



United States: SEC Commissioner Peirce Calls On SEC To Embrace Innovation And Allow Cryptocurrency Risk-Taking

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SEC Commissioner Hester M. Peirce urged the SEC to embrace FinTech innovation and permit more risk-taking by investors in cryptocurrencies.

In remarks before the Cato Institute's FinTech Unbound Conference, Ms. Peirce elaborated on her dissent from the SEC's rejection of an exchange-traded product ("ETP") that was designed to give investors exposure to bitcoin. Ms. Peirce explained her disagreement with the SEC's decision to deny an exchange's bid to list shares of the Winklevoss Bitcoin Trust (*see previous coverage*), asserting that "it seemed to turn on the Commission's assessment of bitcoin rather than on the exchange's plans for trading the [ETP]." She went on to state:

"The focus on the lack of regulation of cryptocurrencies particularly troubled me. What authority do we have to require that assets underlying securities be regulated as if they were securities? Even if we had this authority, private markets can and do regulate themselves."

Ms. Peirce urged the SEC to:

- avoid the temptation to replace the market's product testing with the agency's own and allow investors to determine the value of these innovations for themselves;
- create a space for innovation to occur in SEC-regulated markets or accept that investors will seek out innovations in less regulated markets;
- establish an environment in which investors can openly communicate with the SEC and its staff; and
- reaffirm the agency's commitment to expanding investor access, including through innovative technologies.