

Trading in bitcoin made simpler through new exchange

May 18 2015

Investors can for the first time bet on the value of bitcoins through an established stock exchange after Nasdaq launched an index based on the cybercurrency in Stockholm, Sweden.

Monday's launch of a bitcoin-based security on the Stockholm Stock Exchange allows investors to speculate on bitcoin's value without actually owning the cybercurrency. It makes it easier to trade on the currency's value without having to go through websites and online exchanges that may or may not be safe.

Here are some questions and answers on the system.

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What is a bitcoin?

Bitcoins are a virtual currency that can be used to buy and sell some goods and services without government-issued money. They also allow people to conduct transactions anonymously, making it difficult to regulate and opening up the possibility of operating unlicensed bitcoin exchanges. The cybercurrency is created by computers that are used to resolve complex algorithmic formulas.

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How does this new index work?

A financial firm called XBT Provider got approval last month from Swedish regulators to offer shares for Bitcoin Tracker One, a certificate whose value is based on the price of bitcoins on world markets.

The value of these shares is based on 0.5 percent of the global value of a bitcoin as traded on major online bitcoin exchanges.

The shares' price opened Monday at 9.69 kronor (\$1.18) and closed at 9.73 kronor, with more than 1.8 million shares traded on the first day.

XBT Provider spokesman Johan Wattenstrom said the company wants to make it "extremely accessible" to invest in bitcoins.

Why buy bitcoin shares?

Investors are able to speculate on the value of bitcoins without actually buying the virtual currency, providing an easy and secure way to invest in bitcoins outside the volatile spot exchanges and shady websites.

It gives an alternative to traditional investors who believe the value of the bitcoin will increase but don't want to hold the currency.

XBT Provider CEO Alexander Marsh says the company hopes to have "eliminated the boundaries that earlier prevented individuals and companies from being able to actively invest in what we believe to be the future of money."

Who can buy bitcoin shares?

The shares can be bought by anyone through a bank or broker registered with the Nasdaq Stockholm exchange.

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