

## Slowly, Then All at Once: The Sun Rises on Crypto Market Structure in the U.S.

---

### Introduction

After years of regulatory uncertainty and a succession of enforcement actions in lieu of rulemaking, the U.S. digital asset market is on the verge of a comprehensive statutory framework. Yesterday, the Senate Committee on Banking, Housing, and Urban Affairs (the “Banking Committee”), in a 15-9 bipartisan vote, advanced the Digital Asset Market Clarity Act (the “Clarity Act”) to the Senate floor to be reconciled with the Digital Commodity Intermediaries Act (S. 3755) (the “DCIA”) passed by the Senate Committee on Agriculture, Nutrition, and Forestry in January of this year. All Republican members of the Banking Committee and two Democrats voted in favor; however, the legislation remains subject to further negotiation and must still clear the full Senate and reconciliation with an earlier version of the bill (H.R. 3633) passed by the House of Representatives in July 2025 before being signed by the President and becoming law. In addition, a provision addressing conflicts of interest for government officials holding digital assets remains outside the Banking Committee’s jurisdiction and represents an unresolved political obstacle.

The path to yesterday’s vote began in the early morning hours of May 12, 2026, when Sen. Tim Scott (R-S.C.), Chairman of the Banking Committee, along with Sen. Cynthia Lummis (R-Wyo.), Chair of the Banking Committee’s Subcommittee on Digital Assets, and Sen. Thom Tillis (R-N.C.), released [new bill text for the Clarity Act](#) (the “May Text”)<sup>1</sup> in the form of a manager’s amendment to H.R. 3633, which served as the basis of the vote. The May Text was the product of four months of bipartisan negotiation following the release of the Banking Committee’s draft legislative text on January 13, 2026 (the “January Draft”). A number of amendments were accepted by the Banking Committee but, as of this writing, new bill text has not been published.

The Clarity Act is the most ambitious attempt yet to draw clear and workable lines between securities and non-securities activity involving digital assets and would, for the first time, provide a comprehensive national framework for digital asset activity in the United States. The Clarity Act seeks to resolve the long-running stablecoin yield impasse through a bipartisan compromise, establishes a three-tier taxonomy for digital assets, creates a statutory capital formation pathway for crypto asset-based projects, introduces a novel disclosure framework for non-security crypto assets associated with distributed ledger systems (which includes both distributed ledgers such as “layer 1” blockchains, like Ethereum, as well as distributed ledger applications, known as “dApps”) that rely on the efforts of a project team, provides critical protections for developers of decentralized finance applications, and endorses the development of regulatory guidance to support the growth of tokenization in the United States. The White House has publicly expressed support for the legislation.

This memorandum provides a high-level overview of the May Text. In parallel, to aid understanding of this important but complex legislative text, we are releasing the [CahillNXT Clarity Map](#), an interactive tool that allows users to break

---

down the legislation into its component elements by visually presenting the interconnections between the many new terms and concepts it introduces. The Map currently covers Title I of the Clarity Act and, over time, will be expanded to cover the remainder of the bill as it develops and potentially becomes law. We also will be augmenting the Map with additional features that are designed to assist all those engaged in activities involving crypto assets seeking to understand this novel legal framework. We welcome your feedback on the Map and the other features as they are rolled.

---

## I. Stablecoin Yield: The Bipartisan Compromise

Section 404 of the May Text substantially rewrites the stablecoin yield provisions, the single most discussed and contested provision in the January Draft. It was the provisional resolution of this point that finally made the markup possible.<sup>2</sup> The yield provisions relating to stablecoins in the January Draft centered on the prohibition on digital asset service providers paying “interest or yield” solely in connection with holding a payment stablecoin, with six enumerated activity-based carve-outs. The May Text adopts a significantly different approach, prohibiting “covered parties” from making two categories of payments to U.S. customers and users.<sup>3</sup> The first category covers payments made solely in connection with holding a payment stablecoin balance. The second category covers payments that are economically or functionally equivalent to interest or yield on an interest-bearing bank deposit. This second category is the key new formulation: it extends the prohibition on stablecoin yield to any compensation that replicates the economic function of deposit interest, regardless of how that compensation is labeled or structured. The practical consequence is a reorientation of permissible stablecoin economics from a “buy and hold” model to a “buy and use” model.

