Crypto Assets and the Federal Securities Laws

What is a crypto asset?

The SEC provided interpretive guidance in 2026 on crypto assets under the federal securities laws. In the context of that guidance, crypto assets and systems generally include:

Crypto Assets

Digital representation of value recorded on a cryptographically-secured distributed ledger

Crypto Network

Blockchain or similar distributed ledger technology network

Crypto Application

Software application running on a crypto network

Crypto Network and Crypto Application: **Crypto Systems**

What crypto assets are not securities?

Digital Commodity

A digital commodity is necessary to participate in or use certain aspects of an associated functional crypto system. Digital commodities derive their value from the programmatic operation of that system, as well as supply and demand dynamics.

Examples include Aptos (APT); Avalanche (AVAX); Bitcoin (BTC); Bitcoin Cash (BCH); Cardano (ADA); Chainlink (LINK); Dogecoin (DOGE); Ether (ETH); Hedera (HBAR); Litecoin (LTC); Polkadot (DOT); Shiba Inu (SHIB); Solana (SOL); Stellar (XLM); Tezos (XTZ); and XRP (XRP).

Digital Collectible

A digital collectible is designed to be collected and/or used and may represent or convey rights to artwork, music, videos, trading cards, in-game items, or digital representations or references to internet memes, characters, current events, or trends, among other things.

Examples include CryptoPunks, Chromie Squiggles, Fan Tokens, WIF, and VCOIN.

If a digital collectible is fractionalized or enables individuals to acquire a fractional ownership interest, it *may be* a security.

continued on back page

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Crypto Assets and the Federal Securities Laws *(continued)*

What crypto assets are not securities? *(continued)*

Digital Tool

A digital tool performs a practical function, such as a membership, ticket, credential, title instru-ment, or identity badge. Digital tools are commonly issued for use in connection with crypto systems and are designed to perform practical functions within those systems. Digital tools often are non-transferable.

Examples include Ethereum Name Service domain names and CoinDesk's 'Microcosms' NFT Consensus Ticket.

Stablecoin

A stablecoin is designed to maintain a stable value relative to a reference asset like the U.S. dollar.

A payment stablecoin is used as a means of payment or settlement and, subject to the terms of the GENIUS Act, is generally *not* a security.

Other stablecoins *may be* securities depending on their features.

What crypto assets are securities?

Digital Security

A digital security (also known as a "tokenized" security) is a financial instrument that meets the definition of "security" and is formatted as or represented by a crypto asset. The record of ownership of digital securities is maintained on or through one or more crypto networks. There are a variety of models used to tokenize securities and they may vary in structure and rights to holders. The rights of a holder of the crypto asset may be materially different from the rights of a holder of the underlying security, including economic and voting rights.

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