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Will Altcoins Recover After Ripple Decision?

By: www.ProfitableInvestingTips.com

Just one of the many court cases by US regulators against crypto entities has arrived at a decision. The Securities and Exchange Commission took Ripple Labs Inc. to court. They argued that XRP, the Ripple Labs Inc. token, was a security. As such the SEC wanted any crypto exchange that traded this token to go through all of the steps needed for trading securities. This issue helped drive altcoin prices down in recent months when the SEC listed a large number of tokens as securities. The court issued what amounted to a split decision that caused the XRP token price to double in one day. Will altcoins recover after the Ripple decision or will there be more to the story?

What Was the Ripple Decision?

The SEC case against Ripple Labs Inc. was part of their attempts to bring cryptocurrencies under their regulatory supervision. The SEC oversees the stock market. They assert that a large number of cryptocurrencies are actually securities. As such they need to have broker dealer and trading functions separated. They need to have clearing house activities separated from their trading functions as well. And there are a whole list of rules and regulations that stocks like on the New York Stock Exchange and Nasdaq need to be in compliance with. However, when the SEC took Ripple to federal court the judge gave a ruling in two parts. According the ruling, when exchanges are dealing with institutional investors and traders they need to treat XRP, the token, like a security. For all other crypto investors and traders, they will not need to when dealing with the XRP token.

What Happened to XRP After the Court Decision?

As soon as the federal court decision was announced, the price of XRP nearly doubled. It went from \$0.474 to \$0.8301 and has since settled down to \$0.7082. Anyone who purchased XRP in hopes of a good decision did very well. Anyone who purchased XRP at its peak in 2021 before crypto winter is still hurting. XRP sold for \$1.6491 in early 2021 and sold for \$1.1906 in November 2021 before all of crypto went into a long downward slide. The question now has to do with the wider crypto world and especially all of those altcoins at risk of being labeled securities by the SEC.

What Does the XRP Decision Mean for Altcoins in General?

An article in *Nasdaq* noted that many [altcoins are soaring](#) this week as a result of the XRP decision. Not only has XRP nearly doubled in value but XLM is up 50% and SOL is up 37%. How much this will spread throughout the ranks of altcoins and how long it will last remains to be seen. The judge's decision was split and it will probably be appealed. If it stands, it will be precedent for following cases. Let us say the decision that XRP needs to be considered a security when traded by institutional investors stands. That means any crypto exchange that handles XRP trading for institutional investors will need to comply with all SEC rules for securities. What will exchanges do? They can simply not deal with institutional investors. They could split their

businesses in anticipation of the Ripple ruling applying eventually to a large number of altcoins. But if they do that, why not do it for all tokens in anticipation of more regulatory challenges down the line?

A Broad Based Altcoin Recovery May Be Premature

It seems that the issue of whether a large swath of altcoins are securities or not has yet to be resolved. As practical matter, the spit decision by the judge in this case leaves crypto exchanges with the headache of whether to treat all altcoins as securities, go to the hassle and expense of splitting their business operations, or letting a lot of potential business from institutional investors slip away. Once any appeals work their way through the courts these issues may be clearer or they may not.

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