

Digital Assets Recent Updates

June 16, 2026

We are pleased to provide you with the May edition of Gibson Dunn's digital assets regular update. This update covers recent legal news regarding digital assets, including cryptocurrencies, stablecoins, digital asset market structure, tokenized assets, decentralized finance, prediction markets, digital asset custody and trust charters, crypto enforcement actions, and blockchain-related legislative and regulatory developments in the United States and internationally.

REGULATION AND LEGISLATION

UNITED STATES

Illinois Advances 0.2% Privilege Tax on Cryptocurrency Transactions

On June 1, the Illinois legislature passed SB 3019, a state revenue bill that Illinois Governor JB Pritzker is expected to sign, establishing a 0.2% privilege tax on digital asset transactions, the first such tax in the nation. The measure would require digital asset brokers to register with the Department of Revenue by January 1, 2027, with noncompliance constituting a Class 3 felony. The tax applies to transactions where the customer is physically present in Illinois or where data such as IP address, account information, or mailing address indicates Illinois is their place of primary use. [Bill Text](#); [State Affairs](#).

CFTC Takes Steps Toward Crypto Perpetual Futures Contracts in the U.S.

On May 29, the CFTC issued an Order for Approval to KalshiEX, LLC, a designated contract market, for the listing of the BTCPERP Contract, a perpetual futures contract referencing the spot price of bitcoin, after determining that the contract complies with the Commodity Exchange Act and applicable regulations. On the same day, the CFTC's Market Participants Division issued a staff letter confirming that certain crypto asset perpetual contracts, consistent with the Kalshi order, may be categorized as foreign futures under Commission Regulation 30.1. [CFTC Press](#)

[Release \(Kalshi\)](#); [CFTC Press Release \(Coinbase\)](#); [The Block](#).

Senate Banking Committee Advances CLARITY Act

On May 14, 2026, the Senate Banking Committee voted 15-9 to advance the Digital Asset Market Clarity Act of 2025 (CLARITY Act), a market structure bill establishing regulatory rules for digital assets. The bill was placed on the Senate Legislative Calendar on June 1, making it formally eligible for full Senate consideration, though no floor date has been set; the remaining steps to enactment include a Senate floor vote requiring a 60-vote threshold, reconciliation with the House-passed version, and the President's signature. [The Block](#); [Senate Banking Committee Release](#); [Yahoo Finance](#).

CFTC Weighs Rulemaking to Protect Non-Custodial Software Developers

On May 5, Commodity Futures Trading Commission (CFTC) Chair Michael Selig said the agency is considering rulemaking to codify protections for non-custodial crypto software developers. The effort would build on a March 2026 no-action letter stating the CFTC would not pursue enforcement against crypto wallet provider Phantom regarding registration as a broker, establishing that non-custodial software developers who meet certain conditions are not required to so register. [The Block](#).

FINRA Approves Securitize for Tokenized IPO Underwriting and Custody

On May 4, the Financial Industry Regulatory Authority (FINRA) approved Securitize's broker-dealer subsidiary, Securitize Markets, to become the first firm to custody tokenized securities within a standard broker-dealer and to act as an underwriter for tokenized IPOs and secondary offerings. This approval consolidates functions that previously required separate intermediaries, allowing trades between tokenized stocks and stablecoins to settle directly on-chain in a single step. [The Block](#).

SEC Grants Paxos Clearing Agency Registration

On May 27, the U.S. Securities and Exchange Commission (SEC) granted Paxos's subsidiary, Paxos Securities Settlement Company, LLC (PSSC), temporary registration, for a period of 18 months, as a clearing agency under Section 17A of the Securities Exchange Act of 1934, enabling it to provide clearing and settlement services as a central securities depository in the United States. The 18-month term allows PSSC to complete a "Ramp-Up Period" (including becoming a DTC participant, securing a settling bank, and onboarding initial participants), after which the SEC will determine whether the requirements for full registration are met. [SEC Order](#); [Paxos Press Release](#); [The Block](#); [Yahoo Finance](#).

