



8011-01

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-85093; File No. SR-NYSEArca-2019-01]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change Relating to the Listing and Trading of Shares of the Bitwise Bitcoin ETF Trust under NYSE Arca Rule 8.201-E

February 11, 2019

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that on January 28, 2019, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to list and trade shares of the Bitwise Bitcoin ETF Trust under NYSE Arca Rule 8.201-E. The proposed change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of those statements may be examined at the places

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and the Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade shares ("Shares") of the Bitwise Bitcoin ETF Trust (the "Trust"), under NYSE Arca Rule 8.201-E.⁴

According to the Registration Statement, the Trust will not be registered as an investment company under the Investment Company Act of 1940, as amended,⁵ and is not required to register under such act. The Trust is not a commodity pool for purposes of the Commodity Exchange Act, as amended.⁶

The Trust is managed and controlled by Bitwise Investment Advisers, LLC (the "Sponsor").

The custodian for the Trust may hold the Trust's investment assets and cash and cash equivalents pursuant to a custodian agreement. The custodian is also the transfer agent for the Trust.

The Trust will offer Shares of the Trust for sale through the Trust's distributor in "Creation Units", as described below. The distributor will also assist the Sponsor and the Trust's administrator with certain functions and duties relating to distribution and marketing.

⁴ The Trust is a Delaware statutory trust and registered under the Securities Act of 1933. On January 10, 2018 [sic], the Trust filed with the Commission a registration statement on Form S-1 under the Securities Act of 1933 (15 U.S.C. 77a) (the "Securities Act") relating to the Trust (File No. 333-229180) (the "Registration Statement"). The description of the operation of the Trust herein is based, in part, on the Registration Statement.

⁵ 15 U.S.C. 80a-1.

⁶ 17 U.S.C. 1.

The Exchange represents that the Shares satisfy the requirements of NYSE Arca Rule 8.201-E and thereby qualify for listing on the Exchange.⁷

Operation of the Trust⁸

According to the Registration Statement, the investment objective of the Trust is to reflect the performance of the total returns available to investors in bitcoin, as measured by the performance of the Bitwise Bitcoin Total Return Index (the “Index”), less fees and expenses. The Index was designed by Bitwise Index Services, LLC (the “Index Provider”) to measure the total return of an investment in bitcoin utilizing bitcoin price transactions from 10 exchanges that offer trading on cryptocurrencies (the “Verified Exchanges”) spanning 5 countries and including exchanges located in the United States, Europe and Asia. The methodology and composition of the Index is described more fully below.⁹

The Trust will seek to achieve its investment objective of tracking the Index by investing, under normal market conditions,¹⁰ substantially all of the Trust’s assets in OTC and exchange-traded bitcoin.

⁷ With respect to the application of Rule 10A-3 (17 CFR 240.10A-3) under the Act, the Trust relies on the exemption contained in Rule 10A-3(c)(7).

⁸ The description of the operation of the Trust, the Shares and the bitcoin market contained herein are based, in part, on the Registration Statement. See note 4, supra.

⁹ The Index Provider manages the Index with input from its Bitwise Global Investable Market Crypto Index Committee (the “Committee”), which has ultimate responsibility and authority for developing, maintaining and adjusting the Index. The Committee is composed of three members of the Bitwise leadership team selected for seniority and expertise in indexing, cryptoassets and data engineering. The Committee is advised in this effort by the Bitwise Global Investable Market Crypto Index Advisory Board (the “Advisory Board”), an independent group of leading experts in the fields of both traditional asset indexing and crypto assets.

¹⁰ The term “normal market conditions” includes, but is not limited to, the absence of trading halts in the applicable financial markets generally; operational issues (e.g., systems failure) causing dissemination of inaccurate market information; or force

The Trust will not hold or trade in any instrument or asset on any futures exchange or over the counter (“OTC”) other than bitcoin traded in the OTC markets and traded on domestic and international bitcoin exchanges.

Overview of Bitcoin

Bitcoin is a new type of digital asset issued by, and transmitted through, the decentralized, open source protocol of the bitcoin peer-to-peer network (the “Bitcoin Network”) that hosts a public transaction ledger where bitcoin transfers are recorded (the “Bitcoin Blockchain”). Bitcoin is “stored” or reflected on the Bitcoin Blockchain, which through the transparent reporting of bitcoin transactions, allows the Bitcoin Network to verify and confirm the rightful ownership of the bitcoin assets. The Bitcoin Network and bitcoin software programs can interpret the Bitcoin Blockchain to determine the exact bitcoin balance, if any, of any digital wallet listed in the Bitcoin Blockchain as having taken part in a transaction on the Bitcoin Network. The Bitcoin Blockchain is comprised of a digital file, which can be downloaded and stored, in whole or in part, on any Bitcoin users’ software programs. Each validated bitcoin transaction is broadcast to the Bitcoin Network and permanently recorded on the Bitcoin Blockchain.

