

Fidelity Brings Cryptos to Institutional Investors

Stockholm (HedgeNordic) - Fidelity Investments has announced the launch of a stand-alone company that will provide custody and trade execution services for cryptocurrencies to institutional investors, including hedge funds and family offices. With the launch of the new company called Fidelity Digital Asset Services, Fidelity plans to meet the increasing interest in digital assets among institutional investors.

Instead of setting up an exchange to trade cryptocurrency assets, Fidelity Digital Asset Services will use an internal order router to connect with multiple market venues for trade execution. The company will also provide institutional-grade storage solutions for bitcoin, ether and other digital assets.

“Our goal is to make digitally-native assets, such as bitcoin, more accessible to investors,” Abigail P. Johnson, Chairman, and CEO of Fidelity Investments said in a press release. “We expect to continue investing and experimenting, over the long-term, with ways to make this emerging asset class easier for our clients to understand and use.”

In a survey conducted by consulting firm Greenwich Associates among 141 institutional investment executives, more than 70 percent of respondents indicated that they believe cryptocurrencies will have a place in the future of the industry. Around ten percent of respondents think cryptocurrencies will remain a fringe asset class without mainstream adoptions, whereas an additional ten percent feel a regulatory crackdown will eliminate the market.

Institutional investors appear to become more involved in the market of cryptocurrencies. Yale University’s endowment managed by renowned investor David Swensen, for instance, has recently invested in a cryptocurrency hedge fund called Paradigm (read more details). These announcements come after a period of skepticism among investors towards the cryptocurrency market. The price of bitcoin, for instance, more than halved since the end of last year, with first and still most important cryptocurrency losing two-thirds of its value since reaching a peak in December of last year.

Picture © Who is Danny—Shutterstock