



**Bitcoin ETF Approval
Opening New Avenues for the Billion-Dollar Market**

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The U.S. Securities and Exchange Commission (SEC), the agency responsible for regulating the securities markets and protecting investors in the U.S.A, granted approval to 11 spot Bitcoin exchange-traded funds (ETF), in its Approval Order on 10 January 2024.

By giving the green light to Bitcoin ETFs, the SEC has enabled investing on the stock market in Bitcoin without having to directly own or store the digital currency.

Background

Over the past several years, the SEC received numerous proposals to list bitcoin investment products on national exchanges, consistently denying proposals on the grounds that they were not “designed to prevent fraudulent and manipulative acts and practices”.

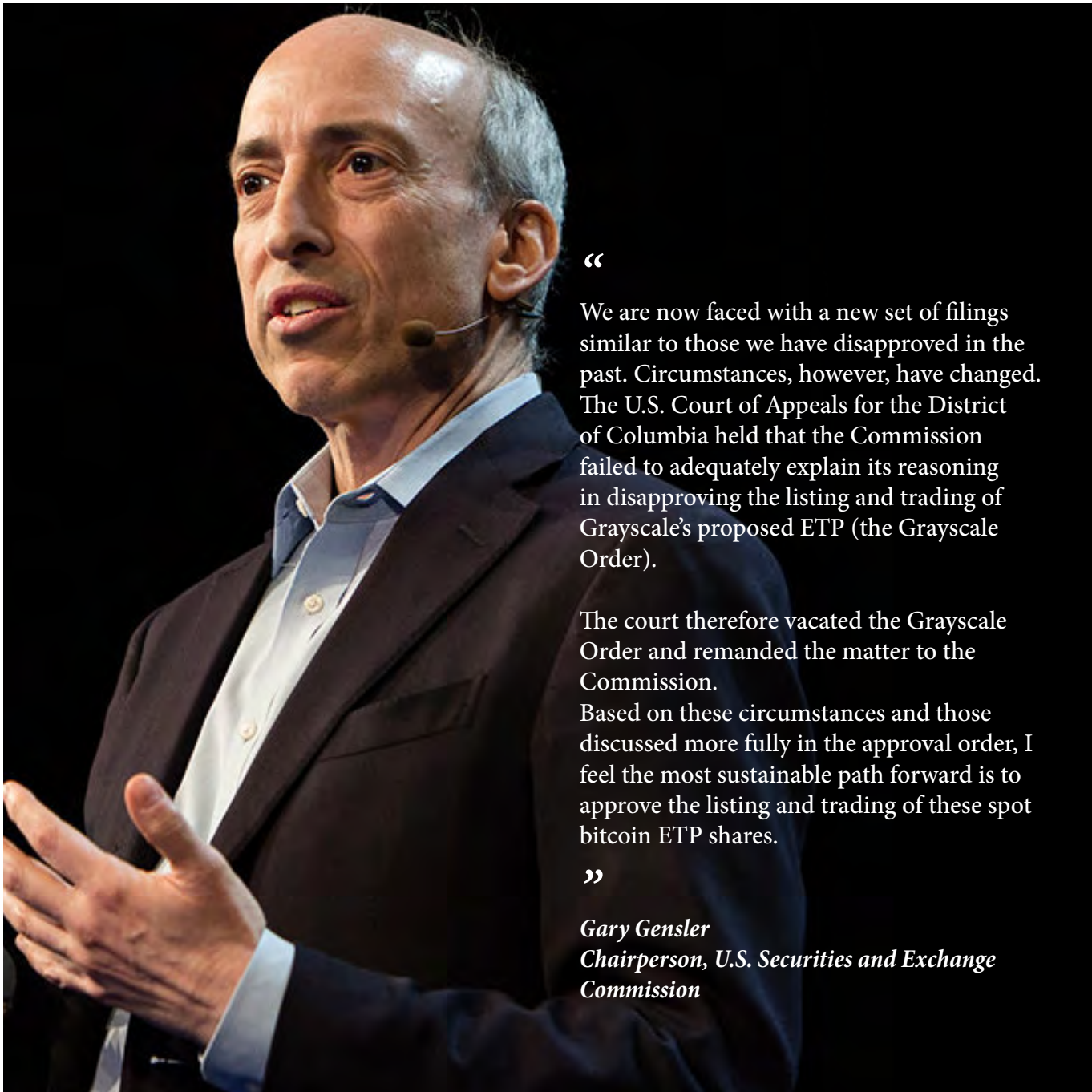
Notably, the listing of Grayscale Investments Grayscale Bitcoin Trust (BTC), spot Bitcoin ETF, faced denial due to the same concerns. The SEC found that it was not “designed to prevent fraudulent and manipulative acts and practices” and failed to satisfy the significant market test.

