Limit Prime

CRYPTOCURRENCIES

All you need to know

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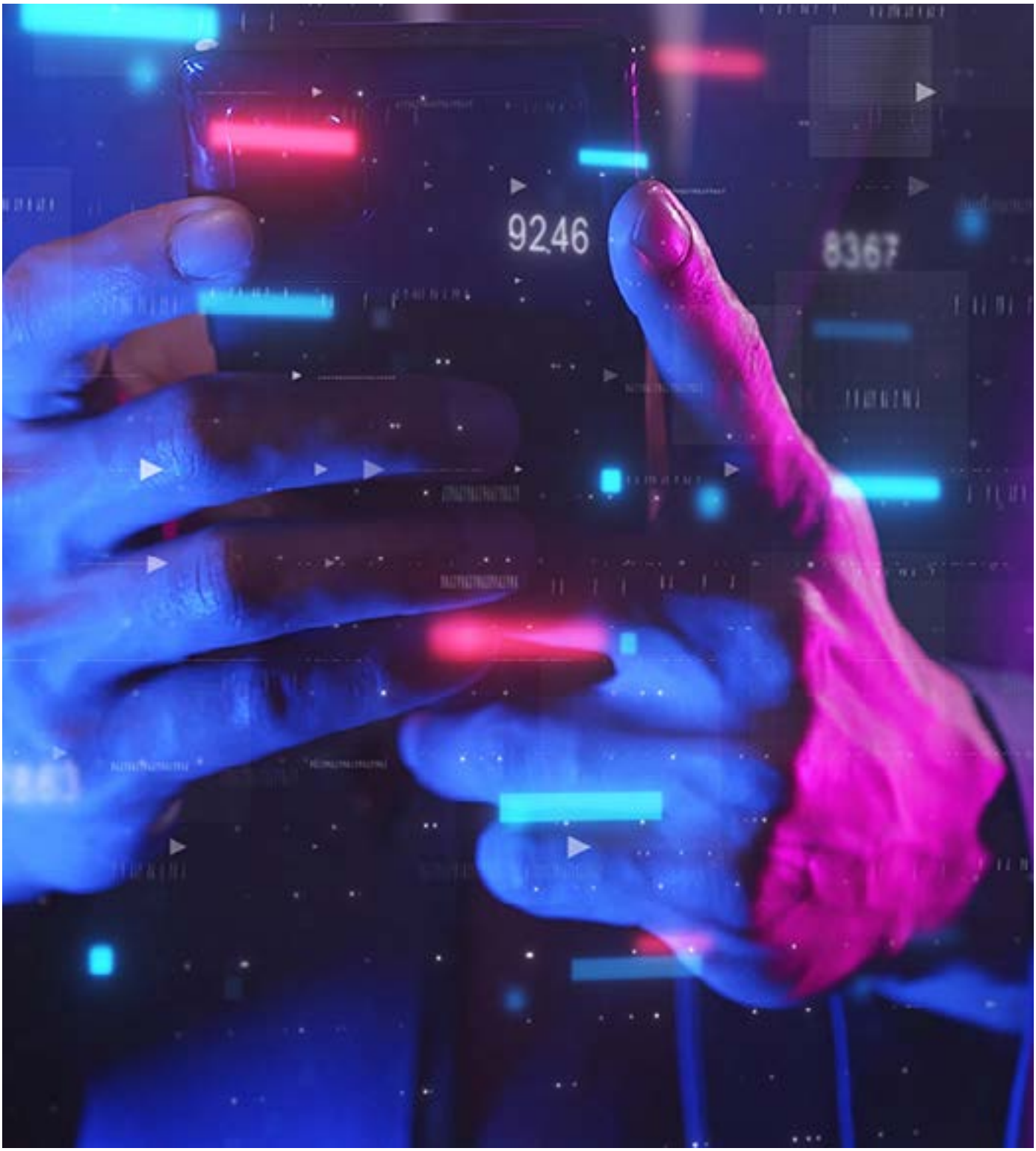
1. What are cryptocurrencies?



A cryptocurrency is a digital currency that is based on blockchain technology and secured by cryptography, rather than by a centralized authority.
Blockchain is essentially a decentralized, distributed ledger that records information about digital assets & transactions and stores them into digital blocks.

This digital currency can be used to buy goods and services, but uses an online ledger with strong cryptography to secure online transactions. Much of the interest in these unregulated currencies is to trade for profit, with speculators at times driving prices skyward.

Many companies have issued their own currencies, often called tokens, and these can be traded specifically for the goods or services that the company provides. Think of them as you would arcade tokens or casino chips. You'll need to exchange real currency for the cryptocurrency to access the goods or services.

1.1. What is blockchain?

A blockchain is a public digital ledger of transactions that records information in a way that makes it difficult to hack or alter. The technology allows a secure way for individuals to deal directly with each other, without an intermediary like a government, bank or other third party.

