



REUTERS

# Bitcoin saved from dismal August by landmark Grayscale ruling

By Tom Wilson

August 29, 2023 7:22 PM GMT+1

LONDON, Aug 29 (Reuters) - Bitcoin's gains from a U.S. court ruling that bolsters future prospects for retail investor-friendly funds have rescued the original cryptocurrency from a dismal month, offering new optimism over its longer-term outlook.

The Securities and Exchange Commission's denial of Grayscale Investments' proposal was "arbitrary and capricious", a federal court said on Tuesday, handing the crypto asset manager a landmark victory that could pave the way for the first product of its kind.

Top cryptocurrency bitcoin gained more than 7% on the news, setting it on course for its best day since March and cutting some of the heavy losses incurred over the summer.

It was last trading at \$27,920.

Bruised by dampened demand for riskier assets caused by surging U.S. Treasury yields, as well as a fall in volatility over quiet summer trading, bitcoin had before the ruling been on course for its worst month since November 2022, when tumult reigned following the demise of the FTX exchange. It is now on track for monthly losses of around 5%.

The win for Grayscale is likely to now factor into the SEC's future decisions for spot bitcoin ETFs filed by several major financial firms this year, including the world's largest asset manager BlackRock (BLK.N), investors said. Any advent of spot bitcoin ETFs could help the crypto industry tap a glut of previously untapped retail investor cash, in turn bolstering the price of bitcoin.

"The market has been waiting for a catalyst for some time, and it is likely that this ruling will be taken as a significant sign that a BTC spot ETF is not far off," said Noelle Acheson, an economist who has tracked the crypto sector for several years.

Still, bitcoin's prospects remain tied to the performance of wider markets, some investors said.

"Crypto is still considered growth and speculation, and a muddy macro picture will keep a lid on the market," said Anders Kvamme Jensen, founder of brokerage AKJ.

Reporting by Tom Wilson; Editing by Mike Harrison