sec issues first cryptocurrency no-action letter – where's the action?

MSK Client Alert

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On April 2, 2019, the Division of Corporation Finance of the Securities and Exchange Commission issued a no-action letter to TurnKey Jet, Inc. in connection with a proposed sale of tokens in the United States. It was the first no-action letter relating to cryptocurrencies and was widely heralded as a watershed event (e.g., "*SEC Issues First 'No-Action' Letter Clearing ICO to Sell Tokens in US")*(see **here**).

But what does the SEC's no-action letter really mean? First, a no-action letter is the SEC's staff response to a request that the SEC not take enforcement action against the requestor based on the specific facts and circumstances set forth in the request. In most cases, the staff will not permit parties other than the requester to rely on the no-action letter. As was the case here, the staff's response often is based in part on the legal opinion rendered by the requester's lawyer that the proposed conduct is not a violation of the federal securities laws.

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