

# BACK-TO-BACK LAWSUITS FROM THE SEC

A Quick Breakdown of The Securities and Exchange Commission's back-to-back lawsuits this week against Binance and Coinbase

What's up with the Securities and Exchange Commission's back-to-back lawsuits this week against Binance and Coinbase?

Coinbase and Binance are the two largest platforms for Crypto trading. The SEC wants to force the two platforms to register with federal regulations. It is clear the agency is taking steps to tighten controls on an industry that has largely operated outside the traditional financial system. The SEC alleges that the platforms violate multiple securities laws. By targeting the marketplaces where trades are made, the agency is essentially aiming at the cryptocurrency infrastructure.

The Sec is making strategic moves to attempt to place boundaries on the exchanges, but both companies have pushed back against the allegations from the Commission. It is clear that the SEC's actions are to send a message to the public, with their demands for stricter regulations within the crypto industry. The SEC lawsuit declares that the Platform merges three functions that are typically separated in traditional security markets – brokers, exchanges and clearing agencies.

Headlines may sound scary to some investors, but crypto investors do not seem to be spooked much yet. The exchanges may have to delist some tokens, if the SEC moves to clearly identify which tokens violated securities. While they go through the registration process, it could have a major disruption of regular trading activities. This effort could take years. If the SEC succeeds, Binance and Coinbase would be forced to operate under tighter federal oversight and would upend the decentralized sector. Bringing more regulation to the exchanges could bring more credibility in the long run, as well.

The SEC has now asked for the federal court to issue a temporary restraining order to freeze the US assets of cryptocurrency exchange Binance. The SEC accused Binance of years of "violative conduct, including disregard for US laws and Evasion of regulatory oversight."

Binance.us said its users assets will remain safe and the platform would continue normal deposit and withdrawal operations.



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