

‘Come In and Register’ – Now With Directions

May 1, 2025

For years, the Securities and Exchange Commission’s invitation to crypto companies sounded simple: “Come in and register.” But there was no map, no guide and no obvious way forward – only uncertainty and risk. That changed on April 10, when the [SEC’s Division of Corporation Finance released its first real roadmap](#) for how crypto companies offering securities should disclose key information.

Importantly, the new guidance applies only to crypto assets that are securities, often referred to as “security tokens” or “tokenized securities.” Crypto assets that are not securities, such as many memecoins and stablecoins, are not subject to these registration and disclosure requirements.

This shift reflects a broader change in tone under the Trump administration. Under President Donald Trump, the SEC has adopted a more practical, engagement-focused approach to crypto regulation – clarifying, for example, that memecoins and stablecoins are typically not securities and pulling back from aggressive enforcement actions. Nonetheless, the core principle remains unchanged: If a crypto asset is a security, it must comply with the securities laws, including registration and disclosure obligations. The new guidance provides, for the first time, detailed direction for how to meet those requirements.

While the guidance does not alter the fundamental legal framework, it finally addresses a critical, long-standing industry question: **What exactly must crypto asset securities issuers do to comply?**

Key points are summarized below.

Business description requirements

Issuers must provide a clear and detailed narrative of their business operations. Required disclosures include:

- A description of core business activities and how revenue is generated.
- An explanation of the role of the crypto asset security within the business model.
- An overview of governance structures, technical features and security protocols.

For projects still in development, issuers also should disclose project objectives, milestones, development timelines, estimated costs and funding sources. Investors should receive a complete and realistic picture of both the current state of operations and future plans.

Disclosure of risk factors

The SEC expects companies to provide specific, tailored risk disclosures – not generic warnings. Risks should be categorized across three main areas:

- Business and operational risks.
- Security and cybersecurity vulnerabilities.
- Regulatory and legal risks, including risks arising from potential changes in legal interpretation.

Crypto-specific risks, such as price volatility, liquidity challenges, custody issues and limitations on holder rights, also must be clearly described. Disclosures must reflect the issuer’s actual operations, business model and market conditions.

Description of the securities

Issuers must enable investors to clearly understand what they are purchasing, particularly because many crypto asset securities do not fit neatly into traditional categories like stocks or bonds. Required disclosure topics include:

- **Key features:** How the security can be accessed, transferred, redeemed, loaned, pledged, burned or divided, along with eligibility for depository services.
- **Rights and obligations:** Including voting rights, dividend rights, profit-sharing mechanisms and enforcement rights.
- **Recording and updating rights:** How investor rights are recorded, through traditional documentation or smart contracts, and how modifications are handled.
- **Technical details:** Requirements for wallets, network transaction fees and participation conditions.
- **Supply mechanics:** Total supply, mechanisms for issuance and redemption, control over supply changes, vesting schedules and market-making arrangements.

Issuers must not only describe these features but also explain their significance and potential impact on investors.

Management and key players

Transparency regarding leadership and governance is critical. Issuers are expected to disclose:

- Executive officers, directors and significant employees.
- Any third parties, such as trust sponsors, who perform policymaking functions.
- Compensation arrangements involving those individuals or entities.

This information is intended to ensure that investors have a clear understanding of who exercises control and decision-making authority within the organization.

Smart contract code as exhibits

Where investor rights and obligations are implemented through smart contracts or similar technologies, issuers are expected to treat the relevant code like any other key governing document, meaning it should be filed as an exhibit to registration statements.

Filings also must be updated if material changes to the code occur after launch.

This reflects the SEC's expectation that decentralized governance must meet the same disclosure and transparency standards as traditional governance structures.

Bottom line

The SEC is no longer reflexively treating all crypto assets as securities. In fact, under the current administration, the commission has made clear that many digital assets, including memecoins and stablecoins, may fall outside the securities laws altogether. For crypto assets that are securities, the path to compliance is now clearer – and with all the exciting developments in the pipeline, the stakes for getting it right are higher than ever.

This content is provided for general informational purposes only, and your access or use of the content does not create an attorney-client relationship between you or your organization and Cooley LLP, Cooley (UK) LLP, or any other affiliated practice or entity (collectively referred to as "Cooley"). By accessing this content, you agree that the information provided does not constitute legal or other professional advice. This content is not a substitute for obtaining legal advice from a qualified attorney licensed in your jurisdiction, and you should not act or refrain from acting based on this content. This content may be changed without notice. It is not guaranteed to be complete, correct or up to date, and it may not reflect the most current legal developments. Prior results do not guarantee a similar outcome. Do not send any confidential information to Cooley, as we do not have any duty to keep any information you provide to us confidential. When advising companies, our attorney-client relationship is with the company, not with any individual. This content may have been generated with the

assistance of artificial intelligence (AI) in accordance with our AI Principles, may be considered Attorney Advertising and is subject to our [legal notices](#).

Key Contacts

Derek Colla Miami	dcolla@cooley.com +1 305 724 0529
Pang Lee Hong Kong	pang.lee@cooley.com +852 3758 1211
Rodrigo Seira	rseira@cooley.com +1 206 452 8832
Joyce Wang Hong Kong	xwang@cooley.com +852 3758 1285
William K. Pao Los Angeles	wpao@cooley.com

This information is a general description of the law; it is not intended to provide specific legal advice nor is it intended to create an attorney-client relationship with Cooley LLP. Before taking any action on this information you should seek professional counsel.

Copyright © 2023 Cooley LLP, 3175 Hanover Street, Palo Alto, CA 94304; Cooley (UK) LLP, 22 Bishopsgate, London, UK EC2N 4BQ. Permission is granted to make and redistribute, without charge, copies of this entire document provided that such copies are complete and unaltered and identify Cooley LLP as the author. All other rights reserved.