

The London Stock Exchange has Given the Green Light for Bitcoin and Ethereum Exchange Traded Notes (ETNs): What's Next?

The London Stock Exchange (LSE) on Monday, 11 March 2024, announced that it will accept applications for Bitcoin and Ethereum exchange-traded notes (ETNs) after the Financial Conduct Authority (FCA) approved the launch of crypto-backed ETNs albeit only for professional investors. This means that the FCA is the latest financial regulator to allow digital asset products while trying to protect retail investors. The acceptance of applications is slated to begin in Q2 2024.

This decision has come amidst the LSE's attempts to increase its offerings and provide investors with exposure to cryptocurrency assets. The acceptance of cryptocurrency-backed products underscores the changing dynamics in the regulatory landscape surrounding Bitcoin and cryptocurrency assets as a whole. With enhanced regulatory clarity across different economies, institutions are gaining more comfort around offering Bitcoin and Ethereum-related products to their clients.

The past month has seen the resurgence of Bitcoin prices with the most prominent cryptocurrency crossing the US\$73,000 mark on Wednesday amid growing exuberance. Prices have been boosted by the influx of fresh funds into Bitcoin ETFs with eager expectations that an interest rate cut by the U.S. Federal Reserve is imminent. The FCA has commented that with "greater insight and data from a longer period of trading history," institutional and/or professional investors can better ascertain their risk appetite to decide if the cryptocurrency ETNs meet their investment needs. However, it has stressed that exchanges must ensure systematic trading and protection for investors which remains the top priority for the FCA.

This announcement by the LSE comes amid heightened anticipation for the Bitcoin halving slated for April 2024 and speculation that the U.S. Securities and Exchange Commission (SEC) will soon approve an Ethereum backed exchange traded fund (ETFs). Numerous financial institutions have speculated that the price of Bitcoin will only rally from here on out with several industry experts predicting that Bitcoin will hit a historical high of US\$100,000 by Q3 2024. While no one can absolutely predict the price of Bitcoin after the halving, NIACE will continue to monitor new developments closely as we eagerly anticipate the imminent halving event.

Note: NIACE is an independent company and is not affiliated with any of the financial institutions (past and/or present) mentioned in our press releases unless otherwise specified. Views expressed in this article are purely for information purposes only and does not act as nor constitutes investment advice. Clients and readers are advised to

conduct your own due diligence or consult your financial advisor(s) before making any investment decisions.