

Date: 05/22/2019

Dear Sir/Madam,

**Re: File Number SR-NYSEARCA-2019-39**

**I want to thank you** and take this opportunity to respond to the above proposal.

I believe that this proposal is heading in the right direction but will need a few further refinements with some clarification of some points before the SEC can reasonably be expected to sign off on it.

**Some of my concerns** to possible questions that may be asked have already been addressed in the last round of comments for another ETF: <https://www.sec.gov/comments/sr-cboebzx-2018-040/srcboebzx2018040-4460679-175814.pdf>.

I have covered my thoughts regarding the **questions surrounding manipulation in this ecosystem** in the above file. However, I came across an **excellent evidenced based response to a recent request to another ETF filing**, which may be of interest:

John Bird: <https://www.sec.gov/comments/sr-cboebzx-2019-004/srcboebzx2019004-185288.htm>

Regarding this proposal-

I understand that the *"investment objective of the Trust is for the Shares to **closely reflect the exposure of the Index to Bitcoin, less the Trust's liabilities and expenses. The Index is used to determine the Trust's allocation between Bitcoin and U.S. Treasuries, and the Trust adjusts its assets on a monthly basis to closely replicate the exposure of the Index to Bitcoin without the use of any derivatives and/or leverage or any similar or related products or strategies. The Shares are intended to provide investors with a cost-effective and convenient way to gain exposure to Bitcoin while hedging some of the risk by reducing the volatility typically associated with the purchase of a stand-alone Bitcoin. Historically, Bitcoin has been extremely volatile, which, for many investors, may make it a difficult investment. While the Shares are not intended to replicate a direct investment in Bitcoin, they seek to provide investors with exposure to Bitcoin with substantially lower volatility than a direct investment in Bitcoin and without the uncertain and often complex requirements relating to acquiring and/or holding Bitcoin.**"* (pg. 3:

[https://www.sec.gov/Archives/edgar/data/1750145/000091957419000279/d8050549a\\_s-1.htm](https://www.sec.gov/Archives/edgar/data/1750145/000091957419000279/d8050549a_s-1.htm))

**I have a few questions regarding this approach:**

- 1) What is the **Strategic Asset Allocation (SAA)** of each asset?
- 2) What is the **Dynamic Tactical Asset Allocation (TAA)** of each asset, and what would the **threshold imbalance** be that would trigger a **rebalance**? What will the **weighting** of each asset class be?
- 3) **How do the shareholders benefit from the inclusion of T-Bills** apart from *"In addition, the Trust will reduce some of the costs that would otherwise be borne by its shareholders. Upon the maturity of any T-Bill, the Trust will receive U.S. dollars representing principal and interest. The portion of the cash that represents interest on the T-Bills (the "Excess Cash") will be allocated to the Trust's cash account in order to satisfy the sponsor's fee, fees associated with rebalancing of the Trust's assets each month, redemptions and any additional expenses of the Trust."* (pg. 7

<https://www.nyse.com/publicdocs/nyse/markets/nyse-arca/rule-filings/filings/2019/SR-NYSEArca-2019-39.pdf>)

4) What **Economically Meaningful Signals** are you going to **allocate Bitcoin** when you '**Dynamically Rebalance**'? For example will you be using any of the following: **Momentum signals, Sentiment signals, Fundamental-valuation signals, Macroeconomic signals**?

You also state in your document:

[https://www.sec.gov/Archives/edgar/data/1750145/000091957419000279/d8050549a\\_s-1.htm](https://www.sec.gov/Archives/edgar/data/1750145/000091957419000279/d8050549a_s-1.htm) on pg. 62 in your **Hypothetical Expense Example** that your sponsor's fee is estimated to be of 1.25%. Is this estimate not a little high considering on average **most Investment Trusts have fees of 0.5% to 1%**? Is there a reason for this premium?

Many more questions are left unanswered which I am sure other commentators may cover, **but the big question is I am left with the feeling that is this merely a Bitcoin ETP with the cover of T-Bills to give it some legitimacy?**

Finally, as I said at the start, I believe you are headed in the right direction. However, I am sure many refinements will take place before the SEC can be expected to sign off, as I am positive you can see there are many important questions left unanswered.

Best Regards,

Avinash Shenoy