# U.S. Crypto Market Structure Bill proposes widespread overregulation risks stifling innovation



The recently unveiled Crypto Market Structure Bill, introduced by the U.S. Senate Banking Committee in July 2025, signals a pivotal development in the regulation of digital assets within the United States. The bill seeks to establish a comprehensive regulatory framework that enhances developer protections, clarifies token classifications, and entices institutional engagement. By distinguishing between various types of tokens, it aims to strike a careful balance between safeguarding innovation and ensuring regulatory oversight, marking a significant shift in how U.S. digital assets may be governed.

A central feature of the bill is its attempt to impose compliance requirements on digital commodity brokers, dealers, and exchanges, including their need to submit intent notices and initially operate under provisional registration with minimum safeguards. These measures closely resemble those imposed on traditional financial intermediaries. However, this regulatory model presents formidable challenges for decentralized organisations, especially those operating without central authority or formal organisational structures. The imposition of anti-money laundering (AML) and know-your-customer (KYC) obligations—catapulting such entities into the status of financial institutions—poses significant compliance burdens that may be difficult for decentralised finance (DeFi) protocols to fulfil. This could curtail innovation and generate legal uncertainties, potentially impeding the growth and competitiveness of decentralised projects compared to their traditional counterparts.

In contrast, crypto-friendly small and medium-sized enterprises (SMEs) in Europe stand to benefit from the clear regulatory framework introduced by the Markets in Crypto-Assets (MiCA) regulation, which comes into force at the end of 2024. MiCA requires Crypto Asset Service Providers (CASPs) to obtain licenses that are valid across all 27 EU member states through a passporting mechanism, removing the need for multiple regulatory approvals. This harmonised approach gives SMEs legal certainty and simplifies compliance while enabling cross-border scale and access to a wider customer base. By addressing critical issues such as money laundering risks and consumer protections, MiCA promotes an environment where innovation can thrive alongside trust and security.

Despite the bill’s ambitions, critics warn of the dangers of overregulation. Opponents argue that an overly broad and complex regulatory regime could diminish investor protections by encouraging regulatory arbitrage, where issuers classify tokens into less regulated categories to evade stringent rules. Such loopholes risk undermining market integrity and investor confidence. Additionally, the bill’s expansive scope could fuel prolonged negotiations and enforcement ambiguities, stifling innovation and delaying market progress. An ill-calibrated framework may either expose the wider financial system to shocks from crypto volatility or constrain innovation by pushing activity offshore or into less-regulated jurisdictions, highlighting the delicate balance regulators must achieve.

Asian fintech startups may also experience significant impacts due to the bill’s intricate regulatory demands and heightened oversight requirements. Many of these smaller firms, constrained by limited resources, could face increased compliance costs and legal uncertainties. The bill’s provisions—including joint supervision by the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC), as well as mandatory registration regimes—may disproportionately burden such startups, curtailing their agility and willingness to innovate or enter U.S. markets until the regulatory environment stabilises. Nevertheless, the bill could provide broader benefits by establishing a clearer global regulatory benchmark, encouraging financial hubs like Singapore and Hong Kong to align their standards accordingly. Clearer rules around stablecoins and digital commodities might also boost confidence in cross-border payments and remittances, key sectors for many Asian fintech companies.

The proposals come amid a broader landscape of evolving U.S. crypto regulation. The SEC has recently unveiled an agenda to overhaul crypto policies, aiming to clarify how digital assets fit within existing broker-dealer frameworks and potentially allowing crypto trading on national securities exchanges. Furthermore, the SEC and CFTC have initiated a collaborative effort to coordinate regulations concerning leveraged or financed spot retail commodity transactions involving digital assets. These moves reflect a growing institutional effort to address crypto risks and bring investor protections in line with traditional financial markets.

The U.S. House of Representatives also passed several key cryptocurrency bills in mid-2025, including legislation regulating stablecoins, a new crypto market structure framework, and prohibiting the Federal Reserve from issuing a central bank digital currency (CBDC). President Donald Trump signed the GENIUS Act, which sets regulatory standards for stablecoins, further cementing a pro-crypto legislative push. These legislative efforts have been met with mixed reactions: while some hail them as vital steps towards mainstream adoption and regulatory clarity, others raise concerns about potential conflicts of interest and the exclusion of the president and his family from anti-profiteering provisions in stablecoin regulation.

The passage of the GENIUS Act sparked positive market reactions, with crypto-linked stocks and tokens experiencing gains. Ether reached yearly highs while Bitcoin saw modest increases. Companies with crypto holdings, such as Coinbase and Circle, along with various crypto-based stocks and tokens like Solana and XRP, surged in value, reflecting renewed investor confidence and optimism about regulatory clarity's role in legitimising the sector.