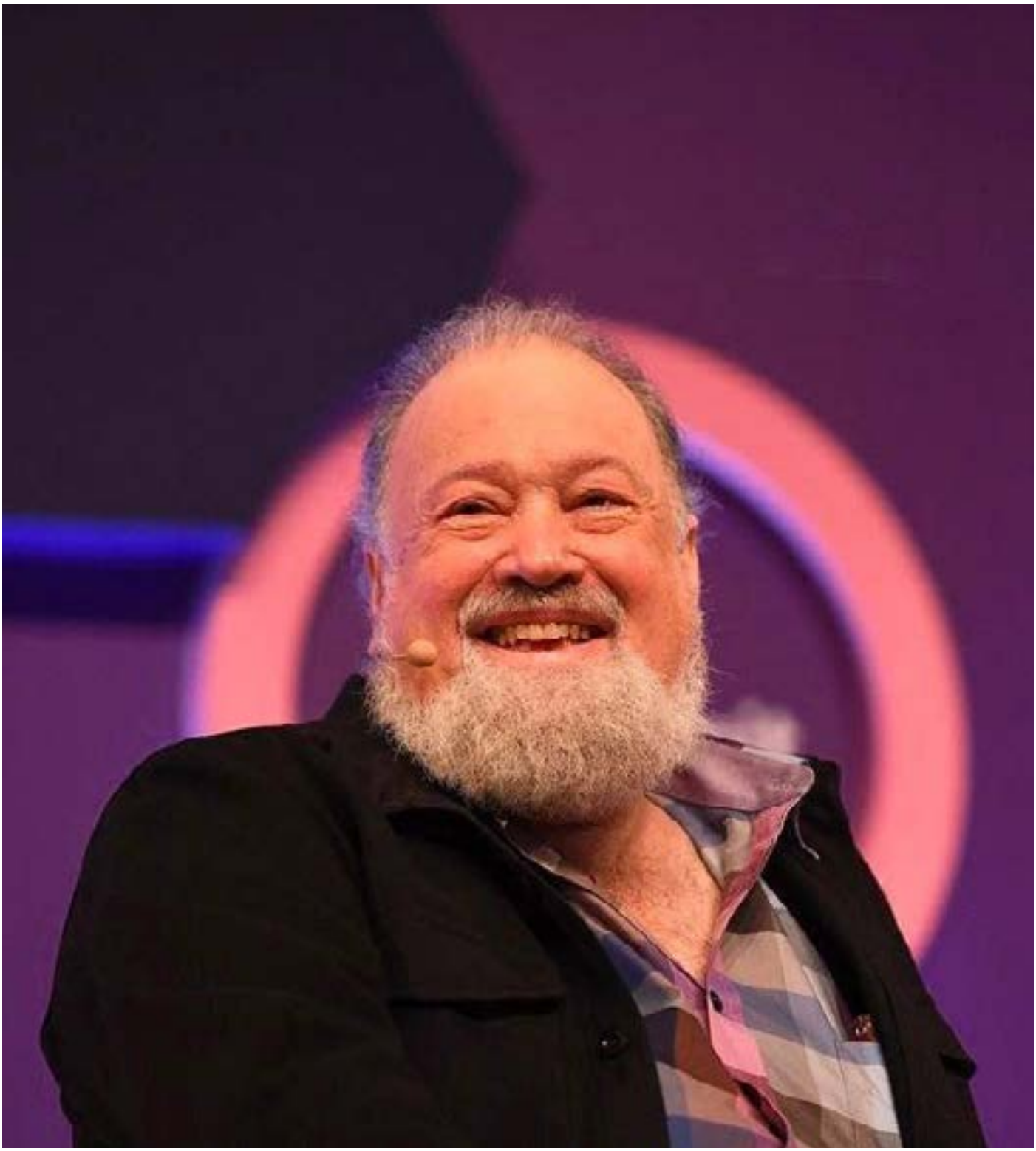
The growing list of records, called blocks, is linked together using cryptography. Each transaction is independently verified by peer-to-peer computer networks, time-stamped and added to a growing chain of data. Once recorded, the data cannot be altered.

While popularized with the growing use of bitcoin, ethereum and other cryptocurrencies, blockchain technology has promising applications for legal contracts, property sales, medical records and any other industry that needs to authorize and record a series of actions or transactions.

The concept of blockchain technology first appeared in academic papers dating back to 1982, in a dissertation discussing "the design of a distributed computer system that can be established, maintained, and trusted by mutually suspicious groups." But it was a 2008 paper by the pseudonymous Satoshi Nakamoto titled "Bitcoin: A Peer-to-Peer Electronic Cash System" that brought an academic theory into real-world use.

