GIBSON DUNN

Digital Assets Recent Updates

September 16, 2026

We are pleased to provide you with the August 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

SEC Proposes "Regulation Crypto Assets" Rules
On August 18, the Securities and Exchange Commission (SEC) proposed new rules creating a tailored offering regime for certain investment contracts involving digital assets, titled "Regulation Crypto Assets." The rules would include two exemptions from the Security Act's registration requirements: a "startup exemption" permitting offerings of up to $5 million over a four-year period, and a "fundraising exemption" permitting up to $75 million during each 12-month period, with issuers under both required to make disclosures available to investors. The proposal would also include a conditional safe harbor under which a qualifying digital asset would be deemed not to be subject to an investment contract as well as preemption of state securities law registration and qualification requirements for offers and sales made under either exemption and for certain secondary market transactions in those contracts. SEC; The Block.

Senate Sets September 15 Cloture Vote on Digital Asset Market Clarity Act
On August 8, Senate Majority Leader John Thune filed cloture on the motion to proceed to H.R. 3633, the Digital Asset Market Clarity Act, shortly before the Senate left for its August recess. The vote is scheduled for September 15, a day after the Senate returns from its recess.

Invoking cloture would limit debate on the motion to proceed and requires 60 votes; it would neither pass the bill nor begin debate on the legislation itself, and with Republicans holding 53 seats, at least seven Democrats or independents would need to support it. The Block.

OCC Targets November for Final GENIUS Act Stablecoin Rules

On August 19, Comptroller of the Currency Jonathan Gould said at the Wyoming Blockchain Symposium in Jackson Hole that the Office of the Comptroller of the Currency (OCC) expects to finalize its GENIUS Act implementing rules by November, and that the agency has made changes to the proposal in response to industry comments. The payment stablecoin framework takes effect on the earlier of January 18, 2027, or 120 days after the primary federal regulators issue final rules. OCC Press Release; The Block.

Treasury Seeks Comment on Proposed GENIUS Act Stablecoin Rules

On August 17, the United States Department of the Treasury (U.S. Treasury) issued a notice of proposed rulemaking implementing section 3 of the GENIUS Act, which as of its expected January 18, 2027 effective date generally bars issuing a payment stablecoin in the United States without an appropriate federal or state license and, as of July 18, 2028, generally bars digital asset service providers from offering or selling payment stablecoins to persons in the United States unless issued by a licensed issuer. The proposed rule would define what it means to “issue a payment stablecoin in the United States” and what it means to “offer or sell” a stablecoin to a person “in the United States,” clarifying when an issuer must obtain a GENIUS license and when stablecoins may be offered or sold in U.S. markets. Comments are due by October 19, 2026. Treasury Press Release; The Block.

INTERNATIONAL

Inland Revenue Authority of Singapore Publishes Guide on Crypto Asset Reporting Framework

On August 11, the Inland Revenue Authority of Singapore (IRAS) published the first edition of its Guide on the Crypto Asset Reporting Framework (CARF). The Guide provides information to entities and individuals affected by CARF and covers, among other things, the types of entities falling within the scope of CARF, the information to be reported under CARF and the types of in-scope transactions. IRAS.

ECB Says Proposed Polish Ban on Crypto-Asset Activities Is Incompatible with MiCA

On August 12, the European Central Bank (ECB) issued an opinion on two proposed Polish laws concerning crypto-assets. One proposal would introduce a broad prohibition on crypto-asset activities in Poland, backed by criminal penalties, while the other would implement the Markets in Crypto-Assets Regulation (MiCA) by, among other things, designating the Polish Financial Supervision Authority as the competent authority for MiCA purposes. The ECB concluded that the first proposal would be incompatible with MiCA, including because it would conflict with MiCA’s harmonized framework and the ability of authorized crypto-asset service providers to provide services across EU Member States. ECB Opinion.

UAE Capital Markets Authority Opens Consultation on Virtual Assets Framework

The UAE Capital Market Authority (CMA) has launched a consultation on its proposed regulatory approach for VASPs. The consultation seeks to assess the level of awareness of the virtual assets regulatory framework, gauge its expected impact on the business environment and investor protection, and collect suggestions to further enhance transparency, compliance, and confidence in the financial markets. The CMA has said the proposed framework was intended to support innovation, attract quality investment and enhance the UAE's competitiveness. The consultation runs until September 30, 2026. CMA.

