



CUMMINGS PEPPERDINE ON INSTITUTIONAL INVESTMENT INTO CRYPTOASSETS

HELP! I'M AN INSTITUTIONAL INVESTOR, GET ME INTO THERE **GET ME INTO CRYPTO**

It has its ups and its downs, but for many institutional investors the downside of crypto is an upside. Who else can make money in a falling market? Who else can be the right side of that trade?

The increase in investment by "TradFi" into crypto has increased over the last few years. Figures from a survey of institutional investors show that the adoption of digital assets varies across three regions for six major types of digital assets.

ASSET	US	EUROPE	ASIA
Bitcoin	21%	46%	45%
Ethereum	10%	27%	22%
Litecoin	6%	15%	14%
XRP	3%	9%	12%
Bitcoin Cash	3%	6%	14%
Binance Coin	1%	6%	13%

Source: Fidelity Digital Assets (2021)

There are a number of reasons for the increase coming from the institutional arena, many being regulatory.

CUMMINGS PEPPERDINE

+44 7734 057 327

Green Park House, 15 Stratton Street,
London W1J 8LQ

www.cummingspepperdine.com

For example, the FCA banned the marketing of crypto derivatives to retail investors in 2020.

Following on from this, the FCA has been clear about its intention to regulate cryptoassets in a number of ways, including by putting in place increasingly demanding financial promotion rules for cryptoassets and what it considers to be high risk assets.

Those who are themselves regulated though do not have the benefit of full FCA protection. This leaves entry to the cryptoasset world by institutional investors with an interesting and possibly exciting and elite opportunity.

Yet now investment is without its risks and no entry into an asset class should be as easy as falling off a log.

INITIAL CONSIDERATIONS

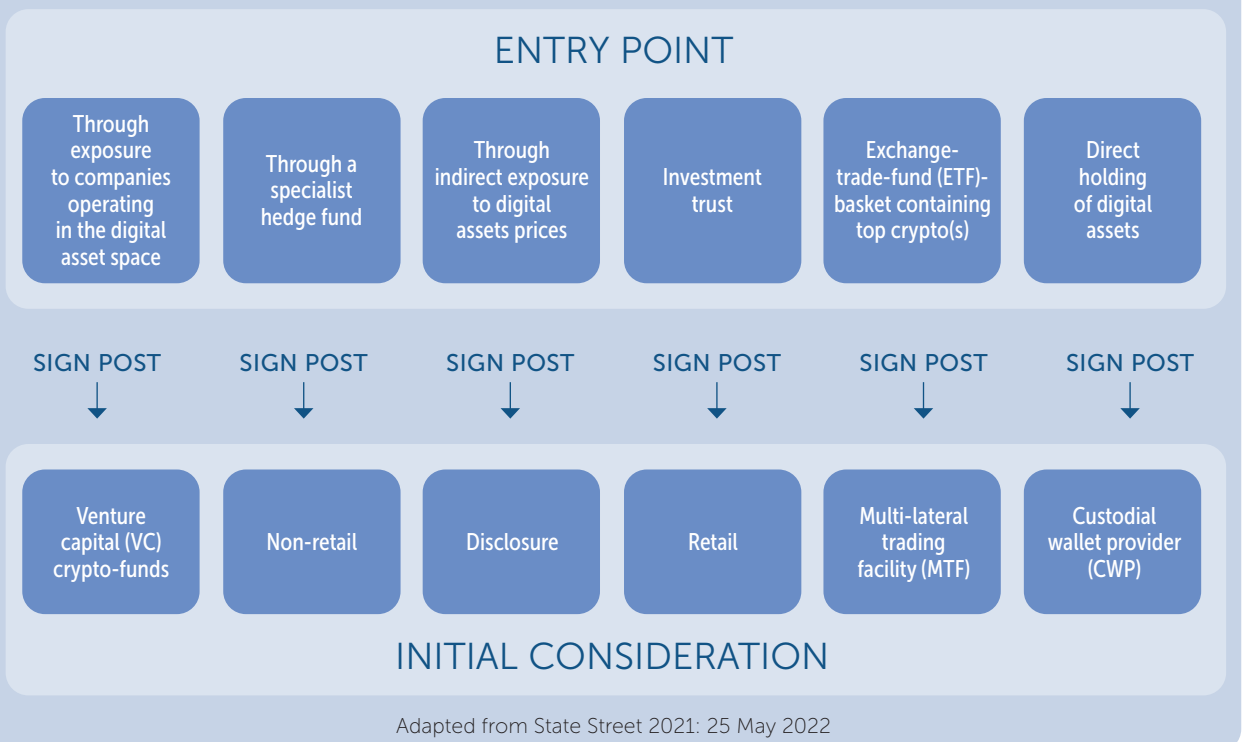
Our thoughts on the initial considerations which an institutional investor looking to gain entry to the world of cryptoasset investing are by no means exhaustive. For each consideration which we signpost, there are many more behind them, often branching into a forest of decision trees.

But every journey starts with its first step. Have a look at the below, give it some thoughts and call us to work out a plan.

For more information, visit our website to read our [Pep Publications](#) and listen to [The Hugely Popular Cummings Pepperdine Crypto Questions](#)

CUMMINGS' CONSIDERATIONS: INVESTMENT MANAGEMENT – DIGITAL ASSETS

Our suggested initial considerations for institutional investors based on the reported ways they gain exposure to digital assets



Adapted from State Street 2021: 25 May 2022



The Cummings Pepperdine Online Training Programme, includes sections focussing on Institutional Investment into Cryptoassets, has been designed by a specialist board of compliance consultants, solicitors, chartered accountants, tax advisors and regulatory consultants. We believe that we are the only firm which offers training created by this range of qualified advisors.

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claire.cummings@cummingspepperdine.com
michael.borrelli@cummingspepperdine.com
serena.joseph@cummingspepperdine.com
samantha.fitter@cummingspepperdine.com
nigel.tobin@cummingspepperdine.com
pa@cummingspepperdine.com

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