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Weekly Policy Memo: Week of June 15, 2026

<https://community.pgpz.org/updates/2026-06-08-weekly-policy-memo>



We are excited to announce the launch of the PGPZ Community Signal chat, designed to help you stay informed on all important updates and offer a way to engage with PGPZ directly. Join [here](#) or scan the QR code to get started!

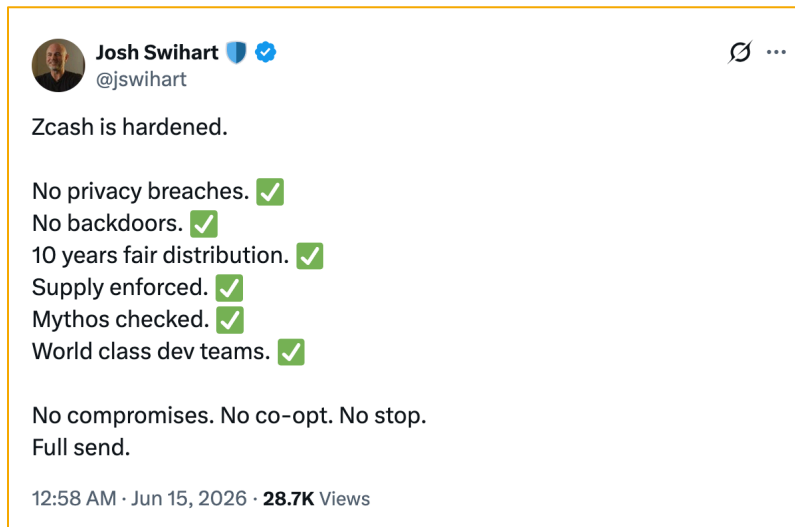


Key Takeaways

- Members of Congress wrote to FinCEN, urging it to reduce low-value "defensive reporting," update decades-old reporting thresholds, and fully support the integration of mature artificial intelligence systems to track illicit actors effectively as part of a recent rulemaking proposal.
- New Illinois law, becoming effective Jan. 1, 2027, imposes a first-in-the-nation 0.2% "privilege tax" on all Illinois crypto transactions (exchanges, transfers, and storage).
- FinCEN and the federal banking regulators proposed a rule that formally designates U.S. stablecoin issuers as financial institutions under the BSA and requires them to establish, document, and maintain comprehensive Customer Identification Programs. This mandates that stablecoin platforms verify the identities of the individuals and entities utilizing their services for primary market activities, such as direct issuance and redemption.

Action Items

- Consider following Members of Congress such as Rep. French Hill and Rep. Warren Davidson on social media and showing support by liking, reposting, and commenting on related announcements and developments.
- Illinois residents should consider migrating their crypto to noncustodial wallets before December 31, 2026, to legally move your funds off centralized exchanges and avoid the upcoming 0.2% transaction tax.
- Contact your local Illinois lawmakers to push for amendments exempting P2P transfers and noncustodial software.
- Interested stakeholders should consider participating in the public comment period to highlight how rigid onboarding mandates for digital asset base pairs might impact user privacy and the technical architecture of decentralized networks.

X Post of the Week:**House Financial Services Committee Leadership Urges FinCEN to Reorient AML Rules Toward High-Risk Threats**

On June 16, House Financial Services Committee Chairman French Hill (R-AR) and Subcommittee on National Security, Illicit Finance, and International Financial Institutions Chairman Warren Davidson (R-OH) published a letter to Andrea Gacki, Director of the Financial Crimes Enforcement Network (FinCEN), providing formal comments on FinCEN's Notice of Proposed Rulemaking (NPRM) regarding Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Programs, highlighting it as a critical opportunity to prioritize risk within Bank Secrecy Act (BSA) implementation. The proposed rule, which implements the GENIUS Act's anti-money laundering and sanctions compliance program requirements, encourages innovation in payment stablecoins while providing an appropriately tailored regime to mitigate potential illicit finance risks.

The lawmakers stated that current BSA enforcement overemphasizes process over outcomes, penalizing irrelevant technical failures and driving compliance resources into liability mitigation rather than actual risk identification. They urged FinCEN to execute the core tenets of the Anti-Money Laundering Act of 2020 (AMLA), reduce low-value "defensive reporting," update decades-old reporting thresholds, and fully support the integration of mature artificial intelligence systems to track illicit actors effectively.

Why this matters for Zcash:

- Financial institutions often rely on reflexive defensive reporting by filing millions of low-value Suspicious Activity Reports (SARs) out of legal caution. Applied to stablecoins, this dynamic creates friction for privacy-enhanced assets, as compliance departments often default to blanket restrictions or disproportionate profiling rather than assessing actual underlying risk. If FinCEN adopts the lawmakers' recommendation to prioritize high-value intelligence over sheer reporting volume, legitimate privacy-centric interactions could face less automated profiling by financial intermediaries.

Action Item:

- Consider following Members of Congress such as Rep. French Hill and Rep. Warren Davidson on social media and showing support by liking, reposting, and commenting on related announcements and developments.

