

available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2025-08 and should be submitted on or before April 9, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>40</sup>

**Vanessa A. Countryman,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102672; File No. SR-PEARL-2025-09]

### Self-Regulatory Organizations; MIAx PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the MIAx Pearl Options Fee Schedule To Adopt New Fee Categories for the Exchange's Proprietary Market Data Feeds

March 13, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 13, 2025, MIAx PEARL, LLC ("Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Item I below, which Item has been substantially prepared by the Exchange. The Exchange has designated this proposal for immediate effectiveness pursuant to Section 19(b)(3)(A) of the Act<sup>3</sup> and Rule 19b-4(f) thereunder.<sup>4</sup>

The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the MIAx Pearl Options Exchange Fee Schedule ("Fee Schedule") to, among other things, adopt new fee categories for the Exchange's proprietary market data feeds the Top of Market ("ToM") feed and the Liquidity Feed ("PLF") feed (collectively, the "market data feeds").<sup>5</sup>

The proposed rule change, including the Exchange's statement of the purpose of, and statutory basis for, the proposed rule change, is available on the Exchange's website at <https://www.miaxglobal.com/markets/us-options/pearl-options/rule-filings> and on the Commission's website at [https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-PEARL-2025-09](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-PEARL-2025-09).

### II. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.<sup>6</sup> Comments may be submitted electronically by using the Commission's internet comment form ([https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-PEARL-2025-09](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-PEARL-2025-09)) or by sending an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-PEARL-2025-09 on the subject line. Alternatively, paper comments may be sent to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All submissions should

whether the proposed rule change should be approved or disapproved.

<sup>5</sup> All references to the "Exchange" in this filing refer to MIAx Pearl Options. Any references to the equities trading facility of MIAx PEARL, LLC will specifically be referred to as "MIAx Pearl Equities."

<sup>6</sup> Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange.

refer to file number SR-PEARL-2025-09. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website ([https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file\\_number=SR-PEARL-2025-09](https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/national-securities-exchanges?file_number=SR-PEARL-2025-09)). Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2025-09 and should be submitted on or before April 9, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Vanessa A. Countryman,**  
Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102656; File No. SR-CboeBZX-2025-040]

### Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To List and Trade Shares of the Franklin XRP Fund Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares

March 13, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 13, 2025, Cboe BZX Exchange, Inc. ("Exchange" or "BZX") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

### I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed

<sup>7</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>40</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f). At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine

rule change to list and trade shares of the Franklin XRP ETF (the “Fund”), a series of the Franklin XRP Trust (the “Trust”),<sup>3</sup> under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares.

The text of the proposed rule change is also available on the Exchange’s website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

## II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

### A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

#### 1. Purpose

The Exchange proposes to list and trade the Shares under BZX Rule 14.11(e)(4),<sup>4</sup> which governs the listing and trading of Commodity-Based Trust Shares on the Exchange.<sup>5</sup> Franklin Holdings, LLC is the sponsor of the Fund (the “Sponsor”). The Shares will be registered with the Commission by means of the Trust’s registration statement on Form S–1 (the “Registration Statement”).<sup>6</sup> According

<sup>3</sup> The Trust was formed as a Delaware statutory trust on February 28, 2025. The Fund is operated as a grantor trust for U.S. federal tax purposes. The Trust and the Fund have no fixed termination date.

<sup>4</sup> The Commission approved BZX Rule 14.11(e)(4) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR–BATS–2011–018).

<sup>5</sup> Any of the statements or representations regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of index, reference asset, and intraday indicative values, or the applicability of Exchange listing rules specified in this filing to list a series of Other Securities (collectively, “Continued Listing Representations”) shall constitute continued listing requirements for the Shares listed on the Exchange.

<sup>6</sup> On March 11, 2025, the Trust filed with the Commission the Registration Statement on Form S–1, submitted to the Commission by the Sponsor on behalf of the Trust (333–285706). The descriptions of the Trust, the Fund, the Shares, and the Index (as defined below) contained herein are based, in part, on information in the Registration Statement.

to the Registration Statement, the Trust is neither an investment company registered under the Investment Company Act of 1940, as amended (the “1940 Act”),<sup>7</sup> nor a commodity pool for purposes of the Commodity Exchange Act (“CEA”), and neither the Trust, the Fund nor the Sponsor is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the Shares.

Since 2017, the Commission has approved or disapproved exchange filings to list and trade series of Trust Issued Receipts, including spot-based Commodity-Based Trust Shares, on the basis of whether the listing exchange has in place a comprehensive surveillance sharing agreement with a regulated market of significant size related to the underlying commodity to be held (the “Winklevoss Test”).<sup>8</sup> The Commission has also consistently recognized, however, that this is not the *exclusive* means by which an ETP listing exchange can meet this statutory obligation.<sup>9</sup> A listing exchange could, alternatively, demonstrate that “other means to prevent fraudulent and manipulative acts and practices will be sufficient” to justify dispensing with a surveillance-sharing agreement with a regulated market of significant size.<sup>10</sup>

The Registration Statement is not yet effective, and the Shares will not trade on the Exchange until such time that the Registration Statement is effective.

<sup>7</sup> 15 U.S.C. 80a–1.

<sup>8</sup> See Securities Exchange Act Release Nos. 78262 (July 8, 2016), 81 FR 78262 (July 14, 2016) (the “Winklevoss Proposal”). The Winklevoss Proposal was the first exchange rule filing proposing to list and trade shares of an ETP that would hold spot bitcoin (a “Spot Bitcoin ETP”). It was subsequently disapproved by the Commission. See Securities Exchange Act Release No. 83723 (July 26, 2018), 83 FR 37579 (August 1, 2018) (the “Winklevoss Order”); 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) (the “Spot Bitcoin ETP Approval Order”); 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products) (the “Spot ETH ETP Approval Order”).

