

US regulator backs tradable Bitcoin funds – but remains sceptical over cryptocurrencies

A US regulator has reluctantly given its approval for funds holding Bitcoins to be traded on the US stock exchange.

The approval by the US Securities and Exchange Commission (SEC) – an independent agency which has a primary purpose of enforcing laws against market manipulation – will allow investors to gain exposure to Bitcoin without owning the cryptocurrency directly.

However, SEC said it was still deeply sceptical about cryptocurrencies and that the agency “did not approve or endorse Bitcoin” in its decision.

It comes after [hackers were blamed](#) for a fake post on SEC’s X account that announced the financial market regulator’s approval, which, in turn, prompted a jump in the value of Bitcoin.

What is an exchange-traded fund?

On Wednesday, SEC gave the green light to 11 exchange-traded funds (ETF) for Bitcoin, which it said would provide competition and a “level playing field”

An ETF is an easy way to invest in something or a group of things, like gold, junk bonds or Bitcoins, without having to buy the things themselves.

They trade like stocks, which means they can be bought and sold throughout the day.

The approval is a win for Wall Street and the cryptocurrency industry, which has faced two years of turmoil that resulted in the failure of several crypto firms.

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The move by SEC had been hotly anticipated, and in the build up, the price of Bitcoin soared, trading at \$45,890 (£36,024) on Wednesday, up from around \$35,198 (£28,844) [in mid-October](#).

Some analysts think that ETFs may help stabilise crypto prices by broadening their use and potential audience.

But many, including Yiannis Giokas, senior director of financial services company Moody's Analytics, remain concerned that their broad use could expose mainstream investors to a less familiar spectrum of risks.

SEC chairman, Gary Gensler, has said repeatedly that cryptocurrencies need more regulation and investor protections.

"Investors should remain cautious about the myriad risks associated with Bitcoin and products whose value is tied to crypto," he said.