

Spot Crypto ETF Regulations in the United States

What is a Spot Crypto ETF

A spot crypto ETF is an investment product that directly holds cryptocurrency as the underlying asset, rather than using futures contracts or other derivatives. For example, when buying a spot Bitcoin ETF, the fund holds actual Bitcoin, not a futures contract tied to Bitcoin's price.

Current Situation in the US

1. The SEC approved spot Bitcoin ETFs in January 2024.
2. Spot Ether (Ethereum) ETFs were also approved with specific technical conditions.
3. In September 2025, the SEC adopted generic listing standards for spot commodity ETPs.
4. Requirement: there must be a regulated futures contract trading for at least 6 months.
5. Approval process shortened from ~240 days to about 75 days.
6. In-kind creations and redemptions are permitted.
7. Products must comply with disclosure, audits, custody, and pricing benchmarks.

Relevant Laws and Acts

- Securities Act of 1933: all public offerings must be registered with a prospectus.
- Securities Exchange Act of 1934: regulates trading on exchanges, reporting, and anti-manipulation.
- Commodity Exchange Act (CEA): crypto futures are regulated by the CFTC.
- Investment Company Act of 1940: some crypto ETPs are not fully governed under this act.

Generic Listing Standards

The SEC approved generic listing standards for Commodity-Based Trust Shares, including digital assets.

- There must be an active regulated futures market for at least 6 months.
- Sufficient market surveillance must be in place.
- If a similar ETF with $\geq 40\%$ allocation exists, recognition can be accelerated.
- Process shortened: about 75 days.

Disclosure Requirements

The prospectus must include:

- Summary of objectives and underlying assets
- Risks: volatility, hacking, manipulation
- Description of the asset and its network
- NAV and index methodology
- Custody and private key security
- Fees and third-party relationships
- Shareholder rights

Oversight and Compliance

- Must comply with anti-fraud and anti-manipulation rules.
- Custodians must ensure security and transparency.
- Regular reporting is mandatory.

Impact for Investors

- Greater transparency on risks and fees.
- New products can enter the market faster.
- Investor protections vary depending on product structure.
- Technical and operational risks remain.