

Date filed with Postal Regulatory Commission	Negotiated service agreement product category and No.	MC docket No.	K docket No.
6/20/2025 .....	PM-GA 787	MC2025-1534	K2025-1528
6/23/2025 .....	PM 894	MC2025-1535	K2025-1529
6/23/2025 .....	PM-GA 788	MC2025-1536	K2025-1530
6/23/2025 .....	PM-GA 789	MC2025-1538	K2025-1532
6/24/2025 .....	PM 895	MC2025-1539	K2025-1533
6/24/2025 .....	PM-GA 790	MC2025-1540	K2025-1534
6/25/2025 .....	PM 896	MC2025-1541	K2025-1535
6/25/2025 .....	PM 897	MC2025-1542	K2025-1536
6/26/2025 .....	PM-GA 791	MC2025-1543	K2025-1537
6/26/2025 .....	PM-GA 792	MC2025-1544	K2025-1538
6/26/2025 .....	PM-GA 793	MC2025-1545	K2025-1539
6/26/2025 .....	PM 898	MC2025-1547	K2025-1541
6/27/2025 .....	PM 899	MC2025-1548	K2025-1542

Documents are available at  
[www.prc.gov](http://www.prc.gov).

Sean C. Robinson,

Attorney, Corporate and Postal Business Law.

[FR Doc. 2025-12310 Filed 7-1-25; 8:45 am]

BILLING CODE 7710-12-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103345; File No. SR-NYSEARCA-2024-87]

### Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing of Amendment No. 1 to Proposed Rule Change To Amend NYSE Arca Rule 8.500-E and To List and Trade Shares of the Grayscale Digital Large Cap Fund LLC

June 27, 2025.

On October 15, 2024, NYSE Arca, Inc. ("NYSE Arca" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to adopt new NYSE Arca Rule 8.800-E to provide for the listing and trading of Commodity- and Digital Asset-Based Investment Interests and to list and trade shares of the Grayscale Digital Large Cap Fund LLC under proposed NYSE Arca Rule 8.800-E. The proposed rule change was published for comment in the **Federal Register** on November 4, 2024.<sup>3</sup>

On December 17, 2024, pursuant to Section 19(b)(2) of the Exchange Act,<sup>4</sup>

the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On January 31, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Exchange Act<sup>6</sup> to determine whether to approve or disapprove the proposed rule change.<sup>7</sup> On April 29, 2025, pursuant to Section 19(b)(2) of the Exchange Act,<sup>8</sup> the Commission designated a longer period for Commission action on proceedings to determine whether to approve or disapprove the proposed rule change.<sup>9</sup>

On June 26, 2025, the Exchange filed with the Commission Amendment No. 1 to proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. Amendment No. 1 replaces and supersedes the proposed rule change as originally filed. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

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

The Exchange proposes to amend NYSE Arca Rule 8.500-E (Trust Units) and to list and trade shares of the Grayscale Digital Large Cap Fund LLC (the "Fund") under Rule 8.500-E, as

<sup>5</sup> See Securities Exchange Act Release No. 101939, 89 FR 104581 (Dec. 23, 2024) (designating February 2, 2025, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> See Securities Exchange Act Release No. 102313, 90 FR 9092 (Feb. 6, 2025).

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> See Securities Exchange Act Release No. 102941, 90 FR 19037 (May 5, 2025) (designating July 2, 2025, as the date by which the Commission shall either approve or disapprove the proposed rule change).

amended. This Amendment No. 1 to SR-NYSEARCA-2024-87 replaces SR-NYSEARCA-2024-87 as originally filed and supersedes such filing in its entirety.<sup>10</sup> The proposed rule change is available on the Exchange's website at [www.nyse.com](http://www.nyse.com), at the principal office of the Exchange, 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 self-regulatory organization 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 those statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

###### 1. Purpose

Currently, Rule 8.500-E provides for the listing and trading of Trust Units, which are defined in Rule 8.500-E(b)(2) as securities issued by a trust or other similar entity that is constituted as a commodity pool that holds investments comprising or otherwise based on any combination of futures contracts, options on futures contracts, forward contracts, swap contracts, commodities and/or securities.

The Exchange first proposes to amend Rule 8.500-E(b)(1), which currently

<sup>10</sup> This Amendment No. 1 withdraws the Exchange's original proposal to adopt new NYSE Arca Rule 8.800-E relating to the listing and trading of Commodity- and/or Digital Asset-Based Investment Interests and to list shares of the Fund under such rule.

<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. 101470 (Oct. 29, 2024), 89 FR 87681. Comments on the proposed rule change are available at: <https://www.sec.gov/comments/sr-nysearca-2024-87/srnysearca202487.htm>.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

provides that the term “commodity,” as used in this Rule, is defined in Section 1(a)(4) of the Commodity Exchange Act. The Exchange proposes to update the reference to Section 1(a)(4) with a reference to Section 1a(9), to accurately reflect the current section reference for the definition of a commodity in the Commodity Exchange Act.

The Exchange next proposes to amend the definition of Trust Units in Rule 8.500–E(b)(2). Specifically, the Exchange proposes that Rule 8.500–E(b)(2) would provide that Trust Units may be issued by a trust, limited liability company, or other similar entity. The Exchange also proposes to specify, by adding the phrase “if applicable,” that the requirement that an entity issuing Trust Units be constituted as a commodity pool will continue to apply, but only with respect to entities that are required to be organized as commodity pools, and to add the word “and” following the term commodity pool to clarify that all entities issuing Trust Units would hold investments as enumerated in Rule 8.500–E(b)(2). The Exchange believes that these proposed changes to broaden the types of entities that could issue Trust Units would afford prospective issuers additional flexibility and encourage the listing and trading of additional series of Trust Units, to the benefit of the investing public.

The Exchange also proposes to amend Rule 8.500–E(c), which currently provides that the Exchange may list and trade Trust Units based on an underlying asset, commodity, security or portfolio. The Exchange proposes to amend Rule 8.500–E(c) to provide that the Exchange may list and trade Trust Units based on an underlying asset, commodity, security, and/or portfolio, which may be represented by an index or portfolio of any of the foregoing. These proposed changes are intended to clarify that Trust Units may be based on an underlying asset, commodity, security, portfolio, or combination thereof, as well as to specify that the underlying components of a series of Trust Units may be represented by an index or portfolio based on an asset, commodity, security, and/or portfolio.

The Exchange further proposes to amend Rule 8.500–E(d)(2)(ii), which currently provides that, upon termination of a trust, the Exchange requires that Trust Units issued in connection with such trust be removed from Exchange listing and that a trust will terminate in accordance with the provisions of the prospectus. Consistent with the proposed change described above to amend Rule 8.500–E to permit Trust Units to be issued by a trust,

limited liability company, or similar entity, the Exchange proposes conforming changes in Rule 8.500–E(d)(2)(ii). Specifically, the Exchange proposes that Rule 8.500–E(d)(2)(ii) would provide that, upon termination of a trust, limited liability company, or other similar entity, the Exchange would require that Trust Units issued in connection with such trust, limited liability company, or other entity be removed from Exchange listing. Rule 8.500–E(d)(2)(ii), as proposed, would also provide that a trust, limited liability company, or other entity issuing Trust Units pursuant to Rule 8.500–E would terminate in accordance with the provisions of the prospectus associated with such series of Trust Units.

The Exchange next proposes to add a new subheading in Rule 8.500–E(d)(3), which currently sets forth continued listing requirements pertaining to the term of a trust issuing Trust Units. The Exchange proposes that Rule 8.500–E(d)(3) would be titled “Trust Units Issued by a Trust,” and that the current text of Rule 8.500–E(d)(3) be designated as new subparagraph (i) to Rule 8.500–E(d)(3). The Exchange further proposes that current Rule 8.500–E(d)(4) (relating to the trustee of a trust issuing Trust Units) be designated as new subparagraph (ii) to Rule 8.500–E(d)(3) and that subparagraphs (i) and (ii) under current Rule 8.500–E(d)(4) be renumbered as new subparagraphs (A) and (B), respectively, below new Rule 8.500–E(d)(3)(ii). In addition, to reflect the consolidation of current Rules 8.500–E(d)(3) and (d)(4), the Exchange proposes to renumber current Rule 8.500–E(d)(5) as Rule 8.500–E(d)(4). The Exchange does not propose any changes to the text of these rules. These proposed changes are intended to clarify the applicability of the requirements set forth in current Rules 8.500–E(d)(3) and (4) to series of Trust Units issued by a trust, specifically.

The Exchange also proposes to amend Rule 8.500–E(e), relating to limitation of Exchange liability. Specifically, the Exchange proposes to amend the first sentence of Rule 8.500–E(e) to add a reference to underlying index value, such that Rule 8.500–E(e) would provide that neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating any underlying portfolio or index value. This proposed change is consistent with the proposed change to Rule 8.500–E(c) described above to specify that the underlying components of a series of Trust Units may be represented by an index or

portfolio based on an asset, commodity, security, and/or portfolio.

The Exchange further proposes to amend Commentary .03 to Rule 8.500–E to specify, consistent with the proposed change to Rule 8.500–E(c) described above to provide that a series of Trust Units may be based on an index, that the Exchange will file separate proposals under Section 19(b) of the Securities Exchange Act of 1934 before listing and trading separate and distinct Trust Units designated on different underlying investments, commodities, assets, indices, and/or portfolios, and that all statements or representations contained in such rule filing regarding the description of the index or portfolio or reference asset will constitute continued listing requirements.

Finally, the Exchange also proposes to amend Rule 5.3–E to include Trust Units listed pursuant to Rule 8.500–E among the derivative or special purpose securities that are subject to a limited set of corporate governance and disclosure policies and to amend Rule 5.3–E(e) to include Trust Units listed pursuant to Rule 8.500–E among the derivative or special purpose securities to which the requirements concerning shareholder/annual meetings do not apply.

#### Grayscale Digital Large Cap Fund

The Exchange proposes to list and trade shares (“Shares”) <sup>11</sup> of the Fund pursuant to NYSE Arca Rule 8.500–E, as amended.<sup>12</sup>

<sup>11</sup> The Shares are expected to be listed under the ticker symbol “GDLC.”

<sup>12</sup> On May 13, 2021, the Fund filed its registration statement on Form 10 under the Securities Act (File No. 000–56284) (the “Registration Statement on Form 10”). On June 28, 2021, the Fund filed Amendment No. 1 to the Registration Statement on Form 10. On August 13, 2021, the Fund filed Amendment No. 2 to the Registration Statement on Form 10. On November 29, 2021, the Fund filed Amendment No. 3 to the Registration Statement on Form 10. On January 20, 2022, the Fund filed Amendment No. 4 to the Registration Statement on Form 10. On February 4, 2022, the Fund filed Amendment No. 5 to the Registration Statement on Form 10. On July 12, 2021, the Registration Statement on Form 10 was automatically deemed effective. On September 27, 2021, September 1, 2022, September 1, 2023, and September 6, 2024, the Fund filed its annual report on Form 10–K under the Securities Act (File No. 000–56284) (the “Annual Reports”). On November 5, 2021, February 10, 2022, May 6, 2022, November 4, 2022, February 8, 2023, May 5, 2023, November 3, 2023, February 7, 2024, May 3, 2024, November 1, 2024, February 5, 2025, and May 2, 2025, the Fund filed its quarterly reports on Form 10–Q under the Securities Act (File No. 000–56284) (the “Quarterly Reports”). On February 7, 2018, the Fund submitted to the Commission a Form D as a limited liability company. Shares of the Fund have been quoted on OTC Market’s OTCQX Best Marketplace under the symbol “GDLC” since October 14, 2019. On October 15, 2019 and September 23, 2020, the Fund

The manager of the Fund is Grayscale Investments Sponsors, LLC (“Manager”), a Delaware limited liability company. The Manager is a wholly owned indirect subsidiary of Digital Currency Group, Inc. (“Digital Currency Group”). The custodian for the Fund is Coinbase Custody Trust Company, LLC (“Custodian”). The administrator and transfer agent of the Fund will be BNY Mellon Asset Servicing, a division of The Bank of New York Mellon (the “Transfer Agent”). The distribution and marketing agent for the Fund will be Foreside Fund Services, LLC (the “Marketing Agent”). The index provider and digital asset index price provider for the Fund is CoinDesk Indices, Inc. (the “Index Provider”).

The Fund is a Cayman Islands limited liability company, formed on January 25, 2018, that operates pursuant to a limited liability company agreement between the Manager and the Shareholders (“LLC Agreement”). The Fund has no fixed termination date.

The Fund is one of the world’s largest diversified crypto investment funds by assets under management as of the date of this filing. The Fund is an SEC reporting company with its Shares registered pursuant to Section 12(g) of the ‘34 Act since July 12, 2021. Shares of the Fund have been quoted on OTC Market’s OTCQX Best Market under the symbol “GDLC” since October 14, 2019. The Fund has approximately \$741.9

published annual reports for GDLC for the periods ended June 30, 2019 and June 30, 2020, respectively. On November 11, 2019, February 13, 2020, May 8, 2020, November 6, 2020, February 12, 2021, and May 13, 2021, the Fund published quarterly reports for GDLC for the periods ended September 30, 2019, December 31, 2019, March 31, 2020, September 30, 2020, December 31, 2020, and March 31, 2021, respectively. Reports published before July 12, 2021, the date on which the Fund’s Shares became registered pursuant to Section 12(g) of the Act, can be found on OTC Market’s website (<https://www.otcm Markets.com/stock/GDLC/disclosure>), and reports published on or after July 12, 2021 can be found on OTC Market’s website and the Commission’s website (<https://www.sec.gov/edgar/browse/?CIK=1729997&owner=exclude>). The Shares will be of the same class and will have the same rights as shares of GDLC. According to Grayscale Investments, LLC, freely tradeable shares of GDLC will remain freely tradeable Shares on the date of the listing of the Shares that are unregistered under the Securities Act. Restricted shares of GDLC will remain subject to private placement restrictions on such date, and the holders of such restricted shares will continue to hold those Shares subject to those restrictions until they become freely tradable Shares. On April 1, 2025, the Fund filed its registration statement on Form S-3 under the Securities Act (File No. 333-286293) (the “Registration Statement”). On May 16, 2025, the Fund filed Amendment No. 1 to the Registration Statement. On June 6, 2025, the Trust filed Amendment No. 2 to the Registration Statement. The descriptions of the Fund, the Shares, and the digital assets contained herein are based, in part, on the Registration Statement, as amended.

million in assets under management,<sup>13</sup> and its Shares have historically traded in the millions of dollars in daily volume and are held by more than a quarter of a million American investor accounts seeking exposure to the digital assets held by the Fund (the “Fund Components”) without the cost and complexity of purchasing any of the individual assets directly.<sup>14</sup> As of the date of this filing, the Fund Component weightings are Bitcoin (80.20%), Ether (11.39%), Solana (SOL) (2.78%), XRP (4.82%) and Cardano (ADA) (0.81%).<sup>15</sup> However, because the Fund is not currently listed as an exchange-traded product (“ETP”), the Fund has not been able to operate an ongoing creation and redemption program that would allow the Fund to closely track the value of the Fund’s underlying Fund Components and currently trades at a market price reflecting a discount to its net asset value. The Manager thus believes that allowing Shares of the Fund to list and trade on the Exchange as an ETP (*i.e.*, converting the Fund to a spot ETP) would unlock over \$40 million of value<sup>16</sup> for the Fund’s shareholders and provide other investors with a safe and secure way to invest in the Fund Components on a regulated national securities exchange.

