

LEGISLATIVE CATALYST · DIGITAL ASSETS

Will the CLARITY Act Be Signed Into Law Before August?

A probability estimate for the Digital Asset Market Clarity Act (H.R. 3633) reaching the President's desk and being signed on or before 31 July 2026.

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~13%

CENTRAL · RANGE 5–20%

We estimate a ~13% probability (range 5–20%) that the CLARITY Act is signed into law on or before 31 July 2026.

Three lenses bracket the answer: a market on the *exact* question (Kalshi, "law before 1 Aug 2026") trades ~18% and is our primary anchor; a structural gate model implies ~6%; and an outside-view reference class of comparable bills — where deadlines routinely slip and House concurrence has stalled for months even after a comfortable Senate vote — implies ~8%. We weight toward the market but discount it for execution risk, its documented near-term optimism, and a bill that has already missed every prior deadline. A signing *somewhere* in 2026 is a coin-flip (Kalshi ~49%, Polymarket ~42.5%); the before-August cut-off is the binding constraint.

Conclusion first: a sub-August signing is a real but minority outcome. The market treats the pre-recess window as the primary 2026 window — if it slips past the 8 Aug recess, midterm-year compression lowers the odds for the rest of the year.

1 The milestone ladder

"Signed into law" is the last rung of a multi-step ladder. Each rung is a conditional gate; the question asked concerns the bottom rung under a hard 31 July cut-off. Probabilities below are our estimates as of 23 June 2026.

ESTIMATED PROBABILITY BY MILESTONE — DEADLINE 31 JULY 2026 UNLESS NOTED

MILESTONE	STATUS	P(BY 31 JUL)
House passage (already achieved)	Done 17 Jul 2025, 294–134	100%
Reported to Senate floor calendar (already achieved)	Cal. No. 423, 1 Jun 2026	100%
Senate floor passage (≥60 votes) by 31 Jul	Not scheduled	~20%
— memo: Senate passage by 7 Aug (pre-recess, press framing)	—	~30–35%
Both chambers clear identical text by 31 Jul	Pending Senate	~7%
Direct market — Kalshi "law before 1 Aug 2026"	Live, ≈ the question	~17–20%
Structural gate model alone (conservative floor)	—	~6%
Outside view — reference class of comparable bills (§4)	—	~8%
Signed into law by 31 Jul 2026 — reconciled (the question)	—	~13%
Context: signed any time in 2026 (Kalshi / Polymarket / Galaxy)	full-year	~49% / 42.5% / ~50%

Note the gap between "before the August recess" (≤ 7 Aug, the deadline the press tracks) and "before August" (≤ 31 Jul, your question). The 3–7 Aug session week is arguably the single most likely passage window — and it falls *outside* the asked window. This alone meaningfully lowers the estimate versus the headlines.

2 Where the bill actually stands

Data shows (Congress.gov action log, last updated 11 Jun 2026):

DATE	ACTION
29 May 2025	Introduced in House
17 Jul 2025	Passed House, 294–134 (Roll 199) — strong bipartisan margin
18 Sep 2025	Received in Senate; referred to Banking, Housing & Urban Affairs
29 Jan 2026	Senate Agriculture advanced its portion (CFTC jurisdiction)
14 May 2026	Senate Banking ordered reported, 15–9 (Dems Gallego & Alsobrooks crossed over)
1 Jun 2026	Reported w/ substitute (Sen. Scott); placed on Senate Legislative Calendar, Cal. No. 423

We believe the three things that matter for a sub-August signing are:

- **The seven-Democrat gate.** Sixty votes are needed to invoke cloture. Republicans hold ~53 seats; only 2 Democrats backed the bill in committee. Leadership must find ~7 Democrats on the floor while holding its own caucus (e.g., members with stablecoin-competition or ethics concerns).
- **Two unresolved disputes.** The **stablecoin-yield** question (the White House's 1 March compromise deadline lapsed without published text) and the **Van Hollen ethics / conflict-of-interest amendment** (failed 11–13 in committee) are both heading to the floor unsettled. A floor vote is unlikely to be called until a path on both exists.
- **Floor time and the calendar.** Majority Leader Thune controls a midterm-year floor crowded with appropriations and nominations. Sen. Lummis has placed the "probable" floor window *before the August recess*; Sen. Hagerty's hope for a pre-July 4 vote is now off the table given the 27 Jun–12 Jul recess.