2. History of Cryptocurrencies

Digital currency founder - David Chaum



Cryptocurrency is a modern-day phenomenon in how goods and services are exchanged. In fact, it is not only significantly changing the technology and coding industry, but also making a massive impact on how countries across the world conceive of currency.

Cryptocurrency by definition is a form of payment. But it's not that simple. What differentiates it from the currency used in everyday life, is that cryptocurrency often exists within a specific ecosystem. In a nutshell, it functions like tickets used at a carnival to ride the Ferris wheel or play ring toss.

But what really makes cryptocurrency such a disruptive force is its incorporation into our digitalized world. The number of cryptocurrencies continues multiplying, and there are no signs of slowing down.

To better understand what exactly cryptocurrency is, what it can be, and how today's coders, developers, and technology professionals can leverage cryptocurrency as part of their work, let's examine a brief history of crypto to better understand where it's going and how it's going to move.

2.1. The Cryptocurrency Timeline

Many think cryptocurrency is a concept developed and launched in the last decade or so, but the history of cryptocurrency reaches as far back as 1983. These virtual coins can be traced back to one man: cryptographer David Chaum.

Chaum developed the first brand of digital currency with a transaction system called eCash, which was followed by another iteration of the same principle a few years later with DigiCash. The foundational element to DigiCash (and one that remained foundational in the cryptocurrencies that followed in DigiCash's footsteps) is that transactions were anonymous and conducted over a public network.

Though the term cryptocurrency was not coined until the late 1990's, Chaum's first forays into the arena established critical frameworks for future incarnations of this new way of exchanging goods and services. It would be even more fully realized with the global economic downturn of 2008, when the value of gold and coins fell dramatically and opened a new window.

Enter the so-called "Japanese entity" Satoshi Nakamoto (who still remains anonymous to this day). In 2008, Nakamoto published a widely-circulated whitepaper on the potential of cryptocurrency and conducted the first transaction with the most well-known cryptocurrency to this day: BitCoin.

Satoshi Nakamoto also invented the blockchain database whereby BitCoin and a majority of the other cryptocurrency platforms conduct business and house information about the actors within the platforms. In fewer than two years after the first BitCoin and blockchain transactions, other coders and developers had successfully minded the blockchain. Their efforts not only increased the number of Bitcoin transactions, but also developed new cryptocurrency platforms to further increase the footprint of these digital tokens.

Despite minor setbacks during the mid-2010's, BitCoin not only established itself as the cryptocurrency of choice for those around the world, but its value skyrocketed, eventually reaching $10,000 in November 2017. Interest from social media stalwart Facebook further cemented BitCoin in the cryptocurrency space, and also contributed to a second major spike in the platform's value.

3. Usability

A strong indicator for evaluating cryptocurrency is its usage – meaning the number of transactions performed using the coins. This doesn't include transactions done on the exchanges, aka trading platforms, but ones completed in real life, for example., sending funds between people and buying items from the merchants.

However, coin usage shouldn't be taken into account just yet, as the world has only just started to see the whole picture, trusting it, and therefore moving closer to adopting it.

Time-wise, it'll take a few years for the coins (and using them most and foremost) to start making proper sense to the masses.
As a result, there will be, thanks to a large number of people who've adapted to cryptocurrencies, real stability on the market. How delightful would that be?

Moreover, even the majority of merchants are going to accept the coins and will be able to cover their full supply chain with cryptocurrencies.

There will be many possible financial services available for cryptos, and without the ridiculous costs which we're all (still) experiencing today via fiat currencies.

4. The most Popular Cryptocurrencies

4.1. Bitcoin (BTC)

Bitcoin is the original blockchain-based cryptocurrency. Created in 2009 by the pseudonymous Satoshi Nakomoto, bitcoin has since attracted millions of investors, becoming the largest cryptocurrency by market cap.

It is the first decentralized cryptocurrency to gain a following and grow large enough for select use cases to emerge, where it is being used as a medium of exchange online. Bitcoin still dominates the portfolio of commercial crypto investors and makes the headlines, helping raise the profile of other altcoins.

In retrospect, it was engineered well — with the real identity of Satoshi Nakamoto, the inventor of Bitcoin continuing to elude the world, allowing Bitcoin to be decentralized — and gave rise to an entire alternate financial sector which is still learning how digital currencies can be assets.

Bitcoin has the highest market capitalization in the crypto world with an amount of $463,669,247,160 and a value per each token of $24,268.35 currently.

4.2. Ethereum (ETH)

Ethereum was created in 2014 by Vitalik Buterin, a Russian-Canadian programmer, and Gavin Wood, an English computer scientist who later contributed to other cryptocurrency projects. The Ether currency is built on top of the Ethereum blockchain, which operates smart contracts.

