

Cryptocurrency prices plunge as regulators clamp down

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This article was initially published by CBS MoneyWatch on February 2, 2018 and features insight from Clyde Tinnen.

Bitcoin dropped to below \$8,000 on Friday, reflecting a plunge of almost 60 percent from its record high of more than \$19,000 in December.

The cryptocurrency's steep decline comes as regulators from the Securities and Exchange Commission and the Commodity Futures Trading Commission (CFTC) are scheduled to testify Monday before the Senate Banking Committee. Regulators in countries including China, South Korea and India have cracked down on the cryptocurrency market over concerns about fraud and volatility, among other issues.

Financial regulations were developed at a time when few could have imagined the development of an asset class like bitcoin and other cryptocurrencies, which are lines of code that hold monetary value and are designed to provide anonymity to their owners. Their dramatic surge in popularity and value caught many in the investing world by surprise, adding to the challenges of regulating the market.

Fans of cryptocurrencies argue they are the equivalent to gold or other commodities, which are regulated in the U.S. by the CFTC. Meanwhile, when new tokens come to market through Initial Coin Offerings (ICOs), they fall under the jurisdiction of the SEC.

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