South Carolina Governor Signs Comprehensive Cryptocurrency Law

On May 19, South Carolina Governor Henry McMaster signed S. 163 into law, establishing a comprehensive regulatory framework for cryptocurrency in South Carolina that protects crypto users, exempts certain cryptocurrency activities from money transmitter licensing, and bans the use of central bank digital currencies (CBDCs). The law prohibits restrictions on accepting digital assets as payment or using self-hosted wallets, exempts cryptocurrencies used for payment from state and local taxes, and bars state agencies from accepting or participating in any test of a CBDC issued by the Federal Reserve. The law also protects crypto mining operations by prohibiting local governments from restricting mining in industrial zones. [Bill Text](#); [The Block](#); [Yahoo Finance](#).

President Trump Orders Review of Fintech Access to Federal Reserve Payment Systems

On May 19, President Trump signed an executive order titled “Integrating Financial Technology Innovation into Regulatory Frameworks,” directing federal financial regulators to review and update regulations to remove barriers to entry for fintech firms, including crypto and digital asset companies. The order also specifically requests the Federal Reserve to evaluate its framework governing access to Reserve Bank payment accounts and services, explore options for extending such access to fintech and crypto firms, and clarify whether the twelve Federal Reserve banks have independent legal authority to grant or deny such access. The following day, on May 20, the Federal Reserve Board (Federal Reserve) requested public comment on a proposal to establish a new “payment account” that legally eligible institutions could use solely for clearing and settling payments; the Federal Reserve also encouraged Reserve Banks to temporarily pause decisions on account access requests from Tier 3 institutions—i.e., non-federally-insured institutions not subject to federal prudential oversight, until it completes the related policy development process. The Federal Reserve expects the pause to end on or before December 31. [Executive Order](#); [The Block](#); [Federal Reserve](#).

Minnesota Enacts Law Permitting Banks and Credit Unions to Offer Cryptocurrency Custody Services

On May 15, Minnesota Governor Tim Walz signed HF 3709 into law, permitting Minnesota banks and credit unions to offer virtual currency custody services effective August 1, 2026. Institutions must maintain written policies governing risk management, internal controls, and cybersecurity, provide written notice to the Minnesota Commissioner of Commerce at least 60 days before commencing such services, and ensure that customer virtual currency is legally and operationally segregated from the institution's own assets. [HF 3709](#); [The Block](#).

INTERNATIONAL

European Commission Opens Consultation on Markets in Crypto-Assets Regulation Review

On May 20, the European Commission opened a public and targeted consultation on whether Markets in Crypto-Assets Regulation (MiCA), the bloc's landmark crypto-assets framework, remains fit for purpose, inviting feedback through August 31. The review covers core elements of the framework, including rules for crypto-asset issuers, asset-referenced tokens, e-money tokens, and crypto-asset service providers. The consultation comes ahead of a July 2026 deadline for firms operating under MiCA transitional regimes to secure full authorization. [The Block](#).

Brazil Central Bank Excludes Crypto from Regulated Cross-Border Payments

On May 1, Brazil's central bank issued Resolution No. 561, which excludes cryptocurrencies, including stablecoins, from the country's regulated cross-border payments framework. The measure does not ban crypto transfers outright but requires regulated international payments to remain within traditional foreign exchange channels. [The Block](#).

South Korean Court Stays Bithumb Suspension Pending Final Ruling

On May 1, a South Korean court granted Bithumb's request to stay a six-month partial business suspension imposed by the Financial Intelligence Unit. The suspension, issued over alleged anti-money laundering failures and accompanied by a 36.8 billion won fine (approximately

\$24 million), will remain on hold while Bithumb's administrative challenge proceeds. [Yonhap News](#).

Bank of Italy Urges EU to Explore Tokenized SEPA Payments

On May 5, Bank of Italy Deputy Governor Chiara Scotti called on the EU to consider a tokenized extension of the Single Euro Payment Area (SEPA), Europe's core payments infrastructure, framing it as a practical path for modernizing the system rather than replacing it wholesale. Her proposal reflects concern that private digital assets like stablecoins and tokenized deposits could fragment Europe's financial ecosystem if they develop separately from existing payment rails. [Reuters](#); [The Block](#).

Hong Kong Concludes Consultation on Virtual Asset Advisory and Management Regimes

On May 26, the Hong Kong Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) published consultation conclusions on proposed legislative regimes for virtual asset (VA) advisory and VA management service providers. The VA advisory regime is intended to align with Type 4 regulated activity (advising on securities), while the VA management regime is intended to align with Type 9 regulated activity (asset management) under the Securities and Futures Ordinance. The proposed regimes will be introduced under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, with a bill expected to be introduced into the Legislative Council in 2026. [SFC](#); [Gibson Dunn Prior Client Alert](#).