Unlike Bitcoin, which investors primarily view as a store of value, Ether's value derives from its enablement of smart contracts in decentralized applications. Most "DeFi" (decentralized finance) projects are built on Ethereum. Ether's supply is unconstrained, meaning the total number of Ether minted is still undecided, but will be determined by Ethereum's community members. The network is scheduled to transition from a proof-of-work mechanism to a proof-of-stake mechanism in the near future.

4.3. Ripple's XRP (XRP)

XRP is the native currency of the Ripple blockchain. It was designed to serve as a currency of exchange within a remittance network used by financial institutions. The supply of XRP coins is finite: only 100 billion tokens will ever be minted. The RippleNet payments network is used by leading global banks and payment providers, such as Bank of America and American Express.

In 2020, the Securities and Exchange Commission sued XRP's parent company and two of its executives, founder and executive chairman Chris Larsen and CEO Brad Garlinghouse. The SEC alleged that XRP token sales were unregistered securities offerings.

4.4. Litecoin (LTC)

Litecoin, launched in 2011, was among the first cryptocurrencies to follow in the footsteps of Bitcoin and has often been referred to as "silver to Bitcoin's gold." It was created by Charlie Lee, an MIT graduate and former Google engineer.

Litecoin is based on an open-source global payment network that is not controlled by any central authority and uses "scrypt" as a proof of work, which can be decoded with the help of consumer-grade CPUs. Although Litecoin is like Bitcoin in many ways, it has a faster block generation rate and hence offers a faster transaction confirmation time. Other than developers, there are a growing number of merchants that accept Litecoin. As of January 2022, Litecoin has a market capitalization of $4,360,978,854 and a per-token value of $65.86.

4.5. Bitcoin Cash (BCH)

Bitcoin Cash (BCH) holds an important place in the history of altcoins because it is one of the earliest and most successful hard forks of the original Bitcoin. In the cryptocurrency world, a fork takes place as the result of debates and arguments between developers and miners. Due to the decentralized nature of digital currencies, wholesale changes to the code underlying the token or coin at hand must be made due to general consensus; the mechanism for this process varies according to the particular cryptocurrency.

When different factions can't agree, sometimes the digital currency is split, with the original chain remaining true to its original code and the new chain beginning life as a new version of the prior coin, complete with changes to its code.

BCH began its life in August 2017 as a result of one of these splits. The debate that led to the creation of BCH had to do with the issue of scalability; the Bitcoin network has a limit on the size of blocks: one megabyte (MB). BCH increases the block size from one MB to eight MBs, with the idea being that larger blocks can hold more transactions within them, and the transaction speed would therefore be increased. It also makes other changes, including the removal of the Segregated Witness protocol that impacts block space. As of January 2022, BCH has a market capitalization of $2,673,689,895.07 and a value per token of $147.08.

4.6. Stellar (XLM)

Stellar is an open blockchain network designed to provide enterprise solutions by connecting financial institutions for the purpose of large transactions. Huge transactions between banks and investment firms—typically taking several days, involving a number of intermediaries, and costing a good deal of money—can now be done nearly instantaneously with no intermediaries and cost little to nothing for those making the transaction.

While Stellar has positioned itself as an enterprise blockchain for institutional transactions, it is still an open blockchain that can be used by anyone. The system allows for cross-border transactions among any currencies. Stellar's native currency is Lumens (XLM). The network requires users to hold Lumens to be able to transact on the network.

Stellar was founded by Jed McCaleb, a founding member of Ripple Labs and developer of the Ripple protocol. He eventually left his role with Ripple and went on to co-found the Stellar Development Foundation. Stellar Lumens have a market capitalization of $6,432,475,927.92 and are valued at $0.12 as of January 2022.

4.7. Monero (XMR)

Monero is a secure, private, and untraceable currency. This open-source cryptocurrency was launched in April 2014 and soon garnered great interest among the cryptography community and enthusiasts. The development of this cryptocurrency is completely donation-based and community-driven. Monero has been launched with a strong focus on decentralization and scalability, and it enables complete privacy by using a special technique called "ring signatures."

With this technique, a group of cryptographic signatures appears, including at least one real participant, but the real one cannot be isolated since they all appear valid. Because of exceptional security mechanisms like this, Monero has developed something of an unsavory reputation—it has been linked to criminal operations around the world. While this is a prime candidate for making criminal transactions anonymously, the privacy inherent in Monero is also helpful to dissidents of oppressive regimes around the world. As of January 2022, Monero has a market capitalization of $3,016,074,015 and a per-token value of $165.88.

4.8. EOS (EOS)

EOS is a blockchain-based, decentralized platform used to develop, host, and run business applications, or dApps.
EOS launched In June 2018 after an initial coin offering that raised $4.1 billion in crypto for Block.one, the company that developed the open-source software called EOS.IO that is used on the platform.
EOS cryptocurrency tokens are used as a payment system on the network.EOS supports core functionality that allows businesses and individuals to create blockchain-based applications in a way that is similar to web-based applications. EOS provides secure access and authentication, permissions, data hosting, usage management, and communication between dApps and the Internet.

