

CHAPMAN

On-Chain Spotlight

October 5, 2026

On-Chain in the News

Regulatory Happenings

- **October 1:** The SEC has proposed new rules to modernize custody requirements for crypto assets held by registered investment advisers and regulated funds, aiming to clarify compliance pathways, expand investor access to crypto investment strategies, and update audit and custodial requirements. The proposal would permit self-custody and state trust company custodians for crypto assets, with a 60-day public comment period following publication in the Federal Register – read the press release [here](#).
- **October 1:** The New York State Department of Financial Services and the Wyoming Division of Banking have signed a memorandum of understanding to coordinate oversight of virtual currency and digital asset activities in both states, enabling information sharing, streamlined applications, and joint examinations – read New York’s press release and the memorandum of understanding [here](#).
- **October 1:** Illinois has agreed to postpone implementation of its new 0.2% crypto tax until July 1, 2027, pending court approval of a deal between the state and industry groups. The delay provides temporary relief for those challenging the constitutionality and enforceability of Illinois’s Digital Asset Tax Act in ongoing legal proceedings – read more [here](#).
- **September 30:** The US Treasury issued an interim final rule outlining procedures for states to submit their stablecoin oversight frameworks for federal approval, as required by the Genius Act. States must certify their regimes as substantially similar to federal standards by January 2028, with the rule allowing certain conditional submissions and providing a mechanism to address deficiencies; ongoing recertification and material change reporting are also required – read the rule [here](#).
- **September 28:** The CFTC posted a proposed rule titled “Further Definition of ‘Swap’ to Include Event Contracts” and an interim final rule titled “Further Definition of ‘Swap’ to Exclude Casino-Style Gambling Products,” steps that appear intended to clarify the swap definition’s treatment of event contracts while carving out casino-style gambling products – read the regulatory status [here](#).
- **September 28:** SEC Division of Corporation Finance staff issued FAQs stating that tokens received from liquid staking of ether may be treated as non-securities under specific circumstances when they function solely as receipt tokens for staked ETH and do not alter rights or rewards and the provider does not lend, pledge, or reuse the deposited ETH – read the FAQ page [here](#).
- **September 27:** Governor Gavin Newsom signed AB 2409 to bar California public officials from issuing meme coins or having their likeness used for them and signed SB 1208 expanding state money laundering laws to cover digital asset transactions – read Governor Newsom’s announcement [here](#).

Market Happenings

- **October 4:** Bitget began resuming withdrawals in phased stages after its security system detected unauthorized transfers from certain wallets on Sept. 24, with Bitget stating the incident was contained, cold wallets were unaffected, and the estimated impacted amount was revised to \$387.5 million – read Bitget’s update [here](#).

- **October 1:** Fiserv launched its digital asset platform, debuting Bank of North Dakota's Roughrider Coin, a dollar-backed stablecoin facilitating interbank transactions across North Dakota's network. The Roughrider Coin leverages Fiserv's custody and settlement infrastructure, with support from Versabank, Fireblocks, and the Solana blockchain, allowing over 90 banks and credit unions in North Dakota to benefit – read the press release [here](#).
- **September 30:** HSBC has officially named its upcoming Hong Kong stablecoin "HSBC RedCoin," launching with a phased rollout focused on person-to-person and merchant payments before expanding to institutional uses – read the press release [here](#).
- **September 29:** Robinhood is set to launch perpetual futures trading for US users, offering leverage and 24/7 trading on select equities through its platform and allowing users to build or connect custom AI trading agents using Robinhood Agents – read the press release [here](#).
- **September 28:** The CFTC approved Coinbase Clearing LLC to register as a derivatives clearing organization, completing Coinbase's in-house regulated derivatives infrastructure to list, broker, and clear fully collateralized futures, options on futures, and swaps – read the press release [here](#).
- **September 28:** Goldman Sachs is making its ~\$100 billion Treasury fund FTIXX available to institutional digital asset firms through the Lynx settlement network with trades handled by SEC-registered broker-dealer tZERO Securities – read tZERO's announcement [here](#).
- **September 28:** Citi and Coinbase expanded their partnership to streamline stablecoin payments for business clients, integrating Citi's Virtual Account Wallet with Coinbase's payment infrastructure to enable conversion between fiat and stablecoins. This allows US institutional clients to accept stablecoin payments via Citi's Spring platform—with automatic settlement into fiat – read the press release [here](#).
- **September 24:** Several UK banks including Barclays, HSBC UK, Lloyds, Nationwide, and Santander have completed live customer transactions using tokenized sterling deposits as part of the "Great British Tokenized Deposit" initiative – read the article [here](#).

