

A Case Study on Bitcoin ETFs: An Emerging Avenue for The Investors

Rohit Asthana, Dr. Niti Nandini Chatnani

Qutab Institutional Area, India

Abstract

Cryptocurrencies have gained prominence in the financial markets followed by their enhanced integration into other conventional asset classes. Functioning on a decentralized peer-to-peer mechanism named blockchain technology, cryptocurrencies remain void of any regulatory intervention. This paper offers a case study examining the evolution of the cryptocurrency market, primarily inclusive of its latest development; the Bitcoin Exchange Traded Funds (BTC ETFs). The case study incorporates its origin, its functioning, and both the positive and negative impacts of its introduction. Conceptually, the functionality of Bitcoin ETFs is in proximity with the traditional Exchange Trade Funds. BTC ETF is a relatively efficient way of investing in cryptocurrency markets where a pool of investors purchases a fund that further invests in Bitcoins and its derivatives. The investor doesn't buy Bitcoin from the market which consequentially minimizes his risk exposure. However, some inherent risk of its price being highly volatile is persistent. The paper also analyzes the stance taken by various securities exchange bodies around the globe in giving BTC ETFs a green flag; starting from the United States Securities and Exchange Commission in January 2024, followed by Australia, Hong Kong, and Thailand, the ripples of which have sent positive waves across the cryptocurrency market. The study is expected to have promised implications; giving some insights and clearing any misgivings that an investor might have regarding the risk involved in the cryptocurrency markets.

Keywords: Bitcoin; Blockchain Technology; Cryptocurrency; Exchange Traded Funds; Regulation