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**SEC Approval of Bitcoin ETF Would Put Investors at Greater Risk**

Washington, D.C. – The Securities and Exchange Commission (SEC) should continue to prioritize investor protections that guard against the fraudulent behavior endemic to the crypto industry by rejecting applications for Bitcoin exchange-traded funds (ETFs), according to Americans for Financial Reform Education Fund.

“The SEC should reject or delay approval of these ETFs due to continued market manipulation and investor risks in crypto-asset markets, which have led to billions in consumer losses during the recent crash," **said Mark Hays, senior policy analyst with Americans for Financial Reform Education Fund**. “Approving ETFs creates the danger of exposing a much larger group of investors to similar risks. Following repeated collapses and evidence of massive fraud, the crypto industry is desperate for the imprimatur of legitimacy that an established financial instrument provides. The SEC has generally stood firm against the crypto's dubious practices; they should not make a decision that enables them.”

To speak with Mark Hays, please email [carter@ourfinancialsecurity.org](mailto:carter@ourfinancialsecurity.org).

The firms submitting these petitions for Bitcoin spot ETFs claim that their established systems comply with the SEC’s standards and will effectively reduce potential risks for investors. However, the conditions that make the market for Bitcoin ripe for manipulation and fraud remain:

1. Bitcoin ownership continues to be highly concentrated, with a small number of crypto wallets holding [a large majority](https://river.com/learn/who-owns-the-most-bitcoin/) of Bitcoins in circulation;
2. Control of the mining pools that verify Bitcoin transactions and mint new coins is [also highly concentrated](https://www.cryptopolitan.com/bitcoin-mining-concentration-high/);
3. A handful of programmers [reportedly maintain the administration](https://www.wsj.com/articles/bitcoin-core-maintainers-crypto-7b93804) of the underlying Bitcoin blockchain.

[Multiple](https://www.soliduslabs.com/reports/crypto-wash-trading) [studies](https://www.thetradenews.com/illegal-wash-trading-accounts-for-up-to-70-of-crypto-volumes-finds-study/) have suggested that wash-trading accounts for most trades found on many major crypto exchanges – activity that can distort prices and mask illicit activity, and even foster market instability. Offering a new avenue for crypto-related products to be included in investors' portfolios could amplify these risks.

“Investors or advisers could easily see these offerings as safer, despite the manifest risks,” **Hays said**. “Additionally, approval of these products could pave the way for applications for ETFs based on other crypto products with equally dubious origins.”

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