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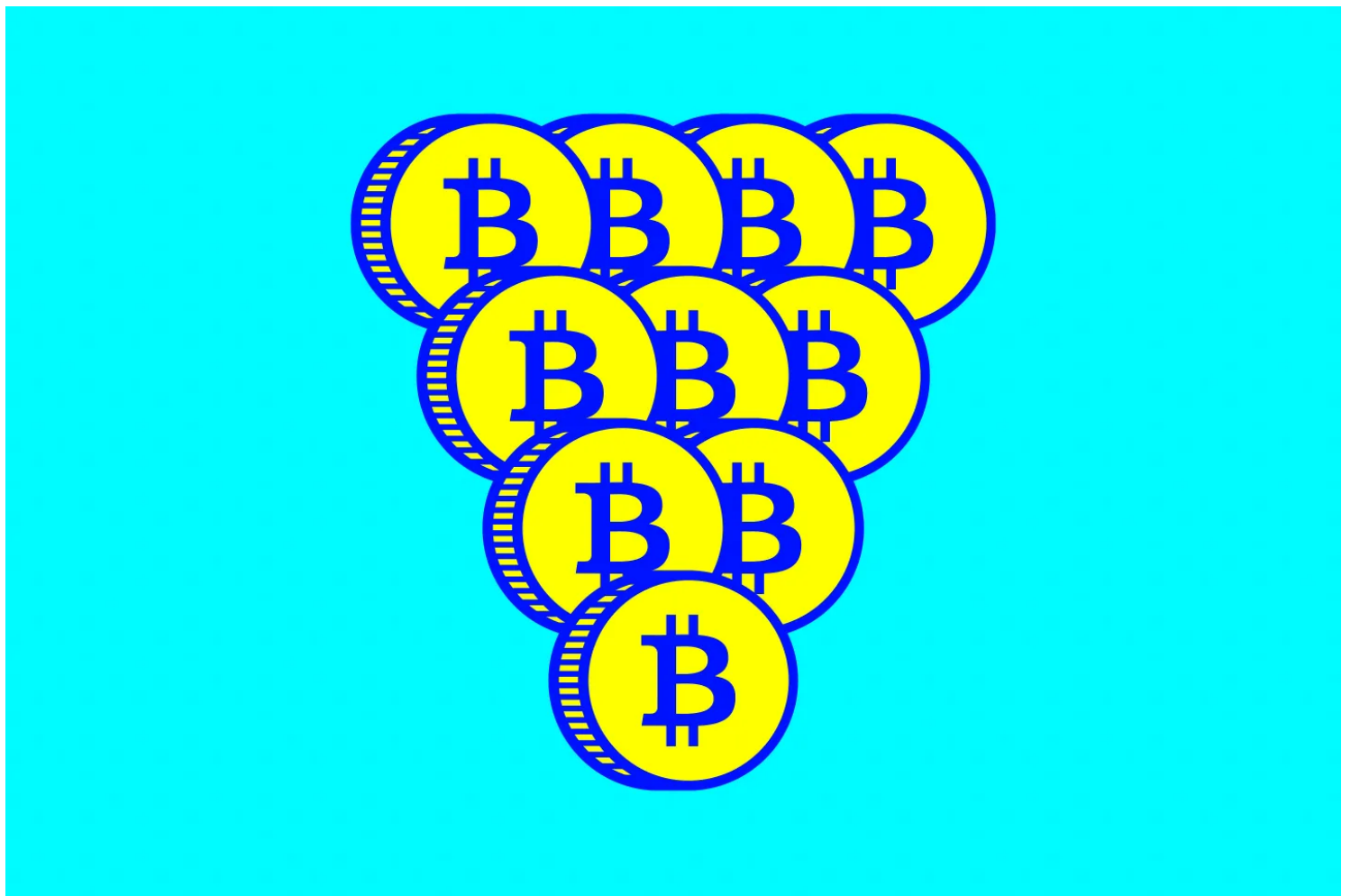
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THE COINS · CRYPTOCURRENCY

Bitcoin gains more than 5% as crypto industry celebrates SEC's approval of spot ETFs

BY MARCO QUIROZ-GUTIERREZ

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The Securities and Exchange Commission approved the first applications to create a spot Bitcoin ETF in the U.S. on Wednesday.

