

What Clarity Act Delay Reveals About U.S. Crypto Regulation

By **David Zaslow** (February 9, 2026)

In January, the U.S. Senate Banking Committee appeared poised to advance the Digital Asset Market Clarity Act, a sweeping effort to establish a comprehensive federal framework for digital assets.

The legislation passed the U.S. House of Representatives during last July's so-called crypto week. That initiative signaled a profound shift in how Washington approaches the burgeoning digital asset landscape, moving from cautious observation to active legislative engagement.



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The Genius Act, the bill that dominated the headlines that week, was signed into law on July 18, 2025. The Genius Act passed on a bipartisan basis and primarily focuses on providing a clear regulatory framework for stablecoins.

The passage of the Genius Act was a tremendous achievement, transforming a previously unregulated corner of the digital asset market into a more secure and transparent environment.

Unfortunately, the momentum behind the Clarity Act evaporated after leading industry participants publicly withdrew support for the bill's revised text. Within hours, on Jan. 14, 2026, committee leadership delayed the markup, with no new date announced.

The Senate's sudden postponement offers a timely lesson in how difficult it remains to legislate cryptocurrency in the U.S., even after years of bipartisan calls for regulatory clarity.

The delay does not mark the end of the Clarity Act. But it does illuminate the political and structural obstacles that continue to shape U.S. crypto regulation — and suggests why enforcement, rather than legislation, remains the dominant regulatory tool.

From Consensus to Conflict

At its core, the Clarity Act seeks to resolve a question that has dominated U.S. crypto law for more than a decade: Who regulates which digital assets, and under what legal framework?

Key objectives of the bill include:

- Statutory lines between the U.S. Securities and Exchange Commission and the U.S. Commodity Futures Trading Commission, ending what critics describe as regulation by enforcement;
- Clear token classifications, distinguishing securities, commodities, payment stablecoins and other digital assets;

- Tailored disclosure and compliance requirements for digital asset intermediaries; and
- Protections for certain software developers and decentralized networks, where no centralized intermediary exercises control.

That framework has long enjoyed nominal bipartisan support. Trouble emerged, however, as draft language moved from principle to implementation. Two issues proved especially divisive.

Stablecoin rewards emerged as a primary flash point. Traditional banks have lobbied aggressively to limit yield-generating stablecoin products, arguing they function as deposit substitutes outside the insured banking system. Crypto firms counter that prohibiting yield stifles innovation and entrenches incumbent financial institutions. Recent revisions narrowed permissible reward structures, drawing opposition from large digital asset platforms.

Second, developer and decentralized finance exposure reopened debates over when software development becomes a regulated financial activity. Industry participants warned that proposed provisions could subject noncustodial developers — which neither control user assets nor operate intermediaries — to compliance regimes designed for centralized actors. These concerns resonate amid recent criminal cases involving blockchain software.

Another contributor to the impasse concerned ethics provisions. Democrats on the committee continued to press for stronger safeguards that bar senior government officials, including the president, from personally profiting from crypto ventures. The White House has repeatedly pushed back on this issue.

The Power — and Risk — of Industry Opposition

The industry reaction was varied. Some major firms and advocacy groups, such as Andreessen Horowitz, Paradigm, Coin Center and the Digital Chamber, publicly reaffirmed their support for moving forward with a markup. In contrast, Coinbase CEO Brian Armstrong tweeted on Jan. 14 that "after reviewing the Senate Banking draft text ... Coinbase unfortunately can't support the bill as written." He identified the stablecoin reward issue and the erosion of CFTC authority as among his reasons for opposition.

The episode illustrates the growing political influence of major crypto intermediaries.

For lawmakers, the choice is unenviable: Advance a bill that alienates influential market participants, or delay reform and accept continued regulatory uncertainty. For regulators, the vacuum reinforces reliance on discretionary enforcement and informal guidance. And for courts, it ensures that, at least for the time being, crypto law will continue to develop incrementally through litigation rather than a comprehensive statute.

Next Steps

Despite the setback, Sen. Tim Scott, R-S.C., chair of the Senate Banking Committee, remains optimistic that the bill will eventually cross the finish line. On Jan. 14, he said that his Democrat and Republican colleagues remain "at the table working in good faith." Though the Banking Committee frames the pause as tactical rather than terminal,

Scott did not offer a new date for the markup or specify which issues would need to be resolved before it could be rescheduled.

In the meantime, the Senate Agriculture Committee moved forward. On Jan. 29, it passed its portion of the legislation — the Digital Commodity Intermediaries Act — by a 12-11 party-line vote, with zero Democratic votes in favor.

The legislation grants the CFTC primary supervision over spot markets of digital commodities like bitcoin and ether.

The most prominent proposed Democratic amendment would have required all federal elected officials, candidates and their families to place digital assets in a blind trust and prohibit them from issuing or endorsing digital assets. The rationale was to prevent conflicts of interest and address concerns about public officials profiting from the crypto markets they regulate.

Sen. John Boozman, R-Ark., chair of the Senate Agriculture Committee, noted that the concern was valid but said the request extended beyond the committee's authority. Another proposed Democratic amendment concerned consumer protection regarding crypto ATMs. Both were rejected by 11-12 party-line votes.

The Clarity Act delay should not necessarily be read as an absolute rejection of federal crypto legislation. Instead, it suggests three broader takeaways.

First, crypto regulation has entered a second, more difficult phase, where implementation details — not abstract principles — drive legislation.

Second, industry alignment is no longer guaranteed, even among crypto-friendly lawmakers and market participants.

Third, legislative outcomes might very well be iterative, with partial advances, delays and revisits rather than a single comprehensive reset.

One thing is certain, however. The Clarity Act needs 60 votes to pass the Senate, meaning at least seven Democrats must eventually support the bill.

The party-line vote at the Agriculture Committee is an indication that the much-touted bipartisan support for the bill has dissipated, at least temporarily. It will be up to the Banking Committee to try to get the statute back on track.

The Clarity Act's pause underscores a paradox at the heart of U.S. crypto regulation: broad agreement that clearer rules are necessary, coupled with repeated inability to agree on what those rules should be. Until Congress resolves that tension, regulatory clarity will remain aspirational — and delay will remain the governing reality.

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