

Subject: File No. SR-CboeBZX-2021-029

From: SAM AHN

This is my 17^h comment on bitcoin. All my writings on bitcoin, including this, are about intrinsic value. My previous comments can be found at these links:

Link 1: <https://www.sec.gov/comments/sr-cboebzx-2018-040/srcboebzx2018040-4206251-172835.htm>
Link 2: <https://www.sec.gov/comments/sr-nysearca-2017-139/nysearca2017139-4221685-172898.htm>
Link 3: <https://www.sec.gov/comments/sr-cboebzx-2018-001/cboebzx2018001-4226785-172988.htm>
Link 4: <https://www.sec.gov/comments/sr-nysearca-2018-02/nysearca201802-4240462-173003.pdf>
Link 5: <https://www.sec.gov/comments/sr-cboebzx-2018-040/srcboebzx2018040-4274529-173133.pdf>
Link 6: <https://www.sec.gov/comments/sr-cboebzx-2018-040/srcboebzx2018040-4530331-176071.pdf>
Link 7: <https://www.sec.gov/comments/sr-cboebzx-2018-001/cboebzx2018001-4581773-176242.pdf>
Link 8: <https://www.sec.gov/comments/sr-cboebzx-2019-004/srcboebzx2019004-4934624-178449.pdf>
Link 9: <https://www.sec.gov/comments/sr-cboebzx-2019-004/srcboebzx2019004-5180412-183546.pdf>
Link 10: <https://www.sec.gov/comments/sr-cboebzx-2019-004/srcboebzx2019004-5318047-183890.pdf>
Link 11: <https://www.sec.gov/comments/sr-nysearca-2019-01/srnysearca201901-5524009-185228.pdf>
Link 12: <https://www.sec.gov/comments/sr-nysearca-2019-01/srnysearca201901-5706832-185947.pdf>
Link 13: <https://www.sec.gov/comments/sr-nysearca-2019-01/srnysearca201901-5717064-186027.pdf>
Link 14: <https://www.sec.gov/comments/sr-nysearca-2019-39/srnysearca201939-5810618-187451.pdf>
Link 15: <https://www.sec.gov/comments/sr-cboebzx-2021-019/srcboebzx2021019-8652267-231475.pdf>
Link 16: <https://www.sec.gov/comments/sr-cboebzx-2021-024/srcboebzx2021024-8664058-235363.pdf>

What triggered this writing is Quote 1 below. You can find it at Page 7 of Link 17 below:

Link 17: <https://www.sec.gov/rules/sro/cboebzx/2021/34-91646.pdf>

(Quote 1) The U.S. Office of the Comptroller of the Currency (the “OCC”) has made clear that federally-chartered banks are able to provide custody services for **cryptocurrencies** and other digital assets.

Any reader of Link 17 would naturally associate the word **cryptocurrencies** in Quote 1 with bitcoin, because bitcoin is one of cryptocurrencies and this application is all about bitcoin. However, Link 18, which is a part of Footnote 22 on Page 7, tells a different story.

Link 18: <https://www.occ.gov/news-issuances/news-releases/2021/nr-occ-2021-2.html>

First of all, the title of the article at Link 18 is “Federally Chartered Banks and Thrifts May Participate in Independent Node Verification Networks and Use **Stablecoins** for Payment Activities”.

Stablecoin is explained, as of the moment of this writing, as Quote 2 below at Link 19 hereunder:

Link 19: <https://en.wikipedia.org/wiki/Stablecoin>

(Quote 2) Advantages of asset backed cryptocurrencies are that coins are stabilized by assets that fluctuate outside of the cryptocurrency space, that is, the underlying asset is not correlated, reducing financial risk. Bitcoin and altcoins are highly correlated, so that cryptocurrency holders cannot escape widespread price falls without exiting the market or taking refuge in asset backed stablecoins. Furthermore, such coins, assuming they are managed in good faith, and have a mechanism for redeeming the asset/s backing them, are unlikely to drop below the value of the underlying physical asset, due to arbitrage.

As explained in Quote 2, bitcoin is not a stable coin, thus has nothing to do with the article at Link 18 above. Using the word cryptocurrencies, the applicants fallaciously linked stablecoins to bitcoin. (“Fallacy of Undistributed Middle”) The word stablecoin appears 4 times in this application at Link 17 above, but I wonder how deep the applicants know about stablecoins. The readers of this application need to know intrinsic difference between bitcoin and a stablecoin.

According to the applicants of this proposal, the value of bitcoin comes from its scarcity and the way it is transferred from hand to hand. This assertion is unequivocally stated in Quote 3 hereunder, which is in Page 3 of Link 17 above.

(Quote 3) It’s generally understood that the combination of these two features – a systemic hard cap of 21 million bitcoin and the ability to transact trustlessly with anyone connected to the Bitcoin Network – gives bitcoin its value.

At the time when Link 8 was written, “mining” was often mentioned by some bitcoin ETF applicants, to insinuated that the value of bitcoin was somehow related to mining. After Link 8 above was known to the world in about 15 languages, such insinuation disappeared. Now, the only thing remaining for value of bitcoin is Quote 3 above.

The advent of stablecoins was in fact a disaster to bitcoin. It jeopardizes the life of bitcoin. Bitcoin and the kin live on confusion. Thanks to stablecoins, we can see the reality of bitcoin much more clearly.

As stablecoins use the same means of transfer that bitcoin uses, one of the two grounds in Quote 3 above disappears when bitcoin is compared with a stablecoin.

The value of a stable coin is like the value of a bill of lading representing a container of apples being transported. Contrastingly, the value of bitcoin is like a bill of lading representing a copyrighted wording to mean “Bitcoin Apple,” the number of which is restricted to 21 million in all time and space. The comparison is made simple now: (1) real apples, valuable but not so scarce vs (2) just a wording very scarce but backed by nothing.

Stablecoins are mostly backed by a fiat currency. Within this specific topic stemming from Quote 1 above, there remains only one question: whether a fiat currency can be as valuable as an apple. I argued why a fiat currency has intrinsic value in numerous comments listed as Link 1 through Link 16 above.

Let me ask one question: Will I obtain a dollar bill, in exchange for value, even if I will never liquidate it further? Yes, I will, because there is nothing more liquid than a dollar bill. I can at least pay tax with it. You ask the same question about bitcoin. There is something more liquid than bitcoin, and it is the dollar. You can never pay tax with bitcoin.