<sup>9</sup> See Winklevoss Order, 83 FR at 37580; see Spot Bitcoin ETP Approval Order, 89 FR at 3009; see Spot ETH ETP Approval Order 89 FR at 46938.

<sup>10</sup> The Exchange notes that that the Winklevoss Test was first applied in 2017 in the Winklevoss Order, which was the first disapproval order related to an exchange proposal to list and trade a Spot Bitcoin ETP. All prior approval orders issued by the Commission approving the listing and trading of series of Trust Issued Receipts included no specific analysis related to a “regulated market of significant size.” In the Winklevoss Order and the

The Commission recently issued orders granting approval for proposals to list bitcoin- and ether-based commodity trust shares and bitcoin-based, ether-based, and a combination of bitcoin- and ether-based trust issued receipts (these proposed funds are nearly identical to the Fund, but proposed to hold bitcoin and/or ether, respectively, instead of XRP) (“Spot Bitcoin ETPs” and “Spot ETH ETPs”). In both the Spot Bitcoin ETP Approval Order and Spot ETH ETP Approval Order, the Commission found that sufficient “other means” of preventing fraud and manipulation had been demonstrated that justified dispensing with a surveillance-sharing agreement with a regulated market of significant size. Specifically, the Commission found that while the Chicago Mercantile Exchange (“CME”) futures market for both bitcoin and ether were not of “significant size” related to the spot market, the Exchange demonstrated that other means could be reasonably expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the proposals.

As further discussed below, both the Exchange and the Sponsor believe that this proposal and the included analysis are sufficient to establish that the proposal is consistent with the Act itself and, additionally, that there are sufficient “other means” of preventing fraud and manipulation that warrant dispensing of the surveillance-sharing agreement with a regulated market of significant size, as was done with both Spot Bitcoin ETPs and Spot ETH ETPs, and that this proposal should be approved.

Commission’s prior orders approving the listing and trading of series of Trust Issued Receipts have noted that the spot commodities and currency markets for which it has previously approved spot ETPs are generally unregulated and that the Commission relied on the underlying futures market as the regulated market of significant size that formed the basis for approving the series of Currency and Commodity-Based Trust Shares, including gold, silver, platinum, palladium, copper, and other commodities and currencies. The Commission specifically noted in the Winklevoss Order that the approval order issued related to the first spot gold ETP “was based on an assumption that the currency market and the spot gold market were largely unregulated.” See Winklevoss Order at 37592. As such, the regulated market of significant size test does not require that the spot market be regulated in order for the Commission to approve this proposal, and precedent makes clear that an underlying market for a spot commodity or currency being a regulated market would actually be an exception to the norm. These largely unregulated currency and commodity markets do not provide the same protections as the markets that are subject to the Commission’s oversight, but the Commission has consistently looked to surveillance sharing agreements with the underlying futures market in order to determine whether such products were consistent with the Act.

## Background

XRP is a digital asset that is created and transmitted through the operations of the XRP Ledger, a decentralized ledger upon which XRP transactions are processed and settled. XRP can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar. The XRP Ledger is based on a shared public ledger similar to the Bitcoin network. However, the XRP Ledger differentiates itself from other digital asset networks in that its stated primary function is transactional utility, not store of value. The XRP Ledger is designed to be a global real-time payment and settlement system. As a result, the XRP Ledger and XRP aim to improve the speed at which parties on the network may transfer value while also reducing the fees and delays associated with the traditional methods of interbank payments.

Unlike a centralized system, no single entity controls the XRP Ledger. Instead, a network of independent nodes validates transactions pursuant to a consensus-based algorithm. It is this mechanism, as opposed to the proof-of-work mechanism utilized by the Bitcoin blockchain, that allows the XRP Ledger to be fast, energy-efficient and scalable, and therefore suitable for its most prominent use case, the facilitation of cross-border financial transactions. Unlike proof-of-work systems, which require massive computational power to secure the network, the consensus-based algorithm utilized by the XRP Ledger is extremely lightweight in terms of energy usage, as it relies on trusted validators rather than mining. The XRP Ledger can handle up to 1,500 transactions per second, far more than the Bitcoin or Ethereum blockchain. This makes the XRP Ledger suitable for high-volume use cases, such as cross-border payments. Lastly, because validators do not need to spend resources on mining, transaction fees are extremely low (typically a fraction of a cent per transaction).

Transactions are validated on the XRP Ledger by a network of independent validator nodes. These nodes do not mine new blocks but participate in a consensus process to ensure that transactions are valid and correctly ordered on the ledger. Any node can be a validator, but for practical purposes, the XRP Ledger depends on a list of trusted validators known as the Unique Node List or “UNL.” Validators are entities (which can be individuals, institutions or other organizations) that run nodes to participate in the consensus process. These validators ensure the integrity and accuracy of the

ledger. Each node in the network maintains a Unique Node List—a list of other validators that the node trusts to reliably validate transactions. The XRP Ledger’s decentralized architecture means that different nodes may maintain different UNLs, but there needs to be some overlap in the UNLs for consensus to work effectively.

Unlike other digital assets such as bitcoin or ether, XRP was not and is not mined gradually over time. Instead, all 100 billion XRP tokens were created at the time of the XRP Ledger’s launch in 2012. This means that every XRP token that exists today was generated from the outset, without the need for a mining process. Of the 100 billion XRP generated by the XRP Ledger’s code, the founders of Ripple Labs Inc. (“Ripple Labs”) retained 20 billion XRP and the rest, nearly 80 billion XRP, was provided to Ripple Labs.

