Nearly a dozen new bitcoin funds are expected to begin trading Thursday after a seemingly divided U.S. regulators granted approval.

The new exchange-traded funds, or ETFs, will give investors an asset that closely tracks the price of bitcoin, providing those hesitant to buy actual bitcoins a lower bar to entry.

The Securities and Exchange Commission approved 11 funds from asset managers such as Blackrock, Invesco and Fidelity late Wednesday. The wave of approvals may work in your favor as fund managers seek to attract investors by competing on fees.

Besides being a win for the fund managers, the approvals are also a win for the cryptocurrency industry, which has needed a victory after nearly two years of turmoil, including the failure of several crypto firms, most notably FTX in November 2022.

The SEC’s approval, however, was lukewarm at best. Gary Gensler, the agency’s chairman, has repeatedly said cryptocurrencies need more regulation and investor protections.

“Investors should remain cautious about the myriad risks associated with bitcoin and products whose value is tied to crypto,” Gensler said.

The regulatory greenlight had been anticipated for several months, however, and the price of bitcoin has jumped about 70% since October on the belief that bitcoin ETFs will drive up demand for the cryptocurrency.

Some analysts think that ETFs may help stabilize crypto prices by broadening their use and potential audience. But many remain concerned that crypto ETFs will place too much risk and volatility into Americans’ retirement accounts.

“The notorious price volatility of bitcoin, as well as its fluctuating values against stablecoins and other cryptocurrencies, could expose mainstream investors to a less familiar spectrum of investment risks,” said Yiannis Giokas, senior director of Moody’s Analytics.

Here are some things to know about bitcoin ETFs.

Why all the excitement?

An exchange traded fund, or ETF, is an easy way to invest in something or a group of things, like gold or junk bonds, without having to take possession of those assets. Unlike traditional mutual funds, ETFs trade like stocks, which means they can be bought and sold throughout the day.

Since the inception of bitcoin, anyone wanting to own one would have to buy it. That in turn would mean either having to learn what a cold wallet is or having to open an account at a crypto trading platform like Coinbase or Binance.

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A spot bitcoin ETF could open the door to many new investors who don’t want to take such extra steps.

The price of bitcoin has already soared in anticipation of the SEC’s approval, with bitcoin trading at $47,500 Thursday, up from around $27,000 in mid-October. The price had sunk as low as $16,000 in November of 2022 following the implosion of the crypto exchange FTX.

How would the ETF work?

New bitcoin ETFs will perform like the SPDR Gold Shares ETF (GLD), which allows anyone to invest in gold without having to find someplace to store a bar or having to protect it. It’s the same reason some people invest in the SPDR Bloomberg High Yield Bond ETF (JNK), which lets investors simply buy one thing instead of the more than 1,000 low-quality bonds that make up the index.

The Bitcoin Strategy ETF (BITO) has been in existence since 2021, but it holds futures related to bitcoin, not the cryptocurrency itself. Those prices do not track as closely as a straight-up bitcoin ETF.

How many bitcoin ETFs could there be?

The SEC said it gave approval to 11 ETFs, but more are certain to apply for trading in the coming months.

What are the disadvantages of an ETF?

Longtime crypto fans might object. Cryptocurrencies like bitcoin were created in part due to mistrust of the traditional financial system. Wall Street would become an intermediary between investors and cryptocurrency in the case of ETFs.

ETFs also charge fees, though they tend to be relatively low compared with the overall financial industry. These fees are shown through what’s called the expense ratio, which indicates how much of a fund’s assets the ETF will take each year to cover its costs.

When is it better to hold actual bitcoin?

An ETF will not put actual cryptocurrency into investors’ accounts, meaning that they cannot use it. Also, an ETF would not provide investors with the same anonymity that crypto does, one of the big draws for many crypto investors.

What concerns should investors have?

The biggest concern for an investor in one of these ETFs is the notorious volatility in the price of bitcoin.

Despite failing to catch on as a replacement for fiat, or paper, currencies, bitcoin soared near $68,000 in November of 2021. A year later it plunged below $20,000 as investors shunned riskier assets and a series of company blowups and scandals shook faith in the crypto industry.

Even as regulators and law enforcement crack down on some of cryptos bad actors, like Sam Bankman-Fried of FTX, the industry still has a “Wild West” feel to it.