#### Operation of the Fund

According to the Registration Statement, the Fund’s assets consist solely of the Fund Components.<sup>17</sup> The Fund Components consist of the digital

assets that make up the CoinDesk 5 Index (the “CD5” or “Index”), as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets and/or rebalance the weighting of the Fund Components in certain rules-based circumstances as further described in “Index Components Compared to Fund Components” below.<sup>18</sup> The description of the Fund and Fund Components herein reflects the operation of the Fund as of July 1, 2025.<sup>19</sup>

As described in “Determination of the Index Prices” below, each Share represents a proportional interest, based on the total number of Shares outstanding, in each of the Fund Components, as determined by reference to the respective Index Prices and weightings of each Fund Component,<sup>20</sup> less the Fund’s expenses and other liabilities (which include accrued but unpaid fees and expenses). The Manager expects that the market price of the Shares will fluctuate over time in response to the market prices of the Fund Components. In addition,

<sup>18</sup> The CD5 is designed and managed by the Index Provider and was formerly known as the CoinDesk Large Cap Select Index (the “DLCS”). Prior to June 5, 2025, the Fund Components consisted of the digital assets that make up the DLCS, as rebalanced from time to time, subject to the Manager’s discretion to exclude individual digital assets and/or rebalance the weightings of Fund Components in certain rules-based circumstances. The DLCS and CD5 apply different criteria to identify the digital assets that may be included in each index and the number of digital assets that may be included in each index, but they otherwise operate similarly in terms of applying market capitalization, liquidity and data availability criteria to such digital assets to select index components and are both intended to represent a diversified benchmark for the largest and most liquid digital assets in the digital asset market. The transition from the DLCS to the CD5 on June 5, 2025 did not result in any change to the Fund Components or the weightings of the Fund Components.

<sup>19</sup> Although the Fund Components reflected the components of the CD5 beginning on June 5, 2025, the Fund will not begin to value the Fund Components based on the CD5 index methodology (as further described below) until July 1, 2025, pursuant to the effectiveness of such methodology as determined by the Index Provider. Shares of the Fund will not list and trade on the Exchange prior to July 1, 2025.

<sup>20</sup> As further described below, the value of the Fund Components is determined by reference to their “Index Prices.” The “Index Price” of each Fund Component is the U.S. dollar value of each Fund Component derived from the Digital Asset Trading Platforms (as defined below) that are reflected in each Fund Component’s CoinDesk CCIXber Reference Rate (which will be disseminated by major market data vendors), calculated at 4:00 p.m., New York time, on each business day. As also described further below, the weightings of the Fund Components are generally expected to be the same as the weightings of the components of the CD5, except when the Manager determines to exclude one or more digital assets from the Fund Components and/or rebalance the weighting of the Fund Components in certain rules-based circumstances.

<sup>13</sup> As of June 20, 2025.

<sup>14</sup> As of the date of this filing.

<sup>15</sup> The Fund Components and their weightings are calculated as if the Fund were operating based on the CoinDesk 5 Index (as further discussed below). The Manager will ensure that the Fund Components are consistent with the requirements set forth in this proposed rule change.

<sup>16</sup> As of June 20, 2025.

<sup>17</sup> The Fund will not obtain exposure to any Fund Component via futures, options on futures, or any other derivative. The Fund may from time to time come into possession of Forked Assets (as defined below) by virtue of its ownership of the Fund Components, generally through a fork in the respective Fund Component’s blockchain, an airdrop offered to holders of the respective Fund Component or other similar event. “Rights to Forked Assets” are rights to acquire, or otherwise establish dominion and control over, any virtual currency or other asset or right, which rights are incident to the Fund’s ownership of the Fund Components and arise without any action of the Fund, or of the Manager on behalf of the Fund. A “Forked Asset” is any virtual currency token, or other asset or right, acquired by the Fund through the exercise (subject to the applicable provisions of the LLC Agreement) of any Rights to Forked Assets. Although the Fund is permitted to take certain actions with respect to Forked Assets in accordance with its LLC Agreement, at this time the Fund will prospectively irrevocably abandon any Forked Assets. In the event the Fund seeks to change this position, the Exchange would file a subsequent proposed rule change with the Commission.

because the Shares reflect the estimated accrued but unpaid expenses of the Fund, except as otherwise affected by a rebalancing of the Fund's portfolio, the number of Fund Components represented by a Share is generally expected to gradually decrease over time as the Fund Components are used to pay the Fund's expenses.

The activities of the Fund are limited to (i) issuing "Baskets" (as defined below) in exchange for Fund Components and cash transferred to the Fund as consideration in connection with creations, (ii) transferring or selling Fund Components as necessary to cover the "Manager's Fee" <sup>21</sup> and/or any "Additional Fund Expenses," <sup>22</sup> (iii) transferring Fund Components and cash in exchange for Baskets surrendered for redemption (subject to approval of the Manager), (iv) causing the Manager to sell Fund Components on the termination of the Fund, and (v) engaging in all administrative and security procedures necessary to accomplish such activities in accordance with the provisions of the LLC Agreement, the Custodian Agreement, the Index License Agreement, and the Participant Agreements (each as defined below).<sup>23</sup>

<sup>21</sup> The Manager's Fee means a fee, payable in the Fund Components then held by the Fund in proportion to such Fund Components' respective weightings, which accrues daily in U.S. dollars at an annual rate of currently 2.5%, but which will be lowered in connection with the Fund becoming an ETP, of the NAV Fee Basis Amount of the Fund as of 4:00 p.m., New York time, on each day, provided that for a day that is not a business day, the calculation of the Manager's Fee will be based on the NAV Fee Basis Amount from the most recent business day, reduced by the accrued and unpaid Manager's Fee for such most recent business day and for each day after such most recent business day and prior to the relevant calculation date. The "NAV Fee Basis Amount" is calculated in the manner set forth under "Valuation of Fund Components and Determination of NAV" below.

<sup>22</sup> "Additional Fund Expenses" are any expenses incurred by the Fund in addition to the Manager's Fee that are not Manager-paid expenses, including, but not limited to, (i) taxes and governmental charges, (ii) expenses and costs of any extraordinary services performed by the Manager (or any other service provider) on behalf of the Fund to protect the Fund or the interests of shareholders, (iii) any indemnification of the Custodian or other agents, service providers or counterparties of the Fund, (iv) the fees and expenses related to the listing, quotation or trading of the Shares on any marketplace or other alternative trading system, as determined by the Manager, on which the Shares may then be listed, quoted or traded, including but not limited to, NYSE Arca, Inc. (including legal, marketing and audit fees and expenses) to the extent exceeding \$600,000 in any given fiscal year and (v) extraordinary legal fees and expenses, including any legal fees and expenses incurred in connection with litigation, regulatory enforcement or investigation matters.

<sup>23</sup> Neither the Fund, nor the Manager, nor the Custodian, nor any other person associated with the Fund will, directly or indirectly, engage in action where any portion of the Fund Components

The Fund will not be actively managed.<sup>24</sup> The Fund will not take any actions to take advantage of, or mitigate, the impacts of volatility in the prices of the Fund Components.

#### Investment Objective

According to the Registration Statement, and as further described below, the Fund's investment objective is for the value of the Shares (based on net asset value ("NAV") per Share) to reflect the value of the Fund Components held by the Fund, as determined by reference to their Index Prices and weightings within the Fund, less the Fund's expenses and other liabilities. As further discussed below, the weightings of the Fund Components are generally expected to be the same as the weightings of the components of the CD5, except when the Manager determines to exclude one or more digital assets from the Fund Components and/or rebalance the weighting of the Fund Components in certain rules-based circumstances as further described in "Index Components Compared to Fund Components" below.

While an investment in the Shares is not a direct investment in the Fund Components, the Shares are designed to provide investors with a cost-effective and convenient way to gain investment exposure to the Fund Components. Generally speaking, a substantial direct investment in the Fund Components may require expensive and sometimes complicated arrangements in connection with the acquisition, security and safekeeping of the Fund Components and may involve the payment of substantial fees to acquire such Fund Components from third-party facilitators through cash payments of U.S. dollars. Because the value of the Shares is correlated with the value of Fund Components held by the Fund, it is important to understand the investment attributes of, and the market for, the Fund Components.

The Fund uses the Index Price of each Fund Component to calculate its NAV, which is the aggregate value, expressed in U.S. dollars, of the Fund's assets, less the U.S. dollar value of the Fund's expenses and other liabilities calculated in the manner set forth under "Valuation of Fund Components and

becomes subject to proof-of-stake validation or is used to earn additional Fund Components or generate income or other earnings.

<sup>24</sup> The Fund is a passive entity that is managed and administered by the Manager and does not have any officers, directors or employees. The Manager will retain limited discretion to exclude digital assets from the Fund Components and/or rebalance the weighting of the Fund Components only in certain rules-based circumstances, as further discussed below.

Determination of NAV." "NAV per Share" is calculated by dividing NAV by the number of Shares then outstanding.

#### Valuation of Fund Components and Determination of NAV

The following is a description of the material terms of the LLC Agreement as it relates to valuation of the Fund digital assets and the NAV calculations.<sup>25</sup>

At 4:00 p.m., New York time, on each business day or as soon thereafter as practicable, the Manager will evaluate the Fund Components held by the Fund and calculate and publish the NAV of the Fund. To calculate the NAV, the Manager will:

1. For each Fund Component then held by the Fund:

a. Determine the Index Price for the Fund Component as of such business day;

b. Multiply the Index Price by the aggregate number of tokens of the Fund Component held by the Fund as of 4:00 p.m., New York time, on the immediately preceding business day;

c. Add the U.S. dollar value of the number of tokens of the Fund Component receivable under pending creation orders, if any, as calculated by multiplying the applicable Fund Component Basket Amount <sup>26</sup> by the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending creation orders; and

d. Subtract the U.S. dollar value of the number of tokens of the Fund Component to be distributed under pending redemption orders, if any, as calculated by multiplying the applicable

<sup>25</sup> While the Manager uses the terminology "NAV" in this filing, the term used in the LLC Agreement is "Digital Asset Holdings."

<sup>26</sup> "Fund Component Basket Amount" means, as of any trade date, the amount of tokens of such Fund Component required to be delivered in connection with each Creation Basket, as determined by dividing the amount of tokens of such Fund Component held by the Fund at 4:00 p.m., New York time, on such trade date, after deducting the applicable Fund Component Aggregate Liability Amount (defined below), by the number of Shares outstanding at such time (the quotient so obtained calculated to one one-hundred-millionth (*i.e.*, carried to the eighth decimal place)) and multiplying the quotient so obtained for the Fund Component by 100. "Fund Component Aggregate Liability Amount" means for any Fund Component and any trade date, an amount of tokens of such Fund Component equal to the sum of (x) all accrued but unpaid Fund Component Fee Amounts for such Fund Component as of 4:00 p.m., New York time, on such trade date and (y) the Fund Component Expense Amount as of 4:00 p.m., New York time, on such trade date. The "Fund Component Fee Amount" is the amount of tokens of each Fund Component payable as the Manager's Fee for any day. The "Fund Component Expense Amount" is the amount of tokens of each Fund Component payable as expenses for any day.

Fund Component Basket Amount by the applicable Index Price, and multiplying the result by the number of Baskets pending under such pending redemption orders;<sup>27</sup>

2. Calculate the sum of the resulting U.S. dollar values for all Fund Components then held by the Fund, as determined pursuant to paragraph 1 above;

3. Add (i) the amount of U.S. dollars then held by the Fund plus (ii) the amount of any U.S. dollars to be received by the Fund in connection with any pending creations;

4. Subtract the amount of any U.S. dollars to be distributed under pending redemption orders;

5. Subtract the U.S. dollar amount of accrued and unpaid Additional Fund Expenses, if any;

6. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee as of 4:00 p.m., New York time on the immediately preceding business day (the amount derived from steps 1 through 6, the "NAV Fee Basis Amount"); and

7. Subtract the U.S. dollar value of the accrued and unpaid Manager's Fee that accrues for such business day, as calculated based on the NAV Fee Basis Amount for such business day.

Notwithstanding the foregoing, in the event that the Manager determines that the primary methodology used to determine any of the Index Prices is not an appropriate basis for valuation of the Fund's digital assets, the Manager will utilize the cascading set of rules as described in "Determination of the Index Prices" below.

#### Background on Current Fund Components<sup>28</sup>

##### Bitcoin and the Bitcoin Network

Bitcoin is a digital asset that is created and transmitted through the operations of the peer-to-peer Bitcoin network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Bitcoin network, the infrastructure of which is collectively maintained by a decentralized user base. The Bitcoin network allows people to exchange tokens of value, called Bitcoin, which are recorded on a public transaction ledger known as a blockchain. Bitcoin can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar, at

rates determined on Digital Asset Markets<sup>29</sup> that trade Bitcoin or in individual end-user-to-end-user transactions under a barter system.

