

SEC Rejects Ark and 21 Shares Spot Bitcoin ETF Application Again

The United States Securities and Exchange Commissions (SEC) has once again turned down an opportunity for Bitcoin spot ETF to launch in the United States after rejecting applications from ETF provider 21 Shares and Ark Investment.

According to the regulator in a Jan 26 [statement](#), the product failed to meet its obligations under Exchange Act Section 6(b)(5). Furthermore the regulator argued that it failed to prove that it could prevent fraud and protect investors

Meanwhile, Cboe BZX Exchange - the platform on which the product would have been listed, has maintained that it has a "comprehensive surveillance-sharing agreement with a regulated market of significant size" and this is enough to protect investors from price manipulations.

SEC Opposes Spot Bitcoin Application

Interestingly, this is the second time the SEC has turned down applications from Cathie Wood's Ark and 21Shares for a spot Bitcoin ETF. The commission rejected a similar application in April last year.

In a similar manner, the exchange has refused to approve other spot Bitcoin applications, one of such applications is that of Grayscale. The District of Columbia Court of Appeals has now [scheduled](#) March 7 for a hearing after Grayscale sued the SEC for not approving its proposal to convert its Grayscale BTC Trust with the ticker GBTC into an ETF.

In all of these rejections, the commission has continuously cited concerns about investors' protection and market price manipulation as reasons for its actions. Other applications which have also been rejected includes that of WisdomTree, SkyBridge, VanEck, and others.

Since after the collapse of heavyweights like FTX and the numerous rug pulls in the industry, the regulator has been cautious with approvals. However, Investors are eager for an opportunity to gain exposure to bitcoin's price under the the confines of a regulated stock market

Although the regulator is reluctant to give the green light on a US spot Bitcoin ETF which by the way is an avenue to onboard more institutional investors, it has approved several futures Bitcoin ETFs, the first of which is the ProShares Bitcoin Strategy ETF

In comparison with the Bitcoin spot market, the Bitcoin futures market is a regulated market in which an ETF can have a surveillance sharing agreement.