

After Kraken shuts down its US staking program, SEC Chief Gensler warns cryptocurrency companies to follow the rules

Gary Gensler, the chair of the Securities and Exchange Commission (SEC), has sent a warning to other platforms, telling them to "take heed" of Kraken's decision to stop offering its staking service in the nation and pay a \$30 million punishment. "Investment contracts and investment plans can be offered by businesses like Kraken, but they must be fully, fairly, and truthfully disclosed. And this improves the situation for the investors who watch your program. Our primary agreement is that. In an interview with CNBC's "Squawk Box" on Friday, Gensler claimed that they were not abiding by that fundamental law." When questioned by the show's presenter, Andrew Ross Sorkin, about how the enforcement action may apply to other yield-earning schemes, such as the Earn program offered by cryptocurrency exchange Coinbase, Gensler stated that the underlying economics was more important than the name of the program. "If someone transfers their tokens to that platform, the platform controls them, and what happens if they file for bankruptcy? At the bankruptcy court, you wait in line," Gensler pointed out the number of ongoing bankruptcy proceedings, including the one involving cryptocurrency lender Celsius Network. A U.S. bankruptcy court judge ruled in January that any cryptocurrency deposited on the platform as part of its Earn program belonged to Celsius and not its users. "Cryptography has a proverb: 'Not your keys, not your money.'" Therefore, those other platforms should be aware of this and

work to comply, making the appropriate disclosures and registering, etc," Gensler added. While the FCC has prohibited crypto staking, which allows users to lock their money on platforms in exchange for a percentage "reward" over time, those businesses may still operate in the United States from other countries. Observed Sorkin to Gensler. 330 million Americans are Gensler's clients, and he said that registering was simple and that anyone could do it by filling out a form on our website. Additionally, as we are impartial, if they wish to offer to the stake, please register since investors want such information. An SEC representative briefing reporters on Thursday stated that a cryptocurrency company wishing to offer staking-as-a-service - as a registered security offering under the regulator's purview - would first have to register as a securities platform before receiving the Division of Corporation Finance's approval on the product itself. Even inside the SEC, Hester Peirce, a commissioner, criticized the SEC's enforcement action against Kraken as being "lazy" and "paternalistic." Most worrying, though, is that our response to a registration infraction is to completely shut down a service that has benefitted the public, Peirce added. When asked if the SEC's objective is to try to keep cryptocurrency out of the mainstream financial system, Gensler said the regulator is utilizing all available tools and is speaking directly to market participants about compliance. Gensler also stressed that the agency is "technology agnostic." It's time-tested regulations and laws to safeguard the investing public disclosure for fair and accurate

disclosure, according to Gensler, if this profession is to have any hope of surviving and succeeding. Do not put your hand in the pocket of the customer by utilizing their money or your own. Address disputes and deconstruct these bundled enterprises. The defunct cryptocurrency exchange FTX is currently going through bankruptcy, and Sam Bankman-Fried, the company's creator, is being accused of fraud in the United States. Gensler declined to comment when asked if a bitcoin exchange-traded fund (ETF) would enable investors to acquire the cryptocurrency through a conventional exchange platform at market rates "Why, but the road ahead has been travelled. Large IT firms "know how to register their products," like Apple " "This gang needs to act now. The runway is rapidly running out of room. And our goal is to safeguard the investing public "added Gensler. The anticipated settlement between the SEC and Kraken caused the cryptocurrency market to lose billions on Thursday.

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