As noted above, this proposal is to list and trade shares of the Fund that would hold spot XRP. Neither the Trust, Fund, nor the Sponsor or any of their affiliates are affiliates of Ripple Labs or any of its affiliates.

In light of these factors and consistent with applicable legal precedent, particularly as applied in *SEC v. Ripple Labs*, the Sponsor believes that it is applying the proper legal standards in making a good faith determination that it believes that XRP is not under these circumstances a security under federal law in light of the uncertainties inherent in applying the *Howey* and *Reves* tests.<sup>11</sup>

<sup>11</sup> See *SEC v. Ripple Labs*, 2023 WL 4507900 at 15, (S.D.N.Y. July 13, 2023) (“(XRP, as a digital token, is not in and of itself a ‘contract, transaction[,] or scheme’ that embodies the *Howey* requirements of an investment contract.”) and 23 (“Ripple’s Programmatic Sales were blind bid/ask transactions, and Programmatic Buyers could not have known if their payments of money went to Ripple, or any other seller of XRP. Since 2017, Ripple’s Programmatic Sales represented less than 1% of the global XRP trading volume. Therefore, the vast majority of individuals who purchased XRP from digital asset exchanges did not invest their money in Ripple at all. An Institutional Buyer knowingly purchased XRP directly from Ripple pursuant to a contract, but the economic reality is that a Programmatic Buyer stood in the same shoes as a secondary market purchaser who did not know to whom or what it was paying its money.”) The Court specifically notes that the question of whether secondary market sales of XRP constitute offers and sales of investment contracts because it was not before the Court and therefore was not addressed. However, the general logic applied above in the Court’s finding that an investment contract did not exist seems to similarly indicate that purchases and sales on the secondary market where the purchaser “did not know to whom or what it was paying its money” would also not constitute an investment contract.

Section 6(b)(5) and the Applicable Standards

The Commission has approved numerous series of Trust Issued Receipts,<sup>12</sup> including Commodity-Based Trust Shares,<sup>13</sup> to be listed on U.S. national securities exchanges. In order for any proposed rule change from an exchange to be approved, the Commission must determine that, among other things, the proposal is consistent with the requirements of Section 6(b)(5) of the Act, specifically including: (i) the requirement that a national securities exchange’s rules are designed to prevent fraudulent and manipulative acts and practices;<sup>14</sup> and (ii) the requirement that an exchange proposal be designed, in general, to protect investors and the public interest. The Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act and that this filing sufficiently demonstrates that potential policy concerns under the Act are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

More recently, the Commission has applied the Winklevoss Test while also recognizing that the “regulated market

<sup>12</sup> See Exchange Rule 14.11(f).

<sup>13</sup> Commodity-Based Trust Shares, as described in Exchange Rule 14.11(e)(4), are a type of Trust Issued Receipt.

<sup>14</sup> Much like bitcoin and ether, the Exchange believes that XRP is resistant to price manipulation and that “other means to prevent fraudulent and manipulative acts and practices” exist to justify dispensing with the requisite surveillance sharing agreement. The geographically diverse and continuous nature of XRP trading render it difficult and prohibitively costly to manipulate the price of XRP. The fragmentation across platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of XRP prices through continuous trading activity challenging. To the extent that there are trading platforms engaged in or allowing wash trading or other activity intended to manipulate the price of XRP on other markets, such pricing does not normally impact prices on other trading platforms because participants will generally ignore markets with quotes that they deem non-executable. Moreover, the linkage between XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP on any single venue would require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple trading platforms in order to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular trading platforms or OTC platform. Further, the speed and relatively inexpensive nature of transactions on the XRP Ledger allow arbitrageurs to quickly move capital between trading platforms where price dislocations may occur. As a result, the potential for manipulation on a trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences.

of significant size” standard is not the only means for satisfying Section 6(b)(5) of the Act. In the specifically providing that a listing exchange could demonstrate that “other means to prevent fraudulent and manipulative acts and practices” are sufficient to justify dispensing with the requisite surveillance-sharing agreement.<sup>15</sup> While there is currently no futures market for XRP, in the Spot Bitcoin ETF Approval Order and Spot ETH ETF Approval Order the Commission determined that the CME bitcoin futures market and CME ether futures market, respectively, were not of “significant size” related to the spot market. Instead, the Commission found that sufficient “other means” of preventing fraud and manipulation had been demonstrated that justified dispensing with a surveillance-sharing agreement with a regulated market of significant size. The Exchange and Sponsor believe that this proposal provides for other means of preventing fraud and manipulation justify dispensing with a surveillance-sharing agreement with a regulated market of significant size.

Over the past several years, U.S. investor exposure to XRP, through OTC XRP Funds and digital asset trading platforms, has grown into billions of dollars with a fully diluted market cap of greater than \$300 billion. The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to XRP in a regulated and transparent exchange-traded vehicle that would act to limit risk to U.S. investors by: (i) reducing premium and discount volatility; (ii) reducing management fees through meaningful competition; and (iii) providing an alternative to custodial spot XRP.