The process by which bitcoin are created and bitcoin transactions are verified is called “mining.” To begin mining, a user, or “miner,” can download and run a mining client, which, like regular Bitcoin Network software programs, turns the user’s computer into a “node” on the Bitcoin Network that validates blocks. Bitcoin transactions are recorded in new blocks that are added to the Bitcoin Blockchain and new bitcoins are provided as compensation issued to the miners for updating the Blockchain. Miners, through the use of the bitcoin software program,

majeure type events such as natural or manmade disaster, act of God, armed conflict, act of terrorism, riot or labor disruption or any similar intervening circumstance.

engage in a set of prescribed complex mathematical calculations in order to add a block to the Bitcoin Blockchain and thereby confirm bitcoin transactions included in that block's data.

Bitcoin is created and allocated by the Bitcoin Network protocol through a "mining" process subject to a strict, well-known issuance schedule.

Confirmed and validated bitcoin transactions are recorded in blocks added to the Bitcoin Blockchain. Each block contains the details of some or all of the most recent transactions that are not memorialized in prior blocks, as well as a record of the award of bitcoin to the miner who added the new block. Each unique block can only be solved and added to the Bitcoin Blockchain by one miner; therefore, all individual miners and mining pools on the Bitcoin Network are engaged in a competitive process of constantly increasing their computing power to improve their likelihood of solving for new blocks. As more miners join the Bitcoin Network and its processing power increases, the Bitcoin Network adjusts the complexity of the block-solving equation to maintain a predetermined pace of adding a new block to the Bitcoin Blockchain approximately every ten minutes.

The value of bitcoin is determined, in part, by the supply of and demand for bitcoin in the global exchange market for the trading of bitcoin, market expectations for the adoption of bitcoin by individuals, the number of merchants that accept bitcoin as a form of payment and the volume of private end-user-to-end-user transactions.

Overview of Index Methodology and Composition

The Index was developed to provide investors with a clear, rules-based, and transparent way to track the value of bitcoin. The Index is designed as an investable benchmark, suitable both for benchmarking active strategies and serving as the underlying index for an investment in bitcoin.

As described below, in valuing the price of bitcoin, the Index Provider will make use of bitcoin price transactions from a universe of cryptocurrency exchanges that it classifies as “Verified Exchanges.” The Index Provider at present tracks over 200 online cryptocurrency exchanges that offer trading on cryptocurrencies. From that list the Index Provider will eliminate a significant portion based on a number of factors, including eliminating exchanges that (1) are domiciled in emerging market countries and countries that have capital controls; (2) do not charge fees for trading, either explicitly or through “trade mining” activities where an exchange provides an off-setting rebate to the client for the trades; (3) lack functioning and stable Application Programming Interfaces (“API”) for the transmission of price and volume data; (4) issues [sic] with significant downtime, problems with customers withdrawal abilities, or known security issues; (5) are or may be subject to extraordinary legal or regulatory activity; and (6) do not account for at least 0.1% of the trailing 30-day Average Daily Volume among all exchanges that charge transaction fees. Those exchanges that remain after the Index Provider has eliminated exchanges are considered the “Verified Exchanges.”¹¹

In addition, on no less than a quarterly basis, the Index Committee will review the actual published trading data of each otherwise Verified Exchange. This includes bid/ask spreads and size, actual claimed executed trades with price and volume, and any other factors the Committee deems relevant. Exchanges that show persistent signs of artificial or inflated volume may be removed from the list of Verified Exchanges.

According to the Registration Statement, as a result of its screening process, the Index Provider’s list of Verified Exchanges will be derived by significantly reducing the universe of over 200 exchanges down to approximately 10. At present, the Index Provider believes that

¹¹ The list of Verified Exchanges used to price the Index will be available on the Index Provider’s website, www.bitwiseinvestments [sic].

these Verified Exchanges account for a majority of the total global volume of bitcoin traded on exchanges, although both the number of Verified Exchanges and the percentage of global volume they represent is subject to change.