The Bitcoin network was initially contemplated in a white paper that also described Bitcoin and the operating software to govern the Bitcoin network. The white paper was purportedly authored by Satoshi Nakamoto. However, no individual with that name has been reliably identified as Bitcoin's creator, and the general consensus is that the name is a pseudonym for the actual inventor or inventors. The first Bitcoins were created in 2009 after Nakamoto released the Bitcoin network source code (the software and protocol that created and launched the Bitcoin network). The Bitcoin network has been under active development since that time by a group of engineers known as core developers. The core developers are able to access, and can alter, the Bitcoin network source code and, as a result, they are responsible for quasi-official releases of updates and other changes to the Bitcoin network's source code. The release of updates to the Bitcoin network's source code does not guarantee that the updates will be automatically adopted. Users and miners must accept any changes made to the Bitcoin source code by downloading the proposed modification of the Bitcoin network's source code. A modification of the Bitcoin network's source code is effective only with respect to the Bitcoin users and miners that download it. If a modification is accepted by only a percentage of users and miners, a division in the Bitcoin network will occur such that one network will run the pre-modification source code and the other network will run the modified source code. Such a division is known as a "fork."

Core development of the Bitcoin network source code has increasingly focused on modifications of the Bitcoin network protocol to increase speed and scalability and also allow for non-financial, next generation uses. For example, following the activation of

Segregated Witness on the Bitcoin network, an alpha version of the Lightning network was released. The Lightning network is an open-source decentralized network that enables instant off-blockchain transfers of the ownership of Bitcoin without the need of a trusted third party. The system utilizes bidirectional payment channels that consist of multi-signature addresses. One on-blockchain transaction is needed to open a channel and another on-blockchain transaction can close the channel. Once a channel is open, value can be transferred instantly between counterparties who are engaging in real Bitcoin transactions without broadcasting them to the Bitcoin network. New transactions will replace previous transactions and the counterparties will store everything locally as long as the channel stays open to increase transaction throughput and reduce computational burden on the Bitcoin network. Other efforts include increased use of smart contracts and distributed registers built into, built atop or pegged alongside the Bitcoin blockchain. For example, the white paper for Blockstream, an organization that includes core developer Pieter Wuille, calls for the use of "pegged sidechains" to develop programming environments that are built within Bitcoin blockchain ledgers that can interact with and rely on the security of the Bitcoin network and the Bitcoin blockchain, while remaining independent from them. Open-source projects such as RSK are a manifestation of this concept and seek to create the first open-source, smart contract platform built on the Bitcoin blockchain to enable automated, condition-based payments with increased speed and scalability. At this time, such projects remain in early stages and have not been materially integrated into the Bitcoin blockchain or the Bitcoin network. The Fund's activities will not directly relate to such projects, though such projects may utilize Bitcoin as tokens for the facilitation of their non-financial uses, thereby potentially increasing demand for Bitcoin and the utility of the Bitcoin network as a whole. Conversely, projects that operate and are built within the blockchain may increase the data flow on the Bitcoin network and could either "bloat" the size of the Bitcoin blockchain or slow confirmation times.

The supply of new Bitcoin is mathematically controlled so that the number of Bitcoin grows at a limited rate pursuant to a pre-set schedule. The number of Bitcoin awarded for solving a new block is automatically halved

<sup>27</sup> "Baskets" and "Basket Amount" have the meanings set forth in "Creation and Redemption of Shares" below.

<sup>28</sup> The description of the Fund Components in this section was provided by the Manager and is based on the Registration Statement.

<sup>29</sup> A "Digital Asset Market" is a "Brokered Market," "Dealer Market," "Principal-to-Principal Market" or "Exchange Market" (referred to as "Trading Platform Markets" in this proposal), as each such term is defined in the Financial Accounting Standards Board Accounting Standards Codification Master Glossary. The "Digital Asset Trading Platform Market" is the global trading platform market for the trading of digital assets, which consists of transactions on electronic Digital Asset Trading Platforms. A "Digital Asset Trading Platform" is an electronic marketplace where trading platform participants may trade, buy and sell digital assets based on bid-ask trading. The largest Digital Asset Trading Platforms are online and typically trade on a 24-hour basis, publishing transaction price and volume data.

after every 210,000 blocks are added to the blockchain. Currently, the fixed reward for solving a new block is 3.125 Bitcoin per block and this is expected to decrease by half to become 1.5625 Bitcoin after the next 210,000 blocks have entered the Bitcoin Network, which is expected to be mid-2028. This deliberately controlled rate of Bitcoin creation means that the number of Bitcoin in existence will increase at a controlled rate until the number of Bitcoin in existence reaches the pre-determined 21 million Bitcoin. As of March 31, 2025, approximately 19.8 million Bitcoins were outstanding and the date when the 21 million Bitcoin limitation will be reached is estimated to be the year 2140.

#### Ether and the Ethereum Network

Ether is a digital asset that is created and transmitted through the operations of the peer-to-peer “Ethereum Network,” a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Ethereum Network, the infrastructure of which is collectively maintained by a decentralized user base. The Ethereum Network allows people to exchange tokens of value, called Ether, which are recorded on a public transaction ledger known as a blockchain. Ether can be used to pay for goods and services, including computational power on the Ethereum Network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on Digital Asset Markets or in individual end-user-to-end-user transactions under a barter system.

Furthermore, the Ethereum Network also allows users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than Ether on the Ethereum Network. Smart contract operations are executed on the Ethereum blockchain in exchange for payment of Ether. The Ethereum Network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

The Ethereum Network went live on July 30, 2015.

#### Smart Contracts and Development on the Ethereum Network

Smart contracts are programs that run on a blockchain that can execute automatically when certain conditions are met. Smart contracts facilitate the exchange of anything representative of value, such as money, information, property, or voting rights. Using smart contracts, users can send or receive digital assets, create markets, store registries of debts or promises, represent ownership of property or a company, move funds in accordance with conditional instructions and create new digital assets.

Development on the Ethereum Network involves building more complex tools on top of smart contracts, such as decentralized apps (“DApps”); organizations that are autonomous, known as decentralized autonomous organizations (“DAOs”); and entirely new decentralized networks. For example, a company that distributes charitable donations on behalf of users could hold donated funds in smart contracts that are paid to charities only if the charity satisfies certain pre-defined conditions.

Moreover, the Ethereum Network has also been used as a platform for creating new digital assets and conducting their associated initial coin offerings. As of March 31, 2025, a majority of digital assets were built on the Ethereum Network, with such assets representing a significant amount of the total market value of all digital assets.

More recently, the Ethereum Network has been used for decentralized finance (“DeFi”) or open finance platforms, which seek to democratize access to financial services, such as borrowing, lending, custody, trading, derivatives and insurance, by removing third-party intermediaries. DeFi can allow users to lend and earn interest on their digital assets, exchange one digital asset for another and create derivative digital assets such as stablecoins, which are digital assets pegged to a reserve asset such as fiat currency. Over the course of 2024, between \$29 billion and \$79 billion worth of digital assets were locked up as collateral on DeFi platforms on the Ethereum Network.<sup>30</sup>

#### SOL and the Solana Network

The Solana protocol introduced the Proof-of-History (“PoH”) consensus mechanism as an alternative to Proof-of-Stake (“PoS”) blockchains like Ethereum and Proof-of-Work (“PoW”)

blockchains like Bitcoin.<sup>31</sup> PoH is a consensus mechanism that automatically orders on-chain transactions by creating a historical record that proves an event has occurred at a specific moment in time. PoH is intended to provide a transaction processing speed and capacity advantage over traditional PoW and PoS networks, which rely on sequential production of blocks and can lead to delays caused by validator confirmations.

The Solana protocol was first conceived by Anatoly Yakovenko in a 2017 whitepaper. Development of the Solana network is overseen by the Solana Foundation, a Swiss non-profit organization, and Solana Labs, Inc., a Delaware corporation, which administered the original network launch and token distribution. Smart contract operations are executed on the Solana blockchain in exchange for payment of SOL.

#### XRP and the XRP Network

XRP is a digital asset that was created by Chris Larsen, Jed McCaleb, Arthur Britto and David Schwartz (the “XRP Creators”) in 2012. Built out of the frustrations of Bitcoin’s utility for payments, the XRP ledger (the ledger to which XRP is native) is designed to be a global real-time payment and settlement system. The XRP Creators developed this unique digital asset to solve the scalability concerns that they believed were inherent in the structure of Bitcoin. In particular, XRP was created to improve the efficiency of payments. To this end, the open source code (available at <https://github.com/ripple/rippled/>) was designed to maximize speed, scalability, and stability.

For example, the XRP ledger can accommodate 4,400 transactions per second. This is, in part, because XRP is not mined like Bitcoin, but is designed for the ledgers to close in seconds based on a system of consensus. Further, because of the consensus methodology underlying the XRP design, network transaction fees are substantially lower than Bitcoin, typically less than \$0.01.

Given the unique qualities of XRP and the natural suitability of this digital asset to solve the friction experience with payments, the XRP Creators started a company, calling it Ripple, to further develop the ecosystem around XRP and

<sup>30</sup> DeFiLlama, “Ethereum Total Value Locked,” <https://defillama.com/chain/Ethereum>.

<sup>31</sup> Neither the Fund, nor the Manager, nor the Custodian, nor any other person associated with the Fund will, directly or indirectly, engage in action where any portion of the Fund’s Fund Components becomes subject to proof-of-stake validation or is used to earn additional Fund Components or generate income or other earnings.

build software solutions to address the friction in sending, processing, and sourcing liquidity for global payments. Thus, the company, Ripple, began as, and continues to be, a payments software company. Today, Ripple is focused on designing and deploying state-of-the-art and industry-leading software to enable banks and financial institutions to more easily effect cross-border payments. For maximum efficiency, Ripple's software can integrate XRP to solve liquidity and value transfer challenges.

#### ADA and the Cardano Network

ADA is a digital asset that is created and transmitted through the operations of the peer-to-peer Cardano network, a decentralized network of computers that operates on cryptographic protocols. No single entity owns or operates the Cardano network, the infrastructure of which is collectively maintained by a decentralized user base. The Cardano network allows people to exchange tokens of value, called ADA, which are recorded on a public transaction ledger known as a blockchain. ADA can be used to pay for goods and services, including computational power on the Cardano network, or it can be converted to fiat currencies, such as the U.S. dollar, at rates determined on digital asset exchanges or in individual end-user-to-end-user transactions under a barter system.

Furthermore, the Cardano network was designed to allow users to write and implement smart contracts—that is, general-purpose code that executes on every computer in the network and can instruct the transmission of information and value based on a sophisticated set of logical conditions. Using smart contracts, users can create markets, store registries of debts or promises, represent the ownership of property, move funds in accordance with conditional instructions and create digital assets other than ADA on the Cardano network. Smart contract operations are executed on the Cardano blockchain in exchange for payment of ADA. Like the Ethereum Network, the Cardano network is one of a number of projects intended to expand blockchain use beyond just a peer-to-peer money system.

Cardano was founded by Charles Hoskinson, a co-founder of the Ethereum Network. Development of the Cardano network is overseen by the Cardano Foundation, a Swiss non-profit organization that administered the original network launch and token distribution. The Cardano Foundation has contracted IOHK, a company founded by Hoskinson, to continue

building and maintaining the Cardano network.

#### Custody of the Fund Components

Digital assets and digital asset transactions are recorded and validated on blockchains, the public transaction ledgers of a digital asset network. Each digital asset blockchain serves as a record of ownership for all of the units of such digital asset, even in the case of certain privacy-preserving digital assets, where the transactions themselves are not publicly viewable. All digital assets recorded on a blockchain are associated with a public blockchain address, also referred to as a digital wallet. Digital assets held at a particular public blockchain address may be accessed and transferred using a corresponding private key.

#### Key Generation

Public addresses and their corresponding private keys are generated by the Custodian in secret key generation ceremonies at secure locations inside faraday cages, which are enclosures used to block electromagnetic fields and thus mitigate against attacks. The Custodian uses quantum random number generators to generate the public and private key pairs.

Once generated, private keys are encrypted, separated into “shards,” and then further encrypted. After the key generation ceremony, all materials used to generate private keys, including computers, are destroyed. All key generation ceremonies are performed offline. No party other than the Custodian has access to the private key shards of the Fund, including the Fund itself.

#### Key Storage

Private key shards are distributed geographically in secure vaults around the world, including in the United States. The locations of the secure vaults may change regularly and are kept confidential by the Custodian for security purposes.

The “Digital Asset Account” is a segregated custody account controlled and secured by the Custodian to store private keys, which allows for the transfer of ownership or control of the Fund's Fund Components on the Fund's behalf. The Digital Asset Account uses offline storage, or “cold storage,” mechanisms to secure the Fund's private keys. The term cold storage refers to a safeguarding method by which the private keys corresponding to digital assets are disconnected and/or deleted entirely from the internet. Cold storage of private keys may involve

keeping such keys on a non-networked (or “air-gapped”) computer or electronic device or storing the private keys on a storage device (for example, a USB thumb drive) or printed medium (for example, papyrus, paper, or a metallic object). A digital wallet may receive deposits of digital assets but may not send digital assets without use of the digital assets' corresponding private keys. In order to send digital assets from a digital wallet in which the private keys are kept in cold storage, either the private keys must be retrieved from cold storage and entered into an online, or “hot,” digital asset software program to sign the transaction, or the unsigned transaction must be transferred to the cold server in which the private keys are held for signature by the private keys and then transferred back to the online digital asset software program. At that point, the user of the digital wallet can transfer its digital assets.

#### Security Procedures

The Custodian is the custodian of the Fund's private keys (which, as noted above, facilitate the transfer of ownership or control of the Fund Components) in accordance with the terms and provisions of the custodian agreement by and between the Custodian, the Manager and the Fund (the “Custodian Agreement”). Transfers from the Digital Asset Account require certain security procedures, including, but not limited to, multiple encrypted private key shards, usernames, passwords and 2-step verification. Multiple private key shards held by the Custodian must be combined to reconstitute the private key to sign any transaction in order to transfer the Fund's assets. Private key shards are distributed geographically in secure vaults around the world, including in the United States.

As a result, if any one secure vault is ever compromised, this event will have no impact on the ability of the Fund to access its assets, other than a possible delay in operations, while one or more of the other secure vaults is used instead. These security procedures are intended to remove single points of failure in the protection of the Fund's assets.

Transfers of Fund Components to the Digital Asset Account will be available to the Fund once processed on the relevant blockchain.

Subject to authorization of the Manager, the process of accessing and withdrawing Fund Components from the Fund to redeem a Basket by an



Authorized Participant<sup>32</sup> will follow the same general procedure as transferring Fund Components to the Fund to create a Basket by an Authorized Participant, only in reverse.

The Manager will maintain ownership and control of the Fund Components in a manner consistent with good delivery requirements for spot commodity transactions.

