

# They Quietly Rewired the US Financial System While You Were Watching Iran

Paxos Gets SEC Clearing Approval. CFTC Approves Bitcoin Perps. US Seizes \$1B Iranian Crypto. Bitwise Says Iran Accelerates the Blockchain Timeline. -- Q2 2026

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In the final week of May 2026, while institutional investors were watching Bitcoin fall below \$73,000 on Iran conflict headlines and Bitcoin ETFs were recording their 10th consecutive day of net outflows, the US financial regulatory apparatus executed the most consequential series of blockchain infrastructure approvals in American financial history -- in a single week, almost entirely unnoticed by the financial press covering the Bitcoin price decline. On May 29, 2026, Paxos Securities Settlement Company became the first blockchain-native firm registered as a clearing agency by the SEC under Section 17A of the Securities Exchange Act of 1934 -- the result of seven years of regulatory engagement beginning with a 2019 no-action letter. The same day, the CFTC approved the first regulated Bitcoin perpetual futures contracts in the United States on Kalshi, with CFTC Chairman Mike Selig calling it a major step forward. Also the same day, Treasury Secretary Scott Bessent announced that the United States had seized approximately \$1 billion in Iranian cryptocurrency holdings under Operation Economic Fury -- including the \$344 million Tether freeze from April 23 plus additional freezes accumulated since -- and confirmed that Iran had previously moved \$400 to \$500 million per month through crypto channels before the operation intensified. On March 3, 2026, Bitwise CIO Matt Hougan had written that the Iran war would force traditional financial markets to ramp up their timelines to move on-chain. He said he had imagined it would take five to ten years. He was suggesting it would happen faster. He was right. While everyone was watching Iran, they were quietly rewiring the US financial system.

## 01 -- PAXOS: THE FIRST BLOCKCHAIN CLEARING AGENCY IN US HISTORY

The Paxos Securities Settlement Company SEC approval on May 29, 2026 is the single most structurally significant regulatory event in the history of US blockchain finance -- more significant than the Bitcoin ETF approvals of January 2024, more significant than the GENIUS Act signing in July 2025, more significant than the CLARITY Act's Senate Banking Committee passage in May 2026. The reason is architectural.

Clearing and settlement is the most systemically important and least publicly understood function in the US financial system. When you buy a share of Apple on the stock market, the trade executes in milliseconds. What follows is a complex, multi-day process managed by the Depository Trust and Clearing Corporation -- the DTCC -- that reconciles ownership records, nets opposing positions, transfers securities, and delivers cash settlement to the correct parties. This process takes T+1 -- one

business day after the trade -- as of 2024. Before 2024 it took T+2 and before 2017 it took T+3. The DTCC processes approximately \$4.7 quadrillion in annual securities transactions. It is one of the most systemically important financial institutions in the world.

Paxos Securities Settlement Company is now the only blockchain-native firm registered to provide clearing and settlement services as a central securities depository in the United States -- placing it inside the same regulated post-trade infrastructure layer as the DTCC. With blockchain as the clearing rail, PSSC can settle eligible securities on a same-day or near-instant basis, eliminating the traditional settlement window and freeing up locked capital for institutional participants. The approval took seven years of engagement with the SEC, beginning with a 2019 no-action letter and a 2020 settlement pilot that processed equity trades for AT&T; and General Electric.

The strategic consequence of the Paxos approval is the creation of a regulated alternative to the DTCC for blockchain-native securities settlement. The DTCC had its own tokenization announcement -- a July 2026 pilot and October 2026 full service launch for tokenized US securities -- but the DTCC's tokenization project moves existing settlement onto blockchain while maintaining the DTCC's centralized clearing function. Paxos is the blockchain-native alternative: a clearing agency that was designed from the ground up to settle securities on distributed ledger infrastructure rather than adding blockchain capability to legacy centralized infrastructure. The security token market is projected to grow from \$1.91 billion in 2026 to \$17.44 billion by 2035 at a 27% compound annual growth rate. A blockchain-native clearing agency is the infrastructure that market needs to exist at scale.

***PAXOS APPROVAL: First blockchain-native SEC-registered clearing agency in US history. Section 17A registration. Seven years of regulatory engagement since 2019. Same regulatory category as DTCC. Can settle eligible securities same-day on blockchain rails. Approved May 29 2026 while everyone was watching Bitcoin fall below \$73K.***

## 02 -- KALSHI AND THE CFTC: BITCOIN PERPETUAL FUTURES COME ONSHORE

On the same day Paxos received its SEC clearing agency registration, CFTC Chairman Mike Selig approved the first regulated Bitcoin perpetual futures contracts in the United States -- the BTCPERP contract on Kalshi, a regulated derivatives exchange. The approval is the culmination of a regulatory debate that has defined the boundary between US and offshore crypto derivatives markets for years.

