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U.S. Senate Unveils Crypto Regulation Draft

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The United States Senate Banking Committee has released a discussion draft of new crypto legislation aimed at establishing clearer market structure rules. This move follows the passage of the Digital Asset Market Clarity Act of 2025 (CLARITY Act) by the House of Representatives earlier this year.

The Senate proposal, led by Republican Senators Cynthia Lummis of Wyoming, Tim Scott of South Carolina, Bill Hagerty of Tennessee, and Bernie Moreno of Ohio, seeks to define key aspects of crypto asset oversight and clarify regulatory roles for U.S. agencies. Central

to the draft is the concept of “ancillary assets,” a term introduced to describe crypto tokens that are not themselves securities but are tied to an underlying investment contract.

Under the Senate’s draft, an “ancillary asset” would be regulated in a manner similar to commodities, placing primary oversight with the Commodity Futures Trading Commission (CFTC) rather than the Securities and Exchange Commission (SEC). This distinction could have broad implications for crypto exchanges and token issuers, particularly those operating globally. Issuers would be allowed to self-certify a token as an ancillary asset, subject to a 60-day review window during which the SEC could challenge the designation.

The draft differs from the House’s CLARITY Act in several areas. While both aim to limit the SEC’s authority over digital assets that do not meet the traditional definition of a security, the Senate proposal introduces additional guardrails to protect investors and foster structured coordination between the SEC and CFTC. It also includes clearer provisions on disclosure requirements for token issuers during the transition period.

Senator Scott emphasized that the legislation aims to balance consumer protection with regulatory clarity, saying the draft represents a step toward providing clear rules for the digital asset ecosystem. The committee invited public feedback on the proposal, with comments accepted through August 5, 2025. Revisions based on stakeholder input are expected ahead of a planned vote by the end of September.

This initiative reflects the growing urgency among U.S. lawmakers to address crypto regulation amid market volatility and increasing investor participation. The legislation could influence global regulatory approaches, including in countries like Australia that are monitoring international standards to inform their own digital asset policies.

Industry stakeholders, including crypto firms and legal experts, are expected to closely examine the draft to determine its practical implications for token classification, exchange operations, and compliance requirements. If enacted, the bill could mark a significant shift in how digital assets are regulated in the United States, potentially setting a global precedent.