Activity-based rewards tied to bona fide transactions and platform use remain permissible, including compensation for transaction and payment activity, liquidity provision, collateral posting, governance participation, staking, validation and loyalty programs.<sup>4</sup> A joint rulemaking by the Securities and Exchange Commission (“SEC”), Commodity Futures Trading Commission (“CFTC”), and the Department of the Treasury must produce a non-exhaustive list of permissible activity-based rewards within one year of enactment.<sup>5</sup> An anti-evasion prohibition prevents covered parties from structuring reward programs to satisfy the literal terms of the prohibition while defeating its purpose. A good-faith reliance safe harbor protects covered parties that structure programs in accordance with the joint rulemaking, subject to a 90-day cure period following a determination of non-compliance. Civil monetary penalties of up to \$5,000,000 per violation are to be administered by the Department of the Treasury.

**What Market Participants Need to Know.** Stablecoin issuers, digital asset service providers, and exchanges operating rewards or yield programs must evaluate whether existing programs satisfy the bona fide activity standard or require restructuring before the effective date. The one-year rulemaking window creates near-term uncertainty about the precise boundaries of permissible rewards, and firms should begin mapping current reward structures against the “economically or functionally equivalent to deposit interest” standard in advance of that rulemaking. The American Bankers Association and other banking trade groups have continued to press for tighter restrictions, and further amendments on this topic are possible as the bill now moves to the Senate floor.

---

## II. The Core Framework: Digital Commodities, Network Tokens, and Ancillary Assets

### *Digital Asset Taxonomy*

The Clarity Act establishes a three-tier taxonomy for digital assets that serves as the foundation for the regulatory framework. A diagram of key concepts in this framework can be found [here](#).

The taxonomy starts with the term “digital commodity,” which is defined by reference to the Commodity Exchange Act, as amended (the “CEA”). This reference presumes that the CEA will be amended by the portions of the DCIA that get integrated into the Clarity Act during the reconciliation process. Currently, the term digital commodity is

defined in the DCIA to mean any fungible digital asset that can be exclusively possessed and transferred, person to person, without necessary reliance on an intermediary, and is recorded on a blockchain. The term expressly includes network tokens (defined below) and meme coins unless those assets fall into one of eight proposed statutory exclusions, including assets that are securities, securities derivatives, permitted payment stablecoins, bank deposits, certain commodities, commodity derivatives, pooled investment vehicles, or digital assets that have value, utility, or significance beyond their existence as a digital asset.

A “network token,” in turn, is a digital commodity that is intrinsically linked to a distributed ledger system and that derives, or is reasonably expected to derive, its value from the use of that system. Network tokens are treated as non-securities under the federal securities laws.<sup>6</sup> A network token is disqualified from that status if it carries certain “disqualifying” financial rights, such as debt or equity interests, or other investment-type rights or interests in a person.<sup>7</sup>

Finally, an “ancillary asset” is a network token whose value is dependent upon the entrepreneurial or managerial efforts of an ancillary asset originator or certain related persons.<sup>8</sup> These assets are treated as non-securities for secondary market trading purposes, but primary offers and sales (other than gratuitous distributions) by originators or “underwriters” of these assets are considered investment contracts, which are securities *transactions* subject to a new disclosure and exemption regime administered by the SEC under the Securities Act of 1933, as amended (the “Securities Act”).

A network token is presumed to be an ancillary asset at inception unless the originator of the asset or a permitted digital asset intermediary submits a completed written certification to the SEC, supported by reasonable evidence, demonstrating that the network token is not an ancillary asset. A token considered to be an ancillary asset can “graduate” from ancillary asset treatment to network token status once the ancillary asset originator — generally, the entity that, directly or indirectly, initially sold or otherwise distributed the ancillary asset, or certain related parties, certify that entrepreneurial or managerial efforts are no longer a primary factor in the token’s value. Notably, a separate provision in Section 104(b)(5) of the Clarity Act requires the elimination of “coordinated control” of the related distributed ledger system (discussed below) as a prerequisite to the completion of these efforts. In addition, the May Text added a new feature that, in certain circumstances, allows digital asset intermediaries listing a network token for trading to submit certifications of non-ancillary asset status in lieu of the certification being provided by the originator. This introduces a significant new tool for exchanges and brokers listing third-party tokens whose originators may be unresponsive or inactive.<sup>9</sup> However, the SEC is given an opportunity to contest these certifications.

