



April 20, 2022

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-0609

**Re: Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Proposed Rule Change to List and Trade Shares of Grayscale Bitcoin Trust (BTC) under NYSE Arca Rule 8.201-E [Release No. 34-93504; File No. SR-NYSEArca-2021-90]**

Dear Ms. Countryman,

The Security Traders Association<sup>1</sup> (“STA”) appreciates the opportunity to provide comments in response to the above-referenced notice (“Notice”) of Form 19b-4 under the Securities Exchange Act of 1934 (as amended, the “Exchange Act”) that NYSE Arca filed to convert Grayscale® Bitcoin Trust (“GBTC”) under NYSE Arca Rule 8.201-E as an exchange-traded product (“ETP”). STA urges the Securities and Exchange Commission (the “Commission”) to approve NYSE Arca’s application.

STA is an organization comprised of individuals involved in the trading of securities in the U.S and Canada. Our members represent companies with many of the business models in the financial services sector including, but not limited to retail brokerage firms, equity and options market makers and liquidity providers, agency only broker dealers, and asset owners and managers. More recently, STA has experienced a change in the make-up of its membership. Members who were considered experts in traditional capital markets have transitioned their careers to the digital assets markets. This development has provided STA with subject matter expertise in such areas as the surveillance, custody and trading of digital assets.

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<sup>1</sup> STA is a trade organization founded in 1934 for individual professionals in the securities industry. STA is comprised of 24 affiliate organizations in North America with individual members who are engaged in the buying, selling and trading of securities. STA is committed to promoting goodwill and fostering high standards of integrity in accord with the Association’s founding principle, Dictum Meum Pactum – “My Word is My Bond.” For more information, visit <https://securitytraders.org/>.

## **General Remarks**

Like many participants in the financial services industry, STA has followed the evolution of digital assets, crypto-currencies and blockchain technology. As the level of investor interest grows and meaningful amounts of capital continue to be invested in developing its ecosystem, we believe this evolution will continue.

STA also believes there has been the significant increase in trading volume in Bitcoin futures on the Chicago Mercantile Exchange and in the spot-based market for Bitcoin. These increases can be attributed to greater connectivity between trading platforms, improved surveillance capabilities, new entrants, and innovations in a range of technologies.

STA is a proponent of the exchange traded fund structure (“ETF”). ETFs provide investors with the ability to gain investment exposure efficiently, as measured by cost and risks, to markets and asset classes they would otherwise be unable to or have great difficulty accessing directly. STA believes that the benefits and protections which the ETF structure provides investors in traditional asset classes such as equities, commodities and fixed income in U.S. and non-U.S. markets, can be achieved in the spot cash market for Bitcoin.

It is our view that the combination of liquid markets for Bitcoin and the features within the ETF structure mitigate potential price manipulation — a key factor expressed by the Commission in past decisions to disapprove filings similar to the Notice.

We appreciate the Commission’s recent decision to allow the listing and trading of ETFs that hold Bitcoin futures contracts. However, we recognize the need for similar regulatory treatment of Bitcoin futures ETFs registered under the Exchange Act and spot Bitcoin ETFs given they share the same characteristics in relevant respects. In particular, both types of products use similar processes for determining price on the underlying spot cash Bitcoin markets. The lack of approval of spot-based Bitcoin ETFs provides an unlevel playing field and deprives investors of other opportunities to receive exposure to Bitcoin without reasonable basis for differing treatment.

## **Closing Remarks**

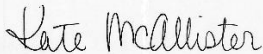
STA believes that NYSE Arca has provided sufficient support in GBTC’s 19b-4 to allow for the Commission to approve GBTC in response to the SEC’s February 4, 2022 Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change to List and Trade Shares of Grayscale Bitcoin Trust (BTC) under NYSE Arca Rule 8.201-E. Accordingly, we urge the Commission to allow equal regulatory treatment

to the spot-based Bitcoin as it has afforded to Bitcoin futures by approving NYSE Arca's proposal.

We believe the approval will instill a much-needed consistency in this marketplace and provide investors a choice over which product best meets their investment needs.

STA recognizes that since January 2021 the SEC has denied multiple spot-based Bitcoin ETF applications similar to the Notice. In this situation, we believe the Commission needs to consider the competitive landscape. Approving the Notice on merits which the Commission previously disapproved past applications would represent a general unfairness that should be avoided.

We appreciate the opportunity to comment and respectfully urge the SEC to approve GBTC for conversion to an ETF.



Kate McAllister  
Chair of the Board



James Toes  
President & CEO

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Commissioner Caroline A. Crenshaw, US Securities and Exchange Commission  
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