**BITCOIN FORKS – AND NOW WHAT?**

1. ***BITCOIN CASH***

**Most of the Bitcoin community started taking a side by the traditional currency, Bitcoin as we have known it. However, it has been known that Coinbase, one of the largest purses of the Cryptocurrency, will include Bitcoin Cash from 2018. At first, both they and Bitpay, another of the significant payment platforms, refused to operate with the new currency. It has been the protests and the exodus of multiple users, especially in Coinbase, which has caused them to reconsider the decision. And they will not be the last to approach this position.**

**The conflict within the virtual currency community comes from afar. In its beginnings, the traditional Bitcoin network set a limit on its capacity. Each of the Blockchain blocks (the chain of blocks, as it is called the virtual account book where transactions are recorded), had a space of 1 'megabyte' (MB), which does not allow processing more than seven operations per second.**

**The restriction began to slow down the operation significantly. Therefore, a series of improvements were proposed (BIP, by the acronym of Bitcoin Improvement Proposal) that sought to correct this slowness and streamline transactions.**

**Most of the debate since then revolves around the problems of scalability of the currency. For supporters of smaller blocks, expanding storage and bandwidth implies too many costs, which could result in control being left in a few hands and the Cryptocurrency much more vulnerable to interference and government regulation. Precisely what was intended to avoid since the beginning of Bitcoin.**

**On the other hand, those who prefer large blocks do not see any cost problem in increasing storage, since their primary objective is to achieve many more than seven transactions per second, allowing the market to accelerate and expand the use of the Crypto.**

**In this context, a few weeks ago the tests started with SegWit2x, the technology that after several internal debates were chosen to bring the blocks to a limit of approximately 2 MB. However, there were those who did not accept the changes, wanting the storage space to be much larger. But we will enter the subject of Segwit2x later.**

**Finally, these supporters of the big blocks have decided to take their path and create Bitcoin Cash, with 8 MB of limit. But yours has not been an excision to use, but have decided to clone the code of the original version and start to run in parallel, from the same point. It is about not harming the owners of bitcoins, which instead of losing their balances, as they would have happened in the event of a breakup, have seen duplicates.**

**This bifurcation allows the creators of Bitcoin Cash to present themselves as the authentic guardians of the essence of Bitcoin. Far from being an alternative to the traditional, this new version is considered the basis for the next stage of growth of the Cryptos.**

1. ***BITCOIN GOLD***

It was born with a lack of credibility quite extensive since it abandons the algorithm SHA-256, a very sophisticated encryption algorithm and that requires ASIC machines for an efficient mining, and that is only profitable in China for mining farms.

To be replaced by a new algorithm that allows the currency to be mined again with current GPUs, in its quest to decentralize the Bitcoin again, sacrificing security in the Cryptocurrency.

Another very criticized thing is that unlike Bitcoin, Bitcoin Cash or Bitcoin SegWit 2x is that while the difficulty of mining (which ultimately determine the rates on block mined) is assessed every two weeks and remains fixed during those two weeks.

In Bitcoin Gold, this difficulty will be adjusted in the generation of each block dynamically, in "real time" based on the network miners at that time. Also, the size of the block will be set to 1 mega, being able to adjust between 2 megabytes and 4 megabytes.

As of today, it has not implemented a protection algorithm against replay attacks, but it is expected that it will be implemented recently and applied shortly using a Soft Fork.

It also generates controversy that various security implementations were made through a contest, rewarding those who could implement it in the shortest possible time.

Due to this development by a contest, it was criticized that if the developer core could not implement these security solutions, the currency is not reliable because on the one hand, it has depended on external developers and the other, because the core of developers has not been competent enough to implement it.

The best thing about BTG is that it can be mined with a graphic card. This means that on November 1, when the network was started openly and can be undermined by anyone, an adjustment of the difficulty can be given importantly, plummeting.

Also, there are dominant exchange houses such as Bitfinex, HitBTC or YoBit that already have in their portfolio the availability of this Cryptocurrency and Bittrex ad that will add it when the mining was opened, something that happened on November 1st. Minergate, the popular mining service, also added the BTG mining on November 1.

