Special Report

The Rapid Surge of Bitcoin ETFs

aranca

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Contents

From a Concept to $150 Billion in ETF AUM: Bitcoin's Journey

2008

Satoshi Nakamoto introduces the concept of Bitcoin.

2013

Winklevoss twins file the first spot Bitcoin ETF application with the SEC.

Grayscale Investments launches the Bitcoin Investment Trust.

2016

Winklevoss brothers adjust their application multiple times.

Grayscale files to convert its trust into a spot bitcoin ETF.

2017

The SEC rejects the Winklevoss application, citing immature Bitcoin markets.

Grayscale withdraws its first application to launch a spot Bitcoin ETF

2020

Grayscale transforms its trust into an SEC-reporting entity, becoming the first publicly traded Bitcoin fund in the US.

2021

Canada launches its first spot Bitcoin ETF.

The SEC approves the ProShares Bitcoin Trust, the first US-listed, futures-based Bitcoin ETF, which accumulates $1 billion in assets.

2022

The SEC rejects spot Bitcoin ETF applications from SkyBridge, Fidelity, Bitwise, and Grayscale.

Cryptocurrency companies, including FTX, file for bankruptcy amid market downturns.

2023

BlackRock files a spot Bitcoin ETF application, causing a surge in Bitcoin prices.

A federal appeals court rules in favour of Grayscale against the SEC. Europe's first spot Bitcoin ETF begins trading.

2024–25

2024: The SEC approves 11 spot Bitcoin ETF proposals from BlackRock, Fidelity, VanEck, and others, marking a significant milestone for the cryptocurrency industry.

August 2025: Global Bitcoin ETF assets under management (AUM) surpass $150 billion.

Source: News Articles

Forces Reshaping the Bitcoin ETF Market

- **Institutional Adoption:** Pension funds, endowments and family offices are allocating 0.5-2% of their portfolios to Bitcoin ETFs, viewing them as a hedge against inflation and currency devaluation.
- **Fee Compression:** Expense ratios have dropped from an average of 0.40% in early 2024 to 0.20-0.25% in year-to-date, as issuers compete for market share.
- **Global Expansion:** Spot Bitcoin ETFs have launched in the EU (under UCITS), the UK (for professional investors), Hong Kong and Australia, while Canada continues to expand its existing offerings. Emerging markets such as Brazil and Singapore are exploring approvals in 2026.
- **Spot vs. Futures:** Spot ETFs offer more accurate tracking of Bitcoin's price and lower costs compared to futures ETFs, which suffer from roll costs and tracking errors. Over 80% of new ETF inflows in year-to-date have gone to spot ETFs.

Regulatory Status by Country

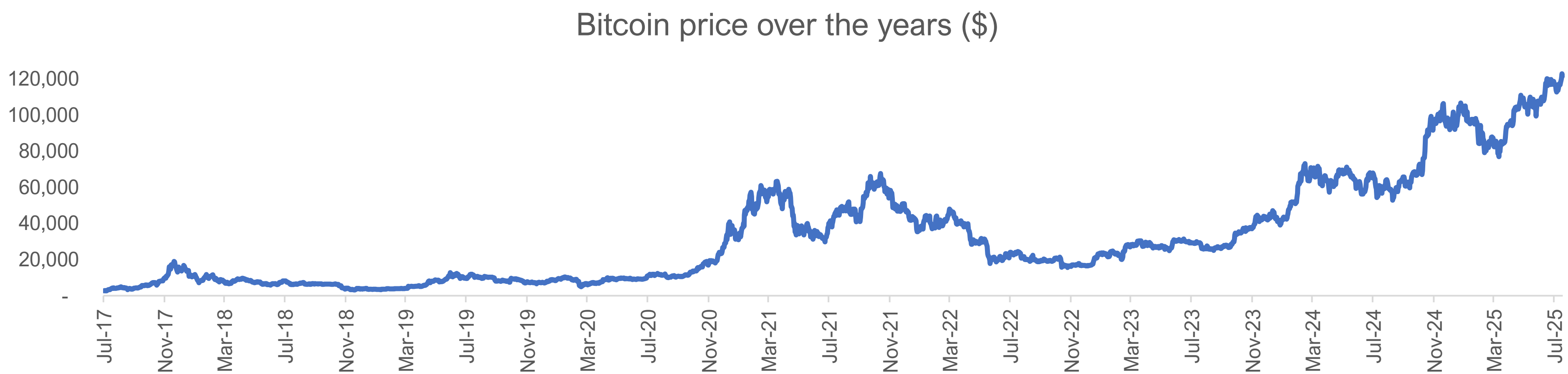
Region	Status
US	Spot and futures ETFs fully approved; the SEC oversight ensures compliance.
EU	Spot ETFs allowed under UCITS wrappers, with strict investor protections.
UK	Spot ETFs approved for professional investors only; retail access pending.
Hong Kong	Spot ETFs launched in Q2 2024, gaining traction among Asian investors.
India	Crypto ETFs banned, but under review by SEBI as of mid-2025.
China	All crypto-related ETFs remain prohibited due to strict regulations.
Australia	Spot ETFs approved in Q2 2025, with strong retail and institutional demand.