Litigation, Enforcement, and Examinations

- **September 30:** The CFTC announced that a federal court has ordered two defendants in Louisiana and Arkansas to pay more than \$31 million in restitution and penalties for fraud involving digital assets and precious metals through the FundsZ scheme. These two individuals, along with two individuals from Florida, have been permanently banned from trading and registering with the CFTC – read the press release [here](#).
- **September 29:** The SEC filed two SDNY enforcement actions against Cryptoaiml Ltd. and TSAI Pro Ltd., alleging the offshore-controlled firms used WhatsApp and social media to run investment confidence scams involving fake crypto trading platforms and purported AI trading bots that misappropriated at least \$15 million from thousands of investors while falsely claiming SEC regulation – read the article [here](#) and the SEC press release [here](#).
- **September 28:** Kalshi is ending its Volume Incentive Program amid allegations of wash trading and regulatory scrutiny, with plans to terminate the program no earlier than October 13 – read the CFTC filing [here](#).
- **September 28:** Sen. Richard Blumenthal released a Permanent Subcommittee on Investigations staff report analyzing transactions from 846 Iran-linked sanctioned wallets and asserting USDT has become a significant channel for sanctions evasion and illicit finance. Tether responded by emphasizing its cooperation with law enforcement and reporting that actions involving USDT resulted in roughly \$550 million in Iran-linked freezes in 2026 – read the subcommittee report [here](#), and Tether's statement [here](#).
- **September 28:** The Sixth Circuit Court of Appeals ruled that Tennessee can enforce its sports betting laws against Kalshi, rejecting the company's claim that its sports-event contracts are federally regulated "swaps" exempt from state oversight – read Tennessee's press release [here](#).

- **September 25:** KelpDAO filed a lawsuit against LayerZero and its co-founder Bryan Pellegrino alleging undisclosed security weaknesses in LayerZero's cross-chain technology contributed to the April 22 exploit that drained about \$292 million in rsETH – read the article [here](#) and the KelpDAO announcement [here](#).
- **September 25:** Federal prosecutors in the Western District of Missouri charged Vietnam resident Trung Nguyen Van with money laundering in connection with an alleged pig butchering fraud in which a victim sent about \$16 million in cryptocurrency to a purported platform called Triangle; prosecutors said additional US victims reported similar losses linked to wallets that funneled funds to Van's crypto wallet – read the US Attorney's Office statement [here](#).
- **September 25:** The DC Circuit upheld Bitcoin Fog operator Roman Sterlingov's conviction and more than 12-year sentence, finding sufficient evidence that the mixer served customers in Washington, DC, potentially obscuring the path of funds in crypto transactions, and that the government's forensic analyses linking Sterlingov to the service were reliable; the defense plans to seek en banc review – read the opinion [here](#).

Sharing Our Insights

Chapman attorneys have been focused on the cryptocurrency, digital asset, and blockchain ecosystem for many years, and we have assisted clients in shaping industry understanding and strategy through substantive thought leadership. Our attorneys regularly share their insights at prominent industry forums, translating complex regulatory and market developments into actionable guidance for stakeholders navigating this dynamic space.

We Are Here to Help

We are available at any time to answer questions, discuss scenarios, and provide guidance. Reach out to any member of our Cryptocurrency, Digital Assets, and Blockchain team or the Chapman attorney with whom you work.



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