

The Year Clarity Came to Crypto

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Christopher Gannatti, CFA

Global Head of Research

Ryan Louvar

Chief Legal Officer and Head of Business and Legal Affairs, Digital Assets

Dovile Silenskyte

Director, Digital Assets Research

Key Takeaways

- In 2025, crypto regulation shifted dramatically from uncertainty to structure, with the Clarity Act and Genius Act laying the groundwork for scalable, predictable policy frameworks.
- Institutional adoption accelerated as the SEC approved generic crypto ETF listings and Europe and the UK normalized access, transforming digital assets from speculation to portfolio allocation.
- Stablecoins emerged as powerful instruments, and tokenized money markets gained traction, cementing crypto's role as infrastructure for modern financial utility across global markets.

By any reasonable standard, 2025 has been the most important year for digital-asset policy since Bitcoin's genesis block.

For years, crypto investors operated in the twilight zone between regulatory indifference and selective enforcement. That era is ending. Across Washington, London and Brussels, policy makers are converging on something the industry has never really had: rules that can scale. The Clarity Act,¹ the Genius Act² and a new tone at the Securities and Exchange Commission³ (SEC) have replaced the improvisational hostility of prior years with something far more consequential: *predictable governance*.

And predictability, in markets, is a form of oxygen.

Policy as Catalyst

The Clarity Act began as a technical debate, an effort to draw a jurisdictional map between the SEC and the Commodity Futures Trading Commission (CFTC). But in practice, it represents the first genuine attempt at a federal framework for digital assets. It classifies tokens, sets registration pathways and attempts to end a decade of turf wars. It even folds in provisions on central-bank digital currencies, reflecting political anxiety that a state-issued token could one day crowd out the private sector.⁴

The bill's trajectory has been messy. It sailed through the House with bipartisan support, stalled in the Senate Banking and Agriculture committees and was derailed by a government shutdown. Realistically,

2026 looks like the earliest date for passage. But markets trade on direction, not perfection, and the direction has clearly changed.

In parallel came the Genius Act, which standardized the treatment of U.S. stablecoins and was signed into law. The law confines backing assets to short-duration Treasuries, repurchase agreements and SEC-registered money market funds investing in such assets and explicitly bars issuers from paying yield, closing the door on the most aggressive forms of "stablecoin carry trade." Yet the Act left a backdoor open: intermediaries such as exchanges may still pay yield or rewards on the coins they custody.⁵ That loophole is likely to be the next policy front line, because it pits banks, who see a flight of deposits, against platforms that can pass Treasury yields through to their users almost frictionlessly.

The outcome will determine whether stablecoins evolve into regulated *yield-bearing cash* or remain payment tokens. Either way, the U.S. has accepted that dollar-denominated stablecoins are here to stay. The debate has shifted from *whether* to *how*.

The Institutional Turn

The most under-appreciated policy change of 2025 may be procedural, not legislative. The SEC's approval of generic listing standards for digital-asset exchange-traded products finally removed a decade-long bottleneck. It means that multi-asset or "basket" crypto ETFs can now list without bespoke approvals. Roughly a dozen assets qualify under the new template.⁶

That simple rule change ends the one-off discretion that plagued prior applications. It also opens the door to broader indexes that could mirror the market-cap composition of the crypto universe. In other words, investors will soon be able to own digital assets the same way they own equities, bonds or commodities: through standardized, regulated wrappers.

From Enforcement to Innovation

Policy isn't just being written; it's being *re-administered*. The SEC's new leadership has rebranded its posture from enforcement to innovation.⁷ The agencies have created a crypto task force staffed by veterans of both camps, including Mike Selig, now nominated to chair the CFTC.⁸ The tone is pragmatic: invite issuers in early, identify friction points and adjust rules iteratively rather than through litigation.

That cultural shift is subtle but revolutionary. In the previous cycle, engaging the regulator was a reputational risk; today, it's a requirement for institutional capital. Regulation by enforcement froze experimentation. Regulation by dialogue channels it.