Still, the differing approaches between the highly detailed House CLARITY bill and the more streamlined Senate Crypto Market Structure Bill highlight ongoing tensions in U.S. crypto policy. The House bill delves deeper into regulatory details, whereas the Senate’s approach aims for lighter regulation to facilitate passage. The reconciliation of these two versions will be critical in shaping the future of crypto regulation in the U.S., particularly regarding the status of major cryptocurrencies like Bitcoin and Ether, which both bills acknowledge as playing key roles in their respective blockchain systems and may not be treated as securities.

Overall, while the Crypto Market Structure Bill holds the promise of clearer rules and enhanced protections, its potential to introduce heavy compliance burdens and regulatory complexity raises concerns. The bill's ultimate impact will depend on how it balances innovation with oversight, manages industry growth, and harmonises with global regulatory trends to foster a healthy, resilient digital asset ecosystem.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets), [[4]](https://www.axios.com/2025/07/24/crypto-senate-clarity-market-structure)
* Paragraph 2 – [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)
* Paragraph 3 – [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)
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* Paragraph 5 – [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)
* Paragraph 6 – [[2]](https://www.reuters.com/legal/government/us-sec-unveils-agenda-revamp-crypto-policies-ease-wall-street-rules-2025-09-04/), [[3]](https://www.reuters.com/business/us-securities-commodities-regulators-announce-joint-crypto-initiative-2025-09-02/), [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)
* Paragraph 7 – [[5]](https://apnews.com/article/a1266b6a9b30edf59d73f835251fa23f), [[6]](https://www.kiplinger.com/investing/cryptocurrency/genius-clarity-anti-cbdc-acts-what-bitcoin-investors-need-to-know)
* Paragraph 8 – [[7]](https://www.reuters.com/business/media-telecom/crypto-linked-stocks-advance-after-trump-signs-stablecoin-law-2025-07-21/), [[5]](https://apnews.com/article/a1266b6a9b30edf59d73f835251fa23f), [[6]](https://www.kiplinger.com/investing/cryptocurrency/genius-clarity-anti-cbdc-acts-what-bitcoin-investors-need-to-know)
* Paragraph 9 – [[4]](https://www.axios.com/2025/07/24/crypto-senate-clarity-market-structure), [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)
* Paragraph 10 – [[1]](https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets)