In addition to using prices and volume from Verified Exchanges to calculate the Index, the Committee will also include executed prices and volume from listed futures contracts on any regulated futures exchange domiciled in a developed market country and on which bitcoin are traded as long as the futures contract settles to physical “coins” at the expiration of the contract(s). In the case of listed futures contracts that offer more than one planned expiration date, the futures contract that is closest to expiration, the “spot contract,” will be used.

The Index Provider believes that the use of a large number of pre-screened cryptocurrency exchanges, as well as listed futures that are physically settled, representing a majority of global bitcoin trading to provide price and volume inputs, provides certain benefits compared to using a limited number of exchanges for index pricing inputs. These benefits include minimizing the potential negative impacts of any single exchange going off-line due to technical problems, or financial, hacking, legal or regulatory issues. In addition, given the fungible nature of bitcoin, the Index Provider believes that the potential impact on Index values of individual exchanges experiencing outside attempts to manipulate either reported volume or reported prices is muted by the use of a large number of exchange price and volume inputs.

When calculating the value of the Index the Index Provider makes use of the actual trades executed on the various Verified Exchanges. Prices are weighted such that bitcoin prices from exchanges with a greater amount of the trading volume in the prior hour are weighted more heavily than bitcoin prices from exchanges with lesser amounts of volume.

The Index has provisions for handling isolated, or “one-off,” events in the cryptocurrency market generally, such as “hard forks.” A hard fork occurs if an alternative version of bitcoin is developed and the holders of the original version of bitcoin also end up owning a pro-rata share of the new version. As a general rule, the Index attributes the value of significant hard forks, if any, to the value of the Index at the time of the event. However, the Index would not continue to be calculated going forward as if those new holdings were an ongoing part of the Index. The Index Provider may from time to time adopt additional policies for the Index to address changes and new developments in the bitcoin universe.

The Index Provider will publish the daily Index values each day at or shortly after 4:00 pm Eastern Time (“E.T.”). An indicative Index value will be published every 15 seconds during all business days, although this value is not the official Index value.

Net Asset Value

According to the Registration Statement, the Trust’s per Share Net Asset Value (“NAV”) will be calculated by dividing the value of the net assets of the Trust (i.e., the value of its total assets less total liabilities) by the total number of Shares outstanding. The Trust’s NAV will be calculated on each trading day on the Exchange. The Trust will compute its NAVs as of 4:00 p.m. E.T. The Trust’s NAV will be calculated only once each trading day. The Trust’s daily NAV may be found at, www.bitwiseinvestments [sic].

Indicative Fund Value

In order to provide updated information relating to the Trust for use by investors and market professionals, the Exchange will calculate an updated “Indicative Fund Value” (“IFV”). The IFV will be calculated by using the prior day’s closing net assets of the Trust as a base and updating throughout the Exchange’s Core Trading Session of 9:30 a.m. E.T. to 4:00 p.m. E.T.

reflect changes in the most recently reported price level of the Index as reported by Bloomberg, L.P. or another reporting service.

The IFV will be disseminated on a per Share basis every 15 seconds during the Exchange's Core Trading Session and be widely disseminated by one or more major market data vendors during the NYSE Arca Core Trading Session.¹²

Creation and Redemption of Shares

According to the Registration Statement, the Trust intends to create and redeem Shares in one or more Creation Baskets or Redemption Baskets. A Creation Basket and a Redemption Basket are a block of 25,000 Shares of the Trust. Except when aggregated in Creation Units, the Shares are not redeemable securities.

Only Authorized Participants may purchase and redeem Creation Baskets. Authorized Participants must be (1) registered broker-dealers or other securities market participants, such as banks and other financial institutions, that are not required to register as broker-dealers to engage in securities transactions described below, and (2) the Depository Trust Company ("DTC") Participants. An Authorized Participant is an entity that has entered into an Authorized Participant Agreement with the Trust and the Sponsor.

Creation Procedures

On any business day, an Authorized Participant may place an order with the distributor to create one or more Creation Baskets. For purposes of processing both purchase and redemption orders, a "business day" means any day other than a day when the Exchange or the New York Stock Exchange is closed for regular trading.

¹² Several major market data vendors display and/or make widely available IFVs taken from the Consolidated Tape Association ("CTA") or other data feeds.

