

How Bitcoin Is Going Mainstream

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It's been nine years since the white paper titled 'Bitcoin: A Peer-to-Peer Electronic Cash System' surfaced. The idea of a peer-to-peer transaction without an intermediary (such as a bank) was met with much skepticism. Through years of its existence, bitcoin was both lauded and condemned.

Amid an ambiguous stance by regulators in many regions, investors have remained puzzled owing to the jargon and sensation

surrounding it. This resulted in bitcoin being perceived as something that didn't belong to the mainstream. However, the process of widespread acceptance is in underway.

Here's a look at how bitcoin is making its place in the financial world as well as investor portfolios.

Futures & Options

The Chicago Merchandise Exchange (CME) Group is set to [launch](#) bitcoin futures during Q4 2017 subject to regulatory review. This is a huge leap as it adds great credibility to bitcoin, bringing it at par with other asset classes. CME Group handles more than 3 billion contracts worth approximately \$1 quadrillion annually (on average). Bitcoin futures will be listed on and subject to the rules of CME.

"The new contract will be cash-settled, based on

the CME CF Bitcoin Reference Rate (BRR) which serves as a once-a-day reference rate of the U.S. dollar price of bitcoin," as per CME's [statement](#). The decision comes in response to the immense investor interest to indulge in the cryptocurrency market.

In July this year, the U.S. Commodity Futures Trading Commission (CFTC) [granted](#) LedgerX a registration as a Derivative Clearing Organisation (DCO) under the Commodity Exchange Act (CEA). This was in addition to the Swap Execution Facility given earlier.

The platform went live in October 2017 and has received an overwhelming response. Initially, they had hoped for a quiet first week, with "no press, no fanfare."

"Wow, were we mistaken — we ended up completing swaps and options trades worth over \$1,000,000. Crucially, these trades were cleared through LedgerX, which is the only institutional grade, US federally regulated exchange and clearing house for digital currencies. And we are literally just getting started," said LedgerX in its official [blog](#). LedgerX is the first platform to offer a unified way to buy and sell BTC via swaps, and monetize the volatility with options.

There is also the [Coinut](#) exchange for trading cryptocurrencies, futures and options. The venture is backed by BoostVC and NUS Enterprise, and approved by the [government](#) of Singapore.

Exchange Traded Funds

This segment has seen increased interest; however, the Securities and Exchange Commission (SEC) has not given a nod to any of the proposed bitcoin-based ETFs.

Some of the ETF proposals have faced rejection or withdrew application while some await a decision; names include Winklevoss Bitcoin Trust ([COIN](#)), SolidX Management LLC, [VanEck](#) Vectors Bitcoin Strategy ETF, Exchange Traded Concepts, LLC [filed](#) for two versions—REX Bitcoin Strategy ETF and REX Short Bitcoin Strategy ETF. ProShares—one of the most reputed ETF providers, managing more than \$29 billion in assets, is also seeking [approval](#) for bitcoin futures based fund.

While the above propose pure bitcoin-oriented mediums, there are some ETFs that provide a small exposure towards bitcoin. [ARK Web x.o ETF](#) (ARKW) from ARK Investment Management invests in bitcoins by buying shares of Bitcoin Investment Trust. Its current allocation is about 5.5%.

The shares of [Bitcoin Investment Trust](#) can also be traded directly through personal brokerage account but this is available only for accredited investors. It is quoted on OTCQX under the symbol GBTC and has an AUM of \$1.078 billion (October 31, 2017).

Retirement Account

Investors can now choose bitcoin as the underlying asset for Individual Retirement Accounts (IRA) through a self-regulated IRA. While BitcoinIRA was the first to launch such a product, other financial service providers such as Goldco, IRA Financial Group, Broad Financial and First Digital IRA have followed suit. The Internal Revenue Service (IRS) treats virtual currency as [property for federal tax purposes](#).

Final Word

There is a huge population waiting to dip their toes in the crypto-waters but are hesitant due to unavailability of regulated products in the marketplace. With prominent institutions coming up with structured bitcoin-based investment and trading avenues—liquidity, legitimacy and investor confidence—will all shoot up, bringing bitcoin closer to mainstream.

Disclaimer: Investors should consider the above information not as a de facto recommendation, but as an idea for further consideration. There are many 'pump and dump' and Ponzi schemes floating, investors must be very careful while looking to invest in bitcoin.

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