FCA and Bank of England Seek Input on Tokenized Wholesale Markets

On May 18, the Financial Conduct Authority and Bank of England opened a joint consultation seeking industry feedback on the regulation, infrastructure, and market practices needed to support tokenized wholesale financial markets in the UK. The consultation forms part of the government's Wholesale Financial Markets Digital Strategy (WFMDS) and focuses on tokenized securities, including bonds, equities, and fund units, with proposed approaches covering prudential treatment, tokenized collateral, and settlement instruments. Market participants have until July 3 to submit responses, after which the regulators plan to hold industry workshops, publish a feedback statement in summer 2026, and issue a cross-authority roadmap later in the year. [Call for Input](#); [The Block](#).

UK PRA Issues Two Letters on Digital Assets and Deposit Innovation

On May 18, the UK Prudential Regulation Authority (PRA) published two related letters on digital assets. The first updates expectations for banks and designated investment firms on tokenized assets, stablecoins and other digital asset exposures, reminding firms to maintain strong risk controls and apply the full prudential framework, while recognizing that certain digital assets may warrant more risk-sensitive treatment. The second, superseding the PRA's 2023 letter, permits deposit-takers to experiment with innovative products such as stablecoins and tokenized deposits—but only through a separate, insolvency-remote entity—and urges firms considering wholesale stablecoin use cases to engage supervisors early. [PRA Letter \(tokenized assets and stablecoins\)](#); [PRA Letter \(deposits\)](#).

Poland Adopts MiCA Implementation Bill Amid Exchange Probe

On May 15, Polish lawmakers approved a government-backed bill implementing the EU's Markets in Crypto-Assets Regulation, moving to finalize the country's domestic crypto framework ahead of a July compliance deadline. The legislation comes as prosecutors investigate Zondacrypto, Poland's largest digital asset exchange, where thousands of users have reportedly

been unable to withdraw funds and estimated losses exceed 350 million zlotys. The bill remains politically sensitive after President Karol Nawrocki previously vetoed earlier crypto regulatory proposals, arguing they imposed excessive burdens on the industry. [The Block](#).

ECB Official Calls for Central Bank Digital Currencies (CBDCs) and Regulation to Address Stablecoin Risks

On June 1, European Central Bank Executive Board member Isabel Schnabel stated that central banks should respond to stablecoin risks with robust regulation and central bank digital currencies, including the digital euro, to preserve the anchoring role of central bank money. Speaking at the 2026 Bank of Korea International Conference in Seoul, Schnabel warned that stablecoins pose risks to financial stability, monetary policy, and the international monetary order, including run risk from liquidity mismatches and loss of confidence in reserve assets. Schnabel also cautioned that dollar-denominated stablecoins could further entrench U.S. dollar dominance through network effects, while euro-pegged stablecoins remain marginal. [The Block](#).

VARA Issues Circular on UAE Proliferation Financing National Risk Assessment 2026

On May 22, the Dubai Virtual Assets Regulatory Authority (VARA) issued a circular notifying all Virtual Asset Service Providers (VASPs) of the publication of the UAE Proliferation Financing National Risk Assessment (PF NRA) 2026, issued by the Executive Office for Control and Non-Proliferation. The VASP sector was specifically identified as the highest-risk sector in the PF NRA. VASPs are required, within 30 calendar days, to assess and enhance their PF risk frameworks, including to (i) update their Business Risk Assessments to incorporate PF NRA findings and assess PF risk separately from ML/TF risks; and (ii) strengthen sanctions and TFS controls, including wallet and counterparty screening and asset-freezing capability. [VARA](#).

ENFORCEMENT ACTIONS

UNITED STATES

California Man Pleads Guilty in Danbury Bitcoin Kidnapping and Attempted Robbery

On June 1, Adam Iza of California pleaded guilty in Bridgeport federal court to conspiracy to interfere with commerce by robbery (Hobbs Act Robbery) for his role in an August 2024 kidnapping and attempted bitcoin robbery in Danbury, Connecticut. Iza and others planned and coordinated the attempted robbery and ultimately the kidnapping of the parents of an individual who had participated in the theft of at least \$245 million in bitcoin. Iza faces a maximum of 20 years in prison and is scheduled to be sentenced on August 12. [DOJ Release](#).

