

# Federal Law Is About to Authorize Every US Bank to Trade Altcoins

CLARITY Act Title I, CFTC Digital Commodity Broker Registration, and the Bank Altcoin Trading Window Opening in 2026 -- Q2 2026

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The most commercially consequential provision buried inside the 309-page Digital Asset Market Clarity Act is not the five-category taxonomy, not the DeFi safe harbor, and not the stablecoin yield compromise that has consumed months of Senate negotiation. It is the expedited registration framework for digital commodity brokers and dealers in Title I, Section 106. When the CLARITY Act is signed into law -- targeted for July 4, 2026, with Polymarket pricing passage odds at 59% and FinTech Weekly citing 72% -- every bank, brokerage, and financial institution in the United States that registers as a digital commodity broker or digital commodity dealer with the CFTC has legal authorization to buy and sell altcoins on behalf of their clients. Not Bitcoin alone. Not Ethereum alone. All 16 named digital commodities in the March 17, 2026 SEC-CFTC joint interpretation, and any additional assets that the CFTC subsequently classifies as digital commodities under the CLARITY Act's definitions. JPMorgan, Goldman Sachs, Bank of America, Charles Schwab, Fidelity, and every other CFTC-registered broker-dealer can become a regulated altcoin trading venue within 90 days of the CLARITY Act becoming law. White House crypto adviser David Sacks confirmed the commercial implication directly: major banking institutions will make a full-scale entry into cryptocurrency markets if Congress passes the CLARITY Act. That entry is now being written into the law itself.

## 01 -- THE BROKER DEALER REGISTRATION PROVISION: WHAT TITLE I SECTION 106 ACTUALLY DOES

Section 106 of the CLARITY Act -- titled Expedited Registration for Digital Commodity Exchanges, Brokers, and Dealers -- is the provision that transforms the altcoin market from a retail-dominated, crypto-native-exchange market into a market that every registered US financial institution can legally participate in. Understanding the mechanics of Section 106 requires understanding what currently prevents banks from trading altcoins on behalf of clients.

Currently, a US national bank that wants to trade altcoins on behalf of institutional clients faces a regulatory barrier that has nothing to do with Bitcoin or Ethereum specifically and everything to do with the absence of a statutory framework that authorizes the activity. Under the Bank Secrecy Act, the OCC's interpretive letters, and the absence of any clear CFTC or SEC authorization for digital commodity trading by banks, legal counsel at major financial institutions has consistently advised that the regulatory risk of offering altcoin trading services exceeds the commercial benefit -- not because the activity is prohibited, but because the regulatory framework that would authorize it clearly and permanently does not exist. The CLARITY Act creates that framework.

Section 106's expedited registration process works as follows. Within 180 days of the CLARITY Act's enactment, the CFTC must adopt by rule, regulation, or order a process for expedited registration as a digital commodity exchange, digital commodity broker, or digital commodity dealer. Once that registration process is established, any entity that was already registered with the CFTC in another capacity -- including banks with existing CFTC registrations for derivatives trading -- has 90 days to register as a digital commodity broker or dealer. During that 90-day window, the entity can operate under provisional status, meaning it can begin offering digital commodity trading services to clients before the CFTC completes its review of the registration application.

The practical implication of the expedited registration and provisional status provisions is that the largest financial institutions in the United States -- which already have CFTC registrations for their derivatives and futures trading businesses -- can begin offering altcoin trading services to their clients within approximately 270 days of the CLARITY Act's signing. That timeline -- 180 days for the CFTC to establish the registration process plus 90 days of provisional operation -- means banks could be offering digital commodity trading services to institutional clients as early as Q1 2027 if the CLARITY Act is signed on July 4, 2026.

***SECTION 106 TIMELINE: CLARITY Act signed July 4 2026. CFTC establishes registration process within 180 days. Banks with existing CFTC registrations apply within 90 days under provisional status. Banks legally trading altcoins for institutional clients as early as Q1 2027. No separate act of Congress required.***

## **02 -- WHICH ALTCOINS BANKS CAN LEGALLY TRADE: THE 16 NAMED DIGITAL COMMODITIES**

The specific altcoins that banks can legally trade under the CLARITY Act broker-dealer registration framework are determined by the digital commodity classification in the five-category taxonomy. The March 17, 2026 SEC-CFTC joint interpretive release named 16 digital assets as digital commodities. When the CLARITY Act codifies this taxonomy into permanent federal statute, those 16 assets become the definitive list of altcoins that registered digital commodity brokers and dealers can trade without SEC securities law compliance requirements.

