

## What Is Driving Cryptocurrency - Digital Currency Market Update

The cryptocurrency market has seen significant developments and price movements following the election in anticipation of potential regulatory changes and proactive support for its broad use. The nomination of Paul Atkins as the Chair of the Securities and Exchange Commission (SEC), is seen as a positive catalyst for the crypto industry.

A number of large companies have started integrating cryptocurrency into their operations and balance sheets, identifying it as an asset and financial instrument. The U.S. government currently holds approximately 210,000 bitcoins worth more than \$13 billion, a portion of which was seized due to criminal activity.

The Securities and Exchange Commission regulates assets it determines to be securities, however, it doesn't yet regulate digital currencies, but it is regulating investments or derivatives related to cryptocurrency.

As a form of virtual currency, Bitcoin exists solely online, functioning through a transparent ledger known as Bitcoin blockchain. Each transaction is recorded on the distributed ledger, ensuring all the transactions remain secure and visible.

The most broadly held and popular cryptocurrency is Bitcoin, which is essentially virtual money that is traded digitally by exchanges. Bitcoins can only be purchased and sold with legitimate currency, such as dollars or euros, making it available worldwide. The total estimated value of Bitcoins worldwide as of the beginning of December 2024 is over 73 billion dollars.

Bitcoins exist as software, not physical currency, and are not regulated by any country or banking authority. Even though U.S. Senate hearings disclosed that Bitcoin could be a means of exchange, it gave no assurance that it would actually become an accepted medium of exchange. Government regulations would need to be created and then enforced in order for Bitcoin to become accepted by other government entities.

Bitcoins are mined by powerful computers that calculate complex, mathematical functions. Total Bitcoin quantity is capped at 21 million and currently there are about 19.5 million that exist worldwide. Circulating physical coins only represent Bitcoin and are not a store of value as is legitimate currency.

The growing mobile payment industry could be a big benefactor to the acceptance of Bitcoin as new and creative applications are being devised to accept digital currency. Bitcoin transactions are very popular among mobile users, where rather than using a credit card or cash to make a purchase, all you'd need is your phone.

Bitcoins emerged in 2008 designed by a programmer or group of programmers under the name of Nakamoto, whose real identity remains unknown. New Bitcoins can only be created by solving complex math problems embedded in the currency keeping total growth limited.

Sources: U.S. Marshalls Service, Bloomberg, Reuters



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