FACT SHEET: Digital Asset Market Clarity Act
Analysis from the Minority Staff of the Senate Banking Committee

The Senate Banking Committee minority staff of experts have reviewed the updated text of the Digital Asset Market Clarity Act released on July 22, 2026. America needs a strong crypto framework that at a minimum:

1. Closes loopholes to securities law for crypto that could risk Americans' pensions.
2. Closes loopholes that enable the illicit use of crypto by cartels, terrorists, and criminals and jeopardize our national security.
3. Protects our economy from financial crashes, protects American taxpayers from bailout risk, ensures small businesses have access to credit, and preserves community development funding in underserved communities.
4. Prevents the President from making his next $1.4 billion in crypto profits while he sets the rules for regulating the industry.
5. Ensures Americans have the same consumer and investor protections when using crypto assets as with any other financial product or service.

The Digital Asset Market Clarity Act falls dangerously short of these five minimum standards.

Standard #1: The bill fails to close loopholes to securities laws that could risk Americans' pensions.

These concerns have been flagged by experts and unions such as Healthy Markets (which represents pensions and financial firms), AFL-CIO, AFSCME, SEIU, NEA, and AFT.

- The bill creates a new, two-tiered system in which assets offered on the blockchain can escape the SEC's authority—replacing the basic rules that have governed our capital markets for a century with a watered-down regime designed to favor crypto. As currently written, the bill could undermine basic protections for investors, pensions, and retirement accounts and inject new volatility into the stock market, by incentivizing companies and third parties to fundraise using tokens that mirror stocks. Worse still, it includes many opportunities for the Commission to further loosen requirements.

- Paves a superhighway to allow assets that are nearly identical to securities to evade the SEC's authority by creating a framework allowing companies issuing crypto to self-certify that they should be exempt from various securities requirements and by stripping away enforcement tools like disclosure and supervision that currently allow the SEC and states to protect and help investors who get scammed.

- The bill's "fix" for these issues, which calls for parity in regulatory treatment, allows ample room for the Commission to make exceptions for crypto—exceptions that are likely to swallow the rule.

Standard #2: The bill fails to close loopholes that enable illicit use of crypto by cartels, terrorists, and criminals, and jeopardize our national security.

A range of national security experts, law enforcement organizations, and anti-human trafficking organizations have flagged illicit finance concerns, including the National Sheriffs' Association, National Association of Assistant United States Attorneys, Alliance to End Human Trafficking, a coalition of Catholic Anti-Trafficking Leaders, American Christian Caucus, Transparency International U.S., Free Russia Foundation, Hudson Institute, and Financial Accountability and Corporate Transparency (FACT) Coalition. The Center for Strategic and International Studies (CSIS) and the Center for American Progress (CAP) have also called for changes to protect national security. A more expansive list of organizations expressing concern can be found here.

- The bill exempts businesses tied to decentralized finance platforms from counter-illicit finance responsibilities—even where these businesses can be shown to make millions from the platform's transactions. This approach ignores the Treasury Department's warning in 2023 that DeFi services can be "more appealing to criminals" because they are less likely to implement anti-money laundering measures, and that "illicit actors, including ransomware actors, thieves, scammers, and drug traffickers [are] using DeFi services to transfer and launder their illicit proceeds." Treasury noted that some DeFi services "have affirmatively touted a lack of AML/CFT controls as one of the primary goals of decentralization."

- Fails to clarify that a standard range of conventional crypto platforms need to take basic steps to prevent money laundering and other illicit activity like any other financial institution. Instead, the bill undermines the existing Financial Action Task Force global standard supported by the first Trump Administration, which some of our allies have exceeded. The bill instead moves backwards by signaling that only a narrow set of actors in the digital asset ecosystem need to take steps like monitoring for suspicious activity.

- Fails to close the Tornado Cash loophole, allowing some of the worst crypto "mixers" used to facilitate illicit finance to escape U.S. sanctions—even when the United States can show that they are laundering billions for terrorists, rogue states, cartels, or criminals. A court ruled that only Congress could address a statutory gap preventing Treasury from applying sanctions directly to specific mixers and other decentralized platforms that rely on smart contracts.

