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BITCOIN IS A BEARER ASSET

IF you are a typical institution wanting to use bitcoin, chances are that you are unfamiliar with bearer assets. You may be wondering why you are even reading about them. A lot of the confusion that exists around bitcoin stems from the extraordinary property that it has of being a bearer asset. This is part of the original design and, whether you intend to leverage that property or not, you are either going to build your bitcoin strategy with this feature as a cornerstone, or you will be relegated to the custodial tradeoffs of the prior section.

What is a bearer asset? According to river.com:¹

“A bearer asset is a type of financial asset where ownership is determined by physical possession, rather than by registration or the holder’s identity. In the past, traditional bearer assets included cash, because back in the gold standard era, cash represented a claim on the Central Bank gold reserve. The key characteristic of these assets was that whoever physically held cash could claim the value it represented. However, in mod-

¹<https://river.com/learn/terms/b/bearer-asset/>