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Cash Management

Coinbase Opens First Licensed U.S. Bitcoin Exchange

Backed by the New Stock Exchange, the Coinbase exchange has approval to operate in about two dozen states.

Matthew Heller

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The virtual currency bitcoin reached a milestone Monday as startup **Coinbase** opened the first regulated exchange based in the United States, a move that could boost the **currency's credibility** and ease concerns over volatility.



The exchange opened to individuals and institutional investors in the two dozen or so states where Coinbase has received regulatory approval, with Coinbase taking a 0.25% cut of most transactions. For the first two months, it will charge no fees.

According to the **Re/code** website, the lack of a regulated U.S. exchange has limited bitcoin's

appeal. The largest exchanges have operated overseas, in countries like China, Japan, and Slovenia, and two of them — the now-defunct Mt. Gox and BitStamp — have been attacked by cyber-thieves.

Coinbase, which is backed by \$106 million from the New York Stock Exchange, banks, and venture-capital firms, said its exchange will offer greater security for individuals and institutions to trade bitcoin and monitor real-time pricing of the cryptocurrency.

“To have an organized exchange that has the backing of thoughtful venture capitalists and investors addresses one of the main problems with bitcoin: its extreme volatility,” Campbell R. Harvey, a Duke University finance professor, told the [Wall Street Journal](#). “Bitcoin has been sorely in need of something like this.”

Until now, Coinbase has acted largely as a brokerage for bitcoin users. “Our goal is to become the world’s largest exchange,” Coinbase CEO Brian Armstrong said, adding that the company plans to expand the exchange to users overseas.

According to Coindesk, which tracks the price of bitcoins, 82,000 businesses now accept the currency, double the number of a year earlier, and the value of all bitcoin is \$3.2 billion.

Coinbase has regulatory approval in half of U.S. states, including large population centers such as New York and California. For now, the WSJ noted, it can do business only with account holders in states where it has approval.

The new exchange could soon be facing competition. Last week, the Winklevoss twins of Facebook fame unveiled plans for what they called the Nasdaq of bitcoin.

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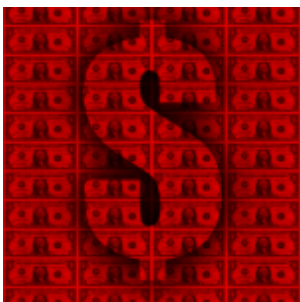


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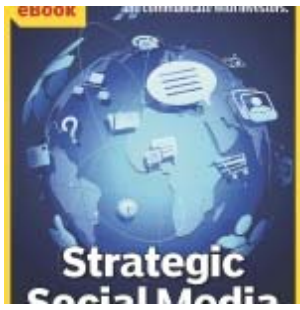
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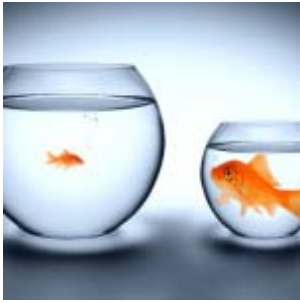
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