- Makes it easier for anyone outside the United States to escape the reach of U.S. sanctions enforcement simply by paying sanctioned actors in stablecoins instead of dollars, avoiding U.S. touchpoints that typically allow Treasury and DOJ to bring enforcement actions. The bill allows foreign persons to avoid penalties while Americans are always subject to enforcement no matter which currency they use.

Standard #3: The bill fails to protect our economy and taxpayers from bailouts and crashes, and reduces small business access to credit.

- The bill does not prevent the payment of interest or yield on stablecoins, which, as flagged by the Independent Community Bankers Association and state banking regulators (CSBS), could drain deposits from community banks and reduce access to credit for local small businesses. It could also decrease community development funding in underserved communities, as noted by NCRC. The "compromise prohibition" is full of loopholes and was rejected by community banks.

- Allows banks to engage in a range of highly risky crypto activities using Americans' taxpayer deposits, increasing the likelihood of financial crashes and bailouts, as flagged by the Systemic Risk Council. The bill allows banks to conduct DeFi activities, lend against crypto as collateral, own crypto directly, trade crypto derivatives, operate blockchain nodes, sell crypto software, and engage in the type of underwriting and dealing that the 1999 repeal of key Glass-Steagall Act provisions did not even permit.

- Banks are supposed to use customer deposits to lend responsibly to businesses and households to support the real economy, not use the federal safety net to subsidize crypto billionaires' Bitcoin portfolios.

Standard #4: The bill fails to eliminate the Trump family's crypto corruption—despite President Trump amassing over $1.4 billion in income from crypto.

These concerns have been flagged by experts and advocates including Democracy Defenders Action, Transparency International U.S., Americans for Financial Reform, Public Citizen, and Indivisible.

- The bill does not prohibit the President from making money from crypto through other people, companies, or licensing agreements, or from continuing to appear at events to promote his existing crypto products. Nor does it prevent the President from holding digital assets or shares of any companies investing in digital assets—all while he exercises unprecedented influence over regulators setting the rules for regulating them.

- Ensures that the prohibition is unenforceable. Trump's own Attorney General—who has said before Congress that he "is [Trump's] lawyer"—is the only official with the authority to police violations of the law, and the bill categorically precludes state attorneys general or anyone else from bringing an action to enforce the law. The obligations under the law also expire on the day Trump leaves office.

- So, the President and his family could continue to profit from their crypto ventures like:
    - $TRUMP and $MELANIA memecoins, while nearly 1 million investors have lost $3.8 billion from their holdings of $TRUMP;
    - World Liberty Financial, which has a pending federal bank charter application, has raised hundreds of millions from investors in its WLFI token, and issued a stablecoin which has generated significant proceeds for the Trump family, all while ordinary investors face significant losses from their holdings of the token and are prevented from selling to cut their losses;
    - American Bitcoin Corp., which is now public and trading on NASDAQ; and
    - Trump Media & Technology Group, which has issued tokens to shareholders, partnered with Crypto.com, and is working on merging with a nuclear fusion company to power data centers.

Standard #5: The bill fails to preserve consumer and investor protections that exist for other financial products and services.

Experts, state enforcement authorities, unions representing casino workers, and tribal representatives have flagged these concerns, including the North American Securities Administrators Association, AAJ, PIABA, UNITE HERE, and the Indian Gaming Association.

- The bill fails to preserve commonsense legal protections against investment fraud, corporate fraud, market manipulation, and insider trading. For example, although the draft purports to maintain the SEC's antifraud authority for crypto tokens, it would hamstring the SEC's ability to meaningfully enforce antifraud laws, by carving out many assets from the securities laws, and by prohibiting the SEC from collecting the types of disclosures that would allow it to police for fraud.

- Blocks state and tribal authorities from enforcing many of their own laws and state police powers, including securities, consumer protection, digital asset, gaming, and other laws that fight fraud and illegal conduct to protect investors and consumers. This would trample on states' and tribal rights, eliminating many rights and remedies consumers have under state law and leaving consumers worse off than they would be with no legislation.

- Fails to establish an enforceable private right of action or to address crypto's abuse of forced arbitration. This means that consumers and investors who are harmed will often be unable to seek remedies in court for fraud and other violations of the law.