Other provisions address the “relapse” concern; *i.e.*, a change in circumstances subsequently occurs in which the relevant party resumes entrepreneurial or managerial efforts inconsistent with the certification. This would restart the disclosure process. In addition, a network token will not be considered an ancillary asset if, on January 1, 2026, any units of that token were the principal asset of an exchange-traded product that was not registered under the Investment Company Act of 1940, as amended, and whose shares were listed and traded on a national securities exchange (which presumptively suggests that the SEC was comfortable that the asset itself is not a “security”).

### **Disclosure Obligations**

One of the most foundational innovations in the Clarity Act is the idea that an originator of an ancillary asset, even though not a securities issuer, must address potential information asymmetries by furnishing the SEC with publicly available information targeted toward the interests and needs of users and investors in these assets. In general, the information reporting obligations commence once the originator offers, sells, or distributes the asset under specified offering regimes, or when the first U.S. secondary-market transaction constitutes a public offering. A *de minimis* test ensures that unnecessary information reporting burdens are not placed on smaller projects. Disclosures are not required if either total gross proceeds from the applicable sales were \$5,000,000 or less during the 12-month period immediately following the first sale or if, in the prior year, the asset’s average daily U.S. public-market trading value

---

was \$5,000,000 or less. Digital asset intermediaries can also satisfy the information reporting obligations in lieu of the asset originator. The information reporting obligations cease when the asset originator (or certain related entities) certifies to the absence of material entrepreneurial efforts during a designated lookback period. Any information reporting is subject to the Securities Act's anti-fraud rule (Rule 10b-5, which includes private rights of action) and, in certain cases, to liability under Section 12(a)(2) of the Securities Act.

**What Market Participants Need to Know.** Token project teams must assess whether disqualifying financial rights are present in the relevant token structures (and thus whether they are able to qualify as network tokens), and plan for exiting ancillary asset status. Exchanges listing third-party tokens should note the new intermediary certification pathway as a practical mechanism for addressing information reporting without originator coordination or even cooperation. Critically, a failure to furnish required disclosures does not, by itself, cause an ancillary asset to be treated as a security; however, listing on regulated digital commodity exchanges can be barred if the SEC and CFTC jointly find that the responsible originator or intermediary materially failed to furnish required disclosures after a reasonable opportunity to cure.

---

### III. Token Launches, “Regulation Crypto,” and Disposition Restrictions for Related Persons

#### ***New Exemption for Token Fundraising***

The Clarity Act does not prohibit existing token launch practices. Projects may continue to conduct registered offerings of ancillary assets, private placements of ancillary assets to accredited investors pursuant to Regulation D under the Securities Act, offshore sales pursuant to Regulation S under the Securities Act, and other existing approaches, with the consequence that those transactions remain securities *transactions* subject to existing federal securities law. It may also be possible to distribute a fully functional network token without any investment contract transaction, eliminating the need to rely on any exemption, whether new or existing.

In addition, Section 103 of the Clarity Act directs the SEC to adopt a new exemption from Securities Act registration for offers, sales, and distributions of investment contracts involving ancillary assets by certain entities (known as “Regulation Crypto”), intended to function as the Clarity Act's primary domestic capital formation pathway.<sup>10</sup> The exemption is subject to a \$50,000,000 annual cap for up to four years, or 10% of the total dollar value of outstanding ancillary assets if greater, and a \$200,000,000 lifetime aggregate cap, both subject to biennial inflation adjustment. The exemption requires an ancillary asset originator to file initial disclosures with the SEC not less than 30 days before the first sale and to comply with continuing semiannual disclosure obligations thereafter, with financial statement requirements scaled to offering size.<sup>11</sup> Eligibility conditions include the ancillary asset originator being a U.S. organization, exclusion of specified development stage companies and investment companies, and a set of bad actor disqualifications, among others.