3 Method: a three-source ensemble

We triangulate independent estimators rather than rely on any single one, then gate the result on the legislative calendar. Per our data-integrity standard, the most *direct* source carries the most weight.

1. **Direct market on the exact question (primary anchor).** Kalshi's XCRYPTOSTRUCTURE series carries a contract — "a crypto market structure bill becomes law before Aug 1, 2026" — that resolves on precisely the event asked. It trades at ~17–20% (~295k contracts of volume, ~100k open interest). This is the single best read available.
2. **Structural gate model (skeptic's floor).** Decompose the remaining path into sequential conditional probabilities and multiply. Auditable, isolates the binding constraint, and implies ~6% — below the market, for reasons reconciled in §4.
3. **Full-year markets, converted (cross-check).** Kalshi (~49%) and Polymarket (42.5%) price a 2026 signing; Galaxy Research separately pegs full-year odds near 50–50. Converting to a before-August basis depends on the timing split (see §4).
4. **Outside view — reference class (base rate).** How comparable bills actually behaved: GENIUS (fast, ~1 month) vs IJJA (House concurrence stalled ~3 months after a comfortable Senate vote), the ~21% past-committee→enacted rate, live

shutdown/appropriations markets, and CLARITY's own serial deadline-slippage. Detailed in §4; this lens leans cautionary.

4 The conditional-gate model

$P(\text{signed} \leq 31 \text{ Jul}) = P(\text{Senate passes} \geq 60 \text{ by } \sim 28 \text{ Jul}) \times P(\text{House clears the Senate text by 31 Jul} \mid \text{Senate passed}) \times P(\text{President signs by 31 Jul} \mid \text{both chambers passed})$. The $\sim 28 \text{ Jul}$ sub-deadline leaves a few days for House action and signature inside the window.

BASE-CASE DECOMPOSITION

GATE	RATIONALE	P
A. Senate floor passage (≥ 60) by $\sim 28 \text{ Jul}$	On calendar & eligible, but 7-Dem gap and two open disputes; competing floor time; passage more likely in the 3–7 Aug week that is <i>outside</i> the window	20%
B. House clears identical text by 31 Jul A	House signals it will "move fast" and could take up the Senate bill directly (GENIUS template) — but the Senate substitute differs from the House version; days-tight, risk of insisting on changes/conference	35%
C. President signs by 31 Jul A,B	Administration strongly supportive ("rocket ship"); GENIUS was signed next-day	90%
Product	$0.20 \times 0.35 \times 0.90$	$\sim 6.3\%$

Reconciling the model with the market

The structural model ($\sim 6\%$) and the direct market ($\sim 18\%$) disagree by roughly $3\times$. The disagreement is almost entirely about the **timing split** — what share of the full-year probability falls in the pre-August window:

KALSHI KXCRIPTOSTRUCTURE TERM STRUCTURE (LIVE, 23 JUN 2026) + POLYMARKET

CONTRACT — "LAW BEFORE..."	LAST	BID/ASK	IMPLIED
Kalshi — 1 Jul 2026	0.7¢	0.4 / 0.7¢	$\sim 1\%$
Kalshi — 1 Aug 2026 (\approx the question)	17¢	18 / 20¢	$\sim 18\%$
Kalshi — 1 Jan 2027 (full year)	49¢	46 / 49¢	$\sim 49\%$
Polymarket — signed in 2026 (full year)	—	—	42.5%

Kalshi's own term structure implies $P(\text{before Aug} \mid \text{in 2026}) \approx 18 / 49 \approx 37\%$ — the market believes the pre-recess window carries over a third of the year's probability. Our structural model implicitly assumed $\sim 15\%$. The market's view is defensible: the August recess is a genuine forcing function, and 2026 midterm-campaign compression (recess 3 Oct–8 Nov) thins the

post-Labor-Day calendar, so the late-July sprint really is the primary 2026 window. We therefore **weight toward the market**, while keeping a discount — these contracts have repeatedly over-priced near-term passage (the full-year line decayed 64→48→42.5 on Polymarket) and the sequential-gate execution risk is real.