DOJ's Scam Center Strike Force Announces Results of U.S. and Private Industry "Disruption Week"

The Department of Justice's (DOJ) Scam Center Strike Force announced the results of its "Disruption Week," where the private sector, including major technology firms, took voluntary action to interrupt millions of social media, email, and internet access accounts used by transnational organized crime actors in Southeast Asia that were being used to defraud Americans. With the government's sharing of information, the private actors were able to voluntarily freeze \$3.8 million in cryptocurrency involved in laundering funds stolen from Americans. [DOJ Release](#).

CFTC Joins Gemini in Motion for Relief from Judgment

On May 27, the CFTC announced that it was joining Gemini Trust Company LLC in a motion for relief from judgment in *CFTC v Gemini Trust Co. LLC*, a case filed in the Southern District of New York in June 2022 and previously resolved via consent order in January 2025. The CFTC argued that the complaint should not have been filed and would not have been filed under current enforcement standards. In part, the CFTC argued that the complaint lacked evidentiary support, that the complaint incorrectly focused on Gemini, a fraud victim, instead of the alleged fraudsters, and that the CFTC was improperly biased in bringing the claim against Gemini. [CFTC Press Release](#).

OFAC Designates Nobitex, Iran's Largest Digital Asset Exchange

On June 2, the Treasury Department's Office of Foreign Assets Control (OFAC) sanctioned Iran's largest digital asset exchange, Nobitex, along with three other Iranian digital asset exchanges. OFAC stated that Nobitex provided significant support to the Iranian regime, processing more than 50% of all Iranian digital asset inflows in 2025, and facilitated payments tied to Iran's terrorist activities, sanctions evasion efforts, and Islamic Revolutionary Guard Corps (IRGC)-linked transactions. OFAC also sanctioned Nobitex's chairman, co-founder, and former CEO Amir Hossein Rad. Nobitex has previously denied having direct ties to the Iranian government and said that any illicit transactions that may have passed through its platform did so without the knowledge or approval of management. [Treasury Press Release](#); [Radio Free Europe](#).

New York AG Settles with Uphold Over Failed Crypto Yield Product

On May 3, New York Attorney General Letitia James announced a more than \$5 million settlement with cryptocurrency platform Uphold HQ, Inc. over its promotion of CredEarn, a third-party crypto yield product that collapsed in 2020. Uphold advertised CredEarn as a reliable savings product, when according to the allegations raised by the Attorney General, CredEarn was making risky loans to borrowers in China with no credit histories. [NY AG Press Release](#).

SEC Charges Texas Resident With \$12.3 Million Crypto Asset Fraud

On May 28, the SEC charged Nathan Fuller, a Texas resident, in the Southern District of Texas with operating a fraudulent digital asset trading scheme through his company, Privvy Investments, LLC. The SEC alleges that Fuller raised approximately \$12.3 million from about 150 investors by falsely claiming he would use proprietary AI-based trading bots to conduct high-frequency arbitrage trading on crypto trading platforms. According to the SEC, Fuller's bots did not function as represented, and he misappropriated around \$6.2 million for personal expenses and used approximately \$5.5 million to make Ponzi-like payments to earlier investors. [SEC Press Release](#); [The Block](#).

Missouri Attorney General Sues Crypto ATM Operator CoinFlip

On May 21, Missouri Attorney General Catherine Hanaway filed suit against GPD Holdings LLC, doing business as CoinFlip, alleging the operator of approximately 143 bitcoin ATMs in Missouri facilitated fraud schemes while charging hidden fees of up to 21.9% in violation of Missouri's Merchandising Practices Act. The attorney general seeks approximately \$1.8 million in statutory penalties, restitution for affected consumers, punitive damages, and an injunction barring CoinFlip from operating in the state until it implements fraud prevention measures and adequately discloses its fees. [Law360](#).

Ohio Man Sentenced for \$10 Million Cryptocurrency Ponzi Scheme

On May 19, Rathnakishore Giri, 31, of New Albany, Ohio, was sentenced to nine years in prison for allegedly orchestrating a cryptocurrency investment fraud scheme that raised over \$10 million from investors by falsely promoting himself as an expert bitcoin derivatives trader, promising guaranteed returns with no risk to principal, and using new investor funds to repay earlier investors. Notably, the DOJ asserted that Giri continued to solicit funds from new victims while on pretrial release following his October 2024 guilty plea to wire fraud. [DOJ Press Release](#).