#### Fund Component Value

##### Digital Asset Trading Platform Valuation

According to the Registration Statement, the value of digital assets is determined by the value that various market participants place on digital assets through their transactions. The most common means of determining the value of a digital asset is by surveying one or more Digital Asset Trading Platforms where the digital asset is traded publicly and transparently (*e.g.*, Coinbase, Kraken, LMAX Digital, Crypto.com, and Bitstamp).<sup>33</sup>

##### Digital Asset Trading Platform Public Market Data

On each online Digital Asset Trading Platform, digital assets are traded with publicly disclosed valuations for each executed trade, measured by one or more fiat currencies such as the U.S. dollar or Euro, or by the digital asset Bitcoin. Over-the-counter dealers or market makers do not typically disclose their trade data.

As of March 31, 2025, the Digital Asset Trading Platforms included in the Index Prices were Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX.<sup>34</sup> As further described below, the Manager and the Fund believe each of these Digital Asset Trading Platforms are in material compliance with applicable licensing requirements based on the “Trading Platform Category” (as defined below) and jurisdiction, as detailed below, and maintain practices and policies designed to comply with anti-money laundering (“AML”) and know-your-customer (“KYC”) regulations.

**Bitstamp:** A U.K.-based trading platform that has U.S. operations and entities registered as money services businesses (“MSBs”) with the U.S. Department of the Treasury’s Financial Crimes Enforcement Network

(“FinCEN”), holds a BitLicense, and that is licensed as a money transmitter in various U.S. states.

**Bitfinex:** A British Virgin Islands based trading platform. Bitfinex does not hold any licenses or registrations in the U.S. and is not available to U.S.-based customers. Bitfinex is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria<sup>35</sup> but is non-U.S. licensed.

**Bullish:** A Gibraltar-based trading platform that has entities registered as MSBs with FinCEN. Bullish is not available to U.S.-based customers. Bullish is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria outlined below but is non-U.S. licensed.

**Bybit:** A United Arab Emirates-based trading platform. Bybit does not hold any licenses or registrations in the U.S. and is not available to U.S. based customers. Bybit is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

**Crypto.com:** A Singapore-based trading platform that has entities registered as MSBs with FinCEN, and that is licensed as a money transmitter in various U.S. states and chartered as a non-depository trust company by the New Hampshire Banking Department. Crypto.com does not hold a BitLicense.

**Gemini:** A U.S.-based trading platform that has entities registered as MSBs with FinCEN and that is licensed as a money transmitter in various U.S. states. Gemini is exempt from applying for a BitLicense under the framework established by the New York Department of Financial Services (“NYDFS”) because of their trust charter under New York Banking Law.

**itBit:** A U.S.-based trading platform that has entities registered as MSBs with FinCEN and that is licensed as a limited purpose trust company under the NYDFS through its parent company, Paxos Trust Company, LLC. itBit does not hold a BitLicense.

**Kraken:** A U.S.-based trading platform that has entities registered as MSBs with FinCEN, and that is licensed as a money transmitter in various U.S. states and chartered as a Special Purpose Depository Institution by the Wyoming Division of Banking. Kraken does not hold a BitLicense.

**LMAX Digital:** A U.K.-based trading platform that has entities registered as a

broker with the U.K. Financial Conduct Authority, and that is licensed as an MSB with FinCEN and regulated by the Gibraltar Financial Services Commission.

**OKX:** A Seychelles-based trading platform. OKX does not hold any licenses or registrations in the U.S. and is not available to U.S.-based customers. OKX is categorized by the Index Provider as a “Category 2” trading platform that meets the Inclusion Criteria but is non-U.S. licensed.

Currently, there are several Digital Asset Trading Platforms operating worldwide, and online Digital Asset Trading Platforms represent a substantial percentage of buying and selling activity and provide the most data with respect to prevailing valuations of the Fund Components. These trading platforms include established trading platforms such as trading platforms included in the Index Prices, which provide a number of options for buying and selling the Fund Components. The below tables reflect the trading volume in each Fund Component and market share<sup>36</sup> of the

<sup>36</sup> Bitcoin market share is calculated using trading volume (in Bitcoin) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital and OKX, as well as certain other large U.S.-dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of March 31, 2025, including Binance, Binance.US, Bitflyer, CEX.IO, Coinbase, Deribit, Huobi, Kucoin, Lbank, MEXC and Deribit. Ether market share is calculated using trading volume (in Ether) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital and OKX, as well as certain other large U.S.-dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of March 31, 2025, including Binance, Binance.US, Bitflyer, CEX.IO, Coinbase, Deribit, Gemini, HitBTC, Huobi, itBit, KuCoin, Lbank, LMAX Digital, MEXC, and OKCoin. SOL market share is calculated using trading volume (in SOL) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, itBit, Kraken, LMAX Digital, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of March 31, 2025, including Binance, Binance.US, CEX.IO, Coinbase, Deribit, Gate.IO, KuCoin, Lbank, and MEXC. ADA market share is calculated using trading volume (in ADA) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bybit, Crypto.com, Kraken, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of March 31, 2025, including Binance, Binance.US, Coinbase, Gate.IO, HitBTC, KuCoin, and MEXC. XRP market share is calculated using trading volume (in XRP) for certain Digital Asset Trading Platforms, including Bitfinex, Bitstamp, Bullish, Bybit, Crypto.com, Gemini, Kraken, LMAX Digital, and OKX, as well as certain other large U.S. dollar and USDC denominated Digital Asset Trading Platforms that were not included in the Index Price as of March 31, 2025, including Bibox, Binance, Binance.US, Coinbase, Deribit, Gate.IO, KuCoin, Lbank, and MEXC.

<sup>32</sup> “Authorized Participant” has the meaning set forth in “Creation and Redemption of Shares” below.

<sup>33</sup> Over-the-counter dealers and market makers may also transact in digital assets.

<sup>34</sup> The Digital Asset Trading Platforms included in the Index Prices may vary, and not all Digital Asset Trading Platforms are included in each Index Price.

<sup>35</sup> The “Inclusion Criteria” are criteria applied by the Index Provider to determine whether a trading platform is eligible to become a Constituent Trading Platform, as further discussed in “Constituent Trading Platform Selection” below.



Fund Component-U.S. dollar and Fund  
Component-USD Coin ("USDC") trading  
pairs of each of the Digital Asset

Trading Platforms included in the Index  
Prices as of March 31, 2025  
(collectively, "Constituent Trading

Platforms"), using data reported by the  
Index Provider from January 1, 2024 to  
March 31, 2025:

Bitcoin trading platforms included in the Index Price as of March 31, 2025	Volume (Bitcoin)	Market share (%)
Crypto.com .....	5,649,095	35.01
Kraken .....	1,054,839	6.54
Bitstamp .....	962,978	5.97
LMAX Digital .....	909,192	5.64
Bitfinex .....	624,078	3.87
Bullish .....	561,913	3.48
Gemini .....	357,780	2.22
itBit .....	75,869	0.47
OKX .....	14,817	0.09
Total Bitcoin-U.S. Dollar trading pair .....	10,210,559	63.28
Bullish .....	3,802,861	39.47
Bybit .....	2,831,696	29.39
OKX .....	624,904	6.49
Kraken .....	48,807	0.51
Bitstamp .....	6,184	0.06
Total Bitcoin-USDC trading pair .....	7,314,452	75.91
Ether trading platforms included in the Index Price as of March 31, 2025	Volume (Ether)	Market share (%)
Crypto.com .....	147,382,677	62.57
LMAX Digital .....	8,517,589	3.62
Kraken .....	7,881,802	3.35
Bullish .....	7,763,216	3.30
Bitstamp .....	3,606,634	1.53
Bitfinex .....	3,529,425	1.50
Gemini .....	2,839,061	1.21
itBit .....	755,172	0.32
OKX .....	597,631	0.25
Total Ether-U.S. Dollar trading pair .....	182,873,207	77.63
Bybit .....	49,754,266	21.12
Bullish .....	43,462,680	18.45
OKX .....	8,970,449	3.81
Kraken .....	381,191	0.16
Bitstamp .....	32,379	0.01
Total Ether-USDC trading pair .....	102,600,965	43.56
SOL trading platforms included in the Index Price as of March 31, 2025	Volume (SOL)	Market share (%)
Kraken .....	180,697,333	21.26
Crypto.com .....	63,266,934	7.44
LMAX Digital .....	30,571,876	3.60
Bitstamp .....	19,768,722	2.33
Gemini .....	13,116,265	1.54
Bitfinex .....	12,411,935	1.46
Bullish .....	3,443,144	0.41
itBit .....	2,056,975	0.24
OKX .....	1,553,079	0.18
Total SOL-U.S. Dollar trading pair .....	326,886,263	38.46
Bybit .....	66,734,820	23.48
OKX .....	25,311,560	8.90
Bullish .....	23,783,549	8.37
Kraken .....	1,803,180	0.63
Total SOL-USDC trading pair .....	117,633,109	41.38

Trading Platforms included in the Index Price as of March 31, 2025	Volume (ADA)	Market share (%)
Kraken .....	5,074,914,798	17.24
Crypto.com .....	2,606,371,671	8.86
Bitfinex .....	856,345,067	2.91
Bitstamp .....	599,531,930	2.04
Total ADA-U.S. Dollar trading pair .....	9,137,163,466	31.05
Bybit .....	1,141,907,555	10.14
OKX .....	488,344,223	4.34
Kraken .....	113,409,303	1.01
Total ADA-USDC trading pair .....	1,743,661,080	15.49

  

XRP Trading Platforms included in the Index Price as of March 31, 2025	Volume (XRP)	Market share (%)
Crypto.com .....	12,847,158,745	13.76
Kraken .....	11,222,742,450	12.02
Bitstamp .....	6,621,938,727	7.09
LMAX Digital .....	5,340,528,253	5.72
Bitfinex .....	1,684,516,016	1.80
Gemini .....	868,329,195	0.93
OKX .....	84,362,827	0.09
Total XRP-U.S. Dollar trading pair .....	38,669,576,213	41.41
Bullish .....	21,913,561,282	54.49
Bybit .....	5,147,733,555	12.80
OKX .....	2,157,197,958	5.36
Kraken .....	81,385,761	0.20
Total XRP-USDC trading pair .....	29,299,878,556	72.86

The domiciles of, as well as the regulations and laws applicable to, the Digital Asset Trading Platforms included in the Index Prices vary. Information regarding each Digital Asset Trading Platform may be found, where available, on the websites for such Digital Asset Trading Platforms, among other places.

#### The Index and Index Prices

The digital assets that make up the CD5 (the "Index Components") are drawn from the universe of investable digital assets meeting the following criteria (the "Index Universe"): (i) the digital asset must be ranked in the top 250 by market capitalization, excluding stablecoins; (ii) the digital asset must be able to support an applicable index price by nature of its inclusion on a sufficient amount of digital asset trading platforms and volume metrics; (iii) the digital asset must not be a "wrapped token," "pegged token," or "liquid-staked asset," a "gas-only token," a "memecoin," a "privacy-focused" token, each as defined by the Index Provider, or an asset that meets the definition of a security as determined by the Index Provider; and (iv) the digital asset must be listed as a USD and/or USDC pair on a minimum of three trading platforms that contribute to the

applicable Index Price and such trading platform must meet the following requirements: (a) at least one listing has existed for the previous 90 days; (b) at least one digital trading platform is a Category 1 Trading Platform (as defined below); and (c) there has been 30 consecutive days of non-zero volume on all three trading platforms described above.

The Index Provider applies market capitalization, liquidity and data availability criteria to the digital assets in the Index Universe in order to arrive at five digital assets that, in the Index Provider's judgment, represent a diversified benchmark for the largest and most liquid digital assets in the digital asset market (the "Large Cap Sector"), rather than exposure to all digital assets in the Index Universe. The respective weightings of the Index Components within the CD5 are determined by the Index Provider based on market capitalization criteria and are referred to as the "Index Weightings." The process followed by the Index Provider to determine the Index Universe, the Index Components and their respective Index Weightings is referred to as the "CD5 Methodology."

The Fund will seek to (i) provide large cap coverage of the digital asset market; (ii) minimize transaction costs through

low turnover of the Fund's portfolio; and (iii) create a portfolio that could be replicated through direct purchases in the Digital Asset Market. Because Index Components target the Large Cap Sector and are included in the CD5 in accordance with market capitalization and liquidity criteria, as of March 31, 2025, the CD5 covered approximately 86% of the market capitalization of the entire digital asset market, excluding stablecoins and meme coins, based on data provided by the Index Provider calculated using data from CoinMarketCap.com. Additionally, as of March 31, 2025, the CD5 covered approximately 84% of the market capitalization of the Index Universe.

The Fund Components will consist of the Index Components except that the Manager may determine to exclude a particular Index Component and/or rebalance the weighting of the Fund Components, in its discretion under certain rules-based circumstances. The weightings of each Fund Component (the "Weightings") are generally expected to be the same as the Index Weightings except when the Manager determines to exclude one or more digital assets from the Fund Components and/or rebalance the weighting of the Fund Components, in which case the Weightings are generally

expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components. The Fund uses the CD5 Methodology, described further below, to construct its portfolio.

The Manager represents that it will ensure, on an initial and continuing basis, that, as of 4:00 p.m. E.T. on every trading day, at least 85% of the Fund Components consist of commodities that are the primary investment underlying ETPs previously approved by the Commission to list and trade on a national securities exchange (“Approved Components”) and that no more than 15% of the Fund Components will be non-Approved Components.<sup>37</sup> Specifically:

- To the extent the Fund’s composition is or is anticipated to be less than 85% Approved Components as of 4:00 p.m. E.T. on a given trading day,<sup>38</sup> the Manager will promptly notify the Exchange.