The outside view — a reference class of comparable bills

An inside-view gate model and a single market price both risk over-fitting to this bill. The base-rate ("outside") view asks how comparable legislation has actually behaved. It leans **cautionary**:

REFERENCE CLASS — TIMING & DEADLINE ADHERENCE OF RECENT MAJOR BILLS

BILL	SENATE → SIGNED	LESSON FOR CLARITY
GENIUS Act (2025)	~1 month (Sen 68–30 17 Jun → 18 Jul)	Fast path <i>is</i> possible — but needed a comfortable Senate vote and the House adopting the Senate text wholesale
Infrastructure / IIJA (2021)	~3 months (Sen 69–30 10 Aug → House 5 Nov → 15 Nov)	Even after a comfortable Senate vote, House concurrence stalled ~3 months amid a substance dispute — the risk CLARITY faces, given differing House/Senate text
Any bill past committee (GovTrack '21–23)	~21% enacted that Congress	Clearing committee lifts the odds, but only ~1-in-5 over a full two years — a ~5-week slice is a sliver
FY26 appropriations / DHS (live)	missed; partial shutdown ~99 days	Even must-pass, deadline-driven bills slip badly — Kalshi's own legislative markets show it

The strongest base rate is the bill's own track record. CLARITY has missed essentially every deadline set for it: a January 2026 markup (postponed on the day, 14 Jan), the White House's 1 March stablecoin-compromise deadline (lapsed), the "conclude markup by end of April" requirement to make the July window (markup didn't finish until 14 May), and earlier 2025 targets. A body that has slipped every prior checkpoint is the outside-view caution. We treat the reference class as a fourth estimator at ~8%.

Scope note. We did *not* use other individual bills' prediction-market odds as a forecast input — market odds were sourced only for CLARITY — but we checked Kalshi's other live legislative markets (government shutdown, appropriations) for *calibration*, and they corroborate that "by-deadline" legislative contracts frequently resolve late.

Reconciled estimate

WEIGHTED BLEND OF FOUR ESTIMATORS

ESTIMATOR	READS	WEIGHT	CONTRIBUTION
Kalshi direct contract (best single source)	18%	45%	8.1%
Outside view / reference class	8%	20%	1.6%
Structural gate model (inside floor)	6%	20%	1.2%
Full-year markets × market split	16%	15%	2.4%
Reconciled central estimate	—	100%	~13.3%

Rounded headline: **~13%**, **range 5–20%**. The reference class trims the market-anchored figure modestly and, more importantly, widens the downside. The three lenses bracket the answer: market ~18% (high), inside + outside views ~6–8% (low).

5 Scenario & sensitivity analysis

The following bounds the **structural model** (the conservative floor, §3 estimator 2); the reconciled headline in §4 sits above it because it gives primary weight to the direct market. The model is most sensitive to Gate A (does the Senate even vote, and pass, in July) and Gate B (does the House swallow the Senate text immediately). Holding the signature gate near-certain, we bound the outcome:

SENSITIVITY OF P(SIGNED ≤ 31 JUL) TO THE TWO BINDING GATES

SCENARIO	GATE A	GATE B	GATE C	P(SIGNED ≤ 31 JUL)
Bear — vote slips past July; disputes unresolved	12%	25%	88%	~2.6%
Base — narrow late-July attempt	20%	35%	90%	~6.3%
Bull — disputes settled, floor cleared mid-July, House fast-follows	30%	50%	92%	~13.8%

PROBABILITY-WEIGHTED ESTIMATE

SCENARIO	SCENARIO WEIGHT	P(SIGNED ≤ 31 JUL)	CONTRIBUTION
Bear	45%	2.6%	1.2%
Base	40%	6.3%	2.5%
Bull	15%	13.8%	2.1%
Expected value	100%	—	~5.8%

These bound the **structural model** at ~3–14% (EV ~6%) — the inside-view floor. The reconciled headline (§4) blends this with the direct market and the outside-view reference class to **~13% (range 5–20%)**. We report a range rather than a false-precision point estimate because the floor schedule is not yet set.

