# Transformations in the legal landscape of blockchain technology in 2024



The legal landscape surrounding blockchain technology has seen considerable transformations throughout 2024, particularly in the United States. As the year comes to a close, key milestones have significantly influenced the industry and created both opportunities and compliance challenges for market participants.

One of the most prominent developments was the U.S. Securities and Exchange Commission (SEC) filing lawsuits against three of the largest cryptocurrency exchanges—Coinbase, Binance, and Kraken. These unprecedented legal actions marked a major shift in the SEC’s enforcement strategy, previously focused on issuers and promoters of digital assets. The SEC alleged that these exchanges operated as unregistered broker-dealers concerning the digital assets sold on their platforms. The repercussions of these lawsuits are profound, as a ruling in favour of the SEC could compel these exchanges to delist numerous assets, thereby limiting trading options substantially. According to the National Law Review, these cases are deemed “bet the company” situations, underscoring the stakes involved for the exchanges and the broader digital asset economy.

In a notable legal case, the SEC's long-standing dispute with Ripple Labs over the classification of its cryptocurrency XRP reached a partial resolution. While a court ruled that XRP is not a security, Ripple was still subject to a civil penalty for selling XRP in a manner deemed illegal. The National Law Review notes that this outcome is being viewed as a relative victory for Ripple and the digital asset space, indicating a potential shift in how tokens are classified in relation to securities.

The evolving regulatory environment has also seen increased scrutiny on non-fungible tokens (NFTs), as debates continued over their classification as investment contracts or consumer goods. The SEC's actions against NFT-related projects and ongoing lawsuits illustrated the complexity and uncertainty surrounding these assets, which has, in turn, led to hesitation from major brands in embracing NFTs due to potential legal implications.

In addition to regulatory challenges, the Federal Banking regulators have been scrutinised for actions that may be classified as "debanking" digital asset participants. Reports suggested that regulatory pressure on banks not to provide services to the crypto industry hampered access to basic banking for numerous entities within the sector. Observations from the National Law Review reveal a growing concern over the implications of these actions, which have drawn criticism from political candidates and major publications alike.

Mergers and acquisitions (M&A) activity in the digital asset space surged in 2024, signalling a maturation of the market. High-profile deals, including various partnerships between traditional finance entities and crypto companies, underscored the ongoing consolidation of the financial landscape and the increasing acceptance of digital assets within the broader economy. The National Law Review outlines several notable mergers and acquisitions that suggest a trend toward blending traditional and digital financial services.

Bankruptcy proceedings from various cryptocurrency firms, notably Celsius Network and FTX, progressed throughout the year, showcasing the resilience of the market despite prior turmoil. While substantial liabilities were reported, the rebound in crypto prices and a new legal framework for handling irrelevant regulations allowed for more robust creditor recoveries. Legal clarity surrounding the treatment of crypto assets in bankruptcy proceedings began to emerge, which may influence future handling of similar cases.

Legal protections for protocol developers became a prominent issue following several court rulings that favoured developers against claims of liability for the misuse of code. The Fifth Circuit’s decision regarding Tornado Cash highlighted the complexities of the interaction between software development and regulatory oversight, a theme that has emerged in discussions surrounding privacy and decentralisation within the crypto world.

As the conversation around Decentralised Autonomous Organisations (DAOs) continued, legal complexities surfaced regarding their structures and liabilities. Ongoing litigation has spurred judges and lawmakers to consider how to classify DAOs, suggesting that a formal legal structure may be necessary for their operation in a compliant manner. This has led to questions about whether DAOs can effectively manage legal concerns while providing decentralised services.

Despite ongoing regulatory challenges, Congress made efforts to establish clearer guidelines for the crypto industry in 2024. Although significant laws were not enacted, bipartisan support for crypto regulation emerged, signalling potential avenues for future legislative clarity. The National Law Review reflects on how this groundwork may influence upcoming regulatory actions and the framework within which digital assets are governed.

The political landscape saw the crypto industry becoming a focal point of bipartisan lobbying efforts, with substantial financial support directed toward favourable candidates. The attention given to the crypto industry by notable political figures indicates a growing recognition of its importance and potential. The National Law Review illustrates how this dynamic may shape future regulatory approaches and industry conditions as it transitions into 2025.

As the digital asset ecosystem evolves, the outlook remains mixed with cautious optimism for the coming year. Changes in leadership and potential shifts in regulatory strategies could present significant opportunities for traditional financial services companies to enter the expanding digital asset market. With a backdrop of both challenges and advancements, entities involved in blockchain technology are advised to strategise effectively and remain adaptable to the rapidly changing environment.

Source: [Noah Wire Services](https://www.noahwire.com)

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