Bitcoin perpetual futures -- perpetuals or perps -- are the most popular derivatives product in the global cryptocurrency market. They allow traders to take leveraged long or short positions on Bitcoin price without any expiration date, using funding rates to keep the contract price aligned with the spot market. Approximately 70 to 80% of all crypto trading volume globally occurs in perpetual futures markets. Until May 29, 2026, every perpetual futures market was offshore -- on Binance, Bybit, OKX, and similar exchanges that do not operate under CFTC jurisdiction. US traders who wanted access to perpetual futures had to use offshore platforms, accept the regulatory risk of using unregistered venues, or forgo the product entirely.

CFTC Chairman Mike Selig called the Kalshi BTCPERP approval a major step forward in adopting policies to boost the US crypto space and set a standard for firms to approach such contracts. The CFTC simultaneously cleared a path for a Coinbase affiliate to connect its customers to options and

perpetuals at the global level through no-action guidance. Coinbase can now connect US institutional clients to the global perpetuals market through a regulated framework -- bringing the \$2.9 trillion in annual perpetuals volume that Grayscale cited into the regulated US market structure.

The commercial significance of US Bitcoin perpetuals approval extends beyond the Bitcoin derivatives market itself. Every other major asset that the CFTC classifies as a digital commodity under the CLARITY Act -- Solana, XRP, Cardano, Ethereum, and the 12 other named assets -- can now pursue regulated perpetual futures contracts on US exchanges following the Kalshi precedent. The offshore perpetuals market for altcoins -- which already exists on Binance, Bybit, and OKX -- gains a pathway to onshore US regulation that was previously unavailable.

### 03 -- OPERATION ECONOMIC FURY: \$1 BILLION IN IRANIAN CRYPTO SEIZED

Treasury Secretary Scott Bessent announced on May 29, 2026 at the Reagan National Economic Forum that the United States had seized approximately \$1 billion in Iranian cryptocurrency holdings under Operation Economic Fury -- the Treasury-led financial warfare campaign targeting Iran's crypto-based sanctions evasion infrastructure. The \$1 billion figure builds on the April 23, 2026 freeze of \$344 million in USDT on the Tron blockchain and reflects additional freezes accumulated over the subsequent five weeks.

Bessent's description of the operation was direct and undiplomatic. He stated that Iran had previously moved \$400 to \$500 million per month through crypto channels before Operation Economic Fury intensified its interdiction efforts. He confirmed that the Treasury works with issuers like Tether and blockchain analytics firms to identify and immobilize wallets in real time. And he described the operation with a specificity that conveyed both operational capability and deliberate deterrence messaging: just outright grabbed the wallets. Some of them may be typing in right now and might not realize their wallet had been grabbed.

The Chainalysis 2026 Crypto Crime Report published in April 2026 documented the full complexity of Iran's crypto financial architecture: state-sponsored wallet networks funding IRGC operations, Lebanese Hezbollah, Hamas, and the Houthis through layered stablecoin transactions, DeFi bridges, and intermediary wallet chains designed to obscure the ultimate source and destination of funds. The same report documented that Iranian civilians -- facing 40 to 50% inflation and a collapsing rial -- had moved into personal Bitcoin custody at accelerating rates as the conflict escalated, treating Bitcoin as censorship-resistant financial survival infrastructure rather than state-controlled sanctions evasion.

The \$1 billion seizure milestone confirms what the April 23 Tether freeze demonstrated in principle: the US government has developed the most sophisticated real-time crypto financial warfare capability of any government in the world. Blockchain analytics tools that identify wallet ownership, stablecoin freeze capabilities that immobilize digital assets in seconds, and OFAC SDN list coordination that simultaneously designates assets as the freeze executes -- this infrastructure represents a qualitative upgrade in the US government's financial warfare toolkit that was not available five years ago.

***OPERATION ECONOMIC FURY: Iran moved \$400M to \$500M per month through crypto before the operation intensified. \$344M frozen April 23. \$1B total seized by May 29. Treasury works with Tether and Chainalysis in real time. Bessent: just outright grabbed the wallets. The US***

*government can now execute sovereign asset freezes faster than any bank in history.*

## 04 -- BITWISE CIO: IRAN ACCELERATES THE ON-CHAIN TIMELINE

On March 3, 2026, Bitwise CIO Matt Hougan published a blog post that has become the most cited institutional investor analysis of the Iran conflict's long-term implications for traditional finance. His argument cut through the noise of short-term Bitcoin price reactions to make a structural point: the Iran conflict has demonstrated to traditional financial market participants that they can no longer afford to be shut out of the markets for days as world events spin out of control around them.