6 What would move the estimate

SIGNAL TO WATCH	DIRECTION	WHY IT MATTERS
Thune files cloture / sets a July floor date	▲ up	Converts Gate A from "if" to "when"; the single biggest swing factor
Published stablecoin-yield & ethics compromise	▲ up	Removes the two reasons a vote is being withheld
≥7 named Democratic Yes votes emerge	▲ up	Directly satisfies the 60-vote gate
House leadership pre-commits to the Senate text	▲ up	Collapses Gate B toward the GENIUS fast-path
Appropriations / shutdown fight consumes floor time	▼ down	Midterm-year floor is contested; market structure can be crowded out
Senate insists on conference with the House	▼ down	A conference almost certainly pushes signing past July
Polymarket "2026" contract falls further (was 64→48→42.5)	▼ down	The trend already reflects fading near-term odds

7 Investment relevance

For a Bitcoin-benchmarked book, CLARITY is a sentiment- and flow-relevant catalyst (regulatory clarity for digital-commodity spot markets under the CFTC), but the *timing* of the catalyst is what is tradeable here. **We believe** the practical read is:

- **A pre-August signing is a minority outcome (~13%), not a base case.** Sizing a position *around* a July signature still carries negative expected value, but the event is non-trivial — the direct market puts it near 1-in-5, our blended estimate near 1-in-8.
- **The August recess is the swing date.** Watch for a filed cloture motion or floor date in mid-to-late July; absent that by the 8 Aug recess, midterm-year compression (recess 3 Oct–8 Nov) lowers odds for the rest of 2026.
- **Mind "buy the rumor, sell the news."** With the full-year probability near a coin-flip and partially priced into crypto sentiment, marginal upside on an actual signing may be muted; the larger asymmetric move could be to the downside on a clear *failure* signal (the bill slipping to 2027).

This note expresses no BTC price target. It is a single-event probability assessment intended as one input to catalyst positioning, consistent with the fund's mandate to outperform spot BTC over multi-year horizons.

DISCLOSURES & CFA-STANDARD NOTES

As-of date. All probabilities and statuses are as of 23 June 2026 and will drift as the Senate floor schedule firms up.

Question definition. "Passing" is defined, per the client's instruction, as *signed into law* (enacted), not Senate passage or bicameral passage; "before August" is interpreted as on or before 31 July 2026.

Revisions (all 23 Jun 2026). *v1.0* — Polymarket full-year contract only → ~6%. *v1.1* — added Kalshi's direct "before 1 Aug 2026" contract (~18%) and revised up to ~15% to give the direct market primary weight. *v1.2* — added an outside-view reference class (comparable-bill timing, the ~21% past-committee→enacted base rate, and CLARITY's own serial deadline-slippage; other bills' live odds checked for calibration only), which trims the central estimate to ~13% and widens the downside to a 5–20% range.

