

First fund linked to bitcoin futures debuts on NYSE

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A banner for the newly listed ProShares Bitcoin Strategy ETF hangs outside the New York Stock Exchange.

Bitcoin took another step closer to mainstream investing Tuesday with the launch of a new security on Wall Street tied to futures of the

cryptocurrency.

To mark the occasion, ProShares, leader in exchange-traded funds, a type of investment linked to an index, rang the opening bell of the New York Stock Exchange on Tuesday.

The Bitcoin Strategy ETF, trading under the "BITO" ticker, rose 4.9 percent to \$41.94 in its first session, an eagerly-anticipated event in the world of crypto-money that boosted bitcoin futures.

The arrival of the fund helped propel bitcoin back near its all-time high. Near 2030 GMT, the digital currency stood a \$64,313, less than \$600 short of its April record.

Unlike mutual funds, which are traded only once a day, ETFs can be transacted throughout the trading session, making them more like individual stocks and increasingly popular with everyday investors.

Rather than a direct investment in the digital currency, BITO will invest "primarily in bitcoin futures," ProShares said.

The Securities and Exchange Commission has repeatedly rejected ETFs linked directly to bitcoin, maintaining that they were subject to market manipulation.

SEC Chair Gary Gensler said futures connected to bitcoin also could be volatile, but noted that the ProShares ETF is linked to a futures contract that has been regulated by the Commodities Futures Trading Commission since 2017.

"I think what you have here is a product, it's been overseen for four years," Gensler said on CNBC, adding that the SEC has jurisdiction over the ETF under longstanding US law.

"So we have some ability to bring it inside of investor protection (but) it's still a highly speculative asset class," he said. "Underneath this, it still has that same aspect of volatility and speculation."

Other funds are planning ETFs linked to bitcoin including Valkyrie Investments.

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