

SEC Announces Newly Named Crypto Assets and Cyber Unit

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The Securities and Exchange Commission (SEC) and its Chair Gary Gensler are making good on their promise to increase oversight of the crypto markets. On May 3, 2022, the SEC announced that it would allocate 20 additional positions to the unit newly named as the Crypto Assets and Cyber Unit within the Division of Enforcement.^[1] This unit, formerly known as the Cyber Unit, now has 50 dedicated positions to enforcing potential securities law violations relevant to crypto asset offerings, crypto asset exchanges, crypto asset lending and staking products, DeFi platforms, non-fungible tokens (NFTs), and stablecoins. In fact, the unit has brought more than 80 enforcement actions related to crypto asset offerings and platforms, with more than \$2 billion in monetary relief, since its creation in 2017. The unit has also brought actions against public companies and companies registered with the SEC for failing to maintain adequate cybersecurity controls or for failing to appropriately disclose cyber-related risks and incidents. Chair Gensler believes “it is increasingly important to dedicate more resources to protecting” investors of crypto markets and expects that “[b]y nearly doubling the size of this key unit, the SEC will be better equipped to police wrongdoing in the crypto markets while continuing to identify disclosure and control issues with respect to cybersecurity.”^[2]

The overhaul and expansion of the Crypto Assets and Cyber Unit is part of the SEC’s plan to regulate the crypto industry under its authority. Only a month ago, Chair Gensler publicly remarked that the SEC will consider several regulatory projects over crypto platforms, stablecoins, and other crypto tokens. These changes signal that the SEC will focus on cybersecurity, protection of investors, and maintaining financial stability within the crypto markets. In this recent announcement, Director Gurbir S. Grewal of the Division of Enforcement stated that “[t]he bolstered Crypto Assets and Cyber Unit will be at the forefront of protecting investors and ensuring fair and orderly markets” against such risks.^[3] Hence, Companies that conduct business or plan to offer crypto-related products within the unit’s purview should expect to see enhanced enforcement.

Winston & Strawn Law Clerk Jeremy Chu also contributed to this blog post.

^[1] U.S. Securities and Exchange Commission, Press Release, *SEC Nearly Doubles Size of Enforcement’s Crypto Assets and Cyber Unit* (May 3, 2022), <https://www.sec.gov/news/press-release/2022-78>.

^[2] *Id.*

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