Regulatory Trends:

- The US and EU lead in creating robust frameworks, balancing investor protection with innovation.
- Emerging markets face pressure to adopt ETFs to remain competitive in global finance.

Source: Bloomberg, Aranca Research

Surging Bitcoin Prices Fueling ETF Demand



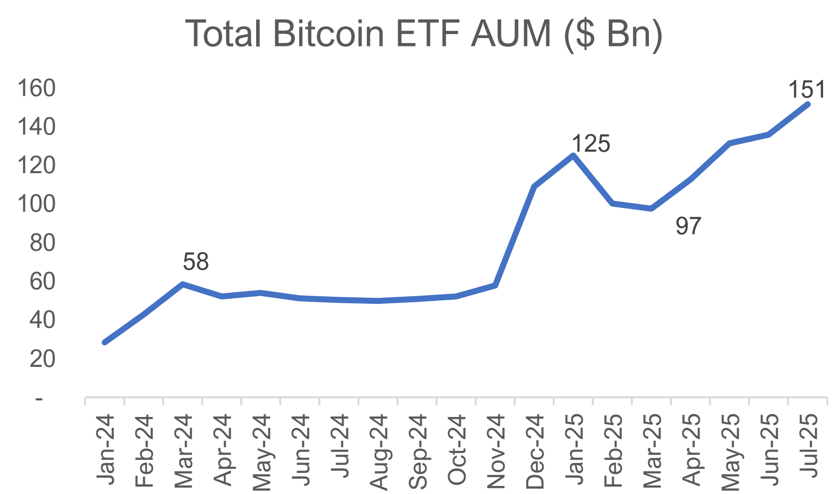
- Bitcoin prices grew at an impressive CAGR of ~56% from August 2017 to August 2025, reflecting strong demand over the years.
- Bitcoin's first major bull run peaked near $19,000 in December 2017 before crashing to $3,200 in 2018.
- Pandemic liquidity and the third halving drove a rally from $5,000 in March 2020 to $29,000 by the year-end.
- Prices hit an all-time high of $69,000 in November 2021 before falling to $15,500 in 2022 amid global macro tightening and the Terra/FTX collapses.
- Anticipation of ETFs fuelled a rebound in Bitcoin prices to $42,000 in 2023, while the US spot ETF approvals in January 2024 lifted prices to $73,000 before subsequent consolidation.
- In 2025, strong ETF inflows and favourable macro tailwinds drove Bitcoin prices to a new all-time high over $124,000 on 14 August.

