

Bitcoin and Ethereum Keep Sliding

Bitcoin and Ethereum saw big falls this week after setting new all-time highs last week. This week's drops follow President Joe Biden signing the \$1.2 trillion infrastructure bill into law, which included provisions that impact crypto investments.

The latest price swings also follow a Biden administration report proposing new legislation to regulate stablecoins, and a Federal Deposit Insurance Corporation official saying the agency is looking to give crypto guidance to banks. Last month, the first Bitcoin ETF officially hit the market as well, marking crypto's debut on the New York Stock Exchange.

Here's a rundown of the latest big crypto news:

The Staples Center in Los Angeles — home of pro sports teams including the NBA's Lakers and Clippers — will rebrand as the Crypto.com Arena starting Christmas Day, the Los Angeles Times reported Tuesday. Crypto.com will pay \$700 million for the naming rights, the LA Times reported.

Bitcoin and Ethereum have both seen big drops this week after setting new all-time highs last week. Bitcoin went back below \$58,000 Thursday, and Ethereum went below \$4,100.

Bitcoin's price went over \$68,000 for the first time last week and Ethereum topped \$4,865 for the first time as well. Both have had multiple new all-time highs in recent weeks before this week's stumble, which followed the president's signing of the new infrastructure bill.

The infrastructure bill signed by President Biden includes provisions that firm up tax reporting requirements for cryptocurrency exchanges, which has implications for investors. "I think a lot of folks are in for a big tax surprise," South Carolina-based CFP Grant Maddox told us previously.

The Biden administration has proposed legislation that would effectively treat stablecoin issuers as banks. Top U.S. officials have said for months that more cryptocurrency regulation was necessary, and this week's report takes it a step further by defining what it could look like.

Jelena McWilliams, the chairwoman of the Federal Deposit Insurance Corporation (FDIC) told Reuters top U.S. officials are looking for clearer ways banks and their clients can hold cryptocurrency. "If we don't bring this activity inside the banks, it is going to develop outside of the banks. ... The federal regulators won't be able to regulate it," McWilliams told Reuters.

Cryptocurrency made its debut on the New York Stock Exchange last month in the form of a Bitcoin-linked ETF. The fund trades under the ticker BITO, and is the first investment product approved by the SEC linked to crypto assets. But the fund doesn't directly hold Bitcoin — just Bitcoin futures contracts. Buy antminer S19 95th/s online is an important distinction and investors should be aware before they buy in.

Bitcoin is the largest cryptocurrency by market cap, and a good indicator of the crypto market in general, since other coins like Ethereum (and smaller altcoins) tend to follow its trends. Even though Bitcoin recently set another new all-time high, it was a pretty normal uptick for

the crypto, which is notorious for its volatility. That's not to say investors should take swings in either direction lightly, and this is also why investing experts recommend not making any major investment changes based on these normal fluctuations.

Cryptocurrency is still very new, and everything from innovation to regulation can have outsize impact for investors. Here's how you can invest smartly, regardless of what's making news or Bitcoin's price swings.

What You Should Know About Crypto Investing

How Investors Should Deal With Volatility

Cryptocurrency volatility is nothing new, and you should be comfortable with this if you decide to invest.

Volatility can be attributed to an "immature market," says Ollie Leech, learn editor at Coindesk, a cryptocurrency news outlet. Anything from a celebrity tweet to new federal regulation can send prices spiraling.

"If Elon Musk puts hashtag Bitcoin in his Twitter bio, it sends Bitcoin up 10%," says Leech.

This unpredictability is part of the reason why investing experts warn against investing huge amounts of your portfolio into a risky asset like crypto. Many recommend keeping your crypto holdings to less than 5% of your total portfolio.

For new investors, day-to-day swings can seem frightening. But if you've invested with a buy-and-hold strategy, dips are nothing to panic about, says Humphrey Yang the personal finance expert behind Humphrey Talks. Yang recommends a simple solution: don't look at your investment.

"Don't check on it. That's the best thing you can do. If you let your emotions get too much into it then you might sell at the wrong time, make the wrong decision," says Yang.

This is the traditional "set it and forget it" advice that many traditional long-term investors follow. If you can't get on board, and the extreme dips continue to cause you worry, then you might have too much riding on your cryptocurrency investments.

"The most important thing any investor can do, whether they are investing in Bitcoin or stocks, is not just to have a plan in place, but to also have a plan they can stick with," says Douglas Boneparth, a CFP and the president of Bone Fide Wealth. "While buying the dip might be attractive, especially with an asset that you really like, it might not always be the best idea at the moment."