When Crypto is not a Security: XRP's Legal Triumph Marks a Potential Turning Point in Market Dynamics

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US, July 14, 2023 /EINPresswire.com/ -- On July 13th, there was a significant development in the legal dispute between Ripple, the public blockchain company, and the U.S. Securities and Exchange Commission (SEC) regarding whether XRP tokens were securities. Judge Torres issued a summary judgment stating that Ripple's sale of XRP through exchanges does not constitute a security.

According to court documents Case 1:20-cv-10832-AT-SN, the judge did acknowledge that Ripple's institutional sales or fundraising activities could be considered securities. However, the subsequent sale of XRP on exchanges did not satisfy the third element of the Howey test. Therefore, the judge concluded that selling tokens to users through exchanges is permissible as long as it is done through order books and not via ICO/IEO/Launchpad methods. Additionally, the transfer of XRP by Ripple as rewards, investments, donations, or between executives is also not deemed as securities. This represents a significant victory for Ripple.

What impact does this have on cryptocurrency exchanges?

Many media reports have indicated that the judge's statement has implications for the broader cryptocurrency market. The ruling establishes that Ripple's sale of XRP through exchanges does not constitute a security, and the use of XRP as rewards, investments, donations, or transfers between executives is not considered a security. If these actions are not securities, then practically everything sold through exchanges would not be securities.

This court’s decision means that the current favorable outcome of the summary judgment could pave the way for the sales and trading of almost anything on cryptocurrency exchanges without being classified as securities. This legal victory has the potential to revolutionize the cryptocurrency market. After facing setbacks such as the Luna crash and the closure of the FTX exchange last year, the market seems to be showing signs of recovery. This victory could catalyze reversing the bear market and ushering in a new bull market.

Michael Hung, the key figure behind BYDFi crypto exchange, stated that we believe XRP's legal victory is not just a win for XRP but also has an impact on the overall cryptocurrency ecosystem. Since the occurrence of two significant events last year, the cryptocurrency market has been in a phase of rebuilding trust. Individual traders have had little confidence in the overall market environment, leading to a prolonged period of market downturn.

“I believe this event will be beneficial for the future of digital currencies, especially for ecosystems like MATIC and Solana which are currently being warned by the SEC. It serves as motivation.BYDFi will continue to monitor and support these related projects and provide any form of assistance. Additionally, with the Bitcoin halving event scheduled for next year, I believe the second half of this year is a very optimistic and inspiring beginning.”

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