



Cryptocurrency, Digital Assets, and Blockchain

Chapman is at the vanguard of the emerging cryptocurrency, digital asset, and blockchain industry. Our attorneys have an unparalleled command of the unique and complex issues surrounding investments and other transactions in this emerging asset class.

Chapman's century of experience as a law firm focused on finance uniquely positions our firm to provide clients with comprehensive advice and deep insight into the developing ecosystem of cryptocurrency, digital assets, and blockchain technology. We understand the evolving needs of the participants in this space and combine creative legal acumen with business and market insight. As this space has matured, so have the diversity, breadth, and depth of our representation.

Chapman attorneys advise clients across legal products, including regulatory, corporate, investment management, tax, and litigation matters, and across borders on multi-jurisdictional mandates. We also maintain close relationships with leading trade organizations, such as the Chamber of Digital Commerce, that represent the industry before regulatory bodies and local and federal governmental bodies, including the US Congress and Securities and Exchange Commission.

Fund Formation and Investing

- Formation and structuring of ETFs and other 1940 Act-registered investment fund structures, including preparing registration statements and facilitating SEC review process
- Organization of private investment funds, including hedge funds and venture funds
- Preparation of private fund documents such as private placement memorandums, limited partnership agreements, trust agreements, escrow agreements, subscription booklets, and investment management agreements

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Related Practices

Investment Management

- Advising on 19b-4 exchange listing applications for publicly traded digital asset investment funds
- Negotiating side letters with private fund investors and arrangements with administrators and other service providers
- Negotiating cryptocurrency custody agreements and derivatives trading documentation
- Advising institutional investors on due diligence considerations associated with investments in private funds investing in digital assets
- Guidance through evolving regulatory and enforcement landscape, including proceedings and investigations involving federal and state regulatory and law enforcement authorities (Department of Justice, Securities and Exchange Commission (SEC), Commodity Futures Trading Commission (CFTC), and various self regulatory organizations, including FINRA, NFA, and national securities exchanges)
- Risk management and compliance guidance regarding custody, AML, MNPI, registration, and other digital asset enforcement priorities, including developing bespoke compliance manuals, policies, and procedures

SEC, CFTC, and Other Regulations

- Counseling on SEC, CFTC, and other regulations applicable to asset managers, issuers of virtual currencies and tokens, foundations, DAOs, and other entities operating in the crypto and blockchain space
- Analysis of whether coins, tokens and other digital assets may be classified as securities or commodities, and the implications of any applicable regulatory frameworks
- Advising on issues related to both centrally cleared and over-the-counter cryptocurrency derivatives
- Considerations related to the formation of DAOs, initial coin offerings and other token disbursement programs

Tax Planning and Structuring

- Evaluating the treatment of cryptocurrencies and derivatives on cryptocurrencies under rules applicable to repurchase and lending transactions, straddles, wash sales, constructive sales, mandatory and elective mark- to-market recognition of gains and losses
- Evaluating tax consequences of cryptocurrency investments to different taxpayers in light of IRS guidance that cryptocurrencies are "property" and applicable tax treatment of air drops, staking, lending, other DeFi activities, including grantor trust and publicly traded partnership issues
- Determining whether a fund is engaged in a US-trade or business and evaluating the application of safe harbor rules to various cryptocurrencies

Corporate and M&A Practice

- Advising clients on public market mergers and acquisitions with and of crypto and blockchain companies
- Guidance on infrastructure partnership and commercial arrangements with organizations that mint and issue digital assets

- Assistance with entity formation, financings, and joint ventures for companies creating and developing digital assets
- Advising on the integration of digital assets into advertising, marketing, and other consumer-facing activities and related legal considerations

Transaction Highlights

- Representing numerous bitcoin ETFs seeking approval from the SEC
- Representing the first to market Blockchain ETF
- Representing the second to market bitcoin futures ETF
- Advise 1933 Act exchange-traded products on new and novel structures to advance digital asset strategies
- Represented the sponsors of privately offered single- and multi-digital asset trusts that offer exposure to various cryptocurrencies, including Bitcoin (BTC), Ethereum (ETH), Polkadot (DOT), Avalanche (AVA), TRON (TRX), Algorand (ALGO), and HBAR, among others, as well as those pursuing a "staking" strategy
- Advise privately offered trusts holding cryptocurrencies and other digital assets seeking to "uplist" their shares to OTCQX
- Advise registered investment advisers offering private funds that engage in stablecoin lending to large cryptocurrency exchanges
- Co-counsel to an institutional cryptocurrency wallet and custody platform in the sale of its institutional bitcoin custody business
- Represented a financial services firm that serves as a third-party key agent for digital asset/crypto-collateralized loans, including bitcoin- and ether-backed loans, originated by a decentralized platform operated by a financial technology company
- Represented a cryptocurrency firm in establishing a lending program based upon and backed by cryptocurrency accounts
- Represented digital asset custodians on regulatory and contract matters
- Represented a member of a stablecoin consortium project on regulatory and contractual matters
- Represented sponsors and advisers of registered and private investment vehicles on formation, securities law, and commodities issues, as well as ongoing compliance and best practices
- Represented digital asset lending platforms on regulatory matters
- Represented participants on a blockchain-based loan purchase platform
- Advised a servicing agent on regulatory and contract issues relating to participating in a digital asset lending platform
- Advised a data platform on regulatory and operational issues

Cryptocurrency, Digital Assets, and Blockchain Record Updates

January 27, 2023

ISDA Adopts Standard Definitions for Digital Asset Derivatives

September 12, 2022

Chamber of Digital Commerce releases report: The Crypto Conundrum: Why Won't the SEC Approve a Bitcoin ETF?