

# CTAs Snub Bitcoin Futures

Stockholm (HedgeNordic) – The Chicago Mercantile Exchange (CME) is listing a bitcoin futures contract on December 18, after having received approval from the regulatory body CFTC, according to a press release. The new contract will be listed on and subject to the rules of CME.

The contract will be available for trading on the CME Globex electronic trading platform, and for submission for clearing via CME ClearPort.

In a comment Terry Duffy, Chairman and CEO of the CME said on Friday:

“We are pleased to bring Bitcoin futures to market after working closely with the CFTC and market participants to design a regulated offering that will provide investors with transparency, price discovery, and risk transfer capabilities.”

However, the optimism is seemingly not shared by CTAs, i.e. hedge funds seeking to extract trends through trading on the world’s futures markets, that HedgeNordic talked to during a roundtable session in Helsinki on November 28.

None are ready to start trading the contract at this point.

“At the moment there are so many other liquid markets that we are expanding into and looking at, that are more established. We wouldn’t need to take on the risk of a new market until we completely understand it fully. Bitcoin is not something we are entertaining currently, says Razvan Remsing at London-based Aspect Capital.

Filip Borgeström of Stockholm-based CTA Lynx reasons along the same lines, when describing what they look for when considering adding markets.

“Liquidity is one issue; the underlying stability of the market is one; and then the third, which we often look at is what kind of profile you get from applying a trend system on a new market. When trading for example equities or bonds, we are fairly confident that our return profile will resemble something that our clients are comfortable with. But if you apply trend signals on Bitcoin or the VIX future, the output will be different than trading more established markets. So then, it’s a question of how will this new market fit into our portfolio and our overall investment objectives. I’m not sure Bitcoin will qualify from that perspective either.”

Martin Estlander, founder of Finnish CTA Estlander & Partners, is also sceptical but leaves the door open for including the bitcoin contract in the future.

“From our perspective, we have a very clear set of rules as to when to take on a new instrument. And I doubt that Bitcoin will qualify for client portfolios from the start. But I accept that we’ll be open-minded and will always wait for the regulators and all reviews. We would definitely take a very close look and make our own judgment as to whether we will take it on for experimental purposes at some level. We’ll definitely be open-minded.”