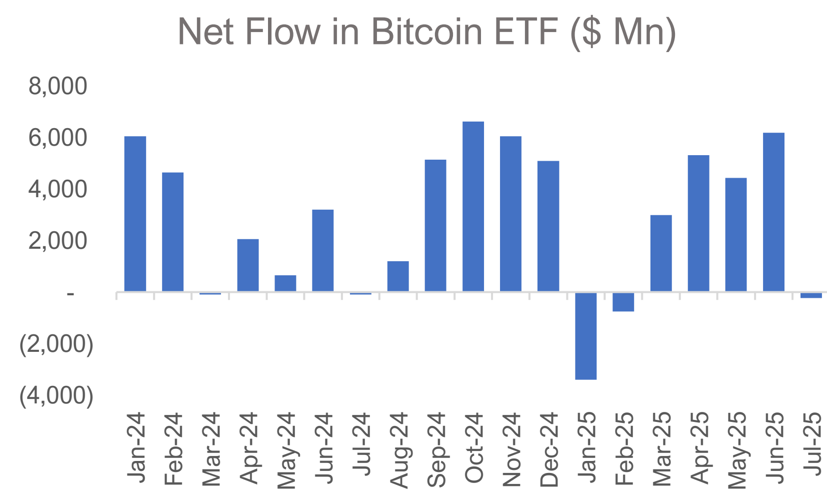
Source: Bloomberg, Aranca Research

Combined AUM crosses $150 billion

ETF Ticker	Name	Issuer	Type	AUM ($ Bn)	Fee
IBIT	iShares Bitcoin Trust	BlackRock	Spot	89.3	0.25%
FBTC	Fidelity Wise Origin Bitcoin Fund	Fidelity	Spot	21.4	0.25%
GBTC	Grayscale Bitcoin Trust ETF	Grayscale	Spot	22.2	1.50%
ARKB	ARK 21Shares Bitcoin ETF	ARK/21Shares	Spot	5.3	0.21%
BITB	Bitwise Bitcoin ETF	Bitwise	Spot	5.0	0.20%

- Since their approval in US in January 2024, Bitcoin ETFs have seen explosive growth in AUM, quickly rising from launch to ~$60 billion by March 2024 and surging past $150 billion in August 2025.
- Major ETFs like BlackRock's IBIT have exemplified this trend due to their brand strength and institutional appeal. IBIT became the fastest-growing ETF in history, reaching $70 billion in AUM just 341 days after launch.
- Spot Bitcoin ETFs now hold over 6% of all circulating Bitcoins, cementing their importance in global markets.





Source: Bloomberg, Aranca Research

Key Risks and Outlook

Custody Centralisation

- Coinbase serves as the primary custodian for most US Bitcoin ETFs, raising concerns over a single point of failure.
- Efforts to diversify custodians are underway but limited as of year-to-date.

Market Manipulation

- The SEC continues to monitor wash trading and spoofing in crypto markets, which could impact ETF pricing.
- Improved transparency through ETF reporting has mitigated some concerns.

Volatility

- While ETFs have reduced Bitcoin's volatility, significant price swings (e.g. ±10% daily moves) remain possible during market stress.

Outlook: Shaping the Future of Diversification

- **Volatility vs. Opportunity:** Bitcoin and Bitcoin ETFs remain more volatile than traditional asset classes, yet their asymmetric return profile makes them valuable as a satellite allocation in diversified portfolios.
- **Strengthening Portfolio Diversification:** With historically low correlation to equities and bonds, Bitcoin ETFs are emerging as a credible tool to enhance diversification, improve risk-adjusted returns, and serve as a hedge against inflation and currency risks.
- **Regulation Driving Legitimacy:** Growing US support and global moves towards crypto regularisation are accelerating Bitcoin's transition from a speculative asset to a mainstream alternative investment class.

Source: Bloomberg, Aranca Research

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500+
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80+
Countries where we have delivered projects

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Connect with our Team

Ronak Vijayvargiya
Assistant Manager,
Investment Research

+91 223937 9999
ronak.vijayvargiya@aranca.com

Dhiren Dhawal
Senior Analyst,
Investment Research

+91 223937 9999
dhiren.dhawal@aranca.com

For more details: *www.aranca.com* | *https://www.linkedin.com/company/aranca* | *https://www.aranca.com/knowledge-library*

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