Responding to the denial, Grayscale filed a petition for review of the SEC’s final order disapproving listing and trading shares of Grayscale Bitcoin Trust, with the United States Court of Appeals for the District of Columbia Circuit.

Grayscale’s primary argument was that the SEC acted arbitrarily and capriciously by denying the listing of Grayscale’s proposed bitcoin ETP and approving the listing of materially similar bitcoin futures ETPs.

In 2023, the court granted Grayscale’s petition for review and vacated the SEC’s order.

In the most recent Approval Order, the SEC determined that, due to changed circumstances and the numerous submitted filings for approval for spot bitcoin ETFs, it was necessary to approve the listing and trading of the spot bitcoin ETFs.



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We are now faced with a new set of filings similar to those we have disapproved in the past. Circumstances, however, have changed. The U.S. Court of Appeals for the District of Columbia held that the Commission failed to adequately explain its reasoning in disapproving the listing and trading of Grayscale’s proposed ETP (the Grayscale Order).

The court therefore vacated the Grayscale Order and remanded the matter to the Commission.

Based on these circumstances and those discussed more fully in the approval order, I feel the most sustainable path forward is to approve the listing and trading of these spot bitcoin ETP shares.

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*Gary Gensler
Chairperson, U.S. Securities and Exchange
Commission*

What is Bitcoin Spot ETF?

A Bitcoin Spot ETF is a type of exchange-traded fund directly tethered to the real-time value of the bitcoins it holds.

Investors purchasing shares of a spot ETF are not directly purchasing bitcoin itself, but they are buying shares in a fund that holds bitcoin as the underlying asset. They do not hold the cryptocurrency itself. This also represents the main downside of the bitcoin ETF, keeping in mind that investors do not directly own bitcoins, which means they cannot use it in trading, i.e., for buying products or services.

On the other side, there are more advantages to bitcoin ETFs, such as simplified procedures for investing in bitcoin without the need to own a crypto wallet. Owning a brokerage account is the only necessary step for entering into the ETF crypto market. Furthermore, this removes the technical obstacles such as the need to manage a crypto wallet, making investing in bitcoins similar to trading traditional stocks or ETFs

List of 11 Spot Bitcoin ETFs

- ARK 21Shares Bitcoin ETF (ARKB)
- Bitwise Bitcoin ETF (BITB)
- Fidelity Wise Origin Bitcoin Trust (FBTC)
- Franklin Bitcoin ETF (EZBC)
- Grayscale Bitcoin Trust (GBTC)
- Hashdex Bitcoin ETF (DEFI)
- Invesco Galaxy Bitcoin ETF (BTCO)
- iShares Bitcoin Trust (IBIT)
- Valkyrie Bitcoin Fund (BRRR)
- VanEck Bitcoin Trust (HODL)
- WisdomTree Bitcoin Fund (BTCW)



SEC's Position on the Matter

Despite approving the bitcoin ETFs, the SEC is still skeptical about cryptocurrencies and said that its decision did not mean it approves or endorses bitcoin.

“While we approved the listing and trading of certain spot bitcoin ETP shares today, we did not approve or endorse bitcoin. Investors should remain cautious about the myriad risks associated with bitcoin and products whose value is tied to crypto” said chairman Gary Gensler.

Besides that, commissioner Caroline Crenshaw, in her Statement Dissenting from Approval of Proposed Rule Changes to List and Trade Spot Bitcoin Exchange-Traded Products, stated that “I fear that today we are setting ourselves up for tomorrow’s failure, and it will be the investors that we have a duty to protect who will ultimately pay the price”.

Engaging in Bitcoin ETF Investments in Serbia

Given the current underdevelopment of the Serbian stock market, domestic investors are increasingly aiming for foreign stock exchanges. As before the SEC's Approval Order, Serbian citizens can invest in ETFs listed on foreign stock exchanges through domestic brokers providing such services and foreign brokers providing their services to Serbian investors.

With bitcoin ETFs now being equal to traditional ETFs, investing in them from Serbia is already achievable.

The key lies in identifying foreign brokers who offer some or all of the approved spot Bitcoin ETFs on their platforms, and who at the same time offer the possibility of trading by Serbian citizens.

Regardless, prudence is paramount, and as emphasized by Chairman Gensler, investors are advised to exercise caution due to the inherent risks associated with Bitcoin and related products.

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