

# Cipher Technologies Attempting to Launch Bitcoin Focused Interval Fund

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Cipher Technologies recently filed an initial registration statement with the Securities and Exchange Commission to launch Cipher Technologies Bitcoin Fund, an interval fund focused on bitcoin, and has declined the SEC's request for it to withdraw the registration statement until certain issues are resolved.

The fund plans to invest substantially all of its assets in bitcoins, engage in loans of portfolio bitcoins, write covered calls on portfolio bitcoins and utilize bitcoin futures contracts. Bitcoin is a digital asset that is issued by and transmitted through the decentralized, open source protocol of a peer-to-peer network.

The SEC has not yet made any determination with respect to bitcoin's status as a security for purposes of the federal securities laws. The regulators also said that they will not perform a detailed review or issue any comments on the Cipher Technologies Bitcoin Fund registration statement until certain issues are resolved.



In a [correspondence with Cipher Technologies](#), the SEC questions whether or not the proposed fund is registering appropriately under the Investment Company Act of 1940 and requested an analysis of how the fund will meet the definition of an investment company, as well as other issues.

“If the proposed fund is able to establish its status as an investment company, there then remain a number of open questions relating to how a fund investing substantially in cryptocurrency and related products can satisfy the substantive requirements under the Investment Company Act.” the SEC staff wrote. “Your response to the staff letter does not satisfactorily address these significant legal and investor protection issues, particularly with respect to valuation, custody, and potential manipulation in the bitcoin market.”

Cipher responded to the SEC and detailed how it believes that “the fund is clearly an investment company and is registering appropriately under the 1940 Act” and provided its detailed analysis on why it believes bitcoin should constitute a security, which [can be read here](#).

Cipher pressed the SEC to provide specific comments on how the initial registration statement was deficient with respect to disclosures relating to valuation, custody, and potential manipulation, so that it could provide the SEC with greater detail on these points.

“We are aware that the [SEC’s] staff has asked sponsors that have filed registration statements for proposed investment companies seeking to invest substantially in cryptocurrency and related products to voluntarily withdraw those registration statements,” Cipher concluded. “We are also aware that, in their complete discretion and for their own reasons, such sponsors have elected to withdraw those registration statements following the staff’s requests. However,...[we] respectfully decline to withdraw the initial registration statement.”

This is a developing story, and The DI Wire will provide additional details on the proposed bitcoin interval fund when such information is filed with SEC.

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