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Crypto firms should react quickly to developments

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The ability to react to a developing market and regulatory environment is a key consideration when launching cryptocurrency products, according to the co-founder of London-based group of cryptocurrency exchanges Coinfloor.

The firm's cryptocurrency futures exchange, CoinfloorEX, launched the [first physically settled bitcoin futures contracts](#) last Wednesday.

“Because of the level of volatility on cryptocurrencies we had to design a system that could react quicker to the market,” Obi Nwosu, chief executive officer and co-founder of Coinfloor, told FOW.

“We use technology to minimise risk,” he explained, adding that continuous variation margining is an example of this given that positions are continuously reviewed and can therefore be immediately liquidated or adjusted accordingly.

The exchange has been set up in the British Virgin Islands and St Lucia, which Nwosu said allowed the group to launch quickly with room for adjustments as the regulatory environment develops.

This is particularly important given that the lack of regulation is [holding back institutional investors from participation](#), he told FOW earlier this month.

He also said that as the markets develop, cryptocurrencies will continue to be used for three main purposes.

“We think that cryptocurrencies, once their value and price becomes more stable, will end up being used in money currencies like bitcoin, computer currencies, like Ethereum, to replace traditional ways of computing such as through the use of smart contracts, and single purpose currencies,” he said.

On Friday, UK-based firm Crypto Facilities announced it will launch an ethereum futures contract.

This comes after an expert suggested that [bitcoin will not be around in the next two years](#) while other cryptocurrencies and blockchain could last.