

It is a subtle issue for those not used to the bitcoin world to see the risk associated with allowing a third party to hold your keys. Most people learn this nuance the hard way. These nuances aside, it is clear that bitcoin is objectively less risky than any bond when it comes to the primary risk of that asset class, which is counterparty credit risk. It is an extremely powerful feature of bitcoin that gives it the possibility of representing what BlackRock wants in its Modern Portfolio Theory framework.

## **Bitcoin is Nationless**

Bitcoin is issued by a protocol that is run on a decentralized network of nodes. Nodes is a fancy word for people who run the software and keep a current copy of the blockchain (the record of every transaction in the history of the network). When I mention a node, I might be referring to the person who sets the rules for validation, or I might be referring to the hardware which includes a minimal processor (many nodes run on a tiny and simple Raspberry Pi) and a hard drive big enough for 1TB of data (as of 2025). These nodes are located all over the world,<sup>14</sup> and many are in satellites orbiting the Earth. Many run behind ToR (The Onion Router) and their location is not detectable. With regards to nationality, it would be very difficult to fit bitcoin in any way into the context in which we think of any other money. Even gold is associated with nation-states, and when you look at a coin,

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<sup>14</sup><https://bitnodes.io/>