

SEC Moves Toward Comprehensive Crypto Regulation with Project Crypto

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The US Securities and Exchange Commission (SEC) has announced a regulatory shift, unveiling Project Crypto, an initiative intended to establish rules for cryptocurrency tokens and exchanges. The move marks a turning point in federal crypto oversight, with tailored guidelines expected to offer long-awaited clarity to the industry while reinforcing investor protections.

SEC Chair Paul Atkins said on 31 July that the agency is developing a rule-making framework tailored to digital assets, rather than applying traditional securities rules. This includes clearly defining when a token should be classified as a security, proposing new disclosure requirements, and establishing exemptions specifically adapted for blockchain-based assets.

The initiative responds to longstanding industry calls for specific crypto rules, addressing shortcomings in a framework built for conventional financial instruments. With Project Crypto, the SEC appears to be signalling its willingness to modernise its approach without compromising regulatory rigour.

This development is part of a broader, coordinated federal effort to integrate digital assets into the mainstream financial system. Over the past several years, the SEC has focused primarily on enforcement actions, targeting unregistered token offerings and market manipulation. In contrast to past enforcement-led practice, Project Crypto emphasises proactive regulation and aims to provide clear guidance for crypto exchanges and token issuers in advance.

Project Crypto appears broad in scope. Draft rules are expected to include exchange registration, anti-fraud provisions, investor protection mandates, cybersecurity standards, and token classification criteria. The goal is to reduce legal uncertainty, prevent bad actors from exploiting regulatory gaps, and create a more stable environment for both investors and developers.

This initiative is part of a wider federal push. In June, the Federal Housing Finance Agency directed Fannie Mae and Freddie Mac to develop proposals to treat crypto assets held on US-regulated exchanges as reserves in mortgage assessments, without requiring liquidation into US dollars. Borrowers will no longer be required to liquidate these assets to qualify, signalling further recognition of digital assets within traditional financial services.

This shift comes amid legislative momentum, including the GENIUS Act signed into law in July, which establishes a framework for stablecoins as part of a broader regulatory structure for crypto markets, giving the industry a clearer legal foundation while ensuring consumer protections remain intact.

These efforts align with priorities outlined in a 2025 executive order, which called for comprehensive action across federal agencies to address everything from tax policy to

capital market supervision for digital assets. A recent interagency report reinforced these recommendations, urging Congress and regulators to provide faster and more cohesive guidance.

Together, these moves represent a shift in Washington's posture from fragmented enforcement to structured regulation. The aim is not to stifle innovation, but to ensure that the crypto market grows within a clear and lawful framework. For an industry long mired in ambiguity, this marks a potentially defining moment as digital assets take a more formal role in the U.S. financial system.