UK Government Proposes New Innovation Objective for Bank of England's Oversight of Payment Systems

On August 27, the UK Government announced plans to introduce a new secondary statutory objective requiring the Bank of England (BOE) to support innovation in payment systems and emerging forms of digital money. The objective would apply to the BOE's regulation of systemic payment systems, including those using digital settlement assets such as stablecoins, and would sit below the BOE's primary financial stability objective. The BOE would also be required to report annually to Parliament on its advancement of the innovation objective. The Government expects to implement the change through amendments to the Financial Services and Markets Bill, which will be debated in the Upper House of the UK Parliament in September. UK Government

LITIGATION

UNITED STATES

Blockchain Association and Crypto Council for Innovation Seek Preliminary Injunction Against Illinois Digital Asset Tax

On August 21, the Blockchain Association and the Crypto Council for Innovation (CCI) filed a complaint in the Circuit Court of the Seventh Judicial Circuit for Sangamon County, Illinois, challenging the State's new Digital Asset Tax Act. The Act, signed by Governor Pritzker on June 6 and effective January 1, 2027, imposes a 0.2% tax on the value of a digital asset each time it is exchanged, transferred, or stored through a digital asset broker in Illinois, and requires brokers to comply with registration, collection, remittance, and recordkeeping requirements backed by criminal penalties. On September 8, the Blockchain Association and CCI filed a motion for a preliminary injunction seeking to prevent Illinois from enforcing the Act pending litigation of the Act's validity. Complaint; CoinDesk.

SDNY Denies Motion to Dismiss CFAA Charge in Uranium Finance Exploit

On August 25, Judge Rakoff of the Southern District of New York issued an opinion explaining his July 30 order denying Jonathan Spalletta's motion to dismiss a two-count indictment charging him under the Computer Fraud and Abuse Act (CFAA) and the federal money laundering statute in connection with two April 2021 attacks on Uranium Finance, a decentralized cryptocurrency exchange. The indictment alleges that Spalletta exploited bugs in Uranium's smart contracts to drain over $53 million from the platform, rendering it inoperable and forcing its shutdown. The court held that Spalletta's alleged conduct could satisfy the CFAA even though he did not alter the underlying code but merely exploited flaws in how it was written. *United States v. Spalletta*, 2026 U.S. Dist. LEXIS 191667 (S.D.N.Y. Aug. 25, 2026).

ENFORCEMENT ACTIONS

UNITED STATES

Tornado Cash Developer Roman Storm's Retrial Adjourned to April 2027
On August 25, Judge Katherine Polk Failla of the U.S. District Court for the Southern District of New York adjourned the retrial of Tornado Cash co-founder Roman Storm from October 26, 2026 to April 26, 2027, in light of Storm's pending Rule 29 motion for judgment of acquittal and his related request for a continuance, and excluded the intervening period under the Speedy Trial Act. A jury convicted Storm in August 2025 of conspiring to operate an unlicensed money transmitting business but deadlocked on money laundering and sanctions charges, which prosecutors are seeking to retry and which carry substantial additional exposure. The court heard argument on the acquittal motion in April 2026 and has not yet ruled. A final pretrial conference is scheduled for April 20, 2027, with expert disclosures beginning in February 2027. The Block; Decrypt.

U.S. Sanctions Target Iran's Digital Assets Sector
On August 24, the U.S. Treasury announced Operation Economic Outcast, a broader campaign against the Iranian regime. Among the five sectors covered by the new sectoral determinations are digital assets, making sanctionable any person, wherever located, operating in that sector of the Iranian economy. The Operation builds on prior orders, including the August 7 Treasury's Office of Foreign Assets Control (OFAC) action sanctioning two crypto exchanges used by the Iranian regime, the Shelbit Exchange pursuant to Executive Order 13224, as amended, and Iran-based Aban Tether pursuant to Executive Order 13902. U.S. Treasury Release (Aug. 7); U.S. Treasury Release (Aug. 24); The Block.

CFTC Charges Goliath Ventures and CEO in $397 Million Cryptocurrency Ponzi Scheme
On August 11, the CFTC filed a complaint in the U.S. District Court for the Middle District of Florida against Goliath Ventures, Inc. and its CEO, Christopher Delgado, alleging that they operated a Ponzi scheme by fraudulently soliciting funds from the public for crypto asset trading in bitcoin and ether. The complaint alleges that the defendants misappropriated all customer funds—paying fictitious profits to existing customers and financing Delgado's lavish lifestyle—while falsely guaranteeing the return of principal and issuing account statements reflecting nonexistent profits, obtaining at least $397 million. The CFTC seeks restitution, disgorgement, civil monetary penalties, trading and registration bans, and a permanent injunction. CFTC Press Release; The Block.

