

# SEC Withdraws from Prominent Crypto Enforcement Amid Regulatory Shift

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Just over one month into the second Trump Administration, the crypto industry appears poised to notch yet another victory in its longstanding tug-of-war with regulators — perhaps its most significant to date. On February 21, Coinbase Chief Legal Officer Paul Grewal announced via [blog post](#) that the U.S. [Securities and Exchange Commission](#) (“SEC”) is set to drop its enforcement action against the company. The lawsuit, which claimed that the company had failed to fulfill registration requirements, has been one of the SEC’s highest-profile crypto cases.

The post stated that the SEC had “agreed in principle” to dismiss the case. The action must still be approved by the three sitting SEC commissioners, including Commissioner Hester Peirce and Acting Chair Mark Uyeda, both of whom have previously expressed crypto-friendly views.

This development comes on the heels of announcements from other crypto companies revealing that the SEC has voluntarily closed investigations into their activities. On February 21, OpenSea, the largest NFT marketplace, announced via a [post](#) on X that the SEC had closed an investigation into its operations. On February 24, the crypto arm of trading platform Robinhood [announced](#) that the SEC had closed its investigation into the company.

## Background of the Case

The SEC filed its [enforcement action](#) against Coinbase in June 2023 under former-Chair Gary Gensler, alleging that the crypto platform violated securities laws by failing to register itself as a broker, exchange and clearing agency, as well as certain purported offers and sales of securities through its Staking Program. The case centered on the longstanding debate over whether and when digital assets should be classified as securities. Although the company was in the process of pursuing interlocutory review of this question in the [U.S. Court of Appeals for the Second Circuit](#), the SEC’s apparent decision to drop the case would preclude an appellate showdown.

## A Shift in Regulatory Approach

Acting Chair Mark Uyeda has [stated](#) his goal of developing a “sensible regulatory path” for digital

assets, moving away from the aggressive enforcement tactics seen under former-Chair Gensler. Uyeda's reforms include:

- **Establishing a “Crypto Task Force”** led by Commissioner Peirce to address digital asset policies and pursue greater regulatory clarity. For more details on the Crypto Task Force's initiatives, see our previous discussion [here](#).
- **Replacing the SEC's Crypto Assets and Cyber Unit with the Cyber and Emerging Technologies Unit**, a smaller team targeting cyber-related misconduct. Commissioner Peirce indicated in a [recent statement](#) that while the SEC aims to provide greater legal clarity, it will not be giving crypto projects a free pass. She expressed that the agency's aim is to “travel to a destination where people have great freedom to experiment and build interesting things” with no tolerance for “liars, cheaters, and scammers.”
- **Pausing or reviewing several ongoing crypto cases**, indicating that the agency is open to halting certain active enforcement matters or pursuing constructive resolutions.

## Looking Ahead

The SEC's willingness to step away from ongoing enforcement investigations and actions underscores the changing regulatory landscape for crypto under the current administration. Rather than “slamming on the enforcement brakes,” as Commissioner Peirce put it, the agency now appears committed to working with stakeholders to develop forward-looking legislation and a clearer regulatory framework for the burgeoning industry.

For crypto companies navigating uncertain regulatory waters, this development may signal the beginning of a more collaborative era – but not one without scrutiny. Commissioner Peirce has cautioned that “SEC rules will not let you do whatever you want, whenever you want, however you want. Some of these rules will impose costs and other compliance burdens . . . and the Commission will use its enforcement tools when necessary to pursue noncompliance.” As the Crypto Task Force advances its work, further developments in crypto regulation and enforcement are expected in the months ahead.

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