U.S. tax law mitigates some of the benefits of Regulation Crypto, however. A U.S. entity that sells tokens generally recognizes taxable gain on the sale, but would not recognize taxable gain if it instead issued equity or debt, thus requiring a further cost-benefit analysis to be undertaken. A U.S. entity that airdrops tokens potentially faces withholding and information reporting obligations, complicating the airdrop alternative. There are arguments that claimable (as opposed to automated) airdrops do not give rise to taxable income for claimers, thereby eliminating withholding and information reporting, but the law is unclear and many projects conduct automated “straight-to-wallet” airdrops for technical reasons, like providing token incentives. Nevertheless, even without changes to tax law, Regulation Crypto might prove particularly useful for U.S. tax-exempt entities that want to sell tokens (which historically has been uncommon, in part because it is unclear whether the U.S. tax exemption regime accommodates all of the activities a U.S. token project team might wish to engage in), or to taxable corporations with sufficient deductions to offset their gain on a token sale. Legislators and market participants will need to give careful attention to taxation as the Clarity Act advances toward enactment.



## ***Restrictions on Insider Dispositions and Coordinated Control***

To ensure an alignment of the economic incentives for persons who facilitate token sales with holders of those tokens, Section 104 of the Clarity Act establishes lockup and volume restrictions on dispositions of covered tokens acquired from an ancillary asset originator or its agent or underwriter by certain persons related to an ancillary asset originator (considered “related persons”) that apply both before and after the non-coordinated control certification (described below).<sup>12</sup> For post-effective-date covered tokens, while a distributed ledger system remains under “coordinated control,” sales by related persons require that the applicable disclosures have been furnished, that the holder has held the units for not less than 12 months, and that the sales comply with volume limits to be set by SEC rulemaking. Following certification, sales require that the applicable disclosures have been furnished, that the holder has held the units for not less than six months, and that the sales comply with an SEC-set volume limit that must not be less than 10% of total outstanding units per 12-month period, making the non-coordinated-control certification the key threshold event for founders and early token holders seeking to reduce their lockup exposure and access the minimum volume floor. In this way, the Clarity Act seeks to provide an important financial incentive for “insiders” to effectively decentralize a distributed ledger system they have developed by eliminating coordinated control over the system as quickly as possible.

In one of the most impactful changes in the May Text, the test for determining whether a distributed ledger system should be considered “decentralized” was reframed. The concept of “common control” was reimagined and renamed to “coordinated control.” The May Text directs the SEC to define coordinated control by rule using statutory indicia, including openness of the system, permissionless and credibly neutral operation, concentration above 49% of outstanding units or voting power, autonomy, and economic independence. Nevertheless, “common control” continues to be used elsewhere in the May Text as the traditional affiliation concept (e.g., in the decentralized-governance rule of construction). The May Text makes the elimination of coordinated control a prerequisite to completing the entrepreneurial/managerial-efforts determination for certification, replacing the January Draft’s non-binding “sense of Congress.” This change will likely make it more challenging for projects with founding teams that retain meaningful control to complete the certification needed for the related network token to exit ancillary asset status (and associated reporting obligations) until control is demonstrably eliminated.

## ***Existing Tokens and Transition Rules***

The Clarity Act includes several provisions that specifically address obligations with respect to ancillary assets that came into existence before the Clarity Act becomes effective.

Section 102 adds a transition rule providing that an ancillary asset originator that initially offered, sold, or distributed (or otherwise controlled or caused the offer, sale, or distribution of) a security involving an ancillary asset before the effective date must comply with the periodic disclosure requirements beginning one year after that effective date (covering the three-year period preceding that one-year compliance date). An ancillary asset originator subject to the transition rule may still file a certification to terminate disclosure obligations without first complying with periodic disclosures, provided the SEC does not deny that certification within a 60-day period.

Section 102 also provides critical limitations on enforcement. Neither the SEC nor private plaintiffs may initiate, pursue, or maintain an action under Section 5 or Section 12(a)(1) of the Securities Act arising from any primary offer, sale, or distribution of ancillary assets occurring before the effective date, provided the originator or certification covered party complies with the transition rule. However, this safe harbor does not limit the SEC’s anti-fraud or anti-manipulation authorities.

