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## BITCOIN

# Cryptocurrency exchange Coinbase is trying to lure big institutional investors into the volatile market



- Top U.S. cryptocurrency exchange Coinbase is taking aim at institutional investors with four new products.
- "We think this can unlock \$10 billion of institutional investor money sitting on the sideline," says Adam White, Coinbase vice president and general manager.
- The company is looking to alleviate some of the worries institutional investors have in the cryptocurrency space.

Kate Rooney | @Kr00ney

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The Coinbase cryptocurrency exchange application seen on the screen of an iPhone.

Top U.S. cryptocurrency exchange Coinbase is focusing on a group that has been especially cautious to dive into the volatile market: institutional investors.



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The San Francisco-based company announced the launch on Tuesday of four new products aimed at that investor class: Coinbase Custody, Coinbase Markets, The Coinbase Institutional Coverage Group and Coinbase Prime.

"We think this can unlock \$10 billion of institutional investor money sitting on the sideline," said Adam White, vice president and general manager. "We're seeing a rapid increase in attention awareness and adoption in the cryptocurrency market."



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While bitcoin's 1,300 percent rise to almost \$20,000 in 2017 was led by retail investors, the new products could usher in more institutional investors and solve the problems that made many of them wary of the space, White said.

Security is one of those issues. Fiat money stored in banks is insured but in cryptocurrency, funds that are lost or stolen have little or no possibility of recovery. Coinbase is looking to be the trusted custodian by launching Coinbase Custody.

The company has already stored more than \$20 billion in cryptocurrency on behalf of customers through its exchange but until the announcement did not have a separate product to handle that. Coinbase Custody is a partnership with a SEC-regulated broker-dealer that will store cryptocurrency for its clients.

Wall Street's interest in cryptocurrency seems to be increasing. There are currently 287 crypto hedge funds, up from 175 in a year earlier, according to the latest data from Autonomous Next. Only 20 hedge funds for cryptocurrency existed in 2016. Goldman Sachs is [reportedly](#) looking to open a cryptocurrency trading desk, and White said others will be quick to follow.

"Very few want to be first, but everyone wants to be second," he said. "There will be fast followers."

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The 6-year old company says it has traded \$150 billion in assets on its platform and has more than 20 million customers. Last year, it brought in a reported \$1 billion in revenue, according to Recode, and has drawn in more than \$225 million in funding from the world's top investors, including Andreessen Horowitz, Union Square Ventures and the New York Stock Exchange. Recode also [reported](#) that the company valued itself at about \$8 billion when it made an offer in its recent acquisition for Earn.com.



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Coinbase is best-known for its trading platform, which offers [bitcoin](#), [bitcoin cash](#), [ethereum](#) and [litecoin](#). It's now offering a separate platform exclusively for institutional investors called Coinbase Prime.

"The feedback we heard from institutional investors was 'Your infrastructure doesn't meet our expectations,'" White said. "We heard that loud and clear."

The new platform will have a separate interface from Coinbase's GDAX exchange but all investors will have access to the same pool of liquidity.

Coinbase Markets is the company's new electronic marketplace, which will be run out of an office opening in Chicago. It provides a centralized pool of liquidity for all of the company's products.

The fourth product, Coinbase Institutional Coverage Group, was designed for "white glove" customer service that institutions like banks are used to. The group will be run out of the New York City office, and will help bring on board new clients and sell the service to additional investors looking to get into crypto.

"This is our public demonstration [that] we are absolutely here to serve institutions investing heavily to do that," White said.



**Kate Rooney**  
Markets Reporter



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Ether/USD	709.64 ▼	-14.02	-1.94%
Bitcoin Cash/USD Coinbase	1348.01 ▼	-71.49	-5.04%
Bitcoin/USD Coinbase	8510.00 ▼	-146.00	-1.69%

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