

SEC Delays Approval of Bitwise Multi-Asset Crypto ETF, Raising Questions About Regulatory Standards

July 23, 2025

— Categories: [Crypto](#)



[Download IPFS](#)

The U.S. Securities and Exchange Commission (SEC) has once again hit pause on a promising development in the cryptocurrency space. Just hours after greenlighting Bitwise's proposal to convert its Bitwise 10 Crypto Index Fund (BITW) into a spot exchange-traded

fund (ETF), the agency reversed course, leaving investors and issuers with more questions than answers.

BITW, originally launched in 2017 by Bitwise Asset Management, is a diversified crypto index fund with approximately \$1.68 billion in assets. The fund's holdings are heavily weighted, with 90% allocated to Bitcoin (BTC) and Ethereum (ETH), while the remaining 10% is distributed among smaller tokens such as Solana (SOL), XRP, Cardano (ADA), Avalanche (AVAX), Chainlink (LINK), Bitcoin Cash (BCH), Uniswap (UNI), and Polkadot (DOT). The fund currently carries a 2.5% expense ratio, considered high by traditional ETF standards, but its conversion to a spot ETF would mark the first multi-asset crypto index ETF in the United States.

However, the SEC's abrupt decision to "review the delegated action," as noted in a formal letter issued Tuesday, has cast doubt on the regulatory path forward. This same phrase was used earlier when the agency paused a similar fund from Grayscale Investments, known as the Grayscale Digital Large Cap Fund (GDLC). That fund also included assets like BTC, ETH, XRP, SOL, and ADA, which lack individual spot ETFs, a possible sticking point for the regulator.

According to sources cited by *CoinDesk*, the SEC's hesitation may reflect a broader concern: how to apply consistent standards to crypto ETFs, particularly those involving altcoins without standalone ETF approvals. Unlike Bitcoin and Ethereum, which have recently cleared regulatory hurdles for spot ETFs, many of the other tokens in BITW are still in murky territory from a legal classification standpoint.

This regulatory limbo has not slowed other firms from pushing forward. The SEC's ETF docket has been active, with recent filings from heavyweight asset managers including Franklin Templeton, Fidelity, and Invesco Galaxy. Many of these proposals seek to tweak redemption mechanisms for their Bitcoin and Ethereum ETFs, indicating that logistical fine-tuning remains a focus area.

Meanwhile, the agency has also extended the timeline for reviewing a new fund from 21Shares tracking SUI, the token behind the Sui blockchain platform. Additionally, 21Shares submitted another proposal for a fund tied to ONDO, a token used by the real-world asset platform Ondo Finance.

With billions of investor dollars on the line and mounting pressure from institutional finance, the SEC's approach to crypto ETFs appears cautious, if not inconsistent. While regulatory prudence is warranted, the back-and-forth delays may stifle innovation and discourage transparent market development. The pause on BITW is yet another reminder that while crypto has entered the mainstream conversation, the regulatory framework governing it is still taking shape one