- In addition, as soon as practicable and in any event by no later than the

<sup>37</sup> The Exchange notes that this requirement is similar to Commentary .01(d)(1) to Rule 8.600–E regarding Managed Fund Shares, which permits portfolio holdings of series of Managed Fund Shares to be in listed derivatives provided that, in the aggregate, at least 90% of the weight of such holdings invested in futures, exchange-traded options, and listed swaps consist of, on both an initial and continued basis, futures, options, and swaps for which the Exchange may obtain information via the Intermarket Surveillance Group (“ISG”) from other members or affiliates of the ISG or for which the principal market is a market with which the Exchange has a comprehensive surveillance sharing agreement (“CSSA”). Here, the Exchange proposes that 85% of the Fund’s holdings consist of Approved Components. As of the date of this filing, the Commission has approved exchange-traded products based on spot Bitcoin and Ether in view of listing exchanges’ ability to obtain information via CSSA from the CME, a U.S. regulated market whose Bitcoin and Ether futures markets consistently have been highly correlated to spot Bitcoin and spot Ether, respectively, to assist in surveilling for fraudulent and manipulative acts and practices. See Bitcoin ETP Approval Order, note 43, *infra*; Ether ETP Approval Order, note 45, *infra*. The Exchange represents that its procedures are reasonably designed to surveil for fraudulent and manipulative acts and practices with respect to trading of the Fund’s Shares on the Exchange. In addition, the Exchange believes that the allocation structure proposed by the Manager mitigates certain risks with respect to trading of the Fund’s Shares because the Fund will be rebalanced if necessary, on a daily basis, to ensure that a majority of the Fund Components are Approved Components for which the Commission has found that there are sufficient means of preventing fraud and manipulation. The Manager notes that, as of the date of this filing, the Fund Components that meet this standard are Bitcoin and Ether, which currently make up approximately 80% and 11% of the Index, respectively.

<sup>38</sup> The Manager represents that it does not intend for the Fund Components to consist of less than 85% Approved Components intra-day or expect that the Fund Components will deviate from at least 85% Approved Components and will monitor the allocation of the Fund Components.

beginning of the NYSE Arca Core Trading Session on the following trading day, the Manager will rebalance the Fund’s portfolio according to the methodology described in the Fund’s prospectus (the “Prospectus”) such that at least 85% of the Weightings will consist of Approved Components.

- Moreover, if it is anticipated that, as of 4:00 p.m. E.T. on a given trading day, the Fund’s portfolio will not consist of at least 85% Approved Components by the start of the next NYSE Arca Core Trading Session, the Manager will notify the Exchange as soon as practicable (and, in any event, no later than 9:15 a.m. E.T.), and the Exchange will halt trading in the Fund Shares until at least 85% of the Weightings consist of Approved Components.

#### Eligibility and Weighting

Under the CD5 Methodology and subject to the below, a digital asset included in the Index Universe will generally be eligible for inclusion in the CD5 as an Index Component, and thus the Fund’s portfolio as a Fund Component, if it satisfies market capitalization, liquidity and data availability metrics determined by the Index Provider. Digital assets will be included in the CD5 on a market capitalization-weighted basis. For example, a digital asset with a larger market capitalization will have a higher representation in the CD5, and thus the Fund’s portfolio (unless the Manager excludes the digital asset from the Fund and/or rebalances the weighting of the Fund Components). Market capitalization refers to a digital asset’s market value, as determined by multiplying the number of tokens of such digital asset in circulation by the market price of a token of such digital asset. The market price per token of a Fund Component will be determined by reference to the applicable Index Price. The market capitalization of any digital assets not in the CD5, and therefore not held by the Fund, will be determined based on data that the Index Provider obtains directly from trading platforms and other service providers. Because the Fund creates Shares in exchange for Fund Components on a daily basis, the market capitalization of each Fund Component is calculated, and its Weighting therefore fluctuates, daily in accordance with changes in the market price of such Fund Components.

The CD5, and therefore the Fund, is rebalanced on a quarterly basis according to the CD5 Methodology during a period beginning 14 days before the last business day of each January, April, July, and October (each

such period, an “Index Rebalancing Period”).

#### Inclusion of New Fund Components

In order for a new digital asset to qualify for inclusion in the CD5, and thus the Fund’s portfolio during a Fund Rebalancing Period,<sup>39</sup> it must be included in the Index Universe and included in the CoinDesk 20 Index (the “Selection Universe”).

#### Inclusion in the Selection Universe

The digital assets that make up the Selection Universe are selected according to the following rules:

(1) All digital assets in the Index Universe are ranked by 90-day median daily value traded. Daily volume data is sourced from USD and USDC trading pairs aggregated across centralized Digital Asset Trading Platforms that contribute to the applicable Index Price;

(2) Following the ranking described in Step 1, the 50 highest ranked current constituents of the Index Universe and 40 highest ranked non-constituents of the Index Universe are eligible to qualify for the Selection Universe. The remainder of the assets are removed;

(3) Following removal of ineligible digital assets described in Step 2, all digital assets that are not supported by Coinbase Custody Trust Company are removed;

(4) Following the removals described in Step 3, the digital assets are ranked by market capitalization;

(5) Following the ranking described in Step 4, the top 15 ranked digital assets are selected for inclusion in the Selection Universe;

(6) From the remaining digital assets not selected in Step 5, any current constituents included within the top 25 ranking described in Step 4 are selected in order, until 20 digital assets are selected for inclusion in the Selection Universe;

(7) If Step 6 results in fewer than 20 constituents included in the Selection Universe, the highest-ranked non-constituents from the remaining digital assets are selected until 20 constituents are selected.

#### Inclusion in the CD5

In order for a digital asset in the Selection Universe to be included in the CD5 and therefore the Fund’s portfolio during a Fund Rebalancing Period, such digital asset must satisfy the following rules: (i) the top four assets by market capitalization in the Selection Universe will automatically be selected for

<sup>39</sup> A “Fund Rebalancing Period” is a period during which the Manager reviews for rebalancing the Fund’s portfolio in accordance with the policies and procedures set forth in the Prospectus.

inclusion; (ii) the fifth digital asset selected for inclusion will be a current CD5 constituent unless such digital asset falls below the top six digital asset by market capitalization in the Selection Universe; (iii) if no such current constituent is eligible pursuant to (ii), the digital asset with the largest market capitalization from the remaining Selection Universe will be selected for inclusion. Under ordinary circumstances, the CD5 is intended to have five digital asset constituents.

Outside of the quarterly Index Rebalancing Period, the Index Provider may remove a digital asset as an Index Component from the CD5 under extraordinary circumstances. For example, if an Index Component is determined to be a “security” under the federal securities laws by the Commission, a federal court or other U.S. government agency, it may be removed from the CD5 at a date determined and announced by the Index Provider. In the event the Index Provider removes an Index Component outside of the quarterly rebalancing period, the Manager expects the Fund would rebalance and the relevant digital asset would be removed as a Fund Component as soon as practical.

#### Index Components Compared to Fund Components

The Fund Components consist of the Index Components except when the Manager determines to exclude a particular Index Component in view of one or more of the following criteria (the “Exclusion Criteria”), as determined in the sole discretion of the Manager:

- none or few of the Authorized Participants or service providers has the ability to trade or otherwise support the digital asset;
- the Manager believes, based on current guidance, that use or trading of the digital asset raises or potentially raises significant governmental, policy or regulatory concerns or is subject or likely subject to a specialized regulatory regime, such as the U.S. federal securities or commodities laws or similar laws in other significant jurisdictions;<sup>40</sup>

<sup>40</sup> The Manager will determine whether a particular digital asset that is included or eligible for inclusion in the Fund is a security for purposes of the federal securities laws by considering a number of factors, including the various definitions of “security” under the federal securities laws and federal court decisions interpreting elements of these definitions, such as the U.S. Supreme Court’s decisions in the *Howey* and *Reves* cases, as well as reports, orders, press releases, public statements and speeches by the Commission and its staff providing guidance on when a digital asset may be a security for purposes of the federal securities laws. The Manager does not intend to permit the

- the digital asset’s underlying code contains, or may contain, significant flaws or vulnerabilities; or

- there is limited or no reliable information regarding, or concerns over the intentions of, the core developers of the digital asset.

The Weightings are generally expected to be the same as the Index Weightings except when one or more digital assets have been excluded from the Fund Components based on the Exclusion Criteria, in which case the Weightings are generally expected to be calculated proportionally to the respective Index Weightings for the remaining Index Components.

The Manager may exclude a digital asset or rebalance the Weighting of an existing Fund Component to the extent its inclusion as a Fund Component or projected Weighting would exceed a threshold that could, in the Manager’s sole discretion, require the Fund to register as an investment company under the Investment Company Act, require the Manager to register as an investment adviser under the Investment Advisers Act, or conflict with any continued listing requirement (including that the Fund Components consist of 85% Approved Components as noted above).

The Manager will retain discretion to include or exclude individual digital assets from the Fund Components, or to rebalance Fund Components, only in certain rules-based circumstances, as described above. Accordingly, the Manager believes that the Fund will be in compliance with Rule 10A–3<sup>41</sup> under the Act, as provided by NYSE Arca Rule 5.3–E.

#### Constituent Trading Platform Selection

According to the Prospectus, the Constituent Trading Platforms that are included in each Fund Component’s Index Price are selected by the Index Provider utilizing a methodology that is guided by the IOSCO principles for financial benchmarks. For a trading platform to become a Constituent Trading Platform, it must satisfy the Inclusion Criteria below:

- No evidence in the past 12 months of trading restrictions on individuals or entities that would otherwise meet the trading platform’s eligibility requirements to trade;

Fund to hold any digital asset that the Manager determines is a security under the federal securities laws, whether that determination is initially made by the Manager itself, or because a federal court upholds an allegation that a digital asset is a security.

<sup>41</sup> With respect to the application of Rule 10A–3 (17 CFR 240.10A–3) under the Act, the Fund relies on the exemption contained in Rule 10A–3(c)(7).

- No evidence in the past 12 months of undisclosed restrictions on deposits or withdrawals from user accounts;

- Real-time price discovery;
- Limited or no capital controls;<sup>42</sup>
- Transparent ownership including a publicly-known ownership entity;

- Publicly available language and policies addressing legal and regulatory compliance, including KYC, AML and other policies designed to comply with relevant regulations that might apply to it;

- Offer programmatic spot trading of the trading pair<sup>43</sup> and reliably publish trade prices and volumes on a real-time basis through Rest and Websocket APIs;

- Is a centralized spot trading platform ranked BB or higher in the Index Provider’s latest published Trading Platform Benchmark report; and
- Is not classified as an Excluded Trading Platform<sup>44</sup> as defined in the Index Provider’s Digital Asset Indices Policy Methodology.

All trading platforms that meet these Inclusion Criteria will be assigned to a “Trading Platform Category” as defined by the additional criteria below, and at least one Category 1 Trading Platform must be included in each Index Price.

- A “Category 1 Trading Platform” is a trading platform:

- Licensed and/or able to serve investors, retail or professional, in the U.S.; and
- That maintains sufficient USD or USDC liquidity relative to the size of the listed assets.

- A “Category 2 Trading Platform” is a trading platform:

- Licensed (including in-principal licensure) and/or able to serve investors, retail or professional, in one or more of the following jurisdictions:
  - United Kingdom
  - European Union<sup>45</sup>

<sup>42</sup> “Capital controls” in this context means governmental sanctions that would limit the movement of capital into, or out of, the jurisdiction in which such Digital Asset Trading Platforms operate.

<sup>43</sup> Trading platforms with programmatic trading offer traders an application programming interface that permits trading by sending programmed commands to the trading platform.

<sup>44</sup> Certain Index Provider products support derivatives and other exchange-listed financial products that may require additional cooperation and support from contributing trading platforms. The Index Provider may designate one or more exchanges as an “Excluded Trading Platform” as it deems necessary or prudent to ensure adequate support. Excluded Trading Platforms will be ineligible to contribute to relevant Digital Asset Price Indices and Index Prices as specified in their respective methodologies.

<sup>45</sup> In the event a trading platform is only licensed or able to serve investors in select European Union countries and none of the other listed jurisdictions, the Index Provider reserves the right to evaluate its eligibility on a case-by-case basis.

- Hong Kong
- Singapore; and
- That maintains sufficient USD or USDC liquidity relative to the size of the listed assets.

A Digital Asset Trading Platform is removed as a Constituent Trading Platform when it no longer satisfies the Inclusion Criteria. The Index Provider does not currently include data from over-the-counter markets or derivatives platforms among the Constituent Trading Platforms. According to the Prospectus, over-the-counter data is not currently included because of the potential for trades to include a significant premium or discount paid for larger liquidity, which creates an uneven comparison relative to more active markets. There is also a higher potential for over-the-counter transactions to not be arms-length, and thus not be representative of a true market price.

The Index Provider and the Manager have entered into the Index License Agreement, governing the Manager's use of the Index Prices.<sup>46</sup> Pursuant to the terms of the Index License Agreement, the Index Provider may adjust the calculation methodology for an Index Price without notice to, or consent of, the Fund or its shareholders. The Index Provider may decide to change the calculation methodology to maintain the integrity of the Index Price calculation should it identify or become aware of previously unknown variables or issues with the existing methodology that it believes could materially impact its performance and/or reliability. The Index Provider has sole discretion over the determination of Index Prices and may change the methodologies for determining the Index Prices from time to time. Shareholders will be notified of any material changes to the calculation methodology or the Index Prices in the Fund's current reports and will be notified of all other changes that the Manager considers significant in the Fund's periodic or current reports. The Manager will determine the materiality of any changes to the Index Prices on a case-by-case basis, in consultation with external counsel.

The Index Provider may change the trading venues that are used to calculate the Index Prices or otherwise change the way in which an Index Price is calculated at any time. For example, the Index Provider has scheduled quarterly reviews in which it may add or remove Constituent Trading Platforms that

satisfy or fail the Inclusion Criteria. The Index Provider does not have any obligation to consider the interests of the Manager, the Fund, the shareholders, or anyone else in connection with such changes. While the Index Provider is not required to publicize or explain the changes or to alert the Manager to such changes, it has historically notified the Fund (and other subscribers to the Index) of any material changes to the Constituent Trading Platforms, including any additions or removals, contemporaneous with its issuance of press releases in connection with the same. The Manager will notify investors of any such material event by filing a current report on Form 8-K. Although the Index Price methodology is designed to operate without any manual intervention, rare events would justify manual intervention. Intervention of this kind would be in response to non-market-related events, such as the halting of deposits or withdrawals of funds on a Digital Asset Trading Platform, the unannounced closure of operations on a Digital Asset Trading Platform, insolvency or the compromise of user funds. In the event that such an intervention is necessary, the Index Provider would issue a public announcement through its website, API or other established communication channels with its clients.

