

# Crypto Exchanges Join Virtual Commodity Association Seeking to Establish Industry Standards

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Despite the recent setback of having their Bitcoin ETF rejected by the SEC for the second time, the Winklevoss brothers remain undeterred in their efforts to bring cryptocurrency into the investment mainstream.

Their latest project is the Virtual Commodity Association (VCA), a self-regulatory organization (SRO) for the virtual currency industry aiming to serve in the same capacity as SROs such as FINRA and the NFA currently serve for the securities and derivatives industries, respectively. On its [website](#), the VCA lists its mission as “to work toward the goal of establishing an industry-sponsored, self-regulatory organization (SRO) to oversee virtual commodity marketplaces,” an ambition which ostensibly goes beyond Bitcoin but explicitly disclaims security tokens. Trading in the spot market of commodities is generally considered to be exempt from the jurisdiction of the Commodity Futures Trading Commission (CFTC), aside from anti-fraud and anti-manipulation enforcement.

The Winklevoss brothers published an article in [March](#) proposing the VCA. Currently, the VCA is a working group of four cryptocurrency exchanges: bitFlyer (based in Japan), Bitstamp (based in Luxembourg), Bittrex (based in Seattle) and Gemini (based in New York and founded by the Winklevoss brothers). Once capitalized and operational, the VCA seeks to issue reports on cryptocurrency trading and establish global standards. The VCA would require its members to adhere to best practices in eight areas: custody, customer communication, trading transparency, market rules, cybersecurity, market surveillance, information sharing and regulatory cooperation (with the CFTC and other potential regulators).

Should the VCA achieve its stated objective, it would address many of the concerns about the existing cryptocurrency industry that led the SEC last month to reject the application of Winklevoss Bitcoin Trust, a Bitcoin ETF, to be listed on the BZX Exchange. In its [July decision](#), the SEC cited numerous comment letters that led it to conclude that Bitcoin exchanges are currently unable to “prevent fraudulent and manipulative acts and practices and to protect investors and the public interest” in accordance with Exchange Act Section 6(b)(5).

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