Las Vegas Business Owner Convicted in $24 Million Cryptocurrency Ponzi Scheme
On August 24, a federal jury in the District of Nevada convicted Brent C. Kovar of wire fraud, mail fraud, and money laundering. From late 2017 to July 2021, Kovar owned Profit Connect, a Las Vegas company that purportedly used artificial intelligence software on a supercomputer to mine cryptocurrency and verify cryptocurrency transactions. He was alleged to have misrepresented that the company was profitable, was backed by hundreds of millions of dollars in cryptocurrency reserves, and paid investors fixed returns of 15% to 30% APR, obtaining $24 million from at least 400 investors. DOJ Press Release; The Block.

Block Bits Crypto Fund Founder Convicted of Defrauding Investors
On August 24, a federal jury in the Northern District of California convicted Japheth Dillman, 48, of San Francisco, of wire fraud and conspiracy to commit wire fraud. The government alleged that from June 2017 to August 2018, Dillman and a co-conspirator raised nearly $1 million from more than 20 investors in Block Bits Capital, a company Dillman helped establish, by representing that the fund would profit from automated cryptocurrency trading using a proprietary "Autotrader" tool the firm had completed, when Dillman knew the algorithm was not working. The government further alleged that the pair used investor money to pay themselves and to make speculative investments in other cryptocurrency ventures that produced substantial losses, while telling investors the fund's trading had generated significant profits. DOJ Press Release; The Block.

NFT Startup Founder of Few and Far Limited Indicted for Securities and Wire Fraud
On August 5, the U.S. Attorney's Office for the Southern District of New York announced the indictment of Taj Tarsha, 34, founder and sole owner of Few and Far Limited, on charges of securities fraud and wire fraud. The indictment alleges that, beginning in February 2022, Tarsha raised over $10 million from at least 67 investors investment contracts conveying rights to 95 million FAR tokens, representing that the proceeds would fund development of a decentralized NFT marketplace. Tarsha instead allegedly diverted investor funds to online gambling, speculative cryptocurrency purchases, and nearly $1 million in undisclosed bonuses and salary he acknowledged was unreasonable given the company's lack of product and revenue. DOJ Release; The Block.

Bitcoin Robbery Prosecutions Advance in California and Connecticut
On August 4, former LAPD officer Eric Halem was sentenced to concurrent life terms plus 15 years in state prison for a December 2024 home invasion in which $350,000 in bitcoin was taken from a 17-year-old victim; a jury convicted Halem in March of kidnapping and robbery, among other crimes, after prosecutors presented evidence that he and three other men posed as police serving a search warrant to gain entry and threatened to kill the victim unless he surrendered a hard drive containing bitcoin. The same day, the U.S. Attorney's Office for the District of Connecticut announced Hobbs Act robbery conspiracy charges against three St. Louis men, Sedric Louis, John Davis, and Martel Williams. The Department of Justice alleges the three were recruited in August 2024 to force their way into a Connecticut home and compel the occupants' son, who had participated in the theft of hundreds of millions of dollars in bitcoin, to transfer it to accounts controlled by the plot's coordinators. Los Angeles Times; The Block; Yahoo Finance***;*** DOJ Release; The Block.

Former FBI Agent Charged with $1 Million Cryptocurrency Theft
On August 4, the DOJ's Office of the Inspector General announced the arrest of Patrick Steven Yaroch, a former FBI Supervisory Special Agent assigned to FBI Headquarters' Counterintelligence and Espionage Division, who was charged in the Eastern District of Virginia with interstate transportation of stolen goods, securities, and monies and receipt of stolen goods, securities, and monies. According to the complaint, Yaroch used classified FBI databases to identify cryptocurrency accounts belonging to "adversaries" and, on approximately ten occasions, transferred roughly $1 million in cryptocurrency from those accounts into his own personal wallet. DOJ Release; The Block.