4.9. Cardano (ADA)

Cardano is touted as the 'environmentally friendly' cryptocurrency as it aims to avoid the energy-intensive parts of the mining process seen with Bitcoin. It is the first large cryptocurrency to be based on the 'proof of stake' model. This model means all those who hold Cardano can vote in its direction.

Many real-world projects are based on Cardano, such as tracking fresh agricultural produce, tamper-proofing educational credentials and identifying counterfeit retail goods.

Cardano has a market capitalization of $$18,792,379,812 and a per-token value of $0.55.

4.10. NEO (NEO)

NEO was founded as AntShares by Da Hongfei and Erik Zhan in China in 2014 and was rebranded as NEO in June 2017. It is a blockchain-based platform that supports its own cryptocurrency and enables the development of digital assets and smart contracts. In that respect, it resembles the U.S.-based Ethereum blockchain network.

NEO aims to automate the management of digital assets through the use of smart contracts, with the eventual aim of building a distributed network-based smart economy system.

NEO has a market capitalization of $1.57 billion and a per-token value of $11.29.

5. Digital currency VS. Cryptocurrency

Have you ever wondered what the differences between digital currency and cryptocurrencies are? “Hold on a second”, you say... “Digital currencies and cryptocurrencies aren’t the same thing?”. Nope, they are not!

5.1. Digital Currency Defined

According to Wikipedia a Digital currency (digital money, electronic money or electronic currency) is a balance or a record stored in a distributed database on the Internet, in an electronic computer database, within digital files or within a stored-value card. Examples of digital currencies include cryptocurrencies, virtual currencies, central bank digital currencies and e-Cash.

Digital currencies exhibit properties similar to other currencies, but do not have a physical form of banknotes and coins. Not having a physical form, they allow for nearly instantaneous transactions. Usually not issued by a governmental body, virtual currencies are not considered a legal tender and they enable ownership transfer across governmental borders.

According to the European Central Bank’s 2015 “Virtual currency schemes – a further analysis” report, virtual currency is a digital representation of value, not issued by a central bank, credit institution or e-money institution, which, in some circumstances, can be used as an alternative to money. In a nutshell, digital currencies are another name for money used to pay for specific goods or services on the Internet.

As you can probably imagine, digital money is entirely digital, it doesn’t have a physical equivalent in the real world. But, it acts in the same way as physical, traditional – or fiat – money. You can receive, transfer and/or exchange digital currency for another currency. It can be used to pay for goods and services, in an online store, for example, and it has no geographical or political borders.

Some argue that the lines are now becoming blurred as we move toward a cashless society, stating that physical money that is used online, for banking and retail, etc. should be classed as digital currency.

5.2. Definicija kriptovalute

According to Wikipedia, this is what cryptocurrencies are: A cryptocurrency (or crypto currency or crypto for short) is a digital asset designed to work as a medium of exchange wherein individual coin ownership records are stored in a ledger existing in a form of computerized database using strong cryptography to secure transaction records, to control the creation of additional coins, and to verify the transfer of coin ownership. It typically does not exist in physical form (like paper money) and is typically not issued by a central authority. Cryptocurrencies typically use decentralized control as opposed to centralized digital currency and central banking systems. When a cryptocurrency is minted or created prior to issuance or issued by a single issuer, it is generally considered centralized. When implemented with decentralized control, typically a blockchain, that serves as a public financial transaction database. Bitcoin, first released as an open-source software in 2009, is the first decentralized cryptocurrency.

Cryptocurrencies are algorithm powered currency used as tokens in select online communities and backed by certain technologies, assets or projects. They are mostly used in peer-to-peer payments but are now increasingly used to pay for real-world goods and services.

Cryptocurrency is considered secure, reliable and trustworthy as it is based on cryptography. The art of writing or solving codes, cryptography is a mix of different sciences, with mathematics at its base.

Cryptocurrencies use Blockchain and a decentralized ledger, which means that no single individual or supervisory authority controls the actions in the network. It is pure decentralization, at its most glorious!

5.3. Digital Currencies Vs. Cryptocurrencies – The Main Differences

Though cryptocurrencies are a variant of digital currencies, there are some key differences between the two.

Digital currencies are centralized, meaning that transactions within the network are regulated in a centralized location, like a bank. Cryptocurrencies are mostly decentralized, and the regulations inside the network are governed by the majority of the community. There are also cryptocurrencies that are totally centralized and run by the founding organizations.
Digital currencies are not transparent. With digital currencies, you cannot choose the address of the wallet and see all money transfers since the beginning of time. This information is kept strictly confidential and private. Most cryptocurrencies are transparent. Anyone and everyone is able to see any and all transactions made and received by any user, as all revenue streams are placed in a public chain – the blockchain. This does not apply when we talk about privacy coins, their whole meaning is to not share how much money has been sent where.
Digital currencies have a central authority that can deal with any problems or issues. This central body can, for example, freeze or cancel transactions on the request of the participant or the authorities. Cryptocurrencies (in the case of decentralized ones) are regulated by their respective communities.
Most countries have some legal framework surrounding digital currencies, for example, the EU's Directive 2009/110/EC; and the US' Article 4A of the Uniform Commercial Code. Right now, the same cannot be said about cryptocurrencies. In most countries, their official status is not defined.