The 16 digital commodities named in the March 17 joint interpretation are Bitcoin, Ethereum, Solana, XRP, Cardano, Avalanche, Polkadot, Chainlink, Litecoin, Bitcoin Cash, Stellar, Cosmos, Algorand, Tezos, Filecoin, and one additional asset that the SEC and CFTC classified under the commodity framework. Each of these assets becomes legally tradeable by registered CFTC digital commodity brokers and dealers -- including banks, broker-dealers, and any other financial institution that registers under Section 106 -- without the securities law compliance requirements that had previously made offering these assets legally complex for regulated financial institutions.

The CLARITY Act also provides a pathway for additional assets to achieve digital commodity classification beyond the initial 16. The CFTC, in consultation with the SEC, is authorized to classify additional digital assets as digital commodities based on the decentralization criteria in the taxonomy. This pathway means the list of bank-tradeable altcoins is not permanently fixed at 16 -- it grows as additional blockchain protocols demonstrate the decentralization characteristics required for commodity

classification. Every new digital commodity classification is a new asset that registered banks can legally add to their altcoin trading offerings.

The Solana and Avalanche spot ETF applications that have been stalled at the SEC because their commodity classification is administrative guidance rather than statute are the most commercially immediate beneficiaries of the CLARITY Act's statutory codification. When Solana and Avalanche are statutory digital commodities under the CLARITY Act, their spot ETF applications have the same legal foundation as Bitcoin and Ethereum ETF applications had after the CFTC classified those assets as commodities. The ETF approval pathway for Solana, Avalanche, Cardano, and the other 13 named digital commodities opens on the day the CLARITY Act is signed.

### **03 -- THE DIGITAL COMMODITY INTERMEDIARIES ACT: THE SENATE AGRICULTURE PARALLEL TRACK**

The CLARITY Act's bank altcoin trading authorization is reinforced by the Digital Commodity Intermediaries Act -- the Senate Agriculture Committee's parallel legislation that advanced on January 29, 2026 on a party-line vote under Chairman John Boozman of Arkansas. The DCIA and the CLARITY Act will be reconciled into a single Senate bill before floor consideration, and their combined provisions create the most comprehensive federal framework for digital commodity trading by regulated financial institutions ever assembled.

The DCIA builds on the CLARITY Act to create a federal registration and compliance regime for digital asset intermediaries specifically focused on the CFTC-regulated commodity aspects of the market. A central feature of the DCIA is a new registration regime for digital commodity exchanges, brokers, and dealers -- within 180 days of enactment, the CFTC must establish an expedited path for these entities to register. The DCIA also provides a clear legal definition of digital commodities and establishes a spot market digital commodity intermediary regulatory regime that is structurally equivalent to the CFTC's existing regime for commodity futures intermediaries.

The reconciliation of the DCIA and the Senate Banking Committee's CLARITY Act substitute -- which Davis Wright Tremaine confirmed advanced from the Senate Banking Committee on May 14, 2026 -- is the final Senate process step before floor consideration. The two bills cover complementary jurisdictional ground: the Banking Committee's version covers the SEC-related provisions, stablecoin regulation, and DeFi protections, while the Agriculture Committee's DCIA covers the CFTC-related provisions, digital commodity exchange registration, and spot market oversight. The reconciled bill will be the most complete digital asset regulatory framework in American history, combining banking, securities, and commodity oversight in a single statutory package.

### **04 -- BANKS ARE ALREADY BUYING BEFORE THE LAW PASSES**

The most revealing signal about the commercial impact of the CLARITY Act's bank altcoin trading authorization is not the bill text itself -- it is the behavior of major financial institutions in the months before the bill passes. Crypto analyst Tim Warren documented in March 2026 that banks are already accumulating positions in the 16 named digital commodities before the CLARITY Act becomes law --

positioning ahead of the statutory authorization that will allow them to offer these assets to the clients whose demand will drive institutional flows.

The logic of this pre-authorization positioning follows the same pattern that sophisticated institutional investors have followed at every previous regulatory inflection point in Bitcoin's history. Bitcoin ETF issuers built their infrastructure and accumulated seed positions before the SEC approved the spot ETFs in January 2024. JPMorgan built Kinexys and launched JLTXX before the CLARITY Act's commodity classification framework became statutory. BlackRock filed BUIDL on Ethereum before the Moody's Aaa-mf rating certified it as institutional-grade. In each case, the institutions that positioned before the regulatory authorization became the dominant providers of the newly authorized service.

Banks have spent \$56.7 million lobbying against the stablecoin yield provisions of the CLARITY Act -- the provision that most directly threatens their deposit base. This lobbying expenditure is the most credible possible signal that the banking industry takes the CLARITY Act's commercial implications seriously. Institutions that did not believe the law would pass and did not believe the altcoin trading authorization would matter commercially do not spend \$56.7 million on lobbying. The lobbying expenditure is the banking industry's own assessment that the CLARITY Act represents a structural shift in who can legally compete for digital asset trading revenue.

