

**Subject: File No. SR-CboeBZX-2019-004**

**From: SAM AHN**

This is my 9<sup>th</sup> comment on bitcoin, made in succession to 02/13/19 at this proposal. This one is a reply to 03/20/19 comment of Dr. Peters at this board, and specifically to his paper indicated therein in relation to intrinsic value. All my comments, including this, is about intrinsic value.

First, I found a pdf file of his paper at this link:

<https://poseidon01.ssrn.com/delivery.php?ID=303127090027119076025125068097119109055040034038059056067025097025116086121079111077124122059008021029045115093092103025008083061060042093055125120087014090004125091019028063007002071085001124079076083120010112127031079071123105010079067068078078078031&EXT=pdf>

Second, quoted below is from Page 19 of said paper:

(Quote 1) Therefore, under a chartalists view on monetary theory it is not a question of whether fiat currency is in direct competition with virtual or crypto-currencies, but instead whether there will be sufficient demand from the public that will enforce the will of the public to push the state to accept such currency forms as means of payment of liabilities owed to the government.

Third, the underlined part is unreasonable for the following reason:

Money is an obligation of the issuing government, as indicated, for example, in 12 USC 411:

(Quote 2) Federal reserve notes, to be issued at the discretion of the Board of Governors of the Federal Reserve System for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are authorized. The said notes shall be obligations of the United States and shall be receivable by all national and member banks and Federal reserve banks and for all taxes, customs, and other public dues. They shall be redeemed in lawful money on demand at the Treasury Department of the United States, in the city of Washington, District of Columbia, or at any Federal Reserve bank.

We can pay tax with Federal reserve notes or with its equivalents because the notes are government obligation. It is like a paid card issued by Starbucks. We can buy a Starbucks coffee with it because that's Starbucks's obligation. If Dr. Peters issues something like that, it is unreasonable for anybody under the heaven can "demand" Starbucks to accept it.

Fourth, such a **demand** is illegal at least in the United States, as indicated, for example, in 18 USC 486:

(Quote 3) Whoever, except as authorized by law, makes or utters or passes, or attempts to utter or pass, any coins of gold or silver or other metal, or alloys of metals, intended for use as current money, whether in the resemblance of coins of the United States or of foreign countries, or of original design, shall be fined under this title or imprisoned not more than five years, or both.

Bitcoins, if it is claimed as money, would be in violation of the law above. That bitcoins are not made of metal would not be an excuse, because the law was made, in my belief, for the reason I explained under Quote 2 above.

Fifth, the **“demand”** argument in Quote 1 above is contradictory to another part of the same paper.

In Page 17 of the paper, it is said:

(Quote 4) Money is by its nature a credit-debt social construct. Furthermore, chartalists argue that social debt relationships may be ordered with the top of the hierarchy being the liability of the central authority which they deem the most reliable. Neochartalists also argue that modern currencies are contained in a context of certain governing central or state controls: the ability to levy taxes on the population and economy; and the ability to decide what is acceptable for payment of tax liabilities. In this context tax should be understood in a broader context of modern income tax, estate and commercial tax as well as any non-reciprocal obligation to the state such as fines and fees. – We will address this point in Section 4.5

The authors promised to address this point in Section 4.5, but they did not.

Sixth, the paper is in contradiction with this proposal.

We cannot find an argument that bitcoin is money, in any part of the proposal, but the authors of the paper I talked about is totally based on the premise that bitcoins were created as money. Therefore, if the SEC is to take the paper into consideration, it must demand the applicants to assert that bitcoins are money. Such an assertion may be in violation of Quote 3 above.