#### Determination of the Index Prices

The Index Price, as reflected by the CoinDesk CCIXber Reference Rate, for each Fund Component is calculated through the application of an algorithm to the price of each Fund Component on the Constituent Trading Platforms calculated every 5 seconds over a 24-hour period. The Index Price's algorithm is expected to reflect a five-pronged methodology to calculate the Index Price from the Constituent Trading Platforms for each Fund Component:

- *Volume Weighting:* Constituent Trading Platforms with greater liquidity receive a higher weighting in each Index Price, increasing the ability to execute against (*i.e.*, replicate) the Index Price in the underlying spot markets. The Index Price methodology is a volume-weighted real-time price where each Constituent Trading Platform is weighted based on its trailing 24-hour volume.

- *FX Conversion:* Each Index Price algorithm utilizes a volume-weighted real-time FX conversion rate for any trading activity for the relevant Stablecoin-USD pair. This normalizes all trading activity to USD denomination.

- *Outlier Detection Factor:* Each Index Price algorithm excludes trade data and price(s) deemed to be an outlier relative to the most recently calculated Index Price.

- *Inactivity Adjustment:* Each Index Price algorithm penalizes stale activity from any given Constituent Trading Platform. When a Constituent Trading Platform does not have recent trading data, the outdated prices and their contribution to the Index Price calculation are gradually reduced until they are de-weighted to 0.1%. Similarly, once trading activity at a Constituent Trading Platform resumes, the corresponding weighting for that Constituent Trading Platform will no longer be penalized.

- *Manipulation Resistance:* In an effort to determine and prioritize the most significant Constituent Trading Platforms (*i.e.*, those that are likely to have the most impact on price discovery) for a given asset, the Index Provider conducts a Constituent Trading Platform selection and review process, which seeks to identify the highest-ranking Constituent Trading Platforms based on both qualitative and quantitative factors. The qualitative review includes legal and regulation, data provision, security, trade monitoring, market quality, and negative events policy, among others. The quantitative review includes review of trading activity for the asset on the given Constituent Trading Platform.

In addition, the Index Provider re-evaluates the weighting algorithm on a periodic basis, but maintains discretion to change the way in which an Index Price is calculated based on its periodic review or in extreme circumstances. Nonetheless, the Manager believes that each Index Price is designed to limit exposure to trading or price distortion of any individual Digital Asset Trading Platform that experiences periods of unusual activity or limited liquidity, and thereby mitigate the effects of potential manipulation by discounting, in real-time, anomalous price movements at individual Digital Asset Trading Platforms.

The Manager believes the Index Provider's selection process for Constituent Trading Platforms as well as the methodology of the Index Price's algorithm provides a more accurate picture of Fund Component price movements than a simple average of Digital Asset Trading Platform spot prices, and that the weighting of Fund Component prices on the Constituent Trading Platforms limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or

<sup>46</sup> Upon entering into the Index License Agreement, the Manager and the Index Provider terminated the license agreement between the parties dated as of February 28, 2019.

fraudulent activity elsewhere in the Fund Component spot market. By referencing multiple trading venues and weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

If an Index Price becomes unavailable, or if the Manager determines in good faith that such Index Price does not reflect an accurate price for a Fund Component, then the Manager will, on a best efforts basis, contact the Index Provider to obtain such Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the Fund Component, then the Manager will employ a cascading set of rules to determine the Index Price, as described below in "Determination of the Index Price When the Index Price is Unavailable."

The Manager values the Fund Components for operational purposes by reference to the Index Prices. The Index Prices are used to calculate the value of each Fund Component as of 4:00 p.m., New York time, on each business day.

#### Illustrative Example

For the purposes of illustration, outlined below are examples of how the attributes that impact weighting and adjustments in the aforementioned methodology may be utilized to generate an Index Price for a digital asset. For example, Constituent Trading Platforms used to calculate the Index Price of the digital asset may include trading platforms such as Bitstamp, Kraken, LMAX Digital, and Crypto.com.

The Index Price algorithm, as described above, is designed to account for manipulation at the outset by only including data from executed trades on Constituent Trading Platforms. Then, the below-listed elements may impact the weighting of the Constituent Trading Platforms on the Index Price as follows:

- **Volume Weighting:** Each Constituent Trading Platform will be weighted to appropriately reflect the trading volume share of the Constituent Trading Platform relative to all the Constituent Trading Platforms during this same period. For example, an average hourly weighting of 67.06%, 14.57%, 11.88%, and 6.49% for Bitstamp, Kraken, LMAX Digital, and Crypto.com, respectively, would represent each Constituent Trading Platform's share of trading volume during the same period.

- **Inactivity Adjustment:** Assume that a Constituent Trading Platform

represented a 14% weighting on the Index Price of the digital asset, which is based on the per-second calculations of its trading volume and price-variance relative to the cohort of Constituent Trading Platforms included in such Index Price, and then went offline for approximately two hours. The Index Price algorithm would automatically recognize inactivity and start de-weighting the Constituent Trading Platform at the 5-minute mark and continue to do so with each additional 5-minute period of inactivity until its influence was effectively zero, 25 minutes after becoming inactive. As soon as trading activity resumed at the Constituent Trading Platform, the Index Price algorithm would re-weight it to the appropriate weighting based on trading volume and price-variance relative to the cohort of Constituent Trading Platforms included in the Index Price.

- **Price Outlier Detection:** New traded prices from Constituent Trading Platforms are compared to the latest calculated Index Price. If a new traded price deviates by  $\pm 5\%$  from the latest calculated Index Price, it will be considered an outlier and will not be used in the calculation of the Index Price until such time as a majority of the Constituent Trading Platforms are similarly considered outlier prices. In that case, the new prices will be used to calculate the Index Price. For example, if the Index Price is \$10 and there is a new trade price of \$11 from Constituent Trading Platform X, the price of \$11 will be considered an outlier and will not be used. However, if the most recent prices on a majority of the Constituent Trading Platforms are aligned with the price of \$11, then these prices will no longer be considered outliers and will be used to calculate the new Index Price.

#### Determination of the Index Price When the Index Price is Unavailable

The Manager uses the following cascading set of rules to calculate the Index Price for a Fund Component when the Index Price for such Fund Component is unavailable. For the avoidance of doubt, the Manager will employ the below rules sequentially and in the order as presented below, should one or more specific rule(s) fail:

1. Index Price = The price set by the relevant Index Price as of 4:00 p.m., New York time, on the valuation date.<sup>47</sup> If the relevant Index Price becomes unavailable, or if the Manager determines in good faith that such Index

Price does not reflect an accurate digital asset price, then the Manager will, on a best efforts basis, contact the Index Provider to obtain the Index Price directly from the Index Provider. If after such contact such Index Price remains unavailable or the Manager continues to believe in good faith that such Index Price does not reflect an accurate price for the relevant digital asset, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

2. Index Price = The price set by Coin Metrics Real-Time Rate (the "Secondary Index") as of 4:00 p.m., New York time, on the valuation date (the "Secondary Index Price"). The Secondary Index Price is a real-time reference rate price, calculated using trade data from constituent markets selected by Coin Metrics, Inc. (the "Secondary Index Provider"). The Secondary Index Price is calculated by applying weighted-median techniques to such trade data where half the weight is derived from the trading volume on each constituent market and half is derived from inverse price variance, where a constituent market with high price variance as a result of outliers or market anomalies compared to other constituent markets is assigned a smaller weight. The Secondary Index Provider and the Manager have entered into the master services agreement, dated as of August 4, 2020, and order forms thereunder, pursuant to which the Manager may obtain and use the Secondary Index and the Secondary Index Price from the Secondary Index Provider. If the Secondary Index Price for the relevant Fund Component becomes unavailable, or if the Manager determines in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Secondary Index Provider to obtain the Secondary Index Price directly from the Secondary Index Provider. If after such contact the Secondary Index Price remains unavailable or the Manager continues to believe in good faith that the Secondary Index Price does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Digital Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

3. Index Price = The price set by the Fund's principal market (as defined in the Prospectus) (the "Tertiary Pricing Option") as of 4:00 p.m., New York

<sup>47</sup> The valuation date is any day for which the value of the Fund Components in the Fund may be calculated utilizing the Index Prices.

time, on the valuation date. The Tertiary Pricing Option is a spot price derived from the relevant principal market's public data feed that is believed to be consistently publishing pricing information as of 4:00 p.m., New York time, and is provided to the Manager via an application programming interface. If the Tertiary Pricing Option becomes unavailable, or if the Manager determines in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will, on a best efforts basis, contact the Tertiary Pricing Provider to obtain the Tertiary Pricing Option directly from the Tertiary Pricing Provider. If after such contact the Tertiary Pricing Option remains unavailable after such contact or the Manager continues to believe in good faith that the Tertiary Pricing Option does not reflect an accurate price for such Fund Component, then the Manager will employ the next rule to determine the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

4. Index Price = The Manager will use its best judgment to determine a good faith estimate of the Index Price. There are no predefined criteria to make a good faith assessment and it will be made by the Manager in its sole discretion.

In the event of a fork, the Index Provider may calculate the Index Price based on a digital asset that the Manager does not believe to be the appropriate asset that is held by the Fund (*i.e.*, a digital asset other than the Fund Components).<sup>48</sup> In this event, the Manager has full discretion to use a different index provider or calculate the Index Price itself using its best judgment. In such an event, the Exchange will submit a proposed rule filing to contemplate the assets that would subsequently be held by the Fund.

The Manager may, in its sole discretion, select a different index provider, select a different index price

provided by the Index Provider, calculate the Index Price by using the cascading set of rules set forth above, or change the cascading set of rules set forth above at any time.<sup>49</sup>

The Structure and Operation of the Fund Protects Investors and Satisfies Commission Requirements for Digital Asset-Based Exchange Traded Products

On January 10, 2024, the Commission approved the listing and trading of shares of the Grayscale Bitcoin Trust (BTC) and Bitwise Bitcoin ETF under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares); the Hashdex Bitcoin ETF under NYSE Arca Rule 8.500-E (Trust Units); the iShares Bitcoin Trust and Valkyrie Bitcoin Fund under Nasdaq Rule 5711(d) (Commodity-Based Trust Shares); and the ARK 21Shares Bitcoin ETF, Invesco Galaxy Bitcoin ETF, VanEck Bitcoin Trust, the WisdomTree Bitcoin Fund, Fidelity Wise Origin Bitcoin Fund, and Franklin Bitcoin ETF under BZX Rule 14.11(e)(4) (Commodity-Based Trust Shares) (collectively, the "Bitcoin ETPs").<sup>50</sup> In the Bitcoin ETP Approval Order, the Commission found that the proposed rule changes to list the Bitcoin ETPs demonstrated that there were "sufficient 'other means' of preventing fraud and manipulation," including that:

[B]ased on the record before the Commission and the improved quality of the correlation analysis in the record, including the Commission's own analysis, the Commission is able to conclude that fraud or manipulation that impacts prices in spot bitcoin markets would likely similarly impact CME bitcoin futures prices. And because the CME's surveillance can assist in detecting those impacts on CME bitcoin futures prices, the Exchanges' comprehensive surveillance-sharing agreement with the CME—a U.S. regulated market whose bitcoin futures market is consistently highly correlated to spot bitcoin, albeit not of "significant size" related to spot bitcoin—can be reasonably expected to assist in surveilling for fraudulent and manipulative

acts and practices in the specific context of the [Bitcoin ETPs].<sup>51</sup>

Similarly, on May 23, 2024, the Commission approved the listing and trading of shares of the Grayscale Ethereum Trust and the Bitwise Ethereum ETF under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares); the iShares Ethereum Trust under Nasdaq Rule 5711(d) (Commodity-Based Trust Shares); and the VanEck Ethereum Trust, ARK 21Shares Ethereum ETF, Invesco Galaxy Ethereum ETF, Fidelity Ethereum Fund, and the Franklin Ethereum ETF under BZX Rule 14.11(e)(4) (Commodity-Based Trust Shares) (collectively, the "Ether ETPs").<sup>52</sup> In the Ether ETP Approval Order, the Commission found that the proposed rule changes to list the Ether ETPs demonstrated that there were "sufficient 'other means' of preventing fraud and manipulation," including that:

[B]ased on the record before the Commission and the correlation analyses in the record, including the Commission's own analysis, the Commission is able to conclude that fraud or manipulation that impacts prices in spot ether markets would likely similarly impact CME ether futures prices. And because the CME's surveillance can assist in detecting those impacts on CME ether futures prices, the Exchanges' comprehensive surveillance-sharing agreement with the CME—a U.S.-regulated market whose ether futures market is consistently highly correlated to spot ether, albeit not of "significant size" related to spot ether—can be reasonably expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Ether ETPs].<sup>53</sup>

The Fund is structured and will operate in a manner materially the same as the Bitcoin ETPs and Ether ETPs and the Fund Components currently primarily consist of Bitcoin and Ether, and at least 85% of the Fund Components will consist of Approved Components as described above. Accordingly, the Manager believes that, for the reasons set forth in the Bitcoin ETP Approval Order and Ether ETP Approval Order, listing and trading

<sup>48</sup> According to the Registration Statement, when a modification is introduced and a substantial majority of users and validators consent to the modification, the change is implemented and the network remains uninterrupted. However, if less than a substantial majority of users and validators consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the consequence would be what is known as a "hard fork", with one group running the pre-modified software and the other running the modified software. The effect of such a fork would be the existence of two versions of a digital asset running in parallel, yet lacking interchangeability, such as in July 2016 when Ether "forked" into Ether and a new digital asset, Ether Classic.

<sup>49</sup> The Manager will provide notice of any such changes in the Fund's periodic or current reports and, if the Manager makes such a change other than on an ad hoc or temporary basis, the Exchange will file a proposed rule change with the Commission.

<sup>50</sup> Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SRCboeBZX-2023-044; SR-CboeBZX-2023-072) (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 "Bitcoin ETP Approval Order").

<sup>51</sup> Bitcoin ETP Approval Order, 89 FR at 3009-11.

<sup>52</sup> Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (SR-NYSEARCA-2023-70; SR-NYSEARCA-2024-31; SRNASDAQ-2023-045; SR-CboeBZX-2023-069; SR-CboeBZX-2023-070; SR-CboeBZX-2023-087; SR-CboeBZX-2023-095; SR-CboeBZX-2024-018) (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 "Ether ETP Approval Order").

<sup>53</sup> Ether ETP Approval Order, 89 FR at 46941.