For pre-effective-date secondary transactions, the offer, sale, or distribution of a network token by a person is treated as not involving the offer, sale, or distribution of a security under the Securities Act, the Securities Exchange Act of 1934, as amended (“Exchange Act”), and other specified federal securities laws, with no inference of pre-effective-date liability and savings clauses preserving the SEC’s fraud and manipulation authority.

---

Lastly, Section 104(c)(3) establishes a tailored disposition regime for covered tokens acquired before the effective date by related persons: prior to non-coordinated control certification, such tokens may be sold only if the required disclosures have been furnished and the holder has held for not less than 12 months; following certification, the holding period is reduced to six months.

**What Market Participants Need to Know.** Token project teams have a new domestic statutory pathway for retail-facing token sales without full Securities Act registration, subject to meaningful disclosure obligations and hard dollar caps. The \$200,000,000 lifetime cap will constrain larger projects, and the U.S.-organization requirement means that the Regulation Crypto pathway carries a tax burden that traditional securities issuances do not. Token project teams will need to evaluate that cost carefully before selecting this pathway over existing alternatives. Founders and early token holders should assess their position relative to the disposition restriction framework from the outset of any project using the ancillary asset structure, and should prioritize the non-coordinated control certification as the mechanism for reducing lockup periods and unlocking volume floor protections. Distributed ledger projects with security councils should ensure those councils are narrowly scoped to incident response functions, as a security council with broader authority over parameter changes, upgrades, or fee-setting may be characterized as exercising coordinated control, potentially subjecting insider token sales to the full disposition restriction regime.

---

## IV. Protecting Against Illicit Finance

The Clarity Act establishes a comprehensive framework for protecting against illicit finance in digital asset markets. The framework addresses anti-money laundering (“AML”) requirements, Bank Secrecy Act (“BSA”) compliance, examination standards, and targeted consumer protections applicable to digital asset activities.

First, digital commodity brokers, digital commodity dealers, and digital commodity exchanges would be brought within the scope of the BSA’s financial institution definition, treating them the same as futures commission merchants. The Secretary of the Treasury, acting through the Director of the Financial Crimes Enforcement Network (“FinCEN”) and in consultation with the CFTC, is required to issue tailored BSA regulations applicable to these digital commodity intermediaries, including, among others, requirements to establish and maintain an AML and countering the financing of terrorism (“CFT”) program, incorporating appropriate risk assessments, internal policies, procedures, and controls. In addition, these entities would be required to comply with all United States sanctions laws and regulations administered by the Office of Foreign Assets Control (“OFAC”).

Second, the Secretary of the Treasury, in consultation with federal functional regulators, is directed to establish coordinated, risk-based examination standards to assess financial institutions involved in the digital asset sector for compliance with AML and CFT requirements under the BSA. This provision ensures that supervisory oversight of digital asset activities is informed by the unique risk profiles of distributed ledger-based financial services.

Third, the Clarity Act would establish a pilot program for secure information sharing between government agencies and designated private sector entities focused on potential illicit finance violations and emerging threats that would include the Department of Justice (including the FBI and DEA), the Department of the Treasury (including FinCEN, the IRS, and OFAC), and the Department of Homeland Security.

The Clarity Act would also establish the Independent Financial Technology Working Group to Combat Terrorism, Narcotics Trafficking, and Illicit Financing to conduct research on the illicit use of digital assets and other emerging technologies by terrorists, foreign terrorist organizations, state sponsors of terrorism, and transnational organized crime groups, and develop legislative and regulatory proposals to improve AML, CFT, and counter-illicit financing efforts.

**What Market Participants Need to Know.** Digital asset intermediaries operating as digital commodity brokers, dealers, or exchanges would be obligated to comply with certain aspects of the BSA, requiring robust AML/CFT programs, customer identification procedures, suspicious activity monitoring and reporting, and OFAC sanctions

---

compliance. The illicit finance information sharing pilot program creates new opportunities for voluntary participation by qualified entities, with liability protections for good-faith information sharing. Market participants should assess their current compliance infrastructure against these requirements and prepare for the examination standards that Treasury will establish in consultation with federal functional regulators.