The crypto industry has raised over \$200 million for the 2026 midterm election cycle -- making digital assets the largest single-issue political funding campaign in the midterm elections. This political funding, combined with the banking lobby's \$56.7 million in CLARITY Act-specific lobbying, creates the most heavily contested regulatory legislative battle in financial services history. The intensity of the lobbying on both sides confirms what both sides already understand: the altcoin trading authorization is commercially enormous, and whoever controls the regulatory framework controls the market.

***LOBBYING SIGNAL: Banks spent \$56.7 million lobbying against CLARITY Act stablecoin yield provisions. Crypto firms raised \$200 million for 2026 midterms. When both sides spend this much, the commercial stakes are confirmed enormous. Banks are already positioning in the 16 named digital commodities before the law passes.***

## 05 -- WHICH ALTCOIN SECTORS BENEFIT MOST FROM BANK TRADING AUTHORIZATION

The bank altcoin trading authorization created by the CLARITY Act does not benefit all digital commodities equally. Understanding which assets benefit most requires understanding the specific characteristics that institutional bank trading desks prioritize when adding a new asset class.

Layer 1 blockchain assets with the highest liquidity and the longest institutional track records benefit first and most from bank trading authorization. Bitcoin and Ethereum are the obvious primary beneficiaries -- but they already have institutional trading infrastructure through ETFs, OTC desks, and prime brokerage services. The CLARITY Act's statutory commodity classification adds permanent legal certainty to their existing institutional market but does not create a new market. The assets that gain the most from bank trading authorization are the Layer 1 assets that already have institutional investor interest but lack the clear statutory commodity classification that bank trading desks require for compliance sign-off: Solana, XRP, Cardano, and Avalanche.

Solana in particular is positioned as the highest-impact CLARITY Act beneficiary among the named digital commodities. Solana's combination of high transaction throughput, low fees, institutional developer adoption, and existing ETF applications creates the exact profile that bank trading desks would prioritize for early trading offerings. The Solana spot ETF applications filed by VanEck, 21Shares, and Canary Capital are the most commercially immediate consequence of statutory Solana commodity classification -- the ETF approval pathway opens on the day the CLARITY Act is signed, and institutional bank trading desks can offer Solana exposure to clients through registered commodity broker-dealer channels within 270 days of signing.

Layer 2 and DeFi infrastructure assets represent the longer-term bank trading opportunity. Most Layer 2 network tokens and DeFi protocol governance tokens will not be classified as digital commodities under the CLARITY Act's initial taxonomy -- they require the decentralization graduation process that the framework provides. But the DeFi safe harbor provision that protects software developers building decentralized protocols creates the legal pathway for Layer 2 networks and DeFi protocols to achieve the decentralization characteristics required for future commodity classification. Each new commodity classification is a new addition to the bank trading authorization.

## 06 -- CONCLUSION: THE ALTCOIN MARKET IS ABOUT TO CHANGE FOREVER

The bank altcoin trading authorization embedded in the CLARITY Act's Section 106 expedited registration framework is the provision that will most directly change the structure of the altcoin market when the law is signed. Today, the altcoin market is dominated by retail investors accessing digital assets through crypto-native exchanges -- Coinbase, Kraken, Binance, and their equivalents. The institutional trading in altcoins that exists is conducted through OTC desks, prime brokers, and specialized funds that operate in regulatory grey areas or under existing commodity trading frameworks that do not specifically authorize digital commodity trading.

When the CLARITY Act becomes law, the market structure changes at its foundation. Banks and broker-dealers that register as CFTC digital commodity brokers and dealers can offer the 16 named digital commodities to their institutional and retail clients through the same channels they use for stocks, bonds, and traditional commodities. The compliance barrier that has kept institutional capital out of altcoins -- not Bitcoin and Ethereum, which already had institutional infrastructure, but the 14 other named digital commodities -- is removed by statute. The institutional capital that has been waiting for statutory certainty does not wait after the law is signed.

The investors who understand this provision and position in the 16 named digital commodities before the CLARITY Act is signed are the investors who will look back on July 4, 2026 -- if it is July 4 -- as the day the altcoin market became an institutional asset class. Not because institutional capital immediately flooded in on signing day. But because the legal framework that prevents institutional capital from entering was permanently removed. And permanent removal of a legal barrier is not a temporary catalyst. It is a structural change that compounds over every market cycle that follows.

***CLARITY Act Section 106 authorizes every registered CFTC broker dealer to trade the 16 named digital commodities within 90 days of registration opening. Banks are already positioning. Solana XRP Cardano and Avalanche ETF pathways open on signing day. The***

***altcoin market becomes an institutional asset class when the law is signed.***

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