Shares of the Fund would be consistent with the requirements of the Act.<sup>54</sup>

The Manager acknowledges that the Fund Components include minority positions in digital assets that are not Bitcoin or Ether (e.g., SOL, XRP, and ADA), but believes that, given that the Fund will be rebalanced, if necessary, so that, on a daily basis, Approved Components will comprise at least 85% of the Fund Components at the start of every NYSE Arca Core Trading Session, listing and trading Shares of the Fund would be consistent with the requirements of the Act. Nonetheless, for purposes of the Fund's proposal, the Manager anticipates that the Commission may have certain concerns about the Fund's non-Bitcoin and Ether assets, as articulated in prior spot digital asset ETP proposal disapproval orders,<sup>55</sup> and addresses each of these in turn below.

In the Prior Spot Digital Asset ETP Disapproval Orders, the Commission outlined that a proposal relating to a digital asset-based ETP could satisfy its concerns regarding potential for fraud and manipulation by demonstrating:

(1) *Inherent Resistance to Fraud and Manipulation*: that the underlying commodity market is inherently resistant to fraud and manipulation;

(2) *Other Means to Prevent Fraud and Manipulation*: that there are other means to prevent fraudulent and manipulative acts and practices that are sufficient; or

(3) *Surveillance Sharing*: that the listing exchange has entered into a surveillance sharing agreement with a regulated market of significant size relating to the underlying or reference assets.

As described below, the Manager believes the structure and operation of the Fund are designed to prevent fraudulent and manipulative acts and practices, to protect investors and the public interest, and to respond to concerns that the Commission may have with respect to potential fraud and manipulation in the context of a digital asset-based ETP.

How the Fund Meets Standards in the Prior Spot Digital Asset ETP Disapproval Orders

#### 1. Resistance to or Prevention of Fraud and Manipulation

In the Prior Spot Digital Asset ETP Disapproval Orders, the Commission disagreed with the proposition that a digital asset's fungibility, transportability and exchange tradability combine to provide unique protections against, and allow such digital asset to be uniquely resistant to, attempts at price manipulation. The Commission reached its conclusion based on concessions by one issuer that 95% of the reported trading in the digital asset, Bitcoin, is "fake" or non-economic, effectively admitting that the properties of Bitcoin do not make it inherently resistant to manipulation. Such issuer's concessions were further compounded by evidence of potential and actual fraud and manipulation in the historical trading of Bitcoin on certain marketplaces such as (1) "wash" trading, (2) trading based on material, non-public information, including the dissemination of false and misleading information, (3) manipulative activity involving Tether, and (4) fraud and manipulation.<sup>56</sup>

The Manager acknowledges the possibility that fraud and manipulation may exist in commodity markets and that digital asset trading, such as certain of the Fund Components, *on any given trading platform* may be no more uniquely resistant to fraud and manipulation than other commodity markets.<sup>57</sup> However, the Manager believes that the fundamental features of digital assets, including fungibility, transportability and exchange tradability offer novel protections beyond those that exist in traditional commodity markets or equity markets when combined with other means, as discussed further below.

#### 2. Other Means To Prevent Fraud and Manipulation

The Commission has recognized 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>58</sup> In evaluating the effectiveness of this type of resistance, the Commission does not apply a "cannot be manipulated" standard. Instead, the Commission requires that such resistance to fraud and manipulation be novel and beyond those protections that exist in traditional commodity markets or equity markets for which the Commission has long required surveillance-sharing agreements in the context of listing derivative securities products.<sup>59</sup>

The Manager believes the Fund's use of the Index Prices represents a novel means to prevent fraud and manipulation from impacting a reference price for the Fund Components and that it offers protections beyond those that exist in traditional commodity markets or equity markets. Specifically, digital assets, such as the Fund Components, are novel and exist outside traditional commodity markets. It therefore stands to reason that the methods by which they trade will be novel and that the market for digital assets like the Fund Components will have different attributes than traditional commodity markets. Digital assets like the Fund Components were only introduced within the past decade, twenty years after the first U.S.

potential types of manipulation in the Bitcoin spot market). The Commission has also noted that fraud and manipulation in the Bitcoin spot market could persist for a significant duration. *See, e.g.,* Bitwise Order, 84 FR at 55405 & n.379.

<sup>57</sup> *See generally* Bitwise Order.

<sup>58</sup> *See* Winklevoss Order, 84 FR at 37580, 37582–91; Bitwise Order, 84 FR at 55383, 55385–406; Wilshire Phoenix Order, 85 FR at 12597.

<sup>59</sup> *See* Winklevoss Order, 84 FR at 37582; Wilshire Phoenix Order, 85 FR at 12597.

<sup>54</sup> In particular, Grayscale Bitcoin Trust (BTC) ("GBTC") and Grayscale Ethereum Trust (ETH) ("ETHE"), affiliates of the Fund that are structured substantially similarly to the Fund, currently list their shares on the Exchange under NYSE Arca Rule 8.201–E. The Fund will have the same service providers as GBTC and ETHE.

<sup>55</sup> *See* Securities Exchange Act Release Nos. 83723 (July 26, 2018), 83 FR 37579 (August 1, 2018) (SR–BatsBZX–2016–30) (Order Setting Aside Action by Delegated Authority and Disapproving a Proposed Rule Change, as Modified by Amendments No. 1 and 2, To List and Trade Shares of the Winklevoss Bitcoin Fund) (the "Winklevoss Order"); 87267 (October 9, 2019), 84 FR 55382 (October 16, 2019) (SR–NYSEArca–2019–01) (Order Disapproving a Proposed Rule Change, as Modified by Amendment No. 1, Relating to the Listing and Trading of Shares of the Bitwise Bitcoin ETF Fund Under NYSE Arca Rule 8.201–E) (the "Bitwise Order"); 88284 (February 26, 2020), 85 FR 12595 (March 3, 2020) (SR–NYSEArca–2019–39) (Order Disapproving a Proposed Rule Change, as Modified by Amendment No. 1, to Amend NYSE Arca Rule 8.201–E (Commodity-Based Trust Shares) and to List and Trade Shares of the United States Bitcoin and Treasury Investment Trust Under NYSE Arca Rule 8.201–E) (the "Wilshire Phoenix Order"); 83904 (August 22, 2018), 83 FR 43934 (August 28, 2018) (SR–NYSEArca–2017–139) (Order Disapproving a Proposed Rule Change to List and Trade the Shares of the ProShares Bitcoin ETF and the ProShares Short Bitcoin ETF) (the "ProShares Order"); 83912 (August 22, 2018), 83 FR 43912 (August 28, 2018) (SR–NYSEArca–2018–02) (Order Disapproving a Proposed Rule Change Relating to Listing and Trading of the Direxion Daily Bitcoin Bear 1X Shares, Direxion Daily Bitcoin 1.25X Bull Shares, Direxion Daily Bitcoin 1.5X Bull Shares, Direxion Daily Bitcoin 2X Bull Shares, and Direxion Daily Bitcoin 2X Bear Shares Under NYSE Arca Rule 8.201–E) (the "Direxion Order"); 83913 (August 22, 2018), 83 FR 43923 (August 28, 2018) (SR–CboeBZX–2018–01) (Order Disapproving a Proposed Rule Change to List and Trade the Shares of the GraniteShares Bitcoin ETF and the GraniteShares Short Bitcoin ETF) (the "GraniteShares Order") (together, the "Prior Spot Digital Asset ETP Disapproval Orders").

<sup>56</sup> *See* Bitwise Order, 84 FR at 55383 (discussing analysis of the Bitcoin spot market that asserts that 95% of the spot market is dominated by fake and non-economic activity, such as wash trades), 55391 (discussing possible sources of fraud and manipulation in the bitcoin spot market). *See also* Winklevoss Order, 83 FR at 37585–86 (discussing pending litigation against a Bitcoin trading platform for fraudulent conduct relating to Tether); Bitwise Order, 84 FR at 55391 n.140, 55402 & n.331 (same); Winklevoss Order, 83 FR at 37584–86 (discussing

exchange-traded funds (“ETFs”) were offered<sup>60</sup> and 150 years after the first futures were offered.<sup>61</sup> In contrast to older commodities such as gold, silver, platinum, palladium or copper, which the Commission has noted all had at least one significant, regulated market for trading futures on the underlying commodity at the time commodity trust ETPs were approved for listing and trading, the first trading in digital assets like the Fund Components took place entirely in an open, transparent and online setting where other commodities cannot trade.

The Manager believes the Fund’s use of the Index Prices specifically addresses the Commission’s concerns in that they serve as an alternative means to prevent fraud and manipulation. Specifically, the Manager believes that the Index Prices can (i) mitigate the effects of fraud, manipulation and other anomalous trading activity on the Fund Components’ reference rates, (ii) provide a real-time, volume-weighted fair value of the Fund Components and (iii) appropriately handle and adjust for non-market related events.

As described in more detail below, the Manager believes that the use of the Index Prices accomplishes those objectives in the following ways:

1. The Index Prices track the Digital Asset Trading Platform Market price through trading activity at Constituent Trading Platforms, which are made up of “U.S.-Regulated Trading Platforms” and Digital Asset Trading Platforms licensed (including in-principal licensure) and/or able to serve retail or professional investors in one or more of the United Kingdom, European Union, Hong Kong and Singapore;<sup>62</sup>

2. The Index Prices are designed to mitigate the impact of instances of fraud, manipulation and other

anomalous trading activity in real-time through systematic adjustments;

3. The Index Prices are constructed and maintained by an expert third-party index provider, allowing for prudent handling of non-market-related events; and

4. The Index Prices are designed to mitigate the impact of instances of fraud, manipulation and other anomalous trading activity concentrated on any one specific trading platform through a cross-trading platform composite reference rate over a 60-minute period.

1. *The Index Prices track the Digital Asset Trading Platform Market price through trading activity at Constituent Trading Platforms, which are made up of “U.S.-Regulated Trading Platforms” and Digital Asset Trading Platforms licensed (including in-principal licensure) and/or able to serve retail or professional investors in one or more of the United Kingdom, European Union, Hong Kong, and Singapore.*

The Index Prices maintain a minimum number of three trading platforms to track the Digital Asset Trading Platform Market while offering replicability for traders and market makers.<sup>63</sup>

U.S.-Regulated Trading Platforms possess safeguards that help to protect against fraud and manipulation. For example, U.S.-Regulated Trading Platforms regulated by the NYDFS under the BitLicense program are required to implement measures designed to effectively detect, prevent, and respond to fraud, attempted fraud, market manipulation, and similar wrongdoing, and to monitor, control, investigate and report back to the NYDFS regarding any wrongdoing.<sup>64</sup> These trading platforms also have the following obligations:<sup>65</sup>

- Submission of audited financial statements including income

statements, statements of assets/liabilities, insurance, and banking;

- Compliance with capitalization requirements set at NYDFS’s discretion;

- Prohibitions against the sale or encumbrance to protect full reserves of custodian assets;

- Fingerprints and photographs of employees with access to customer funds;

- Retention of a qualified Chief Information Security Officer and annual penetration testing/audits;

- Documented business continuity and disaster recovery plan, independently tested annually; and

- Participation in an independent exam by NYDFS.

Furthermore, all U.S.-Regulated Trading Platforms are considered MSBs that are subject to FinCEN’s federal and state reporting requirements that provide additional safeguards. For example, unscrupulous traders may be less likely to engage in fraudulent or manipulative acts and practices on trading platforms that (1) report suspicious activity to FinCEN as money services businesses, (2) report to state regulators as money transmitters, and/or (3) require customer identification through KYC procedures. U.S.-Regulated Trading Platforms are required to:<sup>66</sup>

- Identify people with ownership stakes or controlling roles in the MSB;

- Establish a formal Anti-Money Laundering (AML) policy in place with documentation, training, independent review, and a named compliance officer;

- Implement strict customer identification and verification policies and procedures;

- File Suspicious Activity Reports (SARs) for suspicious customer transactions;

- File Currency Transaction Reports (CTRs) for cash-in or cash-out transactions greater than \$10,000; and

- Maintain a five-year record of currency exchanges greater than \$1,000 and money transfers greater than \$3,000.

Lastly, pursuant to its view that Bitcoin and Ether are commodities, the CFTC has authority to police fraud and manipulation on U.S.-Regulated Trading Platforms that trade those digital assets.<sup>67</sup>

<sup>60</sup> SEC, “Investor Bulletin: Exchange-Traded Funds (ETFs),” August 2012, <https://www.sec.gov/investor/alerts/etfs.pdf>.

<sup>61</sup> Commodity Futures Trading Commission (“CFTC”), “History of the CFTC,” [https://www.cftc.gov/About/HistoryoftheCFTC/history\\_prectc.html](https://www.cftc.gov/About/HistoryoftheCFTC/history_prectc.html).

<sup>62</sup> “U.S.-Regulated Trading Platforms” are trading platforms in the Digital Asset Trading Platform Market required to comply with applicable U.S. federal and state licensing requirements and practices regarding AML and KYC regulations. Constituent Trading Platforms are U.S.-Regulated Trading Platforms or Digital Asset Trading Platforms licensed and/or able to serve investors in the United Kingdom, European Union, Hong Kong and/or Singapore. As of the date of this filing, the U.S.-Regulated Trading Platforms that the Index Provider considered for inclusion in the Index Prices were Bitstamp, Crypto.com, Gemini, itBit, LMAX Digital, and Kraken. From these trading platforms, the Index Provider then applies additional Inclusion Criteria to determine the Constituent Trading Platforms.

<sup>63</sup> According to the Manager, the more trading platforms included in the Index Price, the more ability there is for traders and market makers to trade against the Index Price by arbitraging price differences. For example, in the event of variances between Fund Component prices on Constituent Trading Platforms and non-Constituent Trading Platforms, arbitrage trading opportunities would exist. These discrepancies generally consolidate over time, as price differences across trading platforms are realized and capitalized upon by traders and market makers.

<sup>64</sup> See, e.g., “DFS Takes Action to Deter Fraud and Manipulation in Virtual Currency Markets,” available at: <https://www.dfs.ny.gov/about/press/pr1802071.htm>. As of the date of this filing, two of the Constituent Trading Platforms, Bitstamp and itBit, are regulated by NYDFS.

<sup>65</sup> See “New York’s Final “BitLicense” Rule: Overview and Changes from July 2014 Proposal,” June 5, 2015, Davis Polk, available at: [https://www.davispolk.com/files/new\\_yorks\\_final\\_bitlicense\\_rule\\_overview\\_changes\\_july\\_2014\\_proposal.pdf](https://www.davispolk.com/files/new_yorks_final_bitlicense_rule_overview_changes_july_2014_proposal.pdf).

