

## SEC Releases Statement on Platforms Trading Digital Assets

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On March 7, the Securities and Exchange Commission released an advisory regarding platforms used to trade digital assets. The SEC expressed concern that, in light of the rise in popularity of trading digital assets, including coins and tokens in initial coin offerings, investors could mistakenly believe that platforms used to trade such assets are registered with the SEC or are otherwise regulated. In order to protect investors, the SEC indicated that it plans to focus on such platforms and their compliance with federal securities laws.

One section of the SEC's statement is directed towards investors. The SEC notes that many platforms refer to themselves as "exchanges," which does not necessarily mean such platforms are regulated or that information from such platforms has the same integrity as information from registered exchanges. The SEC encourages investors to use registered platforms or entities, such as national securities exchanges, alternative trading systems and broker-dealers, to obtain the protections of federal securities laws and SEC oversight.

The second section of the SEC's statement addressing market participants that operate online platforms cautions such persons that, depending on whether the digital assets traded on such platforms are considered securities, SEC exchange registration requirements or requirements associated with operating as an alternative trading system may be triggered. The SEC also noted that trading platforms may not be considered exchanges under federal securities laws, but may be required to register in another capacity, such as a broker-dealer, transfer agent or clearing agency, depending on the functions they perform.

The SEC's announcement is available [here](#).

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