The policy concerns that the Exchange Act is designed to address are also otherwise mitigated by the fact that the size of the market for the underlying reference asset (approximately \$300+ billion fully diluted value) and the nature of the XRP ecosystem reduces its susceptibility to manipulation. The geographically diverse and continuous nature of XRP trading makes it difficult and prohibitively costly to manipulate the price of XRP and, in many instances, the XRP market can be less susceptible

<sup>15</sup> See Winklevoss Order at 37580. The Commission has also specifically noted that it “is not applying a ‘cannot be manipulated’ standard; instead, the Commission is examining whether the proposal meets the requirements of the Exchange Act and, pursuant to its Rules of Practice, places the burden on the listing exchange to demonstrate the validity of its contentions and to establish that the requirements of the Exchange Act have been met.” *Id.* at 37582.

to manipulation than the equity, fixed income, and commodity futures markets. There are a number of reasons this is the case, including that there is not inside information about revenue, earnings, corporate activities, or sources of supply; manipulation of the price on any single venue would require manipulation of the global XRP price in order to be effective; a substantial over-the-counter market provides liquidity and shock-absorbing capacity; XRP’s 24/7/365 nature provides constant arbitrage opportunities across all trading venues; and it is unlikely that any one actor could obtain a dominant market share.

Further, XRP is arguably less susceptible to manipulation than other commodities that underlie ETPs; there may be inside information relating to the supply of the physical commodity such as the discovery of new sources of supply or significant disruptions at mining facilities that supply the commodity that simply are inapplicable as it relates to certain cryptoassets, including XRP. Further, the Exchange believes that the fragmentation across XRP trading platforms and increased adoption of XRP, as displayed through increased user engagement and trading volumes on the XRP Ledger, make manipulation of XRP prices through continuous trading activity more difficult. Moreover, the linkage between the XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP price on any single venue would require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple XRP trading platforms in order to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular XRP trading platform. As a result, the potential for manipulation on a particular XRP trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences. For all of these reasons, XRP is not particularly susceptible to manipulation, especially as compared to other approved ETP reference assets.

#### Franklin XRP ETF

CSC Delaware Trust Company, a subsidiary of the Corporation Service Company, is the trustee (“Trustee”). A third party will be the administrator (“Administrator”) and transfer agent (“Transfer Agent”) and will be responsible for the custody of the

Fund’s cash and cash equivalents<sup>16</sup> (the “Cash Custodian”). Coinbase Custody Trust Company, LLC (the “XRP Custodian”) will be responsible for custody of the Fund’s XRP.

According to the Registration Statement, each Share will represent a fractional undivided beneficial interest in the Fund’s net assets. The Fund’s assets will only consist of XRP, cash, and cash equivalents.

According to the Registration Statement, the Trust will be neither an investment company registered under the 1940 Act,<sup>17</sup> nor a commodity pool for purposes of the CEA, and neither the Trust, the Fund nor the Sponsor is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the Shares.

The Fund will not acquire and will disclaim any incidental right (“IR”) or IR asset received, for example as a result of forks or airdrops, and such assets will not be taken into account for purposes of determining the Fund’s net asset value (“NAV”).

When the Fund sells or redeems its Shares, it will do so in large blocks of 50,000 Shares (a “Creation Basket”) based on the quantity of XRP attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for XRP and/or cash. For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of XRP represented by a Creation Basket.<sup>18</sup> For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, XRP to the Fund’s account with the XRP Custodian in exchange for Shares.<sup>19</sup> Authorized participants may then offer Shares to the public at prices that

<sup>16</sup> Cash equivalents are short-term instruments with maturities of less than 3 months.

<sup>17</sup> 15 U.S.C. 80a-1.

<sup>18</sup> For cash redemptions, the process will occur in the reverse order. Upon receipt of an approved cash redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of XRP represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>19</sup> For in-kind redemptions, the process will occur in the reverse order. Upon receipt of an approved in-kind redemption order, the Sponsor, on behalf of the Fund, will transfer the amount of XRP represented by a Creation Basket to the authorized participant or its designee when the large block of Shares is received by the Transfer Agent.

depend on various factors, including the supply and demand for Shares, the value of the Fund's assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the NAV per Share of the Fund.

#### Investment Objective

According to the Registration Statement and as further described below, the Fund's investment objective is to seek to reflect generally the performance of the price of XRP before payment of the Fund's expenses and liabilities. In seeking to achieve its investment objective, the Fund will hold only XRP, cash, and cash equivalents. The Fund will value its Shares daily as of 4:00 p.m. ET based on the value of the XRP held by the Fund as reflected by the Index, as described below. All of the Fund's XRP will be held by the XRP Custodian.

#### The Index

As described in the Registration Statement, the Fund will value its Shares daily based on the value of XRP as reflected by the CME CF XRP–Dollar Reference Rate—New York Variant (the "Index"). The Index is calculated daily and aggregates the notional value of XRP trading activity across major spot XRP trading platforms. The administrator of the Index is CF Benchmarks Ltd. (the "Index Provider").

The Index serves as a once-a-day benchmark rate of the U.S. dollar price of XRP (USD/XRP), calculated as of 4:00 p.m. ET. The Index aggregates the trade flow of several XRP trading platforms, during an observation window between 3:00 p.m. and 4:00 p.m. ET into the U.S. dollar price of one XRP at 4:00 p.m. ET. Specifically, the Index is calculated based on the "Relevant Transactions" (as defined below) of all of its constituent XRP trading platforms, which are currently Bitstamp, Coinbase, Kraken, and LMAX Digital (the "Constituent Platforms"), as follows:

- All Relevant Transactions are added to a joint list, recording the time of execution, trade price and size for each transaction.

- The list is partitioned by timestamp into 12 equally-sized time intervals of 5 (five) minute length.

- For each partition separately, the volume-weighted median trade price is calculated from the trade prices and sizes of all Relevant Transactions, *i.e.*, across all Constituent Platforms. A volume-weighted median differs from a standard median in that a weighting factor, in this case trade size, is factored into the calculation.

