

SEC, CFTC Launch Unified "Project Crypto"

Client Alerts

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On January 29, 2026, the SEC and CFTC jointly announced Project Crypto, transforming what had been an internal SEC initiative launched in 2025 into a landmark inter-agency collaboration to unify digital asset regulation in the United States. This expansion of Project Crypto into a joint effort directly addresses two longstanding problems that have plagued the digital asset industry: the persistent uncertainty about which agency has jurisdiction over particular products, and the potential for turf battles between regulators that have left market participants caught in the crossfire. By developing a shared regulatory framework, the agencies seek to streamline oversight, reduce duplicative requirements, and bolster institutional confidence in US crypto markets. The move is expected to impact exchanges, trading platforms, software developers, and institutional investors operating in the digital asset space.

Key Points

- SEC and CFTC launched joint Project Crypto for unified digital asset regulation, ending years of jurisdictional confusion and inter-agency conflict.
- Initiative includes shared taxonomy, coordinated oversight, and streamlined compliance for crypto firms.
- Immediate priorities: tokenized collateral guidance, leveraged trading rules, and safe-harbor for developers.
- Project Crypto represents one of several positive regulatory developments, though comprehensive legislation remains pending.

Background

Project Crypto marks a significant evolution from an internal SEC program launched in 2025 into a comprehensive, inter-agency effort. The announcement, made by SEC Chairman Paul S. Atkins and CFTC Chairman Michael S. Selig, underscores the agencies' commitment to addressing the fragmented regulatory landscape that has complicated compliance for market participants.

For years, firms dealing in digital assets have faced a regulatory gauntlet: overlapping and sometimes conflicting requirements from the SEC and CFTC, with each agency claiming authority

over different aspects of the same products. This jurisdictional ambiguity has driven up compliance costs, stifled innovation, and in some cases pushed businesses offshore. The uncertainty wasn't merely academic—market participants faced real risk of enforcement action for guessing wrong about which regulator's rules applied. Project Crypto aims to end this regulatory impasse.

In Chairman Selig's first public remarks, he noted that this marks "the beginning of a new chapter for the CFTC. One that builds on the Commission's legacy while sharpening its focus on regulatory clarity, inter-agency coordination, and permissionless innovation."

The initiative comes as Congress continues to debate broader digital asset legislation, with progress slowed by disagreements over stablecoin regulation. While Project Crypto represents welcome progress, it is one piece of a larger regulatory puzzle. Comprehensive legislation could provide even greater certainty, establish clear statutory definitions, and potentially expand agency authorities in ways that administrative action alone cannot achieve. Despite legislative delays, both agencies emphasized their ability to provide interim guidance and operational adjustments, ensuring that market participants receive clearer direction in the near term. In short, while the agencies stand ready to help implement any new legislation, they will also continue to move the ball forward regardless of what happens in Congress.

Key Elements of Project Crypto

Central to Project Crypto is the creation of a shared crypto-asset taxonomy, which will clarify the distinction between securities and commodities in the digital asset space—resolving what has been perhaps the most contentious question in digital asset regulation. This is expected to reduce regulatory arbitrage and help firms understand which agency's rules apply to their products and services. The initiative also aims to eliminate duplicate registration requirements for firms subject to oversight by both agencies, streamlining compliance and reducing administrative burdens. As SEC Chairman Atkins said in the announcement of the project: "Working together with common purpose, we can deliver clearer guidance, consistent standards, and a regulatory framework that reflects how markets actually function instead of how they used to."²

The SEC and CFTC will formalize their cooperation through a memorandum of understanding, establishing joint data-sharing protocols, coordinated surveillance, weekly leadership calls, and harmonized rulemaking processes. Immediate priorities include:

- Issuing guidance and developing rules to enable responsible deployment of additional forms of eligible tokenized collateral;
- Onshoring perpetual and other novel derivative products;
- Exploring safe-harbor frameworks for software developers;
- Facilitating "Super-Apps";

- Rulemaking to support lawful innovation in prediction markets and event contracts; and
- Setting clearer rules for leveraged, margined, or financed retail crypto trading.

Implications for Market Participants

For crypto exchanges, trading platforms, and institutional investors, Project Crypto promises a more predictable and efficient regulatory environment, which should reduce costs and uncertainty. The initiative is also designed to maintain American competitiveness by supporting innovative new products and services, as other jurisdictions seek to attract crypto innovation. As Chairman Atkins said, "the future of finance will be built somewhere. Through Project Crypto, we can help to ensure that it is built here, under rules that protect investors, support innovation, and cement America's leadership in the global financial system."³

Of course, the proof will be in the execution. Joint initiatives require sustained coordination, and the agencies' ability to maintain alignment through leadership transitions and market disruptions remains to be seen. The devil, as always, will be in the details of the actual guidance, rules, and enforcement priorities that emerge from Project Crypto. Market participants should monitor developments closely and engage in the rule making process to ensure that the promise of regulatory clarity translates into workable compliance frameworks.

This article is available in the Jenner & Block Japan Newsletter. / この記事はJenner & Blockニュースレターに掲載されています。

Footnotes

[1] Michael S. Selig, Chairman, CFTC, *The Next Phase of Project Crypto: Unleashing Innovation for the New Frontier of Finance* (Jan. 29, 2026), <https://www.cftc.gov/PressRoom/SpeechesTestimony/opaselig1>.

[2] Paul S. Atkins, Chairman, SEC, *Opening Remarks at Joint SEC-CFTC Harmonization Event – Project Crypto* (Jan. 29, 2026), <https://www.sec.gov/newsroom/speeches-statements/atkins-remarks-joint-sec-cftc-harmonization-event-project-crypto-012926>.

[3] *Id.*

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