Hougan's specific observation was about market access. During periods of geopolitical escalation -- when the Iran strikes hit, when ceasefire negotiations stalled, when oil prices moved above \$100 per barrel -- traditional financial markets close at 4 PM Eastern and do not reopen until 9:30 AM the following business day. Crypto markets run 24 hours a day, seven days a week, 365 days a year. An institutional investor who wants to reduce exposure at 11 PM on a Sunday when a geopolitical event is unfolding has no access to traditional equity or bond markets. They have full access to crypto markets. This structural advantage of 24/7 market access -- which has always existed in crypto but was not previously valued by traditional institutional investors -- suddenly became commercially visible during the Iran conflict.

Hougan wrote: I imagined it would take five to ten years. The implication was that the Iran conflict had compressed that timeline dramatically. Traditional financial markets moving on-chain -- 24/7 trading, instant settlement, blockchain-native ownership records -- solves the weekend and overnight market closure problem that the Iran conflict made acutely painful for institutional investors. The DTCC's July 2026 pilot and October 2026 full service launch for tokenized US securities, the NYSE and Nasdaq's 24/7 tokenized equity trading approvals, and the Paxos blockchain clearing agency approval are all elements of the same response: the traditional financial system building 24/7 on-chain market infrastructure because the Iran conflict demonstrated the commercial cost of not having it.

## 05 -- THE WEEK IN CONTEXT: WHAT HAPPENED WHILE EVERYONE WATCHED BITCOIN FALL

The final week of May 2026 is the most concentrated single week of US financial regulatory blockchain action in history. The Paxos SEC clearing agency approval on May 29 -- first blockchain-native clearing agency ever registered under Section 17A. The CFTC Kalshi perpetual futures approval on May 29 -- first regulated US Bitcoin perpetuals ever approved. The Bessent \$1 billion Iranian crypto seizure announcement on May 29 -- the most significant demonstration of US crypto financial warfare capability ever made public. And all of it happened on the same day that Bitcoin was recovering from its near-\$73,000 low and the 10-day ETF outflow streak was entering its final days.

The financial press covered the Bitcoin price decline and the ETF outflows extensively. The Paxos approval received moderate coverage in crypto-specialized media. The CFTC perpetuals approval received similar treatment. The Bessent \$1 billion Iranian crypto seizure announcement received the least coverage of the three despite being the most geopolitically consequential. And the connection

between all three -- the coordinated, simultaneous advancement of blockchain financial infrastructure across clearing, derivatives, and national security applications on the same day that Bitcoin hit near-term lows -- was not made anywhere in mainstream financial coverage.

This disconnect between the short-term price signal and the long-term structural signal is the pattern that has defined every major institutional blockchain adoption event in the past four years. The Bitcoin ETF approval in January 2024 was preceded by months of price weakness and regulatory uncertainty. The GENIUS Act signing in July 2025 came after a prolonged period of stablecoin regulatory debate. The CLARITY Act's Senate Banking Committee passage in May 2026 happened during the same week of ETF outflows. In every case, the structural change happened while the market was focused on short-term price signals that pointed in the opposite direction.

## 06 -- CONCLUSION: THE REWIRING HAPPENED. THE MARKET HAS NOT PRICED IT YET.

On May 29, 2026 -- while Bitcoin ETFs were bleeding their 10th consecutive outflow day and Bitcoin was recovering from a near-\$73,000 low driven by Iran conflict fear -- the United States government approved the first blockchain-native securities clearing agency in American history, approved the first regulated Bitcoin perpetual futures in American history, and announced \$1 billion in Iranian crypto seized as a weapon of financial warfare. Three structural firsts in one day. All unreported in mainstream financial coverage. All building on years of regulatory engagement that the market was not tracking.

The Paxos SEC clearing agency approval creates a regulated blockchain alternative to the DTCC for securities settlement. The CFTC Kalshi perpetuals approval brings the most popular crypto derivatives product onshore into regulated US markets. The \$1 billion Iranian crypto seizure confirms that the US Treasury has developed operational crypto financial warfare capabilities that no traditional financial institution possesses. And Bitwise CIO Matt Hougan's March 3 observation -- that the Iran conflict would accelerate the traditional finance on-chain timeline -- is being confirmed by the institutional responses that followed.

The rewiring of the US financial system onto blockchain infrastructure is not a future event that investors should position for. It is a current event that investors should already be positioned in. The Paxos approval, the CFTC perpetuals approval, the CLARITY Act advancement, the DTCC tokenization timeline, the BlackRock tokenized funds, the OCC charter wave, the JPMorgan JLTXX on Ethereum -- each of these is a completed step in the rewiring process. The market was watching Iran. The rewiring happened anyway. The question is not whether to position. It is whether you were positioned before May 29 or after.

***May 29 2026: Paxos becomes first blockchain SEC clearing agency after 7 years. CFTC approves first US Bitcoin perpetuals on Kalshi. Treasury announces \$1B Iranian crypto seized. Bitcoin was at \$73K and everyone was watching ETF outflows. They quietly rewired the US financial system while you were watching Iran.***

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