

Bit – first publicly traded bitcoin fund



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Bitcoin Investment Trust seems ready to become the first publicly traded bitcoin fund.

The financial industry's main self-regulatory body has approved it and assigned a ticker symbol, paving the way for trading on an electronic platform operated by OTC Markets Group .

OTC Markets Group, is a United States financial marketplace providing price and liquidity information for almost 10, 000 over-the-counter securities.

The Bitcoin Investment Trust (BIT) was launched as a private fund for accredited investors in 2013. Bitcoin Investment Trust is sponsored by Grayscale Investments. It has assets worth over \$1 million and annual income was higher than \$200, 000.

Since its early days, BIT has been racing against Cameron and Tyler Winklevoss' rival offering called Winklevoss Bitcoin Trust.

Winklevoss Bitcoin Trust is undergoing an extensive SEC process to register an official exchange-traded fund. BIT, on the other hand, has chosen a backdoor path to public listing.

BIT will soon be available to investors of any wealth bracket. This was made possible by exploiting a rule which allows private fund holders to sell shares publicly after a 12 month lockup time.

BIT has also completed the approval process with the Financial Industry Regulatory Authority.

Digital currencies seeking mainstream adoption view creation of publicly-traded bitcoin investment channel as important. Bitcoin industry believes that regulated instruments will inspire a broader investment base.

This is because investors will not have to own bitcoins anymore. Owning bitcoins can expose the investors to hacking risks.

Bitcoin enthusiasts also expect that increased liquid trading will calm bitcoin's volatile price. As a result, it will make the crypto currency a more appealing choice for value transfer and online payments.

On Sunday, BIT shares were mentioned under the temporary ticker symbol BTCV on OTC market's pink sheets site. This involves over-the-counter offerings with very little information disclosure.

Merriman Capital, is supplying the price quotes. It was granted a 30-day exclusive status to work as initial market maker for the fund.

According to Mr. Silbert, Finra accepted its request for a permanent ticker symbol. He expects it to be effective shortly too.

He also said that Grayscale is separately “ working through the approval process to enable the BIT's shares to be quoted under the Alternative Reporting Standards on OTCQX, the top marketplace operated by OTC Markets Group.”

It is still not known how much secondary trading will be in the publicly listed shares. New shares are created whenever Grayscale buys bitcoins. These shares can be sold to wealthy and accredited investors only.

The Digital Currency Group stated that, “ Although we have been assigned a ticker symbol, no assurances can be given as to when or if such trading will commence, or that an active public secondary market for BIT shares will develop or be maintained.”

Investors who bought their shares when BIT launched in 2013 has incentive to sell. They bought the shares when bitcoin was worth only \$100. Now, the digital currency’s value is around \$250.

Even though value of bitcoin is much lower than it peak at \$1, 150, it is still profitable for the early investors.

The Digital Currency Group is also allowed to offer a limited amount of its proprietary shares to the public, which would encourage the development of the secondary market.

Each share of BIT is worth approximately one-tenth of a bitcoin.

As of today, the trust’s net asset value stood around \$25 per share.