

Banking and Finance Law Daily Wrap Up, FINANCIAL TECHNOLOGY—Senate Banking Committee advances CLARITY Act, (May 15, 2026)

Banking and Finance Law Daily Wrap Up

By Jeff Williams

Senator Warren and other Democrats said that the digital asset measure does not do enough to protect consumers from fraud or guard against the use of crypto currency for illicit purposes.

Over the objections of most Democrats, the Senate Banking, Housing, and Urban Affairs Committee has voted 15-9 to [advance](#) a version of the Digital Asset Market Clarity Act of 2025, which would establish a framework for cryptocurrency regulation. Democrats Ruben Gallego (D-Ariz.) and Angela Alsobrooks (D-Md.) [joined](#) committee Republicans in voting for the bill, with each saying they voted in favor so that work could continue on the measure and stressing that they have not committed to vote for the bill when it reaches the Senate floor.

Support. Banking Committee Chairman Tim Scott (R-S.C.) said in a [statement](#) after the vote that the legislation “brings digital assets into the sunlight with clear rules, stronger safeguards, and better tools to stop bad actors.” In his opening statement at the markup, Scott said that the bill achieves the goals of “protecting consumers, keeping innovation here at home, and safeguarding U.S. national security.”

The bill, he said, provides “clear disclosures, safeguards against fraud, and rules that keep markets open, fair, and efficient,” as well as a framework to protect digital asset investors with “real, enforceable legal standards.” The measure also “strengthens anti-money-laundering and sanctions rules and gives law enforcement better tools to go after bad actors,” Scott said.

Noting that the House passed its version of the measure last July, House Financial Services Committee Chairman French Hill (R-Ariz.) and House Agriculture Committee Chairman Glenn “GT” Thompson (R-Pa.) [praised](#) the Senate Banking Committee for advancing the measure and said that they “look forward to continuing to work with our Senate colleagues as the Banking and Agriculture Committees finalize the CLARITY Act and advance this historic legislation to the Senate floor.”

The Blockchain Association issued a [statement](#) touting the bill’s advancement, saying it “reflects the growing recognition across party lines that the United States needs clear rules of the road,” adding: “Important work still remains, and we are fully committed to continued engagement with lawmakers and stakeholders as the bill moves swiftly toward consideration on the Senate floor.”

Opposition. During her opening remarks at the markup, Sen. Elizabeth Warren (D-Mass.) [said](#) that the committee’s “job is not to advance a pro-industry crypto bill that will put American consumers, American investors, and our national security and our financial system at risk” or to “advance a pro-industry crypto bill that will grease the skids for the President of the United States, crypto grift while tens of millions of Americans can’t afford the basics.” Among other arguments, Warren said that the bill would “blow a hole in our securities laws that have protected investors since 1929,” “declares open season on defrauding American consumers who use crypto,” and allows banks to “load up on risky debts, letting them scrape off the profits, and then when it all comes crashing down, come back to the American taxpayer for a bailout.”

Prior to the markup, Warren and Sen. Jack Reed (D-R.I.), the ranking member of the Senate Armed Services

Committee, [sent](#) a letter to Treasury Secretary Scott Bessent and acting Attorney General Todd Blanche requesting an investigation into whether World Liberty Financial, a crypto company founded by President Trump's family, following reports that it partnered with a crypto venture "whose flagship project had been led by U.S.-sanctioned individuals."

In addition, the committee's Democratic staff [released](#) a "detailed national security advisory" they said shows how the measure makes the problem of digital assets being used for illicit activity "worse, not better." Among other issues, the bill fails to identify "which crypto platforms must take basic steps to prevent money laundering and other illicit activity like any other financial institution, leaving many transactions unmonitored for suspicious activity."

Among other Democrats speaking against the bill, Sen. Lisa Blunt Rochester (D-Del.) [said](#) that while bipartisan efforts have led to improvements in the legislation, she does not think the bill "adequately addresses several serious outstanding concerns related to consumer and investor protection, market integrity, illicit finance, conflicts of interest, and the broader stability of our financial system."

Senator Andy Kim (D-N.J.) said in [statement](#) after the vote that the bill the committee voted on "fell short of what we're capable of delivering," adding: "[B]ut I look forward to seeing how it can improve before it comes before the full Senate for a final vote."

In a statement after the vote, Sen. Chris Van Hollen (D-Md.) [faulted](#) the legislation for not doing enough to protect consumers, safeguard the financial system, and "stamp out" the use of cryptocurrency for criminal activity.

Sen. Mark Warner (D-Va.) issued a [statement](#) regarding his vote against the bill, saying that while "significant progress" was made in improving it, "there are still issues that must be addressed—particularly around safeguards against illicit finance and stronger ethics provisions to ensure accountability and public trust."

Sen. Catherine Cortez Masto (D-N.M.) [stated](#) that she voted against the bill because it "undermines law enforcement's ability to trace illicit finance and recover victims' money, while at the same time creating a more challenging environment to prosecute criminals for knowingly transmitting illicit funds."

Alsobrooks said after her vote in favor that "We still have work to do," stating that lawmakers "need to find a workable way to address law enforcement's concerns about financial crimes" as well as an "agreement on ethics—that would apply not just to the President and Vice President but to us all."

In his statement after the vote, Gallego [credited](#) "serious, bipartisan negotiations" for leading to "incredible progress on this bill" regarding "genuinely difficult questions about regulatory jurisdiction, consumer disclosure requirements, insolvency protections, stablecoin yield, crypto ATMs, and many more."

But, Gallego said, his committee vote "does not guarantee a vote on the floor."

National Community Reinvestment President and Chief Executive Officer Jesse Van Toi expressed concern in a [statement](#) that the bill's stablecoin "yield" prohibition "may be too easy to evade" and that while the legislation "appears to prevent companies from paying consumers interest simply for holding stablecoins, it allows rewards tied to activity, loyalty, tenure and other product use."

In a [joint statement](#), the American Bankers Association, the Bank Policy Institute, the Consumer Bankers Association, the Financial Services Forum, the Independent Community Bankers of America, and the National Bankers Association said that the vote was "an important step in establishing a regulatory framework around digital assets." They also said that the measure should be "strengthened further by tightening the prohibition on interest-like rewards for holding stablecoin while also allowing certain payment stablecoin transactions and activities to generate rewards."

Companies: American Bankers Association; Bank Policy Institute; Blockchain Association; Consumer Bankers Association; Financial Services Forum; Independent Community Bankers of America; National Bankers Association

LegislativeActivity: Blockchain CrimesOffenses FinTech FinancialStability

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