- The Index is then determined by the equally-weighted average of the volume medians of all partitions.

The Constituent Platforms may change from time to time. The Index does not include any futures prices in its methodology. A "Relevant Transaction" is any cryptocurrency versus U.S. dollar spot trade that occurs during the observation window between 3:00 p.m. and 4:00 p.m. ET on a Constituent Platform in the XRP/USD pair that is reported and disseminated by a Constituent Platform through its publicly available Application Programming Interface ("API") and observed by the Index Provider.

The Sponsor believes that the use of the Index is reflective of a reasonable valuation of the average spot price of XRP and that resistance to manipulation is a priority aim of its design methodology. The methodology: (i) takes an observation period and divides it into equal partitions of time; (ii) then calculates the volume-weighted median of all transactions within each partition; and (iii) the value is determined from the arithmetic mean of the volume-weighted medians, equally weighted. By employing the foregoing steps, the Index thereby seeks to ensure that transactions in XRP conducted at outlying prices do not have an undue effect on the value of the Index, large trades or clusters of trades transacted over a short period of time will not have an undue influence on the Index value, and the effect of large trades at prices that deviate from the prevailing price are mitigated from having an undue influence on the Index value.

In addition, the Sponsor notes that an oversight function is implemented by the Index Provider in seeking to ensure that the Index is administered through codified policies for Index integrity.

Index data and the description of the Index are based on information made publicly available by the Index Provider on its website at <https://www.cfbenchmarks.com>.

#### Net Asset Value

NAV means the total assets of the Fund (which includes XRP and cash and cash equivalents) less total liabilities of the Fund. The Administrator will determine the NAV of the Fund on each day that the Exchange is open for regular trading, as promptly as practical after 4:00 p.m. ET. The NAV of the Fund is the aggregate value of the Fund's assets less its estimated accrued but unpaid liabilities (which include accrued expenses). In determining the Fund's NAV, the Administrator values the XRP held by the Fund based on the Index as of 4:00

p.m. ET. The Administrator also determines the NAV per Share. The NAV for the Fund will be calculated by the Administrator once a day and will be disseminated daily to all market participants at the same time.

If the Index is not available or the Sponsor determines, in its sole discretion, that the Index should not be used, the Fund's holdings may be fair valued in accordance with the policy approved by the Sponsor.<sup>20</sup>

#### Availability of Information

In addition to the price transparency of the Index, the Fund will provide information regarding the Fund's XRP holdings as well as additional data regarding the Fund. The website for the Fund, which will be publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price;<sup>21</sup> (b) the BZX Official Closing Price in relation to the NAV per Share as of the time the NAV is calculated and a calculation of the premium or discount of such price against such NAV per Share; (c) data in chart form displaying the frequency distribution of discounts and premiums of the BZX Official Closing Price against the NAV per Share, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Fund, if shorter); (d) the prospectus; and (e) other applicable quantitative information. The aforementioned information will be published as of the close of business and be available on the Fund's website at <https://www.franklintempleton.com/investments/options/exchange-traded-funds>, or any successor thereto. The NAV for the Fund will be calculated by the Administrator once a day and will be disseminated daily to all market participants at the same time. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"). The Fund will also disseminate its holdings on a daily basis on its website.

The Intraday Indicative Value ("IIV") will be calculated by using the prior day's closing NAV per Share as a base and updating that value during Regular

<sup>20</sup> Any alternative method will only be employed on an ad hoc basis. Any permanent change to the calculation of the NAV would require a proposed rule change under Rule 19b-4.

<sup>21</sup> As defined in Rule 11.23(a)(3), the term "BZX Official Closing Price" shall mean the price disseminated to the consolidated tape as the market center closing trade.

Trading Hours<sup>22</sup> to reflect changes in the value of the Fund's XRP holdings during the trading day, which is based on the CME CF XRP-Dollar Real Time Index. The IIV disseminated during Regular Trading Hours should not be viewed as an actual real-time update of the NAV, which will be calculated only once at the end of each trading day. The IIV will be widely disseminated on a per Share basis every 15 seconds during the Exchange's Regular Trading Hours through the facilities of the CTA and Consolidated Quotation System ("CQS") high speed lines. In addition, the IIV will be available through online information services, such as Bloomberg and Reuters.

The price of XRP will be made available by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours.

As noted above, the Index is calculated daily and aggregates the notional value of XRP trading activity across major spot XRP trading platforms. Index data, the Index value, and the description of the Index are based on information made publicly available by the Index Provider on its website <https://www.cfbenchmarks.com>.

Quotation and last sale information for XRP is widely disseminated through a variety of major market data vendors, including Bloomberg and Reuters. Information relating to trading, including price and volume information, in XRP is available from major market data vendors and from the trading platforms on which XRP are traded. Depth of book information is also available from XRP trading platforms. The normal trading hours for XRP trading platforms are 24 hours per day, 365 days per year.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's BZX Official Closing Price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA.

#### The XRP Custodian

The XRP Custodian carefully considers the design of the physical, operational and cryptographic systems for secure storage of the Fund's private keys in an effort to lower the risk of loss

or theft. The XRP Custodian utilizes a variety of security measures to ensure that private keys necessary to transfer digital assets remain uncompromised and that the Fund maintains exclusive ownership of its assets. The XRP Custodian will keep the private keys associated with the Fund's XRP in "cold storage"<sup>23</sup> (the "Cold Vault Balance"). The hardware, software, systems, and procedures of the XRP Custodian may not be available or cost-effective for many investors to access directly. Only specific individuals are authorized to participate in the custody process, and no individual acting alone will be able to access or use any of the private keys. In addition, no combination of the executive officers of the Sponsor, acting alone or together, will be able to access or use any of the private keys that hold the Fund's XRP.

