



CRYPTO B R I E F



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Lowenstein Crypto advises leading digital asset and cryptocurrency projects, exchanges, and trading firms. Our practice covers regulatory advice, transactions and structuring advice, investigations, and adversarial matters including commercial disputes, bankruptcy, and related litigation. As these markets continue their rapid growth and market participants continue to evolve and mature their businesses, we are providing this weekly digest as a resource that highlights and summarizes a selection of key recent legal regulatory developments.

Senate Banking Committee Holds Hearing on Digital Assets

On July 9, the Senate Banking Committee held a hearing titled “From Wall Street to Web3: Building Tomorrow’s Digital Asset Markets,” which focused on bipartisan efforts to establish a federal regulatory framework for digital asset markets. The witnesses included Ripple Labs Inc. CEO Brad Garlinghouse, Blockchain Association CEO and former Commodity Futures Trading Commission (CFTC) Commissioner Summer Mersinger, Chainalysis Inc. CEO Jonathan Levin, Paradigm General Partner Dan Robinson, former CFTC Chair Timothy Massad, and former White House ethics lawyer Richard Painter. While the hearing emphasized the need for clear, modern rules to foster innovation and protect customers, it also underscored significant partisan disagreements. Sen. Tim Scott, R-S.C., the committee chair, opened by stating that “the market, not Washington, should decide what works” when it comes to rules for digital assets. Congressman Scott also called for legislation that would position the United States to lead in blockchain innovation, rather than fall behind countries like Singapore and the United Arab Emirates. Despite policy differences, both lawmakers and witnesses largely agreed on the need for regulatory clarity, strong consumer protections, and controls to prevent illicit finance. Garlinghouse noted that crypto now includes over 55 million U.S. participants and represents a \$3.4 trillion global market cap. He warned that the absence of clear rules has “prohibited meaningful progress” and can be “weaponized” against responsible industry participants. The hearing sets the stage for next week’s Crypto Week in the House, where lawmakers are expected to take up key digital asset legislation. *A recording of the hearing can be viewed [here](#).*

SEC Commissioner Peirce Cautions That Tokenized Securities Are Still Securities

On July 9, Securities and Exchange (SEC) Commissioner Hester Peirce issued a formal statement reiterating to the public that tokenized securities remain subject to federal securities laws, regardless of any underlying technology. Commissioner Peirce acknowledged the benefits of tokenization, including improved capital formation and asset mobility, but emphasized that blockchain-based tokenization does not change the legal nature of a digital asset. In her statement, Peirce highlighted two examples of when tokenized securities are likely subject to federal securities laws. First, when a token functionally serves as a “receipt for a security,” the token itself is a security despite being distinct from the underlying security it is associated with. Second, if a token does not provide the holder with legal and beneficial ownership of the underlying security, it could be viewed as a “security-based swap,” which cannot be traded “off exchange” by a retail investor. Further, Commissioner Peirce encouraged token issuers and intermediaries to carefully consider their disclosure requirements and to meet with the CFTC when structuring their tokenized product offerings. Lastly,

Commissioner Peirce invited market participants to engage with the SEC to craft exemptions and modernize rules. *The statement can be read [here](#).*

Senator Lummis Introduces Crypto Tax Reform Bill

On July 3, Sen. Cynthia Lummis, R-Wyo., introduced comprehensive tax legislation to modernize the federal tax framework for digital assets. The proposed legislation includes a de minimis exemption of \$300 for routine crypto transactions, effective in 2026, with an annual cap of \$5,000 and adjustments for inflation thereafter. The bill also seeks to eliminate premature taxation of mining, staking, and airdrop rewards by deferring tax recognition until assets are sold. Additional provisions include extending the securities-lending safe harbor to digital assets, applying the wash-sale rule to crypto and related derivatives, and eliminating appraisal requirements for charitable donations involving actively traded tokens. Sen. Lummis stated that the bill aims to reduce regulatory barriers and is currently open for public comment. *The press release can be read [here](#), and the bill can be found [here](#).*

Senate To Hold Digital Commodity Regulation Hearing on July 15

The U.S. Senate Committee on Agriculture, Nutrition, and Forestry will hold a hearing titled “Stakeholder Perspectives on Federal Oversight of Digital Commodities” on July 15. The hearing will provide an opportunity for lawmakers to receive input from industry participants regarding the federal regulatory framework for digital commodities. This hearing may be informative of ongoing policy considerations surrounding the classification of digital assets, specifically whether regulation of digital assets falls under the jurisdictions of the SEC or the CFTC. *The July 15 hearing may be viewed [here](#).*

House Announces ‘Crypto Week’ To Ensur the Week of July 14

On July 3, Chairman French Hill, R-Ark., of the U.S. House Committee on Financial Services announced that the House seeks to advance landmark crypto legislation during the week of July 14. Further, House Speaker Mike Johnson, R-La., indicated that the House anticipates the consideration of three major legislative proposals: the CLARITY Act, the Anti-CBDC Surveillance State Act, and the Senate’s GENIUS Act. The proposed legislation is purported to support economic growth and establish a clear regulatory framework for digital assets. Rep. Bryan Steil, R-Wisc., noted that the measures are intended to enhance consumer protection and bolster the U.S.’ competitive position in global digital asset innovation. *A press release on the announcement can be read [here](#).*

Truth Social Files S-1 for Blue-Chip Crypto ETF

On July 8, Trump Media & Technology Group filed an S-1 registration statement with the SEC for its proposed Truth Social Crypto Blue Chip ETF, trading under the ticker B.T. The fund is organized as a Nevada business trust and is sponsored by Yorkville America Digital. It is designed to hold a portfolio of five major cryptocurrencies with the following target allocations: 70% Bitcoin, 15% Ether, 8% Solana, 5% Cronos, and 2% XRP. Foris DAX Trust, affiliated with Crypto.com, is designated to serve as custodian, execution agent, and staking and liquidity provider. Pending approval from the SEC and the NYSE Arca, the ETF is expected to list on NYSE Arca. It will issue and redeem shares in blocks of 10,000 through authorized participants and will not be regulated as a commodity pool subject to the CFTC. This filing represents the company’s third crypto ETF registration, following prior filings for Bitcoin/Ether funds in June. *Truth Social’s S-1 can be read [here](#).*

Hong Kong To Launch Stablecoin Licensing Regime on Aug. 1

Hong Kong will implement its new stablecoin licensing regime on Aug. 1, as part of a broader initiative to foster a regulated and innovative virtual asset ecosystem. Confirmed by Financial Secretary Christopher Hui, the move is a key element of the region’s updated digital asset strategy, “Policy Statement 2.0,” which emphasizes legal streamlining, tokenized product expansion, practical use cases, and talent development. Under the new rules, fiat-referenced stablecoin issuers must be licensed by the Hong Kong Monetary Authority and fully back tokens with high-quality liquid reserves to ensure investor protection and financial stability. The government of Hong Kong is also promoting tokenized real-world assets, including bonds and precious metals, and is reviewing legal frameworks and tax policies to support broader blockchain adoption. Major firms like Ant Group have expressed interest in participating once the regime takes effect. *See a press release from the Government of Hong Kong Special Administrative Region [here](#).*

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