---

## V. DeFi and Developer Protections

Title VI and the relevant Title III provisions of the Clarity Act address the regulatory treatment of software developers, providers of “front-end” interfaces that allow user access to distributed ledger applications including DeFi trading protocols, NFT platforms and self-custody wallet providers under the securities and federal money transmission laws. Title VI’s Section 604 is captioned the Blockchain Regulatory Certainty Act (“BRCA”). The provisions of the BRCA were among those most closely watched by the DeFi developer community over the past four months and, to the relief of many, the scope and coverage of the BRCA was largely preserved in the May Text.

Section 301 sorts trading protocols into two regulatory buckets — namely, DeFi trading protocols and non-decentralized finance trading protocols — based on whether or not the protocols are deemed decentralized under the Clarity Act. For persons or groups of persons that control non-decentralized finance trading protocols, the SEC, in consultation with the Treasury Department, must adopt tailored rules clarifying compliance with securities-law intermediary obligations, while the Treasury Department, in consultation with the SEC, must adopt tailored rules defining compliance with applicable BSA and AML/CFT obligations where the relevant person is required to register with, or comply as a registrant under, the Exchange Act and is treated as a financial institution under existing BSA law.

However, the section does not itself impose a blanket joint Treasury-SEC intermediary regime on related developers or front-end interface providers. Two targeted provisions address specific concerns raised in connection with the January Draft. The Section 301(a)(2)(B) special rule provides that a decentralized governance system, solely by virtue of acting as a decentralized governance system, is not a person or group of persons acting under common control or pursuant to an agreement to act in concert.<sup>14</sup> Without this provision, a governance system with participants voting on routine parameter changes or signer rotations could be argued to constitute a “group acting in concert,” which would likely subject every protocol with on-chain governance to the non-DeFi category. The Section 301(a)(2)(C) exclusions expressly carve out protocols engaging in certain activities, such as compiling network transactions, validating, sequencing, providing computational work, operating nodes, and participating in an incident response or a security council, from the non-DeFi trading protocol definition, whether singly or in combination.<sup>15</sup> The “whether singly or in combination” language closes an aggregation argument by which a regulator could assert that while each infrastructure participant is individually excluded, their collective operation of a protocol brings it within the definition.

Title VI provides complementary protections at the securities law level.<sup>16</sup> Section 601 establishes protections from the Securities Act and the Exchange Act for software developers, validators, node operators, and wallet software developers performing specified technical and development functions solely in relation to the operation of a distributed ledger system or its components. Section 602 provides a safe harbor for NFT offers, sales, resales, transfers, and conveyances that do not in substance involve all elements of an investment contract, with exclusions for mass-minted fungible series, fractionalized NFTs, and interests representing economic claims on an NFT or related asset. Section 604 provides that non-controlling developers and providers are not money transmitting businesses solely for creating ledger software, providing self-custody tools, or supporting distributed ledger infrastructure. Section 605 prohibits a federal agency from prohibiting, restricting, or impairing the ability of a covered U.S. individual to self-custody digital assets using a self-hosted wallet or through other means to conduct lawful transactions.

---

**What Market Participants Need to Know.** The Section 301 binary sort, combined with the targeted governance clarification in Section 301 and the separate Title VI developer protections, provides meaningful assurances for protocols with genuine on-chain governance and distributed infrastructure. Several developer and money-transmission protections use a “solely” qualifier, meaning that protected activities in combination with other conduct could eliminate the protection, but the NFT safe harbor and the self-custody rule have distinct statutory conditions. Security councils with authority broader than incident response functions, including authority over parameter changes, fee adjustments, or protocol upgrades, should be reviewed carefully for scope. NFT project teams should assess whether the relevant NFT structures fall within the mass-minted series or fractionalization exclusions.

---

## VI. Other

Section 401 of the May Text expressly authorizes financial holding companies, national banks, and insured depository institutions to engage in 14 enumerated digital asset activities, and extends that express authorization to state credit unions, addressing a gap in the January Draft.<sup>17</sup> Joint SEC-CFTC portfolio margining rules will permit integrated margin treatment across securities and digital commodity positions held in the same account,<sup>18</sup> and standardized customer disclosure requirements will apply to broker-dealers with respect to the insolvency treatment of digital commodities and payment stablecoins.

