Weekly Policy Memo: Week of October 26, 2026

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Key Takeaways

- FATF adopted targeted reviews to accelerate countries' implementation of crypto AML standards. Results are due in June and October 2027.
- The IRS is reportedly preparing lower penalties and faster voluntary-disclosure procedures. The final terms remain unresolved.

Action Items

- Invite friends and colleagues to join the PGPZ Community and Coalition.

October Monthly Update

The Cypherpunk Policy Dinner was a great success, and we were fortunate to have former SEC Commissioner Hester Peirce join us. Thank you to everyone who participated and helped make it happen.

At the DC Privacy Summit, we also had productive conversations with attendees from other organizations about potential collaboration to advance financial privacy.

Zcon7, this year's Zcash-focused conference, provided another valuable opportunity to build on this work and connect with advocates across the ecosystem.

Why this matters for Zcash:

These relationships create opportunities to connect policy advocacy with the experiences of people building and using privacy technology. They can support better-informed education and future collaboration on financial privacy across the ecosystem.

Action Item:

Help us spread awareness by inviting friends and colleagues to join the Community and Coalition.

X Post of the Week:



FATF Launches Targeted Reviews of Crypto Compliance in Major Jurisdictions

The Financial Action Task Force announced it will undertake targeted reviews focused primarily on jurisdictions with materially important virtual asset service provider (VASP) activity, taking their existing assessment status into account. The reviews will supplement regular mutual evaluations, with accelerated follow-up and reporting intended to address implementation gaps. Initial results are scheduled for June 2027, followed by further results in October 2027. The announcement did not identify the jurisdictions to be reviewed or specify their number.

The process has been adopted. Its practical effect will depend on national authorities' responses, including licensing, supervision and enforcement of existing standards. FATF's July assessment found continuing enforcement gaps even where Travel Rule legislation had been enacted. The new timetable increases pressure to demonstrate effective implementation, but it does not itself create a new domestic reporting duty or an asset-specific prohibition.

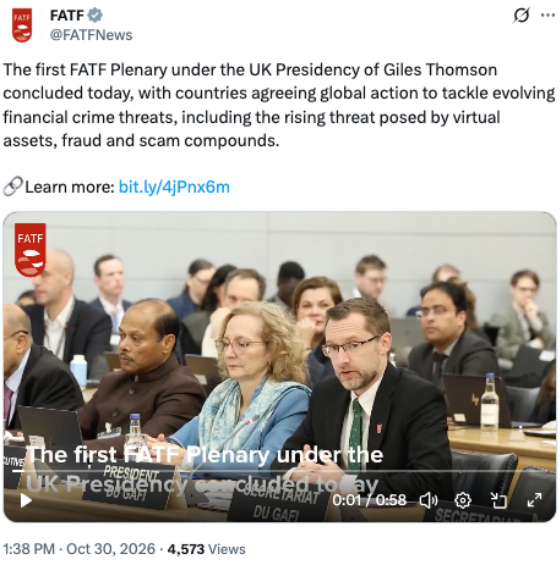
Why it matters for Zcash:

The primary impact could arise through exchanges, custodians, and other service providers that support ZEC. Stronger supervisory expectations may change their compliance costs, customer-information practices and willingness to support privacy-preserving activity. Those effects will vary by jurisdiction and by the functions a business performs.

Action Item:

No action item at this time.

Relevant Post:



IRS Plans Changes to Voluntary Tax Disclosure Including Digital Assets

IRS Criminal Investigation Chief Jarod Koopman said the agency aims to introduce revised voluntary-disclosure procedures before December. The reported plans include substantially lower penalties, a 120-day resolution target after required submissions are complete, and consideration of greater payment flexibility. Digital assets would use the general process rather than a separate crypto program. Specific penalty amounts were not announced.

These are reported implementation plans, not finalized relief. The IRS's published guidance continues to distinguish willful noncompliance, which may involve criminal exposure, from inadvertent errors for which other correction routes may be appropriate. It also states that voluntary disclosure does not automatically guarantee immunity from prosecution. The significance of the planned changes will depend on published eligibility, penalty and procedural terms.

Why it matters for Zcash:

Zcash users with historical tax-reporting problems could benefit from a more predictable process for resolving them.

Action Item:

No action item at this time.

Relevant Post:

