

Markets

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Rules to limit speculation in cryptocurrency trading are a good thing, says BitSpread

- South Korean regulations on cryptocurrency trading are a welcome development, says the founder of bitcoin trader BitSpread
- BitSpread, which oversees more than \$1 billion in cryptocurrency trades monthly, expects more bitcoin volatility next year

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[South Korea's](#) decision to further regulate speculation in cryptocurrency trading is "quite positive," according to BitSpread Founder and CEO Cedric Jeanson.



Dado Ruvic | Illustration | Reuters

"I think it's normal," said Jeanson, whose firm oversees more than \$1 billion in trades per month. BitSpread makes bets based on price disparities between exchanges that deal in cryptocurrencies.

Authorities in Seoul plan to ban anonymous cryptocurrency accounts and want to close virtual coin exchanges. The government has already warned that virtual coins cannot function

as actual currency and could result in high losses due to excessive volatility. And Seoul has announced plans to tax capital gains from cryptocurrency trading.

"I think regulators have done what they're supposed to do," Jeanson told CNBC's "[Asia Squawk Box](#)," suggesting that regulators are simply acting to ensure that investors are dealing with an orderly market.

Very, very volatile

[Bitcoin](#) could be in for a wild ride in 2018.

Nick Colas, the co-founder of DataTrek Research who also was the first Wall Street analyst to cover bitcoin, figures [the digital currency could slosh in a range between \\$6,500 and \\$22,000](#) next year. He expects "at least four crashes" of 40 percent or more.

TenX Co-Founder and President Julian Hosp told CNBC that Bitcoin could hit the \$60,000 mark, but added that he [expects bitcoin to fall to the \\$5,000 level](#) at some point next year. He's not sure which will come first.

Jeanson largely agreed, suggesting that bitcoin's recent drop was to be expected, adding that investors may see "more and more" volatility next year, given the lack of liquidity in the market.



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A computer screen at the Cboe Global Markets exchange (previously referred to as CBOE Holdings, Inc.) shows Bitcoin cash and futures prices on December 19, 2017 in Chicago, Illinois.

"Yes, you can see throughout the various waves, there is always a retracement of 30 percent for the price of bitcoin," said Jeanson. "Like in any other market — we've seen that in equities, we've seen that in commodities — it's quite a usual kind of a pattern to be honest."

"I think there is going to be certainly some upside on this market," he said, without providing a price forecast.

Jeanson believes that if one accepts the view that [bitcoin could play a transformational role in the global economy](#), there's an argument that it's currently too cheap, not too expensive. "We're going to see more and more regulators taking the view that actually yes, this is positive for our local economy."

The great payment debate

Jeanson expects more retailers and online businesses to begin accepting bitcoin in 2018, but debate rages over whether the volatile digital currency can be a viable means of exchange.

"We have our doubts that the government of any country will ever really be comfortable accepting any other currency than what they themselves can control," according to Hartmut Issel, head of Asia-Pacific equities and credit at UBS Wealth Management.

"I don't think bitcoin will replace the local currency. I don't think that's the objective," replied Jeanson. "There is a coexistence system that could work very well together. I don't see one without the other."

Critics point not only to [bitcoin's volatility](#), but slow transaction speeds, security issues and the cost of "mining" bitcoin as design flaws that prevent it from becoming a digital substitute for government-issued money.

But Jeanson is optimistic that improvements to the network can resolve those issues: "We know that the scalability of the network at the moment is limited, but things will improve. That's what we've been seeing, and it's going to be a trend of this year."



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