

UPDATES

Engage with the U.S. SEC's Crypto Task Force and Shape the Future of Crypto Regulation

February 24, 2025

On February 21, 2025, Commissioner Hester Peirce of the U.S. Securities and Exchange Commission (SEC) issued a [statement](#) inviting public input on a wide range of issues related to crypto assets and blockchain technology (the Statement). Although the Statement was issued by Commissioner Peirce in her individual capacity and does not necessarily reflect the views of the Commission or other Commissioners, it resembles a concept release in its scope and format, inviting public input on a wide range of issues concerning crypto assets and blockchain technology.

The Statement reflects the work of the SEC's newly established Crypto Task Force and follows Commissioner Peirce's announcement on February 4, 2025, where she provided a first glimpse into the Task Force's initial crypto assets priorities.¹ The Statement delves deeper into specific regulatory challenges, proposing a crypto asset taxonomy and posing questions about the security status of crypto assets, public offerings, registered investment vehicles, custody, trading, tokenization, and sandbox initiatives. However, as Commissioner Peirce noted, "These questions are not a roadmap to actions the Commission or its staff will take [...] so feel free to pose and answer other questions and to address topics that we have not raised." Highlighting the Task Force's imperative for transparency and public input to address the many questions posted, Commissioner Peirce explained, "The scope of this inquiry is expansive and calls on the particularized knowledge of a broad range of people." The Statement provides links to online forms for submitting written feedback or requesting a meeting with the Task Force.

This appears to be an important opportunity to participate in the Task Force's work and to contribute to the SEC's understanding of the needs of crypto market participants. However, the window of opportunity may be limited, as Peirce encouraged the public to "act promptly," as the Task Force is expediting its efforts to establish and implement new regulations. Although the Task Force will accept input at any time, Peirce explained, "the earlier we receive your input the more likely it is to inform the options for consideration." Sidley has extensive experience and expertise in advising clients on these matters and can assist you in preparing and submitting your input to the Task Force.

The Statement poses over 100 questions across 48 numbered paragraphs, covering many different topics. The topics are based on a potential taxonomy with four categories (i) crypto assets that are

securities, (ii) crypto assets that are offered and sold as part of an investment contract, a security, but the crypto asset is not itself a security, (iii) tokenized securities, and (iv) all other crypto assets which are not securities.

Below are some of the notable issues the Task Force invites stakeholders to provide their insights and proposals on:

- how to address the challenges and costs of registering or qualifying token offerings under the Securities Act of 1933 (Securities Act) and whether tailored disclosure requirements or new forms or mechanisms are needed for crypto asset issuers and investors
- whether the Commission should consider a version of Commissioner Peirce's proposed token safe harbor, which would provide a time-limited exemption from the registration requirements under the Securities Act for offers and sales of crypto assets during the development of a blockchain project, subject to certain conditions and disclosures
- how to regulate platforms and market participants that trade crypto asset or tokenized securities alongside nonsecurities and whether the Commission should create a new entity registration status or use or adapt the existing requirements for national securities exchanges or alternative trading systems
- how to facilitate trading and custody arrangements for crypto assets by broker-dealers, investment advisers, and investment companies and whether the Commission should amend existing rules, propose new rules, or provide guidance to address the unique nature and risks of crypto assets
- how to address broker-dealer guidance for supporting crypto assets under the customer protection rule and other financial responsibility requirements, including whether to modify the Special Purpose Broker-Dealer Statement or formally withdraw it
- how to address investment advisers' fiduciary duty to their clients related to best execution and conflicts of interests for crypto assets
- how to regulate various crypto lending services in a way that will not stifle the potential opportunities they provide
- how to address listing applications for crypto asset-based exchange-traded products and whether the Commission should consider factors such as the size and liquidity of the underlying spot market, the availability of comprehensive surveillance-sharing agreements, and the reliability and dissemination of pricing information
- how to address market structure for tokenized money market funds, stablecoins, and many other types of assets and whether the Commission should clarify or amend any rules to ensure a merit-and-technology-neutral approach to tokenization
- whether the Commission should establish a micro-innovation sandbox, which could be used for small-scale projects, including tokenization and blockchain projects, and whether a cross-border sandbox could address challenges that U.S. and non-U.S. firms face when attempting to innovate in multiple jurisdictions

Despite signaling a shift in the SEC's approach to digital asset regulation, the Statement makes it clear

that the Commission will continue to actively respond to fraud involving securities as defined under the Securities Act and/or the Investment Company Act.

Market participants should consider whether to engage with the Task Force and help shape the future of digital asset regulation. Sidley stands ready to assist clients in navigating the complex and evolving regulatory landscape for crypto assets and blockchain technology as well as in engaging with the SEC's Crypto Task Force. Sidley has represented clients in engagements with the SEC on these issues for years, including recent meetings with the Task Force and Commissioner Peirce.

¹ For additional information about Commissioner Peirce's initial statement, see the following Sidley alert: [A Roadmap to Engagement With the U.S. SEC's New Crypto Task Force.](#)

Thank you to Knowledge Management Lawyer Dan Engoren for his significant contributions to this Sidley Update.

CONTACTS

If you have any questions regarding this Sidley Update, please contact the Sidley lawyer with whom you usually work, or

Lilya Tessler , Partner	+1 214 969 3510, ltessler@sidley.com
Andrew J. Sioson , Partner	+1 202 736 8351, asioson@sidley.com
Nathan J. Greene , Partner	+1 212 839 8673, ngreene@sidley.com
Chuck Daly , Partner	+1 212 839 6727, charles.daly@sidley.com
Carla G. Teodoro , Partner	+1 212 839 5969, cteodoro@sidley.com
Alec J. Silvester , Associate	+1 305 391 5256, asilvester@sidley.com

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