By placing a purchase order, an Authorized Participant agrees to deposit bitcoin, Treasuries, cash or a combination of bitcoin, Treasuries and cash with the Trust. Prior to the delivery of baskets for a purchase order, the Authorized Participant must also have wired to the custodian the nonrefundable transaction fee due for the purchase order. Authorized Participants may not withdraw a creation request. If an Authorized Participant fails to consummate the foregoing, the order shall be cancelled.

Redemption Procedures

According to the Registration Statement, the procedures by which an Authorized Participant can redeem one or more baskets mirror the procedures for the creation of creation baskets. On any business day, an Authorized Participant may place an order with the Marketing Agent to redeem one or more baskets. A redemption order so received will be effective on the date it is received in satisfactory form by the Marketing Agent (“Redemption Order Date”). The redemption procedures allow Authorized Participants to redeem baskets and do not entitle an individual shareholder to redeem any shares in an amount less than a Redemption Basket, or to redeem baskets other than through an Authorized Participant.

By placing a redemption order, an Authorized Participant agrees to deliver the baskets to be redeemed through DTC’s book-entry system to the Trust not later than noon E.T. on the second business day following the effective date of the redemption order. Prior to the delivery of the redemption distribution for a redemption order, the Authorized Participant must also have wired to the Sponsor’s account at the custodian the non-refundable transaction fee due for the redemption order. An Authorized Participant may not withdraw a redemption order.

The manner by which redemptions are made is dictated by the terms of the Authorized Participant Agreement. If an Authorized Participant fails to consummate the foregoing, the order shall be cancelled.

Determination of Redemption Distribution

The redemption distribution from the Trust will consist of a transfer to the redeeming Authorized Participant of an amount of bitcoin, Treasuries and/or cash that is in the same proportion to the total assets of the Trust (net of estimated accrued but unpaid fees, expenses and other liabilities) on the date the order to redeem is properly received as the number of shares to be redeemed under the redemption order is in proportion to the total number of shares outstanding on the date the order is received. The Sponsor, directly or in consultation with the Administrator, determines the requirements for bitcoin, Treasuries and cash, including the remaining maturities of the Treasuries and proportions of Treasuries and cash that may be included in distributions to redeem baskets. The Marketing Agent will publish an estimate of the redemption distribution per basket as of the beginning of each business day.

Availability of Information Regarding Bitcoin

The NAV for the Trust's Shares will be disseminated daily to all market participants at the same time.

Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The IFV will be available through online information services.

In addition, the Trust's website, www.bitwiseinvestments.com, will display the applicable end of day closing NAV. The daily holdings of the Trust will be available on the Trust's website before 9:30 a.m. E.T. The Trust's total portfolio composition will be disclosed each business day that NYSE Arca is open for trading, on the Trust's website. The Trust's

website will also include a form of the prospectus for the Trust that may be downloaded. The website will include the Shares' ticker and CUSIP information, along with additional quantitative information updated on a daily basis for the Trust. The Trust's website will include (1) the prior business day's trading volume, the prior business day's reported NAV and closing price, and a calculation of the premium and discount of the closing price or mid-point of the bid/ask spread at the time of NAV calculation ("Bid/Ask Price") against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price or Bid/Ask Price against the NAV, within appropriate ranges, for at least each of the four previous calendar quarters. The Trust's website will be publicly available prior to the public offering of Shares and accessible at no charge.

The spot price of bitcoin as reflected in the Index will also be available on a 24-hour basis from the Trust's website.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares of the Trust.¹³ Trading in Shares of the Trust will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

The Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Index occurs.¹⁴ If the interruption to the dissemination of the IFV or the value of the Index persists past the trading day in which it

¹³ See NYSE Arca Rule 7.12-E.

¹⁴ A limit up/limit down condition in the futures market would not be considered an interruption requiring the Trust to be halted.

occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. Shares will trade on the NYSE Arca Marketplace from 4 a.m. to 8 p.m. E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00 for which the MPV for order entry is \$0.0001.

Further, NYSE Arca Rule 8.201-E sets forth certain restrictions on Equity Trading Permit ("ETP") Holders acting as registered Market Makers in the Shares to facilitate surveillance. Under NYSE Arca Rule 8.201-E(g), an ETP Holder acting as a registered Market Maker in the Shares is required to provide the Exchange with information relating to its trading in the underlying commodity, related futures or options on futures, or any other related derivatives. Commentary .04 of NYSE Arca Rule 11.3-E [sic] requires an ETP Holder acting as a registered Market Maker, and its affiliates, in the Shares to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or

commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments (including the Shares).