However, this situation is in constant flux and is being pushed by companies like CoinMetro. "Our mantra is "Moving Crypto Forward" and we're working hand-in-hand with regulators and governments to help them understand the nature of crypto and blockchain technology in a bid to create extensive and lasting regulations that will bring widespread transparency to the industry." they say in their statement.

So, there you have it. Digital currency is an umbrella term, comprising cryptocurrencies but the lines are definitely being blurred. Hopefully, we cleared up any confusion you might have had before you started reading!

6. How to trade Cryptocurrency?

There are two ways of investing in cryptocurrencies. One is the classic way of trading crypto and the other is CFD crypto trading.

6.1. The Classic way of trading crypto

Step 1: Make a cryptocurrency brokerage account.

Unless you already own cryptocurrency, you'll need to make an account with a crypto brokerage.

To make an account, you'll need to provide your crypto brokerage with personal identification information, similarly to opening an account with a stock brokerage. Some common information you need to provide when setting up your account includes your Social Security number, address, date of birth and email address.

Step 2: Fund your account

Once you've signed up with a crypto brokerage, you'll need to connect your bank account. Most crypto brokerages offer bank funding through debit cards and wire transfers.

Step 3: Pick a crypto to invest in

Most active cryptocurrency traders allocate most of their capital to Bitcoin and Ethereum. These cryptos move more predictably than smaller altcoins, so trading with technical indicators can be easier.

Many crypto traders allocate a portion of their capital to smaller altcoins. Although small mid-market cap cryptos are riskier than large-market cap cryptos, they offer higher upside potential. Many small altcoins have risen over 1,000% in a matter of months, making them attractive investments for risk-tolerant investors.

Step 4: Choose a strategy

There are a plethora of trading indicators to choose from, and most traders take multiple factors into consideration when buying and selling cryptocurrency. If you're new to investing, you may want to consider purchasing a cryptocurrency trading course.

If you're an experienced trader, you may already have a strategy you use to trade stocks. Stock trading strategies are also commonly used for cryptocurrencies.

Step 5: Store your cryptocurrecy

If you're actively trading your cryptocurrency, you'll have to store your funds on the exchange to have access to them. If you're buying your cryptocurrency to hold for the mid to long term, then you should get a cryptocurrency wallet.

Cryptocurrency wallets come as software wallets or hardware wallets. Both are secure, but hardware wallets offer the best security, as they store your crypto on a physical device, offline. Ledger is a great hardware wallet brand many investors trust to store their crypto assets on. If you're looking for a software wallet, there are several options on iOS, Google Chrome and Android that are free to use.

6.2. Trading Cryptocurrency CFDs

Cryptocurrencies are not something new, and neither are CFDs (i.e. Contract For Difference, a popular form of derivative trading). Every person involved in financial trading will know what these two assets are, but some are still unaware that cryptocurrencies can be traded through CFDs, and now may be the best time to do so.

There are a few advantages and disadvantages connected to trading CFDs on cryptos compared to regular cryptos and both traders sometimes get confused as to why somebody would choose the opposite option. Most of those "confused" traders are crypto enthusiasts who try to drive the market as well as pocket some profit in the process.

Trading cryptos with CFDs does not move the market whatsoever even if we enter a $1 billion position. Why? Because crypto CFDs are not actual cryptocurrencies. When you open a position, you are not buying the cryptocurrency, you are buying a contract at the price it is at currently. If the prices go up, you can simply sell the contract and receive profits much like you'd receive them on any crypto exchange.

CFD trading example: Ethereum / USD. Let's say you are interested in trading ethereum and decide to open a short CFD trade by selling ethereum against the US dollar (Ethereum/USD).

The current sell/buy quote is 1899 / 1903.

You believe the value of ethereum will fall against the US dollar, and therefore open a sell CFD position, selling 5 units to open at 1899.3.

This is the equivalent of selling 5 ether tokens, so you will gain or lose $5 for every $1 change in the value of ethereum.

Profitable trade. For example: If the value of ethereum falls against the US dollar, and the new price quote is 1840 / 1885. You decide to take your profit, and buy 5 units to close your position in 1885.

The price has moved 59 points in your favor, so your profit on the trade is therefore $295 (59 X $5).

Losing trade. The value of ethereum rises against the US dollar and the new price quote is 1840 / 1885. You decide to close your position and therefore buy 5 units at 1885 to prevent any further losses.

