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You may soon be able to trade options on bitcoin, ethereum

- The CFTC approved LedgerX for clearing derivatives.
- The firm told CNBC it plans to offer bitcoin options in early fall.

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The U.S. Commodity Futures Trading Commission announced Monday it unanimously approved digital currency-trading platform LedgerX for clearing derivatives.

LedgerX initially plans to clear **bitcoin** options, the release said.

"A U.S. federally-regulated venue for derivative contracts settling in digital currencies opens the market to a much larger customer base," Paul L. Chou, LedgerX CEO, said in a separate release from the trading firm.

"We are seeing strong demand from institutions that previously could not participate in the bitcoin market due to compliance restrictions against unregulated venues," Chou said, noting a desire for assets that aren't correlated with the broader stock market.

The firm plans to launch bitcoin options in early fall, and ethereum options "within a few months," Chou told CNBC in a phone interview. That will mark the first federally supervised options venue for bitcoin.

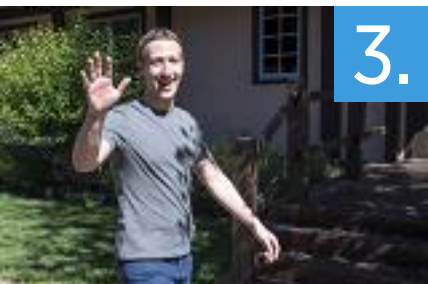
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We're "really excited to welcome a whole host of parties that traditionally have been very retail-oriented," Chou said, noting he expects "very large asset managers to enter the space" as a result of the CFTC's approval.

LedgerX received an order of registration as a Swap Execution Facility on July 6.

The firm primarily operates in New York and said in May it raised \$11.4 million in a Series B round of financing led by Miami International Holdings and Huiyin Blockchain Venture Investments.

The CFTC noted that its Division of Clearing and Risk also issued Monday a letter "exempting LedgerX from complying with certain Commission regulations due to LedgerX's fully-collateralized clearing model."

Chou said the exemption was due to LedgerX's plan to "not allow very leveraged trading."

The authorization "does not constitute or imply a Commission endorsement of the use of digital currency generally, or bitcoin specifically," the CFTC said in a release.


Bitcoin traded Monday afternoon about two-thirds of a percent higher, near \$2,780, while [ethereum](#) traded about half a percent lower, near \$225, according to CoinDesk.


"The demand for institutional grade investment products in this space is off the charts," said Brian Kelly, a CNBC contributor and founder of BKCM. "Funds like my digital asset fund are experiencing unprecedented demand from institutional investors, and we need institutional-grade infrastructure."

Hedge-fund managers such as Kelly will be able to hedge their positions in the one- to six-month bitcoin options contracts offered by the LedgerX platform.

LedgerX told CNBC the contracts are limited to professional traders and institutions, but those firms could potentially in turn offer their own products for retail investors.

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Writer



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