Europe's Running Start and the UK Catch-Up

Crypto exchange-traded products have traded on European bourses for more than five years, giving the continent a functioning playbook for custody, audits and investor disclosure.⁹ The UK's Financial Conduct Authority finally joined the mainstream in 2025 by allowing UK retail investors to trade Bitcoin and Ethereum ETNs that are listed on the London Stock Exchange and, crucially, hold them inside tax-advantaged ISA¹⁰ accounts.¹¹

The rules are not *laissez-faire*. Retail investors must complete a comprehension exam, acknowledge risk disclosures and observe a 24-hour "cool-off" period before purchasing.¹² But that is precisely the point: regulation that feels procedural rather than punitive. The UK has turned crypto from a prohibited asset into a supervised one.

Across Europe, investors are already treating digital assets as another building block of diversified portfolios. The standard approach begins with a broad crypto basket, a market-cap-weighted capped exposure to the largest coins, and then adds *tilts* toward specific narratives: Ethereum for tokenization and stablecoin infrastructure, Solana for retail-facing ecosystems or XRP and Stellar Lumens for cross-border settlement.

This structure echoes traditional asset allocation logic: use a beta vehicle for exposure, apply alpha tilts where conviction exists. It's no longer speculation; it's portfolio construction.

Stablecoins and the Yield Discussion

The most powerful force in digital finance remains the same one that moves all finance: yield differentials. Stablecoins have quietly become high-efficiency wrappers around Treasury bills.

That reality explains both the political heat and the innovation energy around the sector. Banks see stablecoins as unauthorized money-market funds that might siphon deposits. Legislators see them as new channels for monetary transmission. Technologists see them as programmable payment rails.

The next evolutionary step is being realized via tokenized money market funds, regulated vehicles whose shares circulate on-chain, combining the yield of Treasuries with the settlement speed of crypto. Money market funds may be the tip of the iceberg for tokenization, though, as the combination of investor access to real-world access combined with the benefits of blockchain, such as quicker settlement speed, provides a compelling combination for asset issuers and investors alike.

Utility, Geography and the Two Worlds of Crypto

The conversation about "use cases" has matured. Bitcoin functions as digital gold: a non-sovereign store of value, macro-hedge and portfolio diversifier. But the growth frontier lies elsewhere.

In emerging markets, XRP facilitates institutional cross-border payments, while Stellar Lumens (XLM) targets remittances for the unbanked. These tokens act as bridge currencies between local denominations, and Stellar even allows collapsing multi-step FX chains into single-step transfers and cutting transaction costs in half. For someone wiring money from one frontier economy to another, that efficiency is not a novelty; it's survival.

In the developed world, the utility conversation centers on tokenization: moving Treasuries, money-market instruments and real-world assets onto programmable ledgers. Ethereum dominates that domain. As stablecoin supply scales toward multi-trillion levels by 2030, the underlying blockchains, primarily Ethereum and its roll-ups, capture the transaction volume and fee base.

Different geographies, different motivations, one shared trend: crypto has become the infrastructure for money in motion.

Gold, Dollars and the Meaning of "Stable"

A lingering curiosity in 2025 is the rise of *gold-backed* stablecoins. Conceptually elegant, practically limited. Gold may hedge inflation risks, but it is not stable against the unit in which most liabilities are denominated: the dollar. The Genius Act's dollar-Treasury architecture reinforces that reality.

Still, the experiment matters. In a world of fragmented trust, alternative anchors will attract interest. The question is not whether a gold-backed coin can exist—it can—but whether its volatility relative to consumer obligations makes it useful as a medium of exchange. For now, the market's verdict is clear: more than 99% of stablecoins remain dollar-based.¹³ Stability, in practice, still means green paper and Treasury bills.

The New Allocation Logic

If 2020–2024 were the proof-of-concept years for crypto regulation, 2025 is the institutional onboarding year. Global crypto market capitalization sits near \$4 trillion,¹⁴ large enough that asset allocators must now decide whether ignoring it is defensible.

The Broader Arc

Looking Ahead

If 2025 is the year of clarity, 2026 will be the year of implementation.

Investors who once viewed regulation as a headwind are beginning to see it as distribution. The analogy is apt: in equities, disclosure rules enabled mass ownership; in bonds, ratings and indexes enabled scale. Digital assets are approaching that same type of threshold.

Clarity, it turns out, is not the end of the crypto story; it's the beginning of its institutional chapter.

