

Design
Mode...

NEWS GOVERNMENT AFFAIRS

SEC Closes Ethereum 2.0 Investigation, Will Not Pursue Ethereum Enforcement Action

Today, we would like to announce a major win for Ethereum developers, technology providers, and industry participants who have suffered as a result of the Securities and Exchange Commission’s regulatory overreach and inconsistent positions on Ethereum.

DATE

June 18, 2024

AUTHOR

Consensys

READING TIME

3 mins

SHARE

[Copy Link](#)

After declaring in 2018 that Ether is not a security, in 2023 the SEC secretly decided to claim power over this digital asset as a security and has been conducting an invalid investigation into Ethereum. Consensys sued the SEC on April 25, 2024 to **defend the Ethereum ecosystem**, seeking a court order that would halt the SEC’s investigation, on the grounds that ETH is a commodity and therefore the SEC lacks jurisdiction to investigate or regulate it. Following our lawsuit, numerous policymakers—including members of Congress—and the public at large voiced concern over the SEC’s Ethereum 2.0 investigation. On June 7, we sent a letter asking the SEC to confirm that the ETH ETF approvals in May, which were predicated on ether being a commodity, meant the agency would close its Ethereum 2.0 investigation.

Today, the Enforcement Division of the SEC responded by notifying us that it is closing its investigation into Ethereum 2.0 and will not pursue an enforcement action against Consensys.

While we are gratified by the SEC’s decision to stand down on Ethereum, there is more work to be done to protect crypto in the United States. It is imperative that the SEC abandon its unprincipled and opaque regulation-by-enforcement campaign in favor of much-needed regulatory clarity for an industry that serves as the backbone to countless new technologies and innovations. In that light, our lawsuit also asks a federal court to find that we neither act as a broker nor issue securities through our software offerings MetaMask Swaps and Staking.

No company or individual should find itself in our position, having to resort to costly litigation to obtain clarity about what is and is not lawful. As we asserted in our lawsuit, “Consensys is built on creating software products that allow people around the world to use and build on top of the Ethereum network, and it is entitled to run its business without the cost, burden, and uncertainty of an unlawful enforcement action.” The same is true for the crypto industry at large. We hope today’s development marks the beginning of a new path forward.