#### Creation and Redemption of Shares

When the Fund sells or redeems its Shares, it will do so in Creation Baskets that are based on the quantity of XRP attributable to each Share (net of the accrued but unpaid Sponsor's fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for XRP and/or cash. According to the Registration Statement, on any business day, an authorized participant may place an order to create one or more Creation Baskets. Purchase orders for cash transaction Creation Baskets must be placed by 2:00 p.m. ET, or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind transaction Creation Baskets must be placed by 4:00 p.m. ET, or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is properly received is considered the purchase order date. For cash creations, the total deposit of cash required is based on the combined NAV of the number of Shares included in the Creation Baskets being created determined as of 4:00 p.m. ET on the purchase order date. The Administrator determines the quantity of XRP associated with a Creation Basket for a given day by dividing the number of XRP held by the Fund as of the opening of business on that business day, adjusted for the amount of XRP

constituting estimated accrued but unpaid fees and expenses of the Fund as of the opening of business on that business day, by the quotient of the number of Shares outstanding at the opening of business divided by the number of Shares in a Creation Basket.

The procedures by which an authorized participant can redeem one or more Creation Baskets mirror the procedures for the creation of Creation Baskets.

The Sponsor (including its delegates) will maintain ownership and control of the Fund's XRP in a manner consistent with good delivery requirements for spot commodity transactions.

#### Rule 14.11(e)(4)—Commodity-Based Trust Shares

The Shares will be subject to BZX Rule 14.11(e)(4), which sets forth the initial and continued listing criteria applicable to Commodity-Based Trust Shares. The Exchange represents that, for initial and continued listing, the Fund must be in compliance with Rule 10A-3 under the Act. A minimum of 100,000 Shares will be outstanding at the commencement of listing on the Exchange. The Exchange will obtain a representation that the NAV will be calculated daily and that the NAV and information about the assets of the Fund will be made available to all market participants at the same time. The Exchange notes that, as defined in Rule 14.11(e)(4)(C)(i), the Shares will be: (a) issued by a trust that holds (1) a specified commodity<sup>24</sup> deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash.

Upon termination of the Fund, the Shares will be removed from listing. The Trustee is a trust company having substantial capital and surplus and the experience and facilities for handling corporate trust business, as required under Rule 14.11(e)(4)(E)(iv)(a) and that no change will be made to the trustee without prior notice to and approval of the Exchange. The Exchange also notes that, pursuant to Rule 14.11(e)(4)(F), neither the Exchange nor any agent of the Exchange shall have any liability for

<sup>23</sup> The term "cold storage" refers to a safeguarding method by which the private keys corresponding to XRP stored on a digital wallet are removed from any computers actively connected to the internet. Cold storage of private keys may involve keeping such wallet on a non-networked computer or electronic device or storing the public key and private keys relating to the digital wallet on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus or paper) and deleting the digital wallet from all computers.

<sup>24</sup> For purposes of Rule 14.11(e)(4), the term commodity takes on the definition of the term as provided in the CEA.

<sup>22</sup> Regular Trading Hours is the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Fund in connection with issuance of Commodity-Based Trust Shares; resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying commodity. Finally, as required in Rule 14.11(e)(4)(G), the Exchange notes that any registered market maker ("Market Maker") in the Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule. In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 4.2), the registered Market Maker in Commodity-Based Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, as may be requested by the Exchange.

The Exchange is able to obtain information regarding trading in the Shares and the underlying XRP or any other XRP derivative through members acting as registered Market Makers, in connection with their proprietary or customer trades.

As a general matter, the Exchange has regulatory jurisdiction over its Members and their associated persons, which include any person or entity controlling a Member. To the extent the Exchange may be found to lack jurisdiction over a subsidiary or affiliate of a Member that does business only in commodities or futures contracts, the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

#### Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the XRP underlying the Shares; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(e)(4)(E)(ii), which sets forth circumstances under which trading in the Shares may be halted.

If the IIV or the value of the Index is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or the value of the Index occurs. If the interruption to the dissemination of the IIV or the value of the Index persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

#### Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. BZX will allow trading in the Shares during all trading sessions on the Exchange. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BZX Rule 11.11(a) the minimum price

variation for quoting and entry of orders in securities traded on the Exchange is \$0.01 where the price is greater than \$1.00 per share or \$0.0001 where the price is less than \$1.00 per share. The Shares of the Fund will conform to the initial and continued listing criteria set forth in BZX Rule 14.11(e)(4).

#### Surveillance

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Commodity-Based Trust Shares. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares or any other XRP derivative with other markets and other entities that are members of the ISG, and the Exchange, or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares or any other XRP derivative from such markets and other entities.<sup>25</sup> The Exchange may obtain information regarding trading in the Shares or any other XRP derivative via ISG, from other exchanges who are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

The Sponsor has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

<sup>25</sup> For a list of the current members and affiliate members of ISG, see [www.isgportal.com](http://www.isgportal.com).

## Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (i) the procedures for the creation and redemption of Creation Baskets (and that the Shares are not individually redeemable); (ii) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (iii) how information regarding the IIV and the Fund's NAV are disseminated; (iv) the risks involved in trading the Shares outside of Regular Trading Hours<sup>26</sup> when an updated IIV will not be calculated or publicly disseminated; (v) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (vi) trading information. The Information Circular will also reference the fact that there is no regulated source of last sale information regarding XRP, and that the Commission has no jurisdiction over the trading of XRP as a commodity.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Shares. Members purchasing the Shares for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

## 2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act<sup>27</sup> in general and Section 6(b)(5) of the Act<sup>28</sup> in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission has approved numerous series of Trust Issued

Receipts,<sup>29</sup> including Commodity-Based Trust Shares,<sup>30</sup> to be listed on U.S. national securities exchanges. In order for any proposed rule change from an exchange to be approved, the Commission must determine that, among other things, the proposal is consistent with the requirements of Section 6(b)(5) of the Act, specifically including: (i) the requirement that a national securities exchange's rules are designed to prevent fraudulent and manipulative acts and practices;<sup>31</sup> and (ii) the requirement that an exchange proposal be designed, in general, to protect investors and the public interest. The Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act and that this filing sufficiently demonstrates that potential policy concerns under the Act are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

More recently, the Commission has applied the Winklevoss Test while also recognizing that the "regulated market of significant size" standard is not the only means for satisfying Section 6(b)(5) of the Act. In the specifically providing that a listing exchange could demonstrate that "other means to

<sup>29</sup> See Exchange Rule 14.11(f).

<sup>30</sup> Commodity-Based Trust Shares, as described in Exchange Rule 14.11(e)(4), are a type of Trust Issued Receipt.

<sup>31</sup> Much like bitcoin and ether, the Exchange believes that XRP is resistant to price manipulation and that "other means to prevent fraudulent and manipulative acts and practices" exist to justify dispensing with the requisite surveillance sharing agreement. The geographically diverse and continuous nature of XRP trading render it difficult and prohibitively costly to manipulate the price of XRP. The fragmentation across platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of XRP prices through continuous trading activity challenging. To the extent that there are trading platforms engaged in or allowing wash trading or other activity intended to manipulate the price of XRP on other markets, such pricing does not normally impact prices on other trading platforms because participants will generally ignore markets with quotes that they deem non-executable. Moreover, the linkage between XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP on any single venue would require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple trading platforms in order to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular trading platform or OTC platform. Further, the speed and relatively inexpensive nature of transactions on the XRP Ledger allow arbitrageurs to quickly move capital between trading platforms where price dislocations may occur. As a result, the potential for manipulation on a trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences.

prevent fraudulent and manipulative acts and practices" are sufficient to justify dispensing with the requisite surveillance-sharing agreement.<sup>32</sup> While there is currently no futures market for XRP, in the Spot Bitcoin ETF Approval Order and Spot ETH ETF Approval Order the Commission determined that the CME bitcoin futures market and CME ether futures market, respectively, were not of "significant size" related to the spot market. Instead, the Commission found that sufficient "other means" of preventing fraud and manipulation had been demonstrated that justified dispensing with a surveillance-sharing agreement with a regulated market of significant size. The Exchange and Sponsor believe that this proposal provides for other means of preventing fraud and manipulation justify dispensing with a surveillance-sharing agreement with a regulated market of significant size.

The Exchange believes that the proposal is designed to protect investors and the public interest. Over the past several years, U.S. investor exposure to XRP, through OTC XRP Funds and digital asset trading platforms, has grown into billions of dollars with a fully diluted market cap of greater than \$300 billion. The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to XRP in a regulated and transparent exchange-traded vehicle that would act to limit risk to U.S. investors by: (i) reducing premium and discount volatility; (ii) reducing management fees through meaningful competition; and (iii) providing an alternative to custodying spot XRP.

The policy concerns that the Exchange Act is designed to address are also otherwise mitigated by the fact that the size of the market for the underlying reference asset (approximately \$300+ billion fully diluted value) and the nature of the XRP ecosystem reduces its susceptibility to manipulation. The geographically diverse and continuous nature of XRP trading makes it difficult and prohibitively costly to manipulate the price of XRP and, in many instances, the XRP market can be less susceptible to manipulation than the equity, fixed income, and commodity futures

<sup>32</sup> See Winklevoss Order at 37580. The Commission has also specifically noted that it "is not applying a 'cannot be manipulated' standard; instead, the Commission is examining whether the proposal meets the requirements of the Exchange Act and, pursuant to its Rules of Practice, places the burden on the listing exchange to demonstrate the validity of its contentions and to establish that the requirements of the Exchange Act have been met." *Id.* at 37582.

<sup>26</sup> Regular Trading Hours is the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

<sup>27</sup> 15 U.S.C. 78f.

<sup>28</sup> 15 U.S.C. 78f(b)(5).

markets. There are a number of reasons this is the case, including that there is not inside information about revenue, earnings, corporate activities, or sources of supply; manipulation of the price on any single venue would require manipulation of the global XRP price in order to be effective; a substantial over-the-counter market provides liquidity and shock-absorbing capacity; XRP's 24/7/365 nature provides constant arbitrage opportunities across all trading venues; and it is unlikely that any one actor could obtain a dominant market share.

Further, XRP is arguably less susceptible to manipulation than other commodities that underlie ETPs; there may be inside information relating to the supply of the physical commodity such as the discovery of new sources of supply or significant disruptions at mining facilities that supply the commodity that simply are inapplicable as it relates to certain cryptoassets, including XRP. Further, the Exchange believes that the fragmentation across XRP trading platforms and increased adoption of XRP, as displayed through increased user engagement and trading volumes, and the XRP Ledger make manipulation of XRP prices through continuous trading activity more difficult. Moreover, the linkage between the XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP price on any single venue would require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple XRP trading platforms in order to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular XRP trading platform. As a result, the potential for manipulation on a particular XRP trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences. For all of these reasons, XRP is not particularly susceptible to manipulation, especially as compared to other approved ETP reference assets.

