

US Corporate Law News: Bitcoin and Ether are not securities

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The Securities and Exchange Commission's Corporation Finance Director, William Hinman, has provided new guidance on when a digital asset transaction is an "investment contract" under the Howey test. On June 14, 2018, Hinman stated that once an asset, like bitcoin or ether, is no longer controlled by a central authority or used primarily to purchase goods or services on a functioning network, it is no longer a "security." This is significant because, although initial coin offerings are believed to constitute securities offerings, tokens sold in such offerings may not always remain securities. For more information visit: <https://www.wsj.com/articles/ether-shouldnt-be-subject-to-sec-regulation-official-says-1528993984>

This article was written with contributions by Tim Moore.