

Goldman joins the race to launch a crypto ETF

Article

The news: The Wall Street bank's asset management arm filed an application with the US **Securities and Exchange Commission (SEC)** to introduce an exchange-traded fund (ETF) focused on crypto-related companies, [per](#) Bloomberg.

More on this: The **DeFi and Blockchain Equity ETF** would track the Solactive Decentralized Finance and Blockchain [Index](#), per the filing, investing at least **80%** of its assets in companies that advance blockchain technology and digitize finance.

Goldman Sachs is getting involved in cryptos more broadly as well—it **restarted** its short-lived **crypto trading desk** that was closed in 2018 due to regulatory concerns and announced plans to offer options and futures trading in **Ether**, one of the largest cryptocurrencies.

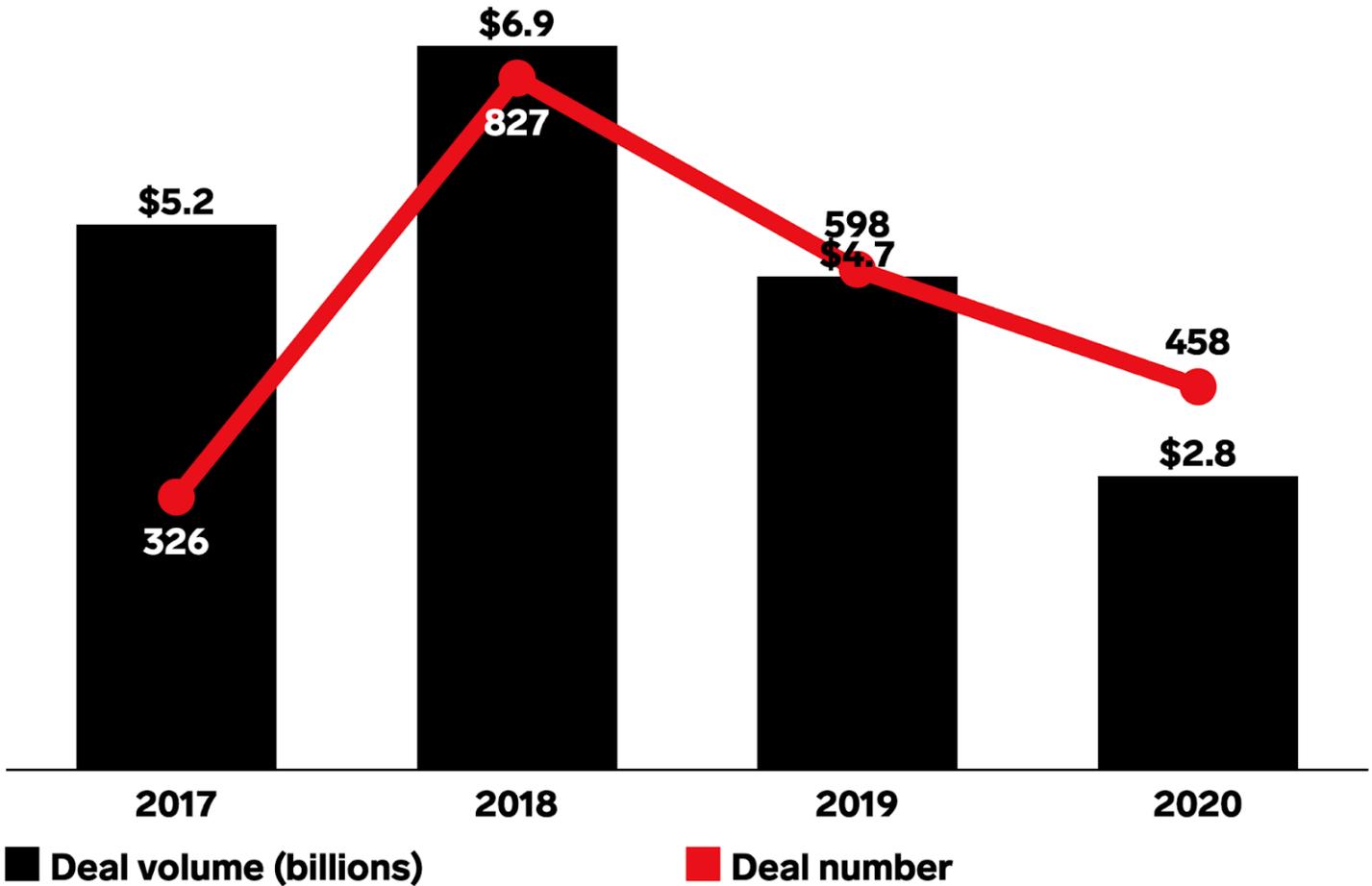
Why now? Institutions are increasingly interested in crypto-related investments after seeing the windfalls crypto-related firms have taken in this year.

- **Thirty-three percent** of US institutional investors **held** digital assets as of April, up from **27%** in March 2020, while **45%** of family offices are interested in investing in crypto as well, **according to** a recent Goldman Sachs. And crypto asset manager **Grayscale** reported in May that its AUM **reached \$52 billion** after starting the year with just **\$20 billion**.
- This year alone, crypto exchange **Coinbase**, which has **56 million** users, **went** public at a **\$100 billion** valuation while **Circle** **announced** a **\$4.5 billion** SPAC listing. And crypto exchange **Bullish**, which isn't even live yet, already **agreed to** a **\$9 billion** SPAC. DeFi also has strong growth projections on its side: The industry grew from **\$2.39 billion** in July 2020 to **\$63.96 billion** at the time of writing.

The bigger picture: The SEC is reviewing more than a dozen crypto ETF applications and has **delayed** making any decisions. **Chairman Gary Gensler** in May called for more regulation for cryptocurrency exchanges and greater investor protections, which applicants will likely have to demonstrate to get approval.

It's unclear when the first crypto will launch, but experts believe it could be **sooner** rather than later—and banking behemoths like Goldman have decades of regulatory knowledge on their side to improve their shot at winning the crypto ETF race.

Global Private Investment in Blockchain and Cryptocurrency



Source: KPMG, "Pulse of Fintech H2 2020," February 2020

Methodology: Data is from the February 2021 KPMG report titled "Pulse of Fintech H2 2020." The data was provided by Pitchbook Data on December 31, 2020. Due to the private nature of many of the transactions, the data set cannot be definitive, but is an estimate based on information available to PitchBook.

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