

# OpenVoiceNews Pakistan

Transparent. Unbiased. Yours.

## Bitcoin ETF Options May Stabilize Crypto Markets


August 4, 2025

– Categories: *Crypto*



Analysts at NYDIG have suggested that proposed increases to position limits on Bitcoin exchange-traded fund (ETF) options could stabilize price volatility and boost demand in the spot market. The proposals would allow institutional investors to hold larger derivative positions without breaching current regulatory thresholds.

Presently, Bitcoin ETF option positions are capped at 25,000 contracts per expiration period—a rule that some argue is no longer suited to the current size and complexity of the crypto market. Industry participants believe that raising this limit would enhance institutional risk management and improve overall market liquidity.

Greg Cipolaro, Head of Research at NYDIG, explained that allowing broader options exposure could create a positive feedback loop. “More efficient hedging tools attract institutional capital, which in turn supports spot market liquidity,” he noted. According to current data, Bitcoin ETF collectively hold over 800,000 BTC, accounting for approximately 4% of the total Bitcoin supply. 

As Bitcoin’s 30-day volatility remains near 50%, down from a peak of 90% in 2023, the proposed regulatory adjustments could further reduce price swings. Market makers have reported difficulties in managing large option exposures due to the existing contract limits, which they say restrict flexibility and deter broader participation.

Year-to-date, open interest in Bitcoin ETF options has surged by 300%, reflecting strong demand for advanced trading mechanisms among institutional investors. Advocates argue that loosening the restrictions could strengthen both derivative and spot markets by facilitating deeper liquidity.

However, concerns persist among smaller traders who caution that raising limits may disproportionately benefit institutional players and reduce retail access. Some argue that the move could accelerate the institutionalization of cryptocurrency trading, potentially limiting participation by individual investors.

Regulatory agencies are currently reviewing the proposals. If approved, the changes could mark a significant shift in how Bitcoin is traded in the United States. The outcome will likely influence the pace of integration between digital assets and traditional financial markets.

