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SEC's 'Project Crypto' – Chairman Atkins Outlines Regulatory Vision

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On November 12, 2025, at the Federal Reserve Bank of Philadelphia, Securities and Exchange Commission (SEC) Chairman Paul Atkins delivered a keynote address unveiling the next phase of "Project Crypto," the SEC's initiative to provide clarity and consistency in applying US securities laws to digital assets.

Atkins emphasized the SEC's commitment to establishing a regulatory framework that promotes fairness, predictability and innovation while maintaining robust investor protections. The goal, he noted, is to move beyond ad hoc enforcement and offer a clear roadmap for market participants navigating the evolving crypto landscape.

From uncertainty to clarity

Atkins has emphasized that, for the past decade, the SEC's approach to crypto has focused on enforcement actions with only limited guidance or rulemaking, **and** that this created a fog of uncertainty around how securities laws apply to crypto.

According to Atkins, the prior SEC administration's focus on determining whether crypto assets themselves are investment contracts fundamentally misapplied the securities laws and US Supreme Court precedent, which focus on transactions and relationships between parties – not on an object. Yes, tokens can be sold as part of investment contract transactions. But investment contracts end – they don't last forever just because a token is trading on a blockchain.

Atkins argues that this flawed application of securities laws muddied the waters and ultimately hurt the US economy:

- **Innovation flight:** US projects relocating to friendlier jurisdictions offshore.
- **Compliance chaos:** Convoluted legal structures and pervasive litigation risk.
- **Investor confusion:** Uncertainty over what qualifies as a security.

Atkins made clear: That era is over. The objective now is to replace ambiguity with clarity, while continuing to pursue fraud and market manipulation aggressively.

Core principles of 'Project Crypto'

Before outlining the details, Atkins introduced two guiding principles for the SEC's crypto framework:

1. **Form does not change substance:** A stock remains a stock, whether represented on paper, through a DTCC entry or as a blockchain token.
2. **Economic reality over labels:** Calling something a "token" or a "non-fungible token (NFT)" does not exempt it from securities laws. Conversely, just because a token was part of a capital raise does not mean it is permanently a security.

Bottom line: Economic reality governs – labels do not.

Token taxonomy: Four buckets

Atkins previewed a classification framework for digital assets:

1. **Digital commodities/network tokens:** Decentralized, functional networks where value is not tied to managerial efforts – likely not securities.
2. **Digital collectibles:** NFTs and similar items purchased for enjoyment rather than profit, such as art, music, memes or in-game items – not securities.
3. **Digital tools:** Tokens providing access or credentials, such as membership passes or tickets. If sold for use rather than speculation, these are not securities.
4. **Tokenized securities:** Traditional financial instruments – such as stocks and bonds – issued on chain. These remain securities.

What's next?

Atkins outlined the SEC's roadmap:

1. **Classification framework:** Formal guidance on the four buckets, grounded in the *Howey* This will likely replace the Framework for Investment Contract Analysis, published in 2019.
2. **Regulatory roadmap:** Atkins outlined a vision for a regulatory framework that balances investor protection with innovation. In the coming months, and in alignment with legislation currently before Congress, the SEC is expected to consider a package of exemptions to create a tailored offering regime for crypto-assets that are part of or subject to an investment contract. The roadmap also emphasizes cross-agency coordination with the Commodity Futures Trading Commission (CFTC) and banking regulators, as well as alignment with congressional initiatives, to ensure a harmonized approach that supports innovation while maintaining market integrity.
3. **Fraud enforcement:** Atkins underscored that "fraud remains fraud," and the SEC – alongside other regulatory bodies – will continue to take aggressive enforcement action against fraud, market manipulation and other illicit conduct. His warning was clear: "If you raise money by promising to build a network, and then take the proceeds and disappear, you will be hearing from us, and we will pursue you to the full extent of the law."

Why it matters

- **Issuers:** Begin mapping tokens to the new taxonomy.
- **Trading platforms:** Non-security tokens may gain a clear path to listing outside SEC-regulated venues.
- **Investors:** Expect greater transparency regarding what constitutes a security versus a collectible or utility token.

The big picture

Atkins' remarks signal a pivotal shift in the SEC's approach to digital assets – from "regulation by enforcement" to structured, predictable rules. For crypto innovators and investors, this represents a significant step toward clarity and stability in the US market.

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Key Contacts

Derek Colla **Miami**	**dcolla@cooley.com** **+1 305 724 0529**
Rodrigo Seira Miami	rseira@cooley.com +1 206 452 8832
Alexander G. Galicki Los Angeles	agalicki@cooley.com +1 213 561 3203

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