Where Traditional Public Financing Fails, Blockchain Steps In.

Both private and government funding have weaknesses. Crypto networks offer a third way to coordinate big collective projects.

This week saw big moves from the U.S. Securities and Exchange Commission. First, the regulator declared several digital assets "securities" in the course of lobbing insider-trading allegations at an employee of crypto exchange Coinbase. The SEC then opened an investigation into Coinbase's own alleged unauthorized sale of securities.

That's huge grist for those trying to read the tea leaves of U.S. crypto regulation, but I want to take a big step back and think about the underlying issue of how societies fund large collective projects. Securities are a well understood way of doing that, and the SEC regulates that system in large part to keep money flowing to genuine, socially useful investments.

But one of the major promises of cryptocurrency networks is an entirely new approach to pooling and deploying capital, one that complicates the traditional split between public and private funding. It's a major reason crypto has captured the global imagination and a key topic for those who would like to see regulators strike a balance between protecting the public and fostering innovation.

Continue reading.

Yahoo Finance

by David Z Morris

Fri, July 29, 2022