#### Commodity-Based Trust Shares

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed on the Exchange pursuant to the initial and continued listing criteria in Exchange Rule 14.11(e)(4). The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of

Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Commodity-Based Trust Shares. The Sponsor has represented to the Exchange that it will advise the Exchange of any failure by the Fund or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Fund or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12. The Exchange may obtain information regarding trading in the Shares and listed XRP derivatives via the ISG, from other exchanges who are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

#### Availability of Information

In addition to the price transparency of the Index, the Fund will provide information regarding the Fund's XRP holdings as well as additional data regarding the Fund.

The website for the Fund, which will be publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price;<sup>33</sup> (b) the BZX Official Closing Price in relation to the NAV per Share as of the time the NAV is calculated and a calculation of the premium or discount of such price against such NAV per Share; (c) data in chart form displaying the frequency distribution of discounts and premiums of the BZX Official Closing Price against the NAV per Share, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Fund, if shorter); (d) the prospectus; and (e) other applicable quantitative information. The aforementioned information will be published as of the close of business and be available on the Fund's website at <https://www.franklintempleton.com/investments/options/exchange-traded-funds>, or any successor thereto. The NAV for the Fund will be calculated by the Administrator once a day and will be disseminated daily to all market

<sup>33</sup> As defined in Rule 11.23(a)(3), the term "BZX Official Closing Price" shall mean the price disseminated to the consolidated tape as the market center closing trade.

participants at the same time. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The Fund will also disseminate its holdings on a daily basis on its website.

The IIV will be calculated by using the prior day's closing NAV per Share as a base and updating that value during Regular Trading Hours to reflect changes in the value of the Fund's XRP holdings during the trading day, which is based on the CME CF XRP-Dollar Real Time Index. The IIV disseminated during Regular Trading Hours should not be viewed as an actual real-time update of the NAV, which will be calculated only once at the end of each trading day. The IIV will be widely disseminated on a per Share basis every 15 seconds during the Exchange's Regular Trading Hours through the facilities of the CTA and CQS high speed lines. In addition, the IIV will be available through on-line information services such as Bloomberg and Reuters.

The price of XRP will be made available by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours.

As noted above, the Index is calculated daily and aggregates the notional value of XRP trading activity across major spot XRP trading platforms. Index data, the Index value, and the description of the Index are based on information made publicly available by the Index Provider on its website at <https://www.cfbenchmarks.com>.

Quotation and last sale information for XRP is widely disseminated through a variety of major market data vendors, including Bloomberg and Reuters. Information relating to trading, including price and volume information, in XRP is available from major market data vendors and from the trading platforms on which XRP are traded. Depth of book information is also available from XRP trading platforms. The normal trading hours for XRP trading platforms are 24 hours per day, 365 days per year.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's BZX Official Closing Price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA.

In sum, the Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act, that on the whole the manipulation concerns previously articulated by the Commission are sufficiently mitigated to the point that they are outweighed by investor protection issues that would be resolved by approving this proposal.

The Exchange believes that the proposal is, in particular, designed to protect investors and the public interest. The investor protection issues for U.S. investors has grown significantly over the last several years, through premium/discount volatility and management fees for OTC XRP Funds. As discussed throughout, this growth investor protection concerns need to be re-evaluated and rebalanced with the prevention of fraudulent and manipulative acts and practices concerns that previous disapproval orders have relied upon.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change, rather will facilitate the listing and trading of an additional exchange-traded product that will enhance competition among both market participants and listing venues, to the benefit of investors and the marketplace.

#### *C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others*

The Exchange neither solicited nor received comments on the proposed rule change.

### **III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 45 days of the date of publication of this notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

#### *Electronic Comments*

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-040 on the subject line.

#### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-CboeBZX-2025-040. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CboeBZX-2025-040 and should be submitted on or before April 9, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>34</sup>

**Vanessa A. Countryman,**  
*Secretary.*

[FR Doc. 2025-04509 Filed 3-18-25; 8:45 am]

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### **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-102663; File No. SR-IEX-2025-02]

#### **Self-Regulatory Organizations: Investors Exchange LLC; Notice of Filing of Amendment No. 1 to a Proposed Rule Change To Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called IEX Options**

March 13, 2025.

On January 10, 2025, the Investors Exchange LLC ("IEX" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt rules to govern the trading of options on IEX Options LLC, a facility of the Exchange that will be established in a separate rule filing. The proposed rule change was published for comment in the **Federal Register** on January 21, 2025.<sup>3</sup> On March 6, 2025, the Commission designated a longer period within which to take action on the proposed rule change.<sup>4</sup> On March 12, 2025, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> The Commission has received comments on the proposed rule change.<sup>6</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended by Amendment No. 1, from interested persons. Items I and II below have been prepared by the Exchange.

<sup>34</sup> 17 CFR 200.30-3(a)(12).

<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 102190 (Jan. 14, 2025), 90 FR 7205.

<sup>4</sup> See Securities Exchange Act Release No. 102536, 90 FR 11866 (Mar. 12, 2025). The Commission designated April 21, 2025 as the date by which it should either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change. See *id.*

<sup>5</sup> Amendment No. 1 is publicly available on the Commission's website at: [sriex202502-580115-1667463.pdf](https://www.sec.gov/comments/sr-iex-2025-02/sriex202502.pdf). See *infra*, notes 9-12 and accompanying text for a further explanation of the proposed revisions to the proposed rule change set forth in Amendment No. 1.

<sup>6</sup> Comments on the proposed rule change are available at <https://www.sec.gov/comments/sr-iex-2025-02/sriex202502.htm>.