



JPMorgan Becomes First Big Bank To Give Retail Wealth Clients Access To Crypto Funds

Description

USA: We sure have gone a long way the past 4 years. Back in September 2017, billionaire JPMorgan CEO Jamie Dimon lashed out at a relatively new – for boomer institutional investors – asset class, bitcoin, which Dimon said “won’t end well,” predicting it will eventually blow up as “it’s a fraud” and “worse than tulip bulbs.” And the kicker: the CEO of the largest US bank said he would **fire any employee trading bitcoin for being “stupid.”**

Fast forward to today when everything has changed: not only has [JPM launched a bitcoin fund](#) for rich clients after years of bashing crypto, its market quants publishing a weekly hitpiece bashing bitcoin and its crypto peers, but it now published a weekly report looking at all the latest news and trends in the crypto realm...

J.P.Morgan

U.S. Mid- and Small-Cap Banks Crypto Banking Weekly

Crypto Market Declined W/W to \$1.3T; Fed Chair
Uncertain on CBDCs; Coin Spotlight on Litecoin

- **All major cryptocurrencies fell in the past week.** The price of Bitcoin ended the week at \$31.5K, down 3.9% from the prior week and down 8.8% in 3Q21 amid increased chatter of CBDCs and more news of China's crackdown. Meanwhile, the price of Ether fell more sharply, declining 10% w/w to \$1,915, and is down 14% so far in 3Q21. Dogecoin fell 9.6% in the week.
- **Coin Spotlight: Litecoin.** Litecoin was created with intentions to be the "silver to bitcoin's gold". Representing improvements on the original protocol and 2,000 plus merchants as well as institutional adoption, it hasn't gotten the headlines but has a market cap of \$8B that makes it a significant player in the crypto world.
- **Fed Chairman says he is uncertain on whether the costs outweigh the benefits of a central bank digital currency** at a hearing before the Senate. Rather, Powell said "the more direct route" to digital currency may be regulation of stablecoins. Powell also mentioned that most cryptocurrencies fail to function as payment mechanisms but more like investments.
- **The Fed warned about cryptocurrencies for the first time in its Monetary Policy Report.** "The surge in the prices of a variety of crypto assets also reflects in part increased risk appetite," said the report written by Board of Governors.
- **Peter Thiel-backed cryptocurrency exchange, Bullish, to go public in \$9B SPAC merger.** The merger will provide \$600mm in net cash and upon completion of the transaction, Thomas Farley, a long time president of the New York Stock Exchange, will become the CEO of Bullish. The deal is expected to close by year-end.
- **Circle, the firm behind USD Coin (a stablecoin) to go public with SPAC merger at an enterprise value of \$4.5B.** Through the IPO proceeds, investment commitments & recently completed funding round, the company will have about \$1.1B in gross proceeds.

... but as [Insider](#) reports today, JPMorgan has become the first major bank to "gave its financial advisors the green light to give all its wealth-management clients access to cryptocurrency funds." The move applies to all JPMorgan clients seeking investment advice, **including its bank's self-directed clients using its commission-free Chase trading app, mass affluent clients whose assets are managed by financial advisors under JPMorgan Advisors, and ultrarich clients serviced by the private bank.**

The bank, which has been making a significant push to grow its \$630 billion wealth-management business, **told advisors in a memo earlier this week that they can now take orders to buy and sell five cryptocurrency products, four from Grayscale Investments and one from Osprey Funds, effective July 19.**

For now, JPMorgan's advisors can execute only "unsolicited" crypto trades, meaning advisors cannot

recommend the products but are allowed to buy or sell on the behalf of a client's request, but should enough clients defer the decision to their advisors, we are confident this too will change.

The funds JPMorgan has approved include Grayscale's Bitcoin Trust, Bitcoin Cash Trust, Ethereum Trust, and Ethereum Classic vehicles, as well as Osprey Funds' Bitcoin Trust, Insider reports.

Ironically, the latest attempt to generate even more commission revenues for the bank whose deposits have exploded even as loan growth has remained stagnant at best, comes after Jamie Dimon said in May that he is still [not a supporter of the asset class](#). But that doesn't matter as long as the bank's clients are and are willing to pay JPM commissions for the trades.

Rival banks such as Goldman Sachs, Morgan Stanley, and Bank of America have not given retail wealth clients direct access to crypto products. CNBC previously reported that Morgan Stanley was the first big bank to begin offering wealthy clients — those with at least \$2 million in invested assets — access to bitcoin funds, through a partnership with Galaxy Digital in April.

by Tyler Durden

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