Data sources & vintage. Legislative status and action dates: Congress.gov API, H.R. 3633 (record last updated 11 Jun 2026) — treated as authoritative. Market-implied probabilities (live read, 23 Jun 2026): **Kalshi** KXCRYPTOSTRUCTURE series via the public trade API — "before 1 Aug 2026" last 17¢ / 18–20¢ bid-ask (~295k volume, ~100k OI), "before 1 Jul 2026" ~1%, "before 1 Jan 2027" ~49%; **Polymarket** "Clarity Act signed into law in 2026?" via the Gamma API (42.5% Yes, \$1.38m volume, resolves 1 Jan 2027). Full-year corroboration: Galaxy Research (~50–50). Calendar: U.S. Senate 2026 tentative legislative schedule (recesses 27 Jun–12 Jul and 8 Aug–13 Sep). Vote counts, committee dynamics, and the stablecoin-yield / ethics disputes: contemporaneous reporting (CNBC, CoinDesk, Fortune, The Defiant, Yahoo Finance, PYMNTS, FinTech Weekly). GENIUS Act precedent: Congress.gov and law-firm summaries. Reference class: Congress.gov / Wikipedia for IJJA (H.R. 3684) timing; GovTrack legislative statistics (~21% of past-committee bills enacted, 2021–23); Kalshi shutdown / appropriations markets (calibration only); CLARITY deadline history from CoinDesk, Fortune, Elliptic, and the Latham & Watkins crypto-policy tracker.

Method & assumptions. The headline ~13% is a weighted blend of four estimators: the direct Kalshi contract on the exact event (45%), an outside-view reference class of comparable bills (20%), an auditable structural conditional-gate model (20%), and the full-year markets converted on the market-implied ~37% timing split (15%). Gate inputs, blend weights, and structural scenario weights (Bear 45% / Base 40% / Bull 15%) are analyst judgments. **Separation of fact and opinion:** milestone dates, the live market prices (Kalshi ~18% before-Aug, ~49% full-year; Polymarket 42.5%), and the comparable-bill timings are facts; all probabilities, weights, the timing-split interpretation, and the ~13% conclusion are opinion.

Limitations. Legislative forecasting is low-base-rate and regime-sensitive; a single procedural decision by the Majority Leader can move the estimate by more than its stated range. Prediction-market liquidity on niche legislative contracts is thin and the contract resolves on enactment in 2026 (a superset of the asked window), so it is used only as a corroborating anchor. This is a point-in-time read; we recommend refreshing on any change to the Senate floor schedule.

Conflicts. TON618 Capital holds long digital-asset exposure (Bitcoin and Bitcoin-linked instruments) whose sentiment could be affected by the outcome discussed. This note is research for information purposes only — it is not an offer, solicitation, or recommendation to buy or sell any security, fund interest, or digital asset, and it is not investment, legal, or tax advice. It contains forward-looking estimates that may prove wrong. Past performance is not indicative of future results. Digital assets are highly volatile and may result in total loss of capital. Prepared in keeping with CFA Institute Standards of Professional Conduct (diligence, reasonable basis, fair representation, and disclosure of conflicts).

SOURCES

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2. Kalshi — "Will crypto market structure legislation become law?" (series KXCRIPTOSTRUCTURE, monthly-expiry contracts; "before 1 Aug 2026" the direct anchor): kalshi.com/markets/kxcryptostructure
3. Polymarket — "Clarity Act signed into law in 2026?": polymarket.com/event/clarity-act-signed-into-law-in-2026
4. U.S. Senate — 2026 tentative legislative schedule: senate.gov/legislative/2026_schedule.htm; Roll Call, "Senate releases its 2026 calendar" (19 Nov 2025).
5. CNBC — "Crypto industry scores win as Clarity Act clears Senate hurdle" (14 May 2026).
6. CoinDesk — "Clarity Act, in the flesh, unveiled by U.S. Senate Banking Committee" (11 May 2026); Fortune — "Where things stand going into Senate markup" (13 May 2026).
7. The Defiant — "CLARITY Act Reaches Senate Floor ... Seven-Democrat Math Becomes the Gate"; crypto.news / TFTC — "7-Democrat Senate math."
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10. Reference class — IIJA (H.R. 3684) timeline (Senate 69–30, 10 Aug 2021; House 5 Nov; signed 15 Nov): Congress.gov / Wikipedia. GovTrack, "Historical Statistics about Legislation" (~21% of bills past committee enacted, 2021–23): govtrack.us/congress/bills/statistics. Calibration — Kalshi government-shutdown / appropriations markets. CLARITY deadline history — CoinDesk, Fortune, Elliptic, Latham & Watkins US crypto-policy tracker.

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