

Crypto Task Force Roundtable event #1 Perspective around the focus of:
“Does the holistic federal security law apply”?

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**Disclaimer: I realize Crypto is not an asset class or currently defined as a security; however, I have utilized these terms to demonstrate my perspective*

As with any activity, our world is evolving to digital activities; therefore, when assessing the “Crypto” investment activity you have the:

1. Issuer who is investing and Buyer who is raising capital.
2. Issuer who is profiting from the efforts of others and Buyer who is the one investing.

Generally, I believe we make the concept of Crypto complex due to it not being a tangible, historical asset traded such as company stock or commodity, but the trading parties and activities are identical – the difference includes the platform in which its done and the underlying asset.

Therefore, given the SEC’s mission of 1) Protect the Investor from misconduct; 2) Promote Fairness & Efficiency; and 3) Facilitate Capital Formation, then my perspective is: **federal securities law and other federal and state regulations** would apply based on the **actual trading activity** one performs, which would **require an interagency framework** to factor the full spectrum emerging risks. For example, let us utilize “crypto” in the token form, the issuer and buyer could participate in all types of trading activity, including:

- Buying
- Short Selling
- Future Contract
- Swaps.

These are all activities in alignment with the SEC mission to protect the investor as in trading, all the applicable investment schemes and fraud could occur.

In setting up the framework, the approach should consider:

1. Identifying the full spectrum of risks
2. Performing the regulatory mapping
3. Providing interpretive guidance on the
 - a. activities which qualify
 - b. criteria for exemption qualifications with the consideration of how an issuer might structure the rights, control, obligations, and trading so the SEC would approve the exemption.

In summary, social platforms are encouraging all sort of investment / trading activity in evolving forms – from job positions being offered so long as you invest to pumping up certain digital assets – I see these daily in my feeds. Interagency participation in the

framework is crucial in comprehensively identifying the full spectrum of risks based on each agency's mission:

- SEC – Investment Activity
- FINRA – Registered Investment Advisors
- PCAOB – Accounting Standards
- DOJ / DOT / FTC – Financial Crimes / Fraud / Legal
- Federal Reserve / OCC / FDIC / State – Safety & Soundness
- IRS – Tax Implications
- CFPB – Consumer Regulations