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CFTC Brings First Bitcoin Enforcement Action, Further Clarifying U.S. Regulatory Landscape for Virtual Currencies

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On September 17, 2015, the Commodity Futures Trading Commission settled its first enforcement action involving an unregistered Bitcoin derivatives trading platform. Coinflip, Inc. operated an online trading platform called Derivabit, which connected buyers and sellers of Bitcoin option contracts. Between March and August 2014, Derivabit had approximately 400 users. The settlement order states that Coinflip, Inc. and its founder and CEO, Francisco Riordan, violated provisions of the Commodity Exchange Act and CFTC regulations governing transactions in commodity options, including provisions that require trading platforms that offer swaps to register with the CFTC. Coinflip and its operator were ordered to cease and desist from future violations of the CEA and CFTC regulations, although the order carried no monetary penalties.

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