The price has moved 59 points against you and your loss on the trade is therefore $295 (59 X $5).

6.3. Crypto CFD advantages

Before we move to highlight the advantages, I'd like to note one thing that these are not "call to action" paragraphs, these are here to simply give you information of what you could be doing with a tradable asset. In the end, it will be up to you to make a choice, so take everything with a grain of salt.

Margin trading. Margin trading is something unique for cryptocurrency CFD providers. They are the only ones who can afford to do this, although large exchanges such as OKEx and Binance are starting to implement the feature on their platforms as well.

However, when cryptos became a hit back in 2017, the CFD brokers were the first to introduce such a trading strategy, and not many understood why some crypto traders switched to the other side.

The reason was simple. Margin trading platforms are able to provide leverage on your trades, meaning that every trade you open will receive additional funds from the brokerage.

Let's explain.

Imagine that you've just opened a position with $100 and you are trading Bitcoin. Let's say that Bitcoin grows by about 50%, you get $150 in the end right? $50 as profit.

With a CFD position, that trade would have leverage added to it. Let's say the max leverage is 1:10. That means that your $100 position has just been turned into a $1000 one. If Bitcoin rises by 50% again, you get $1500 instead of the $150 before leverage.

At the end of every trade, the trader is responsible for returning all the "borrowed" funds from the brokerage. Since you had $100 and your trade was turned into $1000 thanks to the 1:10 leverage, you need to return $900 to the broker with an

added $50 from your profits. Still, you're left with $450 generated from a trade you started with $100, that gives you a 450% increase on your deposit.

This was exactly why traders quickly switched to CFD brokers while crypto prices were still going upwards. Needless to say, most of them walked away with quite a lot in their pockets.

Liquidity. The liquidity of CFDs is much better than cryptocurrencies. You see, if you're trading an altcoin, something that does not have a direct cash out system, you're forced to switch to BTC and then withdraw from either an offline ATM or through an exchange which will ask quite a lot in return.

A CFD is basically fiat currency itself and does not need conversion into USD or EUR. You can simply request a withdrawal and the broker will approve it. With cryptos, it's much more complicated as you have to have a wallet, then transfer to that wallet, then transfer to the exchange and then finally withdraw. Plus you'll have to do a lot of conversions.

Furthermore, there are limits to how much you can withdraw within 24 hours for cryptocurrencies. This system creates a risk that a bear market can hit and your $10,000 that you have remaining on the account will turn into $5000 overnight (it has happened before).

On CFD brokerages, you simply have fiat on your account, so it does not carry the same danger even if there are daily withdrawal limits.

Security & license. There have been very few cases when a CFD platform was hacked and funds were stolen. However, crypto exchanges are subject to multiple hack attacks nearly every day, therefore there's much more risk for keeping your assets there. That's why people use cold wallets to store their tokens outside of the exchange.

When you trade crypto CFDs, your account is your wallet, as it is never in danger of a hack attack.

Furthermore, CFD brokerages are always licensed by local financial regulators. Which means that every customer has local laws to protect their interest. Should something happen on the platform which caused you monetary damage, the broker is required by law to compensate you.

Most crypto exchanges and companies do not have this obligation. Mt.Gox customers learned this the hard way.

6.4. Crypto CFD disadvantages

Ownership. The very first disadvantage is the essence of CFDs themselves. When we trade cryptos through CFDs we don't actually use real cryptocurrencies, as mentioned in the beginning. We simply speculate on the price on a platform that will reward us if we're correct.

Therefore, if you trade a crypto CFD for a security token, you won't be able to affect the market in any way shape or form. Furthermore, you don't have the opportunity to diversify on the spot. You'll have to withdraw the funds first and then invest somewhere else if the platform you're using is not to your liking anymore.

✔ PROS	✘ CONS
Leverage	Costs
Security and License	Variety
Liquidity	Ownership

7. Future of cryptocurrencies

2021 has been a big year for cryptocurrencies. But what's happening now?

We've seen Bitcoin hit a new all-time high price, regulatory talks with potential to have a big impact on the industry, and more institutional buy-in from major companies. All the while, people's interest in crypto has skyrocketed in the year of 2021: It was a hot topic not only among investors but in popular culture too, thanks to everyone from long-standing investors like Elon Musk to that kid from your high school on Facebook.

In many ways, the first half of 2021 has been a "breakthrough," says Dave Abner, head of global development at Gemini, a popular cryptocurrency exchange. "There's tremendous focus and attention being paid to the crypto industry".

But the industry is only in its infancy and constantly evolving. It's difficult to predict where things are headed long-term, but in the coming months, experts are following themes from regulation to institutional adoption of crypto payments to try and get a better sense of the market.