The Clarity Act establishes a mandatory coordination architecture between the SEC and CFTC that reflects the dual-regulator structure of the digital asset market. Section 901 creates a permanent Joint Advisory Committee on Digital Assets with a ten-year initial term, and Section 902 requires a memorandum of understanding covering coordinated supervision, enforcement, and information sharing.<sup>19</sup> The Clarity Act imposes numerous joint rulemaking mandates on the two Commissions, covering intermediary disclosure obligations, coordinated listing and disclosure processes, portfolio margining, stablecoin compensation rules, and broker-dealer insolvency disclosures.

**What Market Participants Need to Know.** Banks and credit unions now have express statutory authority for digital asset activities, subject to existing regulatory requirements and chartering limitations. Broker-dealers should begin preparing for standardized customer disclosure requirements on insolvency treatment.

---

## VII. Conclusion

The May Text represents the most comprehensive attempt to date to establish a national framework for digital asset market structure in the United States. Its classification taxonomy, capital formation pathway, certification regime, stablecoin yield compromise, and developer protections collectively address a broad range of questions that market participants have navigated without clear statutory guidance for years. The steps remaining before enactment are substantial, and the political dynamics surrounding the conflict-of-interest provisions and the bipartisan Senate floor vote threshold introduce meaningful uncertainty. The CahillNXT team will continue to monitor developments through the legislative process that follows and is available to discuss the implications of the Clarity Act for token projects, exchanges, funds, banks, broker-dealers, and other market participants.

This memorandum marks the beginning of a sustained commitment by CahillNXT to support market participants and the broader crypto community as this landmark legislation advances toward enactment and implementation. We are launching the [CahillNXT Clarity Act Resource Hub](#), a dedicated section of our website that will provide ongoing analysis, practical tools like the CahillNXT Clarity Map, and other curated resources designed to help our clients understand, navigate, and operationalize the new regulatory landscape as it takes shape.

---

---

The CahillNXT team continues to monitor developments in pending legislation and any other developments in the digital asset industry. If you have any questions about the issues addressed in this memorandum, or if you would like a copy of any of the materials mentioned in it, please do not hesitate to call or email authors Lewis Rinaudo Cohen (partner) at 212.701.3758 or [lrcohen@cahill.com](mailto:lrcohen@cahill.com); Samson Enzer (partner) at 212.701.3125 or [senzer@cahill.com](mailto:senzer@cahill.com); Gregory Strong (partner) at 302.884.0001 or [gstrong@cahill.com](mailto:gstrong@cahill.com); Sarah Chen (partner) at 212.701.3759 or [swchen@cahill.com](mailto:swchen@cahill.com); or Brian Farber (counsel) at 212.701.3152 or [bfarber@cahill.com](mailto:bfarber@cahill.com); or email [publicationscommittee@cahill.com](mailto:publicationscommittee@cahill.com).

---

## Notes

<sup>1</sup> Digital Asset Market Clarity Act, S. \_\_\_\_, 119th Cong. (Manager's Amendment, May 12, 2026) (hereinafter the "May Text"). The January Draft refers to the version introduced in the Senate on January 13, 2026.

<sup>2</sup> May Text § 404(c).

<sup>3</sup> *Id.* at § 404(c)(1).

<sup>4</sup> *Id.* § 404(c)(2).

<sup>5</sup> *Id.* at § 404(c)(3).

<sup>6</sup> Securities Act of 1933 § 4B(a)(7)(A), as added by the May Text § 102(a).

<sup>7</sup> *Id.* at § 4B(a)(7)(B).

<sup>8</sup> *Id.* at § 4B(a)(1).

<sup>9</sup> *Id.* at § 4B(b)(5).

<sup>10</sup> May Text at §§ 103(b)(1)–(2), (c)(3)(A).

<sup>11</sup> *Id.* at § 103(c)(1).

<sup>12</sup> *Id.* at § 104(c)(1)–(2), (d).

<sup>13</sup> *Id.* at § 104(b)(1)–(2).

<sup>14</sup> *Id.* at § 301(a)(2)(B).

<sup>15</sup> *Id.* at § 301(a)(2)(C).

<sup>16</sup> *Id.* at §§ 601-605.

<sup>17</sup> *Id.* at § 401.

<sup>18</sup> *Id.* at § 402.

<sup>19</sup> *Id.* at §§ 901-902.