Notable Post:**Illinois Becomes First U.S. State to Levy Direct Privilege Tax on Cryptocurrency Transactions**

On June 16, Illinois Governor J.B. Pritzker signed a sweeping \$55.9 billion [state budget bill](#) into law. Tucked inside the revenue provisions of this budget is a first-in-the-nation cryptocurrency transaction tax via the Digital Asset Tax Act (DATA).

The law creates a 0.2% "privilege tax" on the value of all "digital asset business activity"—defined broadly as the exchange, transfer, or storage of digital assets. Scheduled to take effect on January 1, 2027, the tax functions like a sales tax passed directly to the consumer. Any

business or platform based in Illinois or out-of-state entities facilitating these activities that generates more than \$100,000 in annual gross receipts from Illinois residents would legally be classified as a "digital asset broker" and required to track, collect, and remit this tax monthly.

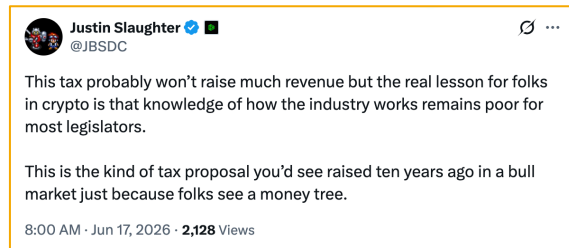
Why this matters for Zcash:

- This law affects Zcash users in Illinois who use centralized platforms like Coinbase, Kraken, and Gemini, as the platforms will be required to log every purchase, trade, or withdrawal of crypto, including Zcash, and tack on the 0.2% tax, including transfers from a custodial wallet to a noncustodial wallet.
- For noncustodial wallets, sending Zcash peer-to-peer directly to another user's non-custodial wallet means the tax cannot be enforced, as true P2P transfers do not use a centralized intermediary that would meet the "broker" definition. Because noncustodial wallets do not hold funds or collect revenue, it does not trigger the \$100,000 broker threshold. However, the law may impact users who use a noncustodial wallet's internal swap functions, which rely on decentralized backend partners. While a noncustodial wallet interface is just code, the external liquidity providers, DeFi frontends, and market makers that execute the cross-chain swaps would likely be considered to be operating for-profit businesses because they collect fees. If these underlying protocols clear \$100,000 in gross receipts from crypto trades originating in Illinois, the state considers them "brokers." This may result in companies blocking Illinois residents or limiting available features via geofencing.

Action Items:

- Zcash holders may want to consider moving funds from a centralized platform to a noncustodial wallet to avoid the .2% tax prior to December 31, 2026.
- If you are in Illinois, call your local state representative and senator, framing the law's implementation as a consumer privacy and data security issue. Explain that the law forces platforms to aggressively log and track the financial data of everyday citizens to prove whether they reside in Illinois, potentially creating a honeypot for hackers. Push for a legislative amendment to clearly exempt noncustodial software and peer-to-peer transfers entirely.
- Keep a close eye on incoming lawsuits from organizations like the Crypto Council for Innovation (CCI), Blockchain Association, the Digital Chamber, and Coin Center. Interested Community members can support by amplifying their legal findings and donating to defensive legal funds.

Notable Posts:



FinCEN and Federal Banking Regulators Propose Joint Identity Verification Rules for Stablecoin Issuers

On June 18, the Board of Governors of the Federal Reserve System, FinCEN, the Federal Deposit Insurance Corporation (FDIC), the Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) issued a joint NPRM. The proposal outlines new regulatory provisions for stablecoin issuers under the GENIUS Act.

The proposed rule formally designates "Permitted Payment Stablecoin Issuers" (PPSIs) as financial institutions under the BSA and requires PPSIs to establish, document, and maintain comprehensive Customer Identification Programs (CIP). This mandates that stablecoin platforms verify the identities of the individuals and entities utilizing their services for primary market activities, such as direct issuance and redemption.

Why this matters for Zcash:

- While this NPRM specifically targets stablecoin issuers, its compliance mandates carry implications if a stablecoin is issued as a Zcash Shielded Asset (ZSA). With respect to the broader Zcash ecosystem:
 - Implementing strict bank-level CIP requirements at the stablecoin layer means that the stablecoin-to-Zcash exit points would be anchored to verified user identities.
 - Centralized platforms that support both permitted payment stablecoins and privacy-preserving assets like Zcash will operate under heightened BSA compliance scrutiny. This could lead intermediaries to adjust their internal risk assessments, potentially influencing asset listings, deposit/withdrawal protocols, or compliance auditing for privacy-enhanced transactions.
 - If stablecoin protocols introduce more rigid compliance and identification features to satisfy federal oversight, decentralized applications and cross-chain bridges utilizing stablecoin liquidity pools to swap into Zcash may experience operational friction, enhanced monitoring, or geographic restrictions.

Action Item:

- For companies that are part of the Zcash ecosystem, interested stakeholders should consider participating in the public comment period to highlight how rigid onboarding mandates for digital asset base pairs might impact user privacy and the technical architecture of decentralized networks.