Relevant changes in the crypto world:

7.1. Cryptocurrency Regulation

Expect continued conversations about cryptocurrency regulation. Lawmakers in Washington D.C. and across the world are trying to figure out how to establish laws and guidelines to make cryptocurrency safer for investors and less appealing to cybercriminals.

China reaffirmed its efforts to crack down on digital currencies this year, primarily through crypto mining regulations, while U.S. Senators have considered new regulation to bolster cryptocurrency tax reporting measures.

"Regulation is probably one of the biggest overhangs in the crypto industry globally," says Jeffrey Wang, head of the Americas at Amber Group, a Canada-based crypto finance firm. "We would very much welcome clear regulation."

Like most things with cryptocurrency, regulation comes with hurdles. "There are different agencies that may or may not have jurisdiction to oversee everything," says Wang. "And it differs state by state."

Both Federal Reserve Chair Jerome Powell and Treasury Secretary Janet Yellen have expressed their agencies' interests in regulation, while Security and Exchange Commission Chairman Gary Gensler has commented on both his own agency's and the Commodity Futures Trading Commission's role in policing the industry. Plus, the IRS has an obvious interest in making sure investors know how to report virtual currency when they file their taxes.

Clear regulation would mean the removal of a "significant roadblock for cryptocurrency," says Wang, since U.S. firms and investors are operating without clear guidelines at the moment.

7.2. What new regulation could mean for investors?

Recent proposed legislation could make it easier for the IRS to find cases of tax evasion when it comes to crypto, though investors should already keep records of any capital gains or losses on their crypto assets. But the new rules may also make it easier for investors to properly report crypto transactions.

Regulatory announcements can also affect the price of cryptocurrency in already volatile markets. Market volatility is why investing experts recommend keeping any cryptocurrency investments to less than 5% of your total portfolio and never invest anything you're not OK with losing.

Ultimately, many experts believe regulation is a good thing for the industry. "Sensible regulation is a win for everyone," says Ben Weiss, CEO and cofounder of CoinFlip, a cryptocurrency buying platform and crypto ATM network. "It gives people more confidence in crypto, but I think it's something we have to take our time on

7.3. Possible Crypto ETF Approval

SEC Chairman Gensler recently hinted that investors may soon have access to a cryptocurrency ETF, which would represent a new and more conventional way to invest in crypto. A cryptocurrency ETF would allow investors to buy cryptocurrency directly from traditional investment brokerages they may already have accounts with, like Fidelity or Vanguard.

"We do it in the equity market, we do it in the bond markets, people might want it here," Gensler said at the Aspen Security Forum earlier this month, while also acknowledging there have already been filings for crypto ETFs with his agency.

ETF approval has been in consideration by the SEC multiple times over the past few years, but none have yet been greenlighted as in other regions, like Canada and the EU.

"I was anticipating that approval would happen before the end of 2021. I'm still hopeful for that," says Abner. "There's obviously a lot of people looking at it with the other regulation that is being introduced. That could potentially slow things down, but I think there's still a possibility you could see some approval, either at the end of this year, or at least till the end of 2022."

7.4. Bitcoin's Future Outlook

Bitcoin is a good indicator of the crypto market in general, because it's the largest cryptocurrency by market cap and the rest of the market tends to follow its trends.

Bitcoin's price has taken a wild ride so far since 2022, from a high point of $60,000 in April of 2021 to its lowest point of $21,910 as recently as June of 2022. This volatility is a big part of why experts recommend keeping your crypto investments to less than 5% of your portfolio to begin with.

Kiana Danial, author of "Cryptocurrency Investing for Dummies",says there have been plenty of huge spikes followed by pullbacks in Bitcoin's price since 2011. "What I expect from Bitcoin is volatility short-term and growth long-term."

Others are more bullish on Bitcoin's short-term growth.

7.5. What Bitcoin price volatility means for investors?

Bitcoin's volatility is more reason for investors to play a steady long game. If you're buying for long-term growth potential, then don't worry about short-term swings. The best thing you can do is not look at your cryptocurrency investment, or "set it and forget it." As experts continue to tell us each time there's a price swing — whether up or down — emotional reaction can cause investors to act rashly and make decisions that result in losses on their investment.

7.6. The Future of Cryptocurrency

We can speculate on what value cryptocurrency may have for investors in the coming months and years (and many will), but the reality is it's still a new and speculative investment, without much history on which to base predictions. No matter what a given expert thinks or says, no one really knows. That's why it's important to only invest what you're prepared to lose, and stick to more conventional investments for long-term wealth building.

"If you were to wake one morning to find that crypto has been banned by the developed nations and it became worthless, would you be OK?" Frederick Stanield, a CFP with Lifewater Wealth Management in Atlanta, Georgia, told NextAdvisor recently.

Keep your investments small, and never put crypto investments above any other financial goals like saving for retirement and paying off high interest debt.

About Limit Prime Securities

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