1. Source: F. Hill, "Digital Asset Market Clarity Act of 2025" (H.R. 3633), 119th Congress, 5/29/25.
2. Source: Senate, "Guiding and Establishing National Innovation for U.S. Stablecoins Act" (Pub. L. No. 119–27), 119th Congress, 7/18/25.
3. Source: P. S. Atkins, "Prepared remarks before SEC Speaks" [speech], Securities and Exchange Commission, 5/19/25.
4. Source: Hill, 2025.
5. Source: "Guiding and Establishing National Innovation for U.S. Stablecoins Act," 2025.

6. Source: "Statement on Commission Approval of Generic Listing and Trading on Three National Securities Exchanges of Certain Commodity-Based Exchange-Traded Products" (including digital-asset commodities), U.S. Securities and Exchange Commission, 9/17/25.
7. Source: P. S. Atkins, "Prepared Remarks Before SEC Speaks" [speech], SEC, 5/19/15.
8. Source: M. Selig, "Trump picks SEC crypto task-force chief Selig to run CFTC" [news article], Reuters, 10/24/25.
9. Source: "Global Crypto Regulation Report 2025" (third annual edition), PricewaterhouseCoopers (PwC), (2025).
10. In the UK, ISA stands for individual savings account.
11. Source: "FCA opens retail access to crypto ETNs" [press release], Financial Conduct Authority, 8/1/25.
12. Source: "UK opens the door to retail crypto ETNs: What changes on 8 October and who benefits?", BullBaba, 8/3/25.
13. Source: "Stablecoins Enter the Mainstream" (No. 2025-10), TD Economics, 10/25.
14. Source: "Total crypto market cap rides Bitcoin bulls to \$4.35 trillion all-time high," Cryptopolitan, 10/5/25.

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Important Risks Related to this Article

Crypto assets, such as bitcoin and ether, are complex, generally exhibit extreme price volatility and unpredictability and should be viewed as highly speculative assets. Crypto assets are frequently referred to as crypto “currencies,” but they typically operate without central authority or banks, are not backed by any government or issuing entity (i.e., no right of recourse), have no government or insurance protections, are not legal tender and have limited or no usability as compared to fiat currencies. Federal, state or foreign governments may restrict the use, transfer, exchange and value of crypto assets, and regulation in the U.S. and worldwide is still developing.

Crypto asset exchanges and/or settlement facilities may stop operating, permanently shut down or experience issues due to security breaches, fraud, insolvency, market manipulation, market surveillance, KYC/AML (know your customer/anti-money laundering) procedures, noncompliance with applicable rules and regulations, technical glitches, hackers, malware or other reasons, which could negatively impact the price of any cryptocurrency traded on such exchanges or reliant on a settlement facility or otherwise may prevent access or use of the crypto asset. Crypto assets can experience unique events, such as forks or airdrops, which can impact the value and functionality of the crypto asset. Crypto asset transactions are generally irreversible, which means that a crypto asset may be unrecoverable in instances where: (i) it is sent to an incorrect address, (ii) the incorrect amount is sent or (iii) transactions are made fraudulently from an account. A crypto asset may decline in popularity, acceptance or use, thereby impairing its price, and the price of a crypto asset may also be impacted by the transactions of a small number of holders of such crypto asset. Crypto assets may be difficult to value, and valuations, even for the same crypto asset, may differ significantly by pricing source or otherwise be suspect due to market fragmentation, illiquidity, volatility and the potential for manipulation. Crypto assets generally rely on blockchain technology, and blockchain technology is a relatively new and untested technology that operates as a distributed ledger. Blockchain systems could be subject to internet connectivity disruptions, consensus failures or cybersecurity attacks, and the date or time that you initiate a transaction may be different than when it is recorded on the blockchain. Access to a given blockchain requires an individualized key, which, if compromised, could result in loss due to theft, destruction or inaccessibility. In addition, different crypto assets exhibit different characteristics, use cases and risk profiles. Information provided by WisdomTree regarding digital assets, crypto assets or blockchain networks should not be considered or relied upon as investment or other advice or as a recommendation from WisdomTree, including regarding the use or suitability of any particular digital asset, crypto asset, blockchain network or any particular strategy.