INTERNATIONAL

MAS Revokes Major Payment Institution Licence of Digital Payment Token Service Provider

On May 20, the Monetary Authority of Singapore (MAS) announced that it had revoked the Major Payment Institution license of Bsquared Technology Pte. Ltd. (BSQ), effective May 14, 2026, due to alleged serious breaches of regulatory requirements, including significant weaknesses in BSQ's risk management practices and conflict of interest policies, alleged failures to comply with MAS' Guidelines on Outsourcing in its arrangements with related entities, and the alleged provision of materially false or misleading information to MAS on multiple occasions. [MAS](#).

The following Gibson Dunn lawyers contributed to this issue: [Jason Cabral](#), [Kendall Day](#), [Jeff Steiner](#), [Sara Weed](#), [Sam Raymond](#), [Nick Harper](#), [Apratim Vidyarthi](#), [Nicholas Tok](#), [Zuzanna Bobowiec](#), [Michelle Lou](#), [Cullen Omori](#), and [Pavlina Skoufi*](#).

FinTech and Digital Assets Group Leaders / Members:



Ashlie Beringer
Palo Alto
+1 650.849.5327
aberinger@gibsondunn.com



Michael D. Bopp
Washington, D.C.
+1 202.955.8256
mbopp@gibsondunn.com



Stephanie L. Brooker
Washington, D.C.
+1 202.887.3502
sbrooker@gibsondunn.com



Jason J. Cabral
New York
+1 212.351.6267
jcabral@gibsondunn.com



Ella A. Capone
Washington, D.C.
+1 202.887.3511
ecapone@gibsondunn.com



M. Kendall Day
Washington, D.C.
+1 202.955.8220
kday@gibsondunn.com



Sébastien Evrard
Hong Kong
+852 2214 3798
sevrard@gibsondunn.com



William R. Hallatt
Hong Kong
+852 2214 3836
whallatt@gibsondunn.com



Nick Harper
Washington, D.C.
+1 202.887.3534
nharper@gibsondunn.com



Martin A. Hewett
Washington, D.C.
+1 202.955.8207
mhewett@gibsondunn.com



Sameera Kimatrai
Dubai
+971 4 318 4616
skimatrai@gibsondunn.com



Michelle M. Kirschner
London
+44 20 7071.4212
mkirschner@gibsondunn.com



Stewart McDowell
San Francisco
+1 415.393.8322
smcdowell@gibsondunn.com



Hagen H. Rooke
Singapore
+65 6507 3620
hhrooke@gibsondunn.com



Mark K. Schonfeld
New York
+1 212.351.2433
mschonfeld@gibsondunn.com



Orin Snyder
New York
+1 212.351.2400
osnyder@gibsondunn.com



Ro Spaziani
New York
+1 212.351.6255
rspaziani@gibsondunn.com



Jeffrey L. Steiner
Washington, D.C.
+1 202.887.3632
jsteiner@gibsondunn.com



Eric D. Vandeveld
Los Angeles
+1 213.229.7186
evandeveld@gibsondunn.com



Sara K. Weed
Washington, D.C.
+1 202.955.8507
sweed@gibsondunn.com

**A legal trainee who is not yet admitted to practice law.*

Attorney Advertising: These materials were prepared for general informational purposes only based on information available at the time of publication and are not intended as, do not constitute, and should not be relied upon as, legal advice or a legal opinion on any specific facts or circumstances. Gibson Dunn (and its affiliates, attorneys, and employees) shall not have any liability in connection with any use of these materials. The sharing of these materials does not establish an attorney-client relationship with the recipient and should not be relied upon as an alternative for advice from qualified counsel. Please note that facts and circumstances may vary, and prior results do not guarantee a similar outcome.

If you would prefer NOT to receive future emailings such as this from the firm,
please reply to this email with "Unsubscribe" in the subject line.

If you would prefer to be removed from ALL of our email lists,
please reply to this email with "Unsubscribe All" in the subject line. Thank you.

© 2026 Gibson, Dunn & Crutcher LLP. All rights reserved. For contact and other information, please visit our [website](#).