

## Twitter Thread by Timothy Peterson



**Timothy Peterson**

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### **1/ Thread explains the rationale for \$GBTC over #bitcoin. (Speaking from experience, but not necessarily an endorsement of GBTC):**

2/ \$GBTC fills a need and is designed to permit exposure to #bitcoin for professional, registered investment advisors in the US. Money managers have unique circumstances compared to individual investors.

3/ #Imagine you are an investment mgr with 250 client accounts (an average-sized separate account manager would have 400). Owning #bitcoin means setting up another 250 accounts - major work with not a lot of reward. If you want to rebalance (stocks/bonds/bitcoin)...

4/ you have 250 transfers to make. Doubles admin workload, makes operational life very complicated. Lots of work for a 5-10% allocation (or less!) to \$BTC.

5/ Client reporting is a nightmare. 2 sets of custodian statements not easily combined... A typical client already has 3 accounts, now it is 6 accounts & 6 statements, and there are few software feeds to consolidate data from #crypto exchanges into traditional portfolio reports.

6/ Tax advantages: \$GBTC can be held in an IRA, tax deferred. Over long run, you get most of the \$BTC return with far less tax liability, usually a net positive.

7/ Regulatory simplicity: some state and federal regulators hate #bitcoin. They can halt an investment advisor's operations on that basis, or at least make life hell. \$GBTC is a stock. Regulators may not like it but if advisor is within the law there is nothing they can do.

5/ So for a registered investment advisor, \$GBTC is a #bitcoin wrapped in equity, which makes it equity. This solves lots of problems and creates some benefits in a financial industry that is not yet aligned (operationally and regulation-wise) to accommodate BTC.

6/ And that is why investors pay a premium for \$GBTC too. It greatly simplifies holding #bitcoin in a traditional portfolio. Don't knock GBTC - anything which facilitates adoption is good for bitcoin. GBTC allows exposure to BTC that would not otherwise exist.

7/ If you're an entrepreneur, there are many opportunities also: for example, a data feed from #crypto and stock brokers that did consolidated reporting: advisors would love this, you could make bank. Also...

8/ a low-cost competitor to <https://t.co/KL1iFmiXDf> would also be a help. Lots of money to be made in that space (\$ billions), especially as boomers transfer their retirement wealth to GenX/GenY.