<sup>66</sup> See BSA Requirements for MSBs, FinCEN website: <https://www.fincen.gov/bsarequirements-msbs>.

<sup>67</sup> “U.S. CFTC Chief Behnam Reinforces View of Ether as Commodity,” CoinDesk (Mar. 28, 2023), <https://www.coindesk.com/policy/2023/03/28/us-cftc-chief-behnam-reinforces-view-of-ether-as-commodity/>; CME Group, [https://www.cmegroup.com/markets/cryptocurrencies/ether/ether.html?gad=1&gclid=EAIaIQobChMI44KBmu7ygAMVavvBx2P4g5yEAAASAAEgJSZfD\\_BwE&gclid=aw.ds](https://www.cmegroup.com/markets/cryptocurrencies/ether/ether.html?gad=1&gclid=EAIaIQobChMI44KBmu7ygAMVavvBx2P4g5yEAAASAAEgJSZfD_BwE&gclid=aw.ds).

The non-U.S.-Regulated Trading Platforms included in the Index Prices are licensed (including in-principal licensure) and/or are able to serve retail or professional investors in one or more of the following jurisdictions: United Kingdom, European Union, Hong Kong, and Singapore, which are jurisdictions that meet the criteria set forth below. When reviewing non-U.S.-Regulated Trading Platforms for eligibility in certain indices and reference rates, the Index Provider evaluates criteria regarding such Digital Asset Trading Platforms, including but not limited to:

- Whether the Digital Asset Trading Platform has a dedicated virtual asset regulator;
- Whether such a regulator is overseen by, and receives a mandate from, the primary markets regulator in the Digital Asset Trading Platform jurisdiction; and
- Whether the Digital Asset Trading Platform produces sufficient trading volume to meaningfully contribute to accurate price discovery within the index or reference rate.

These criteria are not an exhaustive list of the Index Provider's considerations when evaluating a non-U.S.-Regulated Trading Platform, and the Index Provider may adjust these criteria from time to time.

2. *The Index Prices are designed to mitigate the impact of instances of fraud, manipulation, and other anomalous trading activity in real-time through systematic adjustments.*

The Index Prices are calculated once every second according to a systematic methodology that relies on observed trading activity on the Constituent Trading Platforms. While the precise methodology underlying each Index Price is currently proprietary, the key elements of the Index Prices are outlined below:

- *Volume Weighting:* Constituent Trading Platforms with greater liquidity receive a higher weighting in the Index Prices, increasing the ability to execute against (*i.e.*, replicate) the Index Prices in the underlying spot markets. The Index Price methodology is a volume-weighted real-time price where each Constituent Trading Platform is weighted based on its trailing 24-hour volume.

- *FX Conversion:* The Index Price algorithm utilizes a volume-weighted real-time FX conversion rate for any trading activity for the relevant Stablecoin-USD pair. This normalizes all trading activity to USD denomination.

- *Outlier Detection Factor:* The Index Price algorithm excludes trade data and price(s) deemed to be an outlier relative

to the most recently calculated Index Price.

- *Inactivity Adjustment:* The Index Price algorithm penalizes stale activity from any given Constituent Trading Platform. When a Constituent Trading Platform does not have recent trading data, the outdated prices and their contribution to the Index Price calculation are gradually reduced until they are de-weighted to 0.1%. Similarly, once trading activity at a Constituent Trading Platform resumes, the corresponding weighting for that Constituent Trading Platform will no longer be penalized.

- *Manipulation Resistance:* In an effort to determine and prioritize the most significant Constituent Trading Platforms (*i.e.*, those that are likely to have the most impact on price discovery) for a given asset, the Index Price utilizes a Constituent Trading Platform selection and review process, which seeks to identify the highest-ranking Constituent Trading Platforms based on both qualitative and quantitative factors. The qualitative review includes legal and regulation, data provision, security, trade monitoring, market quality, and negative events policy, among others. The quantitative review includes review of trading activity for the asset on the given Constituent Trading Platform.

In addition, the Index Provider re-evaluates the weighting algorithm on a periodic basis, but maintains discretion to change the way in which an Index Price is calculated based on its periodic review or in extreme circumstances. Nonetheless, the Manager believes that each Index Price is designed to limit exposure to trading or price distortion of any individual Digital Asset Trading Platform that experiences periods of unusual activity or limited liquidity, and thereby mitigate the effects of potential manipulation by discounting, in real-time, anomalous price movements at individual Digital Asset Trading Platforms.

The Manager believes the Index Provider's selection process for Constituent Trading Platforms as well as the methodology of the Index Price's algorithm provides a more accurate picture of Fund Component price movements than a simple average of Digital Asset Trading Platform spot prices, and that the weighting of Fund Component prices on the Constituent Trading Platforms limits the inclusion of data that is influenced by temporary price dislocations that may result from technical problems, limited liquidity or fraudulent activity elsewhere in the Fund Component spot market. By referencing multiple trading venues and

weighting them based on trade activity, the Manager believes that the impact of any potential fraud, manipulation or anomalous trading activity occurring on any single venue is reduced.

3. *The Index Prices are constructed and maintained by an expert third-party index provider, allowing for prudent handling of non-market-related events.*

The Index Provider reviews and periodically updates which trading platforms are included in the Index Prices by utilizing methodologies guided by the IOSCO principles for financial benchmarks.

According to the Index Provider's methodology for each Index Price, for a trading platform to become a Constituent Trading Platform, it must satisfy the following Inclusion Criteria:

- No evidence in the past 12 months of trading restrictions on individuals or entities that would otherwise meet the trading platform's eligibility requirements to trade;
- No evidence in the past 12 months of undisclosed restrictions on deposits or withdrawals from user accounts;
- Real-time price discovery;
- Limited or no capital controls;
- Transparent ownership including a publicly-known ownership entity;
- Publicly available language and policies addressing legal and regulatory compliance, including KYC, AML and other policies designed to comply with relevant regulations that might apply to it;
- Offer programmatic spot trading of the trading pair and reliably publish trade prices and volumes on a real-time basis through Rest and Websocket APIs;
- Is a centralized spot trading platform ranked BB or higher in the Index Provider's latest published Trading Platform Benchmark report; and
- Is not classified as an Excluded Trading Platform as defined in the Index Provider's Digital Asset Indices Policy Methodology.

All trading platforms that meet these Inclusion Criteria will be assigned to a Trading Platform Category as defined by the additional criteria below, and at least one Category 1 Trading Platform must be included in each Index Price.

- A "Category 1 Trading Platform" is a trading platform:
  - Licensed and/or able to serve investors, retail or professional, in the U.S.; and
  - That maintains sufficient USD or USDC liquidity relative to the size of the listed assets.
- A "Category 2 Trading Platform" is a trading platform:
  - Licensed (including in-principal licensure) and/or able to serve investors, retail or professional, in one or more of the following jurisdictions:

- United Kingdom
- European Union
- Hong Kong
- Singapore; and

○ That maintain a sufficient USD or USDC liquidity relative to the size of the listed assets.

Although the Index Provider's methodology is designed to operate without any human interference, rare events would justify manual intervention. Manual intervention would only be in response to "non-market-related events" (e.g., halting of deposits or withdrawals of funds, unannounced closure of trading platform operations, insolvency, compromise of user funds, etc.). In the event that such an intervention is necessary, the Index Provider would issue a public announcement through its website, API and other established communication channels with its clients.<sup>68</sup>

*4. The Index Prices are designed to mitigate the impact of instances of fraud, manipulation and other anomalous trading activity concentrated on any one specific trading platform through a cross-trading platform composite index rate.*

The Index Prices are based on the price and volume data of multiple Constituent Trading Platforms that satisfy the Index Provider's Inclusion Criteria. The Manager believes that, by referencing multiple trading venues and weighting them based on trade activity, the impact of any potential fraud, manipulation, or anomalous trading activity occurring on any single venue is reduced. Specifically, the effects of fraud, manipulation, or anomalous trading activity occurring on any single venue are de-weighted and consequently diluted by non-anomalous trading activity from other Constituent Trading Platforms.

Although each Index Price is designed to accurately capture the market price of the digital asset it tracks, third parties may be able to purchase and sell such digital assets on public or private markets not included among the constituent Digital Asset Trading Platforms of such Index Price, and such transactions may take place at prices materially higher or lower than the Index Price. Moreover, there may be variances in the prices of digital assets on the various Digital Asset Trading Platforms, including as a result of differences in fee structures or administrative procedures on different Digital Asset Trading Platforms.

For example, based on Index Price data provided by the Index Provider, on any given day during the twelve months ended March 31, 2025, the maximum differential between the 4:00 p.m., New York time spot price of Bitcoin on any single Digital Asset Trading Platform included in the Index Price was 0.84% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Trading Platform included in the Index Price and the Index Price was 0.33%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Trading Platforms included in the Index Price and the Index Price was 0.01%. Further, based on CD5 data provided by the Index Provider, on any given day during the twelve months ended March 31, 2025, the maximum differential between the 4:00 p.m., New York time spot price of Ether on any single Digital Asset Trading Platform included in the Index Price and the Index Price was 1.88% and the average of the maximum differentials of the 4:00 p.m., New York time spot price of each Digital Asset Trading Platform included in the Index Price and the Index Price was 0.47%. During this same period, the average differential between the 4:00 p.m., New York time spot prices of all the Digital Asset Trading Platforms included in the Index Price and the Index Price was 0.004%. All Digital Asset Trading Platforms that were included in the relevant Index Price throughout the period were considered in this analysis.

The Fund will price its Shares at 4:00 p.m., New York time based on the Index Prices. While the pricing on the Digital Asset Trading Platforms that contribute to the Index Prices is known to the market, the Manager believes that, even if efforts to manipulate the price of the Fund Components at 4:00 p.m. E.T. were successful on a Digital Asset Trading Platform, the effect of such activity on the pricing of the Fund would be mitigated due to the controls embedded in the structure of the Index Prices.

Accordingly, the Manager believes that the Index Prices have the ability to (i) mitigate the effects of fraud, manipulation and other anomalous trading activity on the Fund Components reference rates, (ii) provide a real-time, volume-weighted fair value of the Fund Components and (iii) appropriately handle and adjust for non-market related events.

## Creation and Redemption of Shares

Authorized Participants may submit orders to create or redeem Shares under procedures for "Cash Orders."

The Authorized Participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, Authorized Participants will not directly or indirectly purchase, hold, deliver, or receive the Fund Components as part of the creation or redemption process or otherwise direct the Fund or a third party with respect to purchasing, holding, delivering, or receiving the Fund Components as part of the creation or redemption process.

The Fund will create Shares by receiving the Fund Components from a third party that is not the Authorized Participant and the Fund, or an affiliate of the Fund (and in any event not the Authorized Participant), is responsible for selecting the third party to deliver the Fund Components. Further, the third party will not be acting as an agent of the Authorized Participant with respect to the delivery of the Fund Components to the Fund or acting at the direction of the Authorized Participant with respect to the delivery of the Fund Components to the Fund. The Fund will redeem Shares by delivering the Fund Components to a third party that is not the Authorized Participant and the Fund, or an affiliate of the Fund (and in any event not the Authorized Participant), is responsible for selecting the third party to receive the Fund Components. Further, the third party will not be acting as an agent of the Authorized Participant with respect to the receipt of the Fund Components from the Fund or acting at the direction of the Authorized Participant with respect to the receipt of the Fund Components from the Fund.

Cash Orders are made through the participation of a Liquidity Provider<sup>69</sup>

<sup>69</sup> A "Liquidity Provider" means one or more eligible companies that facilitate the purchase and sale of the Fund Components in connection with creations or redemptions pursuant to Cash Orders. The Liquidity Providers with which Grayscale Investments Sponsors, LLC, acting other than in its capacity as the Manager (in such other capacity, the "Liquidity Engager") will engage in Fund Component transactions are third parties that are not affiliated with the Manager or the Fund and are not acting as agents of the Fund, the Manager, or any Authorized Participant, and all transactions will be done on an arms-length basis. Except for the contractual relationships between each Liquidity Provider and Grayscale Investments Sponsors, LLC in its capacity as the Liquidity Engager, there is no contractual relationship between each Liquidity Provider and the Fund, the Manager, or any Authorized Participant. When seeking to buy Fund Components in connection with creations or sell Fund Components in connection with redemptions, the Liquidity Engager will seek to obtain commercially reasonable prices and terms from the

Continued

<sup>68</sup> To the extent any such intervention has a material impact on the Fund, the Manager will also issue a public announcement.

who obtains or receives the Fund Components in exchange for cash, and are facilitated by the Transfer Agent and Grayscale Investments Sponsors, LLC, acting in its capacity as the Liquidity Engager. Liquidity Providers are not party to the Participant Agreements (as defined below) and are engaged separately by the Liquidity Engager.

According to the Registration Statement, the Fund creates Baskets (as described below) of Shares only upon receipt of the Fund Components and redeems Shares only by distributing the Fund Components. “Authorized Participants” are the only persons that may place orders to create and redeem Baskets. Each Authorized Participant must (i) be a registered broker-dealer and (ii) enter into an agreement with the Manager and Transfer Agent that provides the procedures for the creation and redemption of Baskets and for the delivery of the Fund Components required for the creation and redemption of Baskets via a Liquidity Provider (each, a “Participant Agreement”). An Authorized Participant may act for its own account or as agent for broker-dealers, custodians and other securities market participants that wish to create or redeem Baskets. Shareholders who are not Authorized Participants will only be able to create or redeem their Shares through an Authorized Participant.

The Fund issues Shares to and redeems Shares from Authorized Participants on an ongoing basis, but only in one or more “Baskets” (with a Basket being a block of 10,000 Shares). The Fund will not issue fractions of a Basket.

The creation and redemption of Baskets will be made only in exchange for the delivery to the Fund, or the distribution by the Fund, of the amount of whole and fractional tokens of each Fund Component represented by each Basket being created or redeemed, which is determined by dividing (x) the total amount of tokens of each Fund Component owned by the Fund at 4:00 p.m., New York time, on the trade date of a creation or redemption order, after deducting the amount of each Fund Component representing the U.S. dollar value of accrued but unpaid fees and expenses of the Fund (converted using the Index Prices at such time, and carried to the eighth decimal place), by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth of the Fund Components (*i.e.*,

carried to the eighth decimal place)), and multiplying such quotient by 10,000 (for each Fund Component, the Fund Component Basket Amount). The sum