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## Bibliography

1. <https://www.onesafe.io/blog/crypto-market-structure-bill-impact-on-digital-assets> - Please view link - unable to able to access data
2. <https://www.reuters.com/legal/government/us-sec-unveils-agenda-revamp-crypto-policies-ease-wall-street-rules-2025-09-04/> - The U.S. Securities and Exchange Commission (SEC) has unveiled a comprehensive agenda to overhaul cryptocurrency regulations and ease compliance burdens for Wall Street. Key proposals include establishing clearer rules for the offer and sale of digital assets, potential exemptions and safe harbors, and clarifications on how crypto fits within existing broker-dealer frameworks. The SEC is also considering permitting crypto to be traded on national securities exchanges and alternative trading systems, signaling a shift towards greater integration with traditional finance. ([reuters.com](https://www.reuters.com/legal/government/us-sec-unveils-agenda-revamp-crypto-policies-ease-wall-street-rules-2025-09-04/?utm_source=openai))
3. <https://www.reuters.com/business/us-securities-commodities-regulators-announce-joint-crypto-initiative-2025-09-02/> - The U.S. Securities and Exchange Commission (SEC) and the U.S. Commodity Futures Trading Commission (CFTC) have announced a joint initiative to coordinate their regulatory efforts concerning digital assets. This collaboration aims to provide guidance specifically regarding the 'listing of leveraged, margined, or financed spot retail commodity transactions on digital assets.' The joint effort underscores the growing need for regulatory clarity in the digital asset market and suggests a unified approach by the two main U.S. financial regulatory agencies to address evolving risks and ensure investor protection in the expanding crypto space. ([reuters.com](https://www.reuters.com/business/us-securities-commodities-regulators-announce-joint-crypto-initiative-2025-09-02/?utm_source=openai))
4. <https://www.axios.com/2025/07/24/crypto-senate-clarity-market-structure> - The U.S. Senate has released a simplified draft of its crypto market structure legislation, which contrasts significantly with the House's more detailed CLARITY bill. The main issue at stake is how different digital assets should be classified—especially whether they qualify as securities. Both the House and Senate versions agree that some digital assets, such as Ether and Bitcoin, serve essential functions in their respective blockchain systems and may not necessarily be securities. They also propose mechanisms for new tokens to demonstrate, via SEC certification, that they do not qualify as securities. However, the House bill dives deeper into regulatory specifics, whereas the Senate’s approach is lighter, likely to ease passage. The reconciliation of these two versions—balancing detailed oversight with political feasibility—will shape the future of U.S. crypto regulation. ([axios.com](https://www.axios.com/2025/07/24/crypto-senate-clarity-market-structure?utm_source=openai))
5. <https://apnews.com/article/a1266b6a9b30edf59d73f835251fa23f> - On July 17, 2025, the U.S. House passed three major cryptocurrency bills aimed at regulating the rapidly expanding digital asset market. One bill, already approved by the Senate, regulates stablecoins—cryptocurrencies tied to stable assets like the U.S. dollar—and now heads to President Donald Trump for signing. It passed 308-122 and includes measures like anti-money laundering compliance and reserve backing requirements. Other bills passed by the House include legislation establishing a new market structure for cryptocurrencies and another prohibiting the Federal Reserve from issuing a central bank digital currency (CBDC). The latter passed narrowly, 219–210. The legislation comes amid President Trump’s push to establish the U.S. as a global crypto leader. However, internal GOP disagreements delayed the process. Industry experts and lawmakers see the bills—supported by significant lobbying efforts—as essential to legitimizing cryptocurrencies for mainstream adoption. Some Democrats, including Rep. Maxine Waters and Sen. Elizabeth Warren, criticized the regulatory framework and raised concerns about Trump's personal crypto investments, warning of potential conflicts of interest and risks from private corporate currencies. A provision banning congressional profiting from stablecoins does not extend to the president or his family, intensifying criticism. ([apnews.com](https://apnews.com/article/a1266b6a9b30edf59d73f835251fa23f?utm_source=openai))
6. <https://www.kiplinger.com/investing/cryptocurrency/genius-clarity-anti-cbdc-acts-what-bitcoin-investors-need-to-know> - Since President Trump’s election win, Bitcoin has surged from $70,000 to $120,000, driven by expectations of a crypto-friendly government. Three major crypto-related bills—the GENIUS Act, the CLARITY Act, and the Anti-CBDC Surveillance State Act—are shaping the U.S. crypto landscape. The GENIUS Act, now law, sets regulatory standards for stablecoins, aiming to balance innovation, privacy, and oversight. This supports broader crypto adoption and encourages businesses and investors to engage with digital assets. The CLARITY Act, passed in the House, seeks to resolve regulatory confusion between the SEC and CFTC by defining clear rules for digital asset markets. Its progress is crucial to fostering innovation and confidence in the ecosystem. Meanwhile, the Anti-CBDC Surveillance State Act—also approved by the House—opposes the creation of a U.S. central bank digital currency (CBDC), addressing privacy concerns and reinforcing the value of decentralized cryptocurrencies like Bitcoin. As these bills progress, they could significantly influence the crypto market, investor confidence, and the future of financial systems in the U.S. ([kiplinger.com](https://www.kiplinger.com/investing/cryptocurrency/genius-clarity-anti-cbdc-acts-what-bitcoin-investors-need-to-know?utm_source=openai))
7. <https://www.reuters.com/business/media-telecom/crypto-linked-stocks-advance-after-trump-signs-stablecoin-law-2025-07-21/> - On Monday, crypto-linked stocks saw gains following President Donald Trump’s signing of the GENIUS Act, a new law regulating stablecoins in the U.S. The law, passed with strong bipartisan support, prohibits regulated stablecoins from offering yields or interest, prompting investor interest in alternative assets like ether, which reached a yearly high of $3,795.4. Bitcoin rose slightly by 0.4% but remains below its recent all-time high. The legislation is considered a significant victory for the crypto industry, which has long advocated for regulatory clarity to increase market legitimacy. Notably, both Coinbase and Circle saw modest stock increases. U.S.-listed companies with crypto holdings, including BitMine, Bit Digital, BTCS, and SharpLink Gaming, surged between 2.3% and 8%. Dynamix Corporation soared 26.2% after announcing a merger with Ether Reserve to form The Ether Machine. Other crypto tokens like Solana and XRP also rose, the former hitting its highest level since February. The ProShares Ultra Solana ETF jumped 17.2%. Overall, the total market capitalization of the crypto sector reached $4 trillion, signaling renewed investor confidence. ([reuters.com](https://www.reuters.com/business/media-telecom/crypto-linked-stocks-advance-after-trump-signs-stablecoin-law-2025-07-21/?utm_source=openai))