OTHER NOTABLE NEWS

CFTC's Innovation Advisory Committee Holds Inaugural Meeting

On August 20, the newly formed Innovation Advisory Committee of the Commodity Futures Trading Commission (CFTC) held its inaugural meeting, convening industry leaders to address crypto market structure alongside artificial intelligence and prediction markets. In opening remarks, Chairman Michael Selig emphasized that Congress deliberately declined to divide regulatory authority over commodity derivatives based on the underlying commodity, and expressed support for bipartisan digital asset market structure legislation as the most important step toward future-proofing the industry. Selig also stated that if the CLARITY Act continues to stall, he has directed CFTC staff to explore rules codifying a crypto market structure under the agency's existing authorities. CFTC Chairman Selig Remarks.

Trump Hosts Crypto and Finance Executives at the White House

On August 19, one day before the CFTC's Innovation Advisory Committee meeting, President Trump convened roughly two dozen digital asset and traditional finance executives and their regulators at the White House, where he urged Congress to pass what he described as a fair version of the Digital Asset Market Clarity Act and framed the legislation as necessary to preserve U.S. competitiveness. SEC Chairman Paul Atkins described passage of the CLARITY Act as the Commission's most important priority and pointed to the newly proposed Regulation Crypto Assets, while Selig said the CFTC would use the tools available to it to advance regulatory clarity while Congress works on legislation. CoinDesk; The Block.

Senate Democrats Urge SEC to Investigate $TRUMP Memecoin

On August 4, Senators Elizabeth Warren (D-Mass.), Ranking Member of the Senate Banking, Housing, and Urban Affairs Committee, and Richard Blumenthal (D-Conn.), Ranking Member of the Permanent Subcommittee on Investigations, sent a letter to the SEC Chair Paul Atkins urging the SEC to investigate whether President Trump's $TRUMP memecoin facilitated illegal fraud or unjust enrichment. The senators wrote that the memecoin may constitute an illegal scam such as a "rug pull," pointing to the coin's sharp depreciation since its debut on January 17, 2025, three days before the inauguration, and to reports that nearly a million investors lost a combined $3.81 billion while Trump himself made $636 million. Letter; Press Release; The Block.

Coinbase Establishes Tokenization Hub in Abu Dhabi

On August 11, the Abu Dhabi Financial Services Regulatory Authority (FSRA) granted a Financial Services Permission to Coinbase which will enable it to establish its international tokenization hub in the Abu Dhabi Global Market (ADGM). The tokenized securities registered and issued in ADGM are fully backed by underlying shares under the supervision of the FSRA and are verified by token holders, who receive full shareholder rights, including dividends and voting. FSRA.

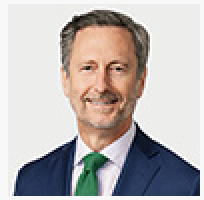
Zand integrates support for USDC

On August 25, Zand, a digital bank based in the United Arab Emirates, announced that it has expanded its stablecoin infrastructure by integrating support for Circle's USDC into its core infrastructure. CryptoNews.

The following Gibson Dunn lawyers contributed to this issue: Jason Cabral, Kendall Day, Jeffrey Steiner, Sara Weed, Nick Harper, Sam Raymond, Apratim Vidyarthi, Cullen Omori, Nickolas Tok, Michelle Lou, and Stacey Lee.

FinTech and Digital Assets Group Leaders / Members:

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

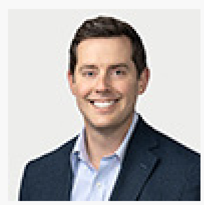


Michael D. Bopp
Washington, D.C.
+1 202.955.8256
mbopp@gibsondunn.com

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

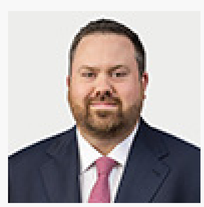
Jason J. Cabral
New York
+1 212.351.6267
jcabral@gibsondunn.com

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

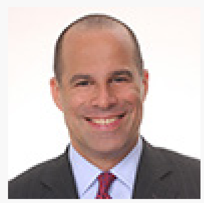
Sameera Kimatrai
Dubai
+971 4 318 4616
skimatrai@gibsondunn.com

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

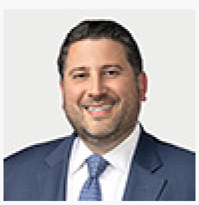
Stewart McDowell
San Francisco
+1 415.393.8322
smcdowell@gibsondunn.com

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



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

Eric D. Vandevelde
Los Angeles
+1 213.229.7186
evandevelde@gibsondunn.com

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