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Spot Bitcoin ETF Fees

By: www.ProfitableInvestingTips.com

Grayscale just won a case in appeals court against the SEC. The Securities and Exchange Commission had denied their application to start a spot Bitcoin ETF. In everyone's mind these folks have moved to the front of the line for starting an EFT that tracks the spot price of Bitcoin. However, they have not been approved by the SEC and are only being sent back for reconsideration. At the same time the SEC has moved the rest of the folks asking to start spot Bitcoin ETFs back a month for further consideration. We may well be on the verge of this new way to invest in and trade Bitcoin becoming a reality. Now, among other things, the issue will be spot Bitcoin ETF fees!

When Does the Spot Bitcoin Fee War Start?

We wrote recently about how an appeals court vacated an [arbitrary SEC Bitcoin ETF ruling](#). We noted in that article that Grayscale launched their Bitcoin trust in 2015. One of the issues with investors in that trust is that fees run at 2%. This is far above what ETFs charge for their services. As more and more companies are allowed to start ETFs that track Bitcoin we expect to see a [price war](#). One business in particular, Black Rock, is a multinational with trillions of dollars in assets under investment. They charge 0.35% for money they manage for customers and have cut their fees for their ETFs down to 0.2%! The point is that Grayscale is not going to get away with charging 2% to invest in their ETF as more and more competitors enter this market. Right now the industry average ETF fee is 0.54%.

The ETF Market Has Many Opportunities

People invest in exchange traded funds because they do not have the time, skills, or interest to seek out and manage individual investments. Investors like Warren Buffett have suggested that the average investor should simply buy shares of an ETF that tracks the S&P 500 instead of trying to choose a portfolio of stocks. In the case of Bitcoin, many see that this cryptocurrency has investment possibilities. However, they know nothing about buying, holding, and selling cryptocurrencies. And they are not interested in learning. Like folks who follow the S&P 500 ETF route, they may simply not have enough time. Thus, there is huge market potential for ETFs that make it easy to invest in Bitcoin.

However, the ETF market is about \$7 trillion. There are a lot of exchange traded funds that let an investor put their money in and essentially forget about it. A spot Bitcoin ETF will not just be competing against other spot Bitcoin ETFs. It will compete with more than eight thousand ETFs that all offer investment opportunities and compete on the price of their services.

What Will Investors Expect From a Spot Bitcoin ETF?

Bitcoin as well as the rest of the crypto world went from a mere idea to tokens worth fractions of cents, to tokens worth tens of thousands of dollars in just a few years. While many in the traditional investing world

doubted the staying power of Bitcoin, it won many followers simply because it kept going up. Then crypto winter came and caused huge investment losses. It also uncovered bad business practices and fraud at the highest levels of crypto. Bitcoin fell and fell before making a partial comeback. People who have made money with their investments over the years may start to invest a portion of their assets in Bitcoin via a spot Bitcoin ETF. We probably will not see a huge wave of investments until investors are convinced that this investment opportunity will not evaporate again like during crypto winter. They will also keep a close eye on issues like wash trading in Bitcoin markets themselves. As part of this puzzle going forward investors will also invest with the ETF that offers the best fees!

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