ILLUSTRATION BY FORTUNE

Bitcoin, as of Thursday morning, was up more than 5% over the past 24 hours, to about \$47,600, after the Securities and Exchange Commission said in a filing on Wednesday that it [had approved](#) 11 applications to create the first generation of [spot](#)

Bitcoin ETFs in the U.S. The second-most-popular cryptocurrency, Ether, was up double digits, with a 10% rally pushing it above \$2,600.

Wednesday's approval comes after **hackers** took over the regulator's X/Twitter account on Tuesday and sent a fake post announcing the approval of the pending spot Bitcoin applications. The fake-out spurred a flurry of excited tweets before SEC Chairman Gary Gensler alerted potential investors to the hack, a **correction** that led to myriad memes and ridicule of the agency online.

Similar fears spread briefly on Wednesday after the SEC's filing announcing the approval of 11 spot Bitcoin ETF applications disappeared from the agency's website before reappearing. This time, Gensler confirmed the approval with a statement that said approving spot Bitcoin ETFs was the "most sustainable path forward," but did not guarantee financial products dealing with other cryptocurrencies would be approved. In a 3-to-2 vote, Gensler, a Democrat, sided with two Republican SEC commissioners in favor of approving the Bitcoin ETFs.

A new chapter

Hope ran high among some analysts and market onlookers who said they believe spot Bitcoin ETFs will usher in a new era for Bitcoin.

Mark Connors, head of research at investment fund manager 3iQ, said although it may take months for some investment advisors to start bringing client money to Bitcoin, other pools of money could quickly create \$2.5 billion to \$3 billion of inflows after the ETFs start trading on Thursday. More investment will follow over the next months and years, he said, because TradFi firms now have an interest in seeing Bitcoin succeed.

"You have the whole system now incentivized to drive investment and volume in this product," he told *Fortune*.

Thursday's Bitcoin rally wasn't much of a surprise, said Ben Cole, a professor of statistics and strategy at Fordham University's Gabelli School of Business, because Bitcoin has in the past jumped on big news events, such as previous "halvenings." The ease of incorporating a spot Bitcoin ETF in retirement accounts and other established portfolios also bodes well for Bitcoin's performance in the coming months and years, he added.

"If you can have someone else handle that, but you can still get the exposure to the price fluctuations, that's going to be very appealing to a lot of people," Cole told *Fortune*.

Others on Crypto Twitter rejoiced at the news in hopes that the cryptocurrency would finally become a mainstream investment option and go on a tear.

First Bitcoin spot ETF will start trading on NYSE in next 2 hours. This is truly a historic day for crypto. I hope all these institutions send BTC higher.

— Ash Crypto (@Ashcryptoreal) [January 11, 2024](#)

BREAKING:

SEC approves ALL **#Bitcoin** Spot ETFs from all participants.

The bull market has started!

— Michaël van de Poppe (@CryptoMichNL) [January 9, 2024](#)

ETF performance?

The real test for the Bitcoin ETFs comes when trading begins. Already, BlackRock's ETF, the iShares Bitcoin Trust, had garnered \$2 million of shares traded early Thursday, although those shares may have been sold before the ETF was approved, according to an X post by Bloomberg senior ETF analyst Eric Balchunas.

Still, market onlookers, including British bank [Standard Chartered](#), [predicted](#) that the new spot Bitcoin ETFs could help funnel \$1 billion to Bitcoin over the next three months—and \$100 billion by the end of the year.

Already, the dozen or so companies vying for a spot Bitcoin ETF have begun to compete on fees, with several of the issuers dropping theirs to between 0.24% and 3% to attract customers. The average fee for a U.S. ETF is about 0.54%, according to Reuters. For comparison, the \$27 billion Grayscale Bitcoin Trust, which also lets investors put money into Bitcoin, has a fee of 2%, although it [plans to cut it to 1.5%](#) for its spot Bitcoin ETF.

Prominent finance figures have already started rallying support for spot Bitcoin ETFs, including Cathie Wood, CEO of ARK Invest, who said in an interview with Bloomberg TV on Wednesday that although her firm's ETF may not see "overnight success," she expects institutional dollars to come around after TradFi firms work through the due diligence process.

Wood said the firm's ETF will look to attract both institutional and retail investors.

"The interest is far and wide," she said.