

SEC Chair Gary Gensler Provides Remarks on Crypto Assets at the Aspen Security Forum

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On August 3, 2021, SEC Chair Gary Gensler provided remarks on the current state of U.S. crypto asset regulation at the Aspen Security Forum. While acknowledging the contributions crypto assets and blockchain technology have made to financial and monetary innovation, Mr. Gensler noted the immediate need for investor protection in light of the hype, fraud, scams and abuses in the crypto asset space that have resulted in harm to investors.

Mr. Gensler remarked on the protections that existing U.S. securities laws provide, particularly with respect to initial coin offerings, many of which have been subject to SEC enforcement action as offerings of unregistered securities. Nevertheless, he warned that significant investor protection gaps exist with respect to foreign crypto trading platforms and decentralized finance platforms that purport to prohibit U.S. investors, but through which unregulated trading by U.S. investors is possible. He expressed further concerns about “stablecoins,” crypto assets whose value is pegged to a reference asset, typically a currency such as the U.S. dollar, noting the potential use of such assets to evade public policy goals such as anti-money laundering, tax compliance and sanctions, and suggesting that some stablecoins may need to be registered both as securities and as investment companies.

Although brief, Mr. Gensler’s remarks about investment vehicles providing exposure to crypto assets were significant. He noted that products providing exposure to crypto assets have been around for several years and that there are a number of mutual funds that invest in Bitcoin futures that trade on the Chicago Mercantile Exchange (CME). In light of the significant investor protections provided by the Investment Company Act, Mr. Gensler stated that he looked forward to the staff’s review of filings to offer cryptocurrency-related ETFs, particularly those investing in CME Bitcoin futures.

Mr. Gensler concluded his remarks by stressing that, although some aspects of crypto asset regulation are clear, further Congressional action is needed to close regulatory gaps with respect to crypto transactions, products and platforms. He noted the importance of such crypto asset regulation

not only to protect investors but also to encourage innovation and protect national security.

Mr. Gensler's remarks are available [here](#).

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