumer safeguards. The Act is expected to impact the current stablecoin landscape, as several existing stablecoins may not meet the new requirements. President Trump has stated that the Act will help ensure that the U.S. dollar maintains its status as the global reserve currency. *See the White House's fact sheet here*.

House Passes Key Digital Asset Legislation With Bipartisan Support

On July 17, the House passed three major digital asset bills: the CLARITY Act, the GENIUS Act, and the Anti-CBDC Surveillance State Act. The CLARITY Act, which passed by a vote of 294 to 134, aims to establish a comprehensive regulatory framework for digital assets. The GENIUS Act, as discussed above, passed by a vote of 308 to 122. Finally, the Anti-CBDC Surveillance State Act, which passed narrowly at 219 to 210, seeks to prohibit the creation of a U.S. Central Bank Digital Currency, citing concerns about privacy and government overreach. House Financial Services Committee Chairman French Hill, R-Ariz., has commended the passage of the bills, highlighting bipartisan collaboration and ongoing efforts to shape U.S. digital asset policy. *See a press release by the House Committee on Financial Services here.*

Senate Releases Responsible Financial Innovation Act Discussion Draft

On July 22, Senate Banking Committee Chair Tim Scott, R-S.C., along with Senators Cynthia Lummis, R-Wyo.; Bill Hagerty, R-Tenn.; and Bernie Morino, R-Ohio, released a discussion draft of proposed legislation to establish a federal regulatory framework for digital asset markets. The draft legislation introduces a new asset classification termed "ancillary assets," defined as commercially fungible, intangible assets (including a digital commodity) that are offered or sold in connection with an investment contract. Under the proposal, ancillary assets would not be treated as securities under federal securities laws. The draft also outlines new disclosure requirements for originators of ancillary assets and directs the Securities and Exchange Commission (SEC) to modernize its regulatory framework, including revising the definition of an "investment contract." Additional provisions in the bill include codifying the right to user self-custody of digital assets, establishing a public-private innovation sandbox, and creating a new "Regulation DA," which exempts certain offers or sales of ancillary assets from SEC registration requirements, specifically those not exceeding $75 million in gross proceeds per year over a four-year period. Public comments on the discussion draft are due by August 5. *See the press release on the discussion draft here, the request for information here, and the text of the bill here.*

SEC Chairman Paul Atkins Releases Statement on Newly Passed GENIUS Act

On July 18, Paul Atkins, Chairman of the SEC, issued a statement on their website regarding the passage of the GENIUS Act. Chairman Atkins expressed strong support for the legislation, describing the passage as a "monumental step forward." He highlighted key benefits of the act, including increased regulatory clarity for businesses, enhanced consumer protections, and greater confidence among market participants. His statement also emphasized that the clear regulatory framework is expected to reduce costs and improve transactional efficiency for companies and individuals. Chairman Atkins also noted that he has requested that the SEC explore whether further guidance or measures would be helpful to support SEC registrants interested in utilizing stablecoins. Market participants were encouraged to engage with SEC staff to fully leverage the opportunities presented by the GENIUS Act. Chairman Atkins concluded his statement by acknowledging that additional regulatory efforts will be necessary to further advance innovation and adoption of crypto in the U.S. *See the full statement here*.

SEC Approves, Then Pauses Bitwise's ETF Conversion

On July 22, the SEC's Division of Trading and Markets granted accelerated approval for Bitwise's proposal to convert its Bitwise 10 Crypto Index Fund (BITW) into a spot exchange-traded fund (ETF). The proposed ETF would include holdings in Bitcoin, Ether, and eight additional digital assets. However, later the same day, the SEC issued a stay of approval, pending its further review. The stay was announced in a brief notice signed by Assistant Secretary Sherry Haywood and did not include a detailed explanation. This development is similar to the SEC's recent decision to pause the approval of Greyscale's proposed Ethereum Futures Trust ETF following an initial green light. The move has prompted renewed scrutiny of the SEC's internal decision-making processes and raised broader questions regarding the agency's evolving policy on crypto-related ETFs. *See the original approval here, the subsequent pause here, and Bitwise's original filing here.*

BNY Mellon and Goldman Sachs Launch Tokenized Money Market Fund Platform

On July 23, The Bank of New York Mellon Corporation (BNY) (NYSE: BK) and the Goldman Sachs Group, Inc. (Goldman) (NYSE: GS) announced the launch of a U.S.-based institutional platform that enables investors to subscribe to, redeem, and hold tokenized money market funds (MMFs). The platform will be accessible through BNY's Liquidity Direct platform, with mirror tokens created through Goldman's GS DAP blockchain. Initial participants include BlackRock, BNY Investments Dreyfus, Federated Hermes, Fidelity Investments, and Goldman Sachs Asset Management. The platform aims to improve the utility and transferability of existing MMF shares by leveraging blockchain technology. This development comes after the enactment of the GENIUS Act, which prohibits interest-bearing stablecoins. Tokenized MMFs, by contrast, may offer yield while remaining within the traditional regulatory framework. *See the BNY press release here.*

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