As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder. A subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts would not be subject to Exchange jurisdiction, but the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

Surveillance

The Exchange represents that trading in the Shares of the Trust will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by FINRA on behalf of the Exchange, which are designed to detect violations of Exchange rules and applicable federal securities laws.¹⁵ The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws applicable to trading on the Exchange.

The surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

¹⁵ FINRA conducts cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a comprehensive surveillance sharing agreement (“CSSA”).¹⁶

Also, pursuant to NYSE Arca Rule 8.201-E(g), the Exchange is able to obtain information regarding trading in the Shares and the underlying bitcoin through ETP Holders acting as registered “Market Makers”, in connection with such ETP Holders’ proprietary or customer trades through ETP Holders which they effect on any relevant market.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

All statements and representations made in this filing regarding (a) the description of the portfolios of the Trust or the Index, (b) limitations on portfolio holdings, reference assets or the Index, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.

The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Trust to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the continued

¹⁶ For a list of the current members of ISG, see www.isgportal.org. The Exchange notes that not all components of the Trust may trade on markets that are members of ISG or with which the Exchange has in place a CSSA.

listing requirements. If the Trust is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5-E(m).

Information Bulletin

Prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the risks involved in trading the Shares during the Early and Late Trading Sessions when an updated IFV will not be calculated or publicly disseminated; (2) the procedures for purchases and redemptions of Shares in Creation Units (and that Shares are not individually redeemable); (3) NYSE Arca Rule 9.2-E(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (4) how information regarding the IFV is disseminated; (5) how information regarding portfolio holdings is disseminated; (6) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; (7) trading information; and (8) NYSE Arca suitability rules.

The Information Bulletin will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses described in the Registration Statement.

The Information Bulletin will also disclose the trading hours of the Shares that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day. The Information Bulletin will disclose that information about the Shares will be publicly available on the Trust's website.

2. Statutory Basis

The basis under the Act for this proposed rule change is the requirement under Section 6(b)(5)¹⁷ that an exchange have rules that are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to, and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest.

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest in that the Shares will be listed and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.201-E.

The Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets and other entities that are members of the ISG, and the Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares from markets and other entities that are members of ISG or with which the Exchange has in place a CSSA. The Exchange is also able to obtain information regarding trading in the Shares or the underlying bitcoin through ETP Holders, in connection with such ETP Holders' proprietary or customer trades which they effect through ETP Holders on any relevant market.

¹⁷ 15 U.S.C. 78f(b)(5).

Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The Trust's website will also include a form of the prospectus for the Trust that may be downloaded. The website will include the Shares' ticker and CUSIP information, along with additional quantitative information updated on a daily basis for the Trust. The Trust's website will include (1) daily trading volume, the prior business day's reported NAV and closing price, and a calculation of the premium and discount of the closing price or mid-point of the Bid/Ask Price against the NAV; and (2) data in chart format displaying the frequency distribution of discounts and premiums of the daily closing price or Bid/Ask Price against the NAV, within appropriate ranges, for at least each of the four previous calendar quarters. The Trust's website will be publicly available prior to the public offering of Shares and accessible at no charge.

Moreover, prior to the commencement of trading, the Exchange will inform its ETP Holders in an Information Bulletin of the special characteristics and risks associated with trading the Shares. The Information Bulletin will also discuss any exemptive, no-action, and interpretive relief granted by the Commission from any rules under the Act. In addition, the Information Bulletin will reference that the Trust is subject to various fees and expenses described in the Registration Statement. The Information Bulletin will also disclose the trading hours of the Shares and that the NAV for the Shares will be calculated after 4:00 p.m. E.T. each trading day. The Information Bulletin will disclose that information about the Shares will be publicly available on the Trust's website.

Trading in Shares of the Trust will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached or because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of a new type of exchange-traded product based on the price of bitcoin that will enhance competition among market participants, to the benefit of investors and the marketplace. As noted above, the Exchange has in place surveillance procedures that are adequate to properly monitor trading in the Shares in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of a new type of Commodity-Based Trust Share based on the price of bitcoin that will enhance competition among market participants, to the benefit of investors and the marketplace.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-NYSEArca-2019-01 on the subject line.

Paper comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-NYSEArca-2019-01. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-NYSEArca-2019-01, and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Eduardo A. Aleman
Deputy Secretary

¹⁸ 17 CFR 200.30-3(a)(12).

