

Consensys sues the SEC in defense of the Ethereum ecosystem

Fort Worth, Texas, April [25th] – [Consensys](#), the leading blockchain and web3 software technology company, today filed a lawsuit (the “complaint”) against the Securities and Exchange Commission (“SEC”) to ensure that Ethereum remains a vibrant and indispensable blockchain platform and the foundation for countless new web3 innovations, technologies, and products.

The complaint highlights how the SEC is attempting to unlawfully regulate ether through ad hoc enforcement actions against Consensys and possibly others -- the latest examples of aggressive and unlawful SEC overreach. If allowed to expand its regulatory purview, the SEC would effectively destroy value for hundreds of millions of ether holders and bring use of the Ethereum blockchain in the United States to a halt, crippling the technological evolution of the internet.

“The case we have filed today is intended to preserve access for the thousands of developers, market participants, and institutions who have a stake in the world’s second largest blockchain,” said Joe Lubin, Co-founder of Ethereum and Founder/CEO of Consensys. “The SEC cannot be allowed to arbitrarily expand its jurisdiction to regulate what is plainly and by the SEC’s own prior admission a commodity. We are hopeful that the case brings attention to – and ultimately halts -- the SEC’s reckless approach and restores the kind of regulatory certainty and sanity that is so essential to web3 technologies and a well-functioning innovation economy.”

The complaint seeks the Court’s confirmation that the SEC has no legal authority to regulate ether, user-controlled software interfaces built on Ethereum, or the Ethereum blockchain in general on the basis that:

- The SEC only has jurisdiction over securities, and up until recently has agreed that ether, the digital good that permits users to access and transact on the Ethereum network, is not and should not be treated as a security.
- The SEC has no legal authority to regulate the technological evolution of the internet. Ether can be traded as a commodity (like oil), but it is also essential to the technological development of applications built on Ethereum – including applications that have clear, non-financial utility for vital sectors like healthcare, energy, transport, media, agriculture, and beyond. The SEC’s approach would make it impossible for developers in the U.S. to build on Ethereum, because it would misclassify non-financial platforms as financial applications and effectively end U.S.



transactions in ether, imposing SEC registration requirements that lack any legal basis and would be impossible to comply with.

- Applications that allow people to buy, sell, and transfer ether on their own are not securities brokers. One of Consensys' products, the MetaMask wallet, gives users everything they need to explore web3; from managing their identity, sending and receiving cryptocurrency, to connecting to decentralized applications built on Ethereum. Declaring a software developer building user-controlled tools a securities broker would effectively block web3 developers from continuing to build next generation applications themselves.

“Ethereum is a world-changing technology, and ether itself has the potential to be a significant driver of the U.S. economy of the future,” Lubin added. “Unlawful SEC regulation, however, threatens to jeopardize this potential and impedes the U.S.’s ability to use blockchain technology as the basis for countless new innovations and technologies - even as other nations race ahead. We are therefore taking decisive, proactive steps on the industry’s behalf at this critical moment for the future of Ethereum, other decentralized protocol technologies and indeed the entire next chapter of the internet’s development. We are committed to the cause and resolved to win.”

Consensys' lawsuit seeks a declaration that (i) ether is not a security and that, accordingly, the SEC's investigation into ether and Ethereum and any resulting enforcement actions exceed its regulatory authority; (ii) any enforcement action against Consensys premised on ether being a security or ether transactions being securities transactions would violate due process and fair notice; (iii) Consensys neither acts as a broker nor offers or sells securities through the Swaps and Staking functionality of its MetaMask wallet software; and (iv) any investigation or enforcement action against Consensys premised on it acting as a broker or offering and selling securities through its MetaMask software would exceed the SEC's authority. Consensys further seeks an order enjoining the SEC from continuing to investigate or bringing an enforcement action with respect to its sales of ether and as to MetaMask.

The complaint, Consensys Software Inc vs Gary Gensler, U.S. Securities and Exchange Commission et al, has been filed in the United States District Court for the Northern District of Texas.



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To support the Ethereum Community in making its voice heard, Consensys is extending an invitation to anyone interested in the technological evolution of the internet to join the movement by signing up for future updates and learning more about how they can contribute to protecting the Ethereum ecosystem. Those interested can sign up for updates and find further details at defendethereum.us.

About Consensys

Headquartered in Fort Worth, TX, [Consensys](https://consensys.io) is the leading blockchain and web3 software company. Since 2014, Consensys has been at the forefront of innovation, pioneering technological developments within the web3 ecosystem. Through our product suite, including the [MetaMask platform](#), [Infura](#), [Linea](#), [Diligence](#), and [Phosphor. our NFT toolkit](#), we have become the trusted collaborator for users, creators, and developers on their path to build and belong in the world they want to see. Whether building a dapp, an NFT collection, a portfolio, or a better future, the instinct to build is universal. Consensys inspires and champions the builder instinct in everyone by making web3 universally easy to use and develop on. Visit [https://consensys.io/](https://consensys.io) and defendethereum.us.

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