

CHAPMAN

On-Chain Spotlight

January 16, 2025

On-Chain in the News

- **January 7:** Wyoming launched the first state-backed stablecoin, the Wyoming Frontier Stable Token (FRNT), on Solana and several major EVM-compatible chains. FRNT is fully collateralized with state-managed reserves and is designed to serve both retail and institutional users, with reserve interest supporting Wyoming's school programs – read more [here](#).
- **January 9:** Ripple secured registration with the UK FCA, allowing it to conduct certain crypto-related activities under the country's money laundering regulations as Britain moves to integrate digital assets into its financial framework – read more [here](#).
- **January 9:** Stripe partnered with Crypto.com to enable consumers to pay select merchants with digital currencies, reflecting a growing trend among payment processors to expand crypto-funded checkout options – read more [here](#).
- **January 11:** Solana's blockchain functionality has been integrated into the X app, enabling users to trade, tip, mint NFTs, and use DeFi directly from social media posts – read more [here](#).
- **January 11:** On January 9th the American Bankers Association's Community Bankers Council urged the Senate to prohibit stablecoin issuers from offering interest or rewards, warning that up to \$6.6 trillion in deposits could be at risk. In contrast, JPMorgan views stablecoins as complementary to existing financial products – read more [here](#) and [here](#).
- **January 12:** Dubai's financial regulator banned privacy tokens from exchanges in the Dubai International Financial Centre and tightened stablecoin rules, shifting token approval responsibility to firms and aligning with global compliance standards – read more [here](#).
- **January 12:** Senator Cynthia Lummis introduced a standalone bill to protect non-custodial blockchain software developers from being classified as money transmitters – read more [here](#).
- **January 12:** CFTC Chair Michael Selig officially launched the Innovation Advisory Committee to guide the agency's approach to emerging technologies and digital assets, as Congress considers expanding CFTC authority over the sector – read more [here](#).
- **January 12:** According to the American Bank's anecdotal evidence, major US banks are increasingly discussing digital assets and exploring related technologies, but fintechs and crypto firms continue to dominate stablecoin issuance and market activity – read more [here](#).
- **January 12:** World Liberty Financial, a Trump family-backed crypto venture, launched its DeFi app, World Liberty Markets, enabling lending and borrowing of its USD1 stablecoin with multiple collateral options on Dolomite's platform – read more [here](#).
- **January 13:** In the most recent of several conflicting judicial decisions regarding prediction markets, on January 10, Tennessee regulators ordered Kalshi, Polymarket, and Crypto.com to cease offering sports betting contracts to state residents, refund deposits, and void open contracts by January 31. Kalshi has challenged the order and a federal judge has temporarily blocked Tennessee from enforcing the order – read more [here](#).
- **January 13:** Polygon Labs will acquire crypto payments firm Coinme and wallet infrastructure provider Sequence for over \$250 million. These acquisitions were likely made in preparation for Polygon's forthcoming Open Money Stack platform – read more [here](#).
- **January 13:** KRAKacquisition Corp., a SPAC sponsored by Kraken, has filed for a \$250 million IPO, with a focus on acquiring businesses in the cryptocurrency ecosystem – read more [here](#).

- **January 13:** Former NYC Mayor Eric Adams is facing allegations of a \$3 million rug pull after a wallet linked to the deployer of the NYC Token, which Adams promoted as a civic-focused memecoin, withdrew \$2.5 million in liquidity shortly after launch – read more [here](#).
- **January 12-14:** The Senate Banking Committee released a revised substitute to the House-passed CLARITY Act (H.R. 3633) ahead of markup. Given the Senate Agriculture Committee is yet to release its version, the only certainty is that the bill will continue to change and evolve. A quick comparison:

Topic	Senate Banking (Jan. 13 draft)	House CLARITY Act (H.R. 3633)
Token taxonomy/pathway	Defines an “ancillary asset” (SEC-supervised, transitional while value depends on originator efforts) and adds a network token (utility-based; not a security solely by securities laws).	Uses a “mature blockchain system” test to migrate assets to digital commodities regulated by the CFTC.
Offerings/exemptions	Regulation DA on-ramp with caps up to the greater of \$75M/year for four years or 10% of outstanding units; tailored secondary trading.	Narrower exemption (≈ \$50M/12 months) with purchaser limits; migration keyed to mature-system status.
Disclosures/exit	Semiannual, tailored disclosures; self-certification to exit when originator efforts no longer primarily drive value; SEC to define “investment contract” and “common control.”	Reporting tied to demonstrating mature-system decentralization and governance; different triggers/content.
Stablecoin rewards	Bans passive “hold” yields (including via third parties); allows transaction-linked/program-specific incentives.	No comparable restriction (stablecoins addressed separately).
DeFi/developers	Protects non-custodial developers and self-custody; imposes tailored duties on centralized DeFi interfaces.	Less prescriptive DeFi treatment.
Illicit finance	Emphasis on AML/sanctions: information-sharing pilots; Treasury sanctions-compliance guidance for stablecoin issuers.	Incorporates BSA/AML within market-structure framework.
CFTC definitions	No change to definitions of “commodity pool,” “commodity pool operator,” or “commodity trading advisor.”	House approach includes separate CFTC-side framework for digital commodities.
Status	Markup postponed after Coinbase withdrew support on Jan 14; negotiations ongoing.	House passed in July 2025.

While Sen. Banking Chair Tim Scott originally had planned an aggressive timeline for a mark-up leading to a Banking Committee vote, Coinbase withdrew its support the next day, on January 14, leading Sen. Scott to delay the mark-up (essentially going back to the drawing board on certain provisions). Industry leaders and legal experts believe the delay provides an opportunity to renegotiate key provisions, with hopes for a more balanced framework in future drafts, while debate continues over issues such as stablecoin yields, DeFi oversight, and ethics concerns – read more [here](#) and [here](#).

- **January 14:** Visa partnered with BVNK to enable stablecoin funding and payouts through its Visa Direct platform, allowing businesses in select markets to send instant payments to digital wallets, even outside banking hours – read more [here](#).

Upcoming

- **January 30:** Chapman and Cutler Partner Liz Boison will be speaking at ACI's Inaugural Forum on Payment Stablecoins: Law, Licensing & Compliance. Liz will be joined by NYDFS' Acting Executive Deputy Superintendent for Research and Innovation to discuss federal vs. state licensing regimes.

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 digital assets team or the Chapman attorney with whom you work.

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