



Given the three dozen others that have filed for a bitcoin ETF without success, ETF watchers are wondering if BlackRock has an inside track to gain approval.



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The world's largest asset manager and ETF provider is partnering with the largest cryptocurrency exchange in an effort to get the first spot-bitcoin ETF approved by the Securities and Exchange Commission.

The **filing by BlackRock late Thursday** for the iShares Bitcoin Trust, which will use Coinbase Global to custody the digital currency, has raised new questions about the likelihood of regulatory approval because of the status of the filing parties.

“Holy crap, they did it, BlackRock has officially filed for a spot-Bitcoin ETF,” Bloomberg Intelligence ETF analyst [Eric Balchunas tweeted in response to the filing Thursday.](#)

There have been nearly three dozen separate filings with the SEC for a spot-bitcoin exchange-traded fund over the past few years, and the **SEC has only bolstered its apparent resistance.** But as Balchunas pointed out, market watchers are going to assume BlackRock's filing represents some kind of inside track.

“There’s been no signs at all the SEC is willing to approve, but BlackRock is a very connected company so maybe they know something,” he said. “In the filing where they list all the things that could adversely affect the price of bitcoin they list the exchanges, saying they ‘are largely unregulated and may be subject to manipulation,’ which is the SEC’s issue with approving an ETF.”

Todd Rosenbluth, director of research at VettaFi, is well versed on the steep climb toward regulatory approval for bitcoin ETFs, but also recognizes the significance of BlackRock mounting an ascent.



“The SEC has consistently rejected spot-bitcoin ETFs from a wide range of asset managers for years, because they have concerns about fraud and manipulation,” he said. “However, if the tide turns and BlackRock is able to launch a product, it will be hugely successful. They are the ETF industry leader, and many financial advisors use their funds to build asset allocation strategies.”

BlackRock’s attempt at a spot-bitcoin ETF lands amid digital asset manager Grayscale Investments’ high-profile legal battle with the SEC. ***Grayscale sued the regulator*** after it denied a bid to convert the ***Grayscale Bitcoin Trust into a physically backed ETF***, citing fraud and manipulation concerns related to the underlying market.

Jeff Feng, co-founder of Sei Labs, attributed the SEC’s reluctance to approve a bitcoin ETF despite market demand to an outdated regulatory system.

“Institutions recognize retail investors view crypto as a new generation of global assets with intrinsic value,” he said. “However, traditional retail exchanges and brokers are navigating complex terrain when venturing into crypto. The absence of explicit regulatory guidelines has caused setbacks, leading to some tokens being delisted, resulting in crypto market volatility. Nonetheless, these teething issues are part of the broader industry’s evolutionary process.”

Sui Chung, chief executive of CF Benchmarks, viewed the filing as a giant step forward.

“An estimated 20% of Americans have now owned bitcoin at some point; BlackRock’s proposed ETF potentially offers the other 80% an option that is altogether more familiar and accessible,” he said. “BlackRock’s increasing engagement shows bitcoin continues to be an asset of interest for some of the world’s largest financial institutions.”

Cryptocurrency backers have long argued that such a product s***hould be made available for trading***. The filing appears to have lifted the price of bitcoin, which gained about 2.7% to around \$25,620 after the disclosure. The biggest digital asset by market value had touched \$24,770 earlier, its lowest level since March.

Meanwhile, some financial advisors are still keeping cryptocurrencies at arm’s length.

“I could not care less, ETF or not,” said Kashif Ahmed, president of American Private Wealth.

“No client has approached asking for exposure to this,” Ahmed said. “They know my position on the shenanigans of the crypto world. But the fact that BlackRock now has filed for an ETF, it might expand accessibility to far more people who previously had to deal with shady and unsavory characters.”

It’s a similar hard pass from Karl Frank, president of ***A&I Wealth Management***.

“We will totally avoid this investment for two reasons,” he said. “First, the SEC is scrutinizing complex investments and leveling fines against investment advisors who use them. Second, we do not believe cryptocurrencies are an investment, but a gamble.”

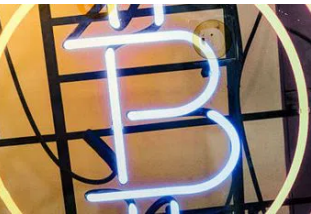
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