The BTG Blockchain works in parallel with the BTC, and they are linked. Explained simply, is that we can mine BTG, and we can request that we are not paid with BTG, but with BTC, so we would get the BTC portfolio. This would cause the Bitcoin Gold value to go up a lot, possibly, until it equals Bitcoin (although this is a guess).

Also, it would be annoying for the miners, because there is a small trap, which causes the miners to take more BTC, this is thanks to the fact that the unique address format is not implemented, which neither BTC and BCH implement it.

One of the biggest drawbacks of BTG is that the code developed for this new cryptocurrency has not been presented sequentially, but if we go to the web, we will see that this is not the case, where we can look at the developers.

1. ***BITCOIN SEGWIT2X***

In the early days of Bitcoin, its developers decided that the size of a block should be 1mega to prevent attacks.

He chose 1 MB as the limit because the blocks were 99% empty at the time, and he hoped there would be enough time to update the system later when necessary.

As Bitcoin became more popular, the network had so many transactions to process that transactions began to accumulate and form a queue. The blocks are discovered approximately every ten minutes, but in ten minutes, there was more than 1 MB of transactions, which caused some to be delayed until an empty block could be mined.

The congestion caused delays in the amount of time it took for a transaction to be verified and put pressure on the senders in a trade to increase their transaction commission (tx). This fee encourages miners to include that operation in the current block. As the blocks filled, the charge to be included in a new block increased proportionally.

Bitcoin transactions started to be very expensive, if the senders paid higher commissions, or very slowly if the senders decided to pay lower commissions.

The developers of Bitcoin's Core finally came up with a solution: Segregated Witness (SegWit). SegWit is included in the current Bitcoin software. It works by separating the transaction data from the signature data; This packs up to four times more transactions in a block.

More importantly, SegWit corrected some other errors within the software and set the stage for potential future updates to the network, such as the lightning network.

Not everyone was happy with just implementing SegWit, and they also preferred to increase the maximum size of the Bitcoin blocks. This would give the network more space to grow while implementing the Lightning Network.

Bitcoin Core developers do not want to increase the size of the block, mainly because that implies a hard bifurcation, which is potentially dangerous.

On May 23, 2017, Digital Currency Group published the New York Agreement (NYA). The New York Agreement was signed by a large number of Bitcoin companies and by miners representing more than 80% of the Bitcoin hash power. The signers of the agreement accepted a compromise called SegWit2x. This plan would require the almost immediate activation of SegWit and would continue with a hard fork in November to double the size of the block.

One of the main concerns of people is that SegWit2x does not offer reproduction protection.

The leading developers believe that this fork comes too fast (three months after implementing SegWit) and that for a hard fork to take place and be accepted, it takes a lot of time to prepare the community and reach a consensus regarding the fork. Many members of the crypto community do not like hard bifurcations because they weaken what is supposed to be a united decentralized community.

1. ***AND NOW WHAT?***

If you see cryptography as a store of value or wealth, then some big players in the market are saying that bitcoin cash is now your favorite vehicle to express this opinion. The question then is where will it go from here, since the movements have been impressive.

The ideal trading has been to go long bitcoin cash and short bitcoin as a "peer strategy." It seems that this operation still had some juice and the trick is to make sure we have the same nominal value in dollars (position size multiplied by the price) in both parts, so as not to create a directional bias.

Naturally, most of our flow would have been speculating with just one instrument.

It is important to note that, given this volatility, it is entirely imperative to evaluate and adopt the correct position size, since the encryption space is seeing large price ranges. If these markets are negotiated, it is apparently necessary to understand that we must adapt to the risk when operating in a highly volatile market.

Judging only by the flow of news and sentiment, there seems to be optimism for bitcoin cash, since the price has risen from 332 to 1654 dollars in a month and is expected to continue increasing due to its incorporation into large wallets from 2018

The preference is to wait for buyers to back it up and see a renewed change from here before putting new money.

The bitcoin is currently at $ 9,600, with an increase of $ 4,000 in just one month.

We should observe with great interest if the reorganization and the repositioning in bitcoin cash have finished or the process has not yet been completed.

And keep investing long term in Bitcoin.