



James J. Angel, Ph.D., CFP[®], CFA
Associate Professor of Finance
Georgetown University¹
McDonough School of Business
Washington DC 20057
angelj@georgetown.edu
+1 (202) 687-3765
Twitter: @GuFinProf

May 6, 2022

Securities and Exchange Commission
100 F St. NW
Washington, DC 20549-9303
Rule-comments@sec.gov

Re: 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

File No. SR-NYSEArca-2021-90
Also SR-NYSEArca-2021-89, SR-NYSEArca-2021-37

¹ All opinions are strictly my own and do not necessarily represent those of Georgetown University or anyone else. I am very grateful to Georgetown University for financial support. Over the years I have served as a Visiting Academic Fellow at the NASD (predecessor to FINRA), served on the boards of the EDGX and EDGA stock exchanges, served as Chair of the Nasdaq Economic Advisory Board, and performed consulting work for brokerage firms, stock exchanges, other self-regulatory organizations, market makers, industry associations, and law firms. I am the academic director for the FINRA Certified Regulatory and Compliance Professional (CRCP[®]) program at Georgetown University. I've also visited over 75 stock and derivative exchanges around the world. As a finance professor, I practice what I preach in terms of diversification and own modest and well-diversified holdings in most public companies, including brokers, asset managers, market makers, and exchanges.

Dear SEC:

I wish to add a correction to my previous letter in support of Grayscale's application.² Among other things, I pointed out that the SEC looks quite silly in approving a futures-based bitcoin ETF but not a physically-based ETF. In addition, I urged the SEC to use its existing legal authority to extend Regulation BI to all retail products sold by broker-dealers, including cryptos and insurance products, not just securities. I also suggested that the SEC adopt a process similar to Rule 15c2-11 for broker dealers that wish to quote or trade various tokens. I still hold those views.

However, my previous letter contained an inaccuracy that needs to be corrected. When I wrote "Protect us from the Pink Sheets!", I erroneously implied that the Grayscale Bitcoin Trust trades in the OTC Pink tier of the OTC Market. This is incorrect, and I apologize for the confusion. It is actually listed on the OTCQX tier of the OTC Market. The OTCQX has substantial listing requirements and is quite different from, and should not be confused with, the old Pink Sheets.³ OTCQX issuers must meet various price and corporate governance standards, and they also have substantial disclosure obligations. In particular, the OTCQX rule "to release quickly to the public any news or information which might reasonably be expected to materially affect the market for its securities" is actually broader than the limited disclosures that the SEC requires of exchange-listed companies on Form 8-K.⁴

In addition to my previous remarks, I wish to add one more suggestion. Regulation M generally prohibits issuers from repurchasing shares while they are offering shares for sale. The SEC should grant an exemption to Regulation M that would allow trusts such as GBTC that do in-kind redemption of a single asset such as a cryptocurrency to act like traditional ETFs that can offer both creation and redemption at the same time. This would protect investors from the steep discounts to NAV by allowing the arbitrage process to work.

Respectfully submitted,

² <https://www.sec.gov/comments/sr-nysearca-2021-90/srnysearca202190-20123883-280057.pdf>. See also my previous comment letter at <https://www.sec.gov/comments/sr-nysearca-2017-06/nysearca201706-2435172-161045.pdf>.

³ https://www.otcmarkets.com/files/OTCQX_Rules_for_US_Companies.pdf.

⁴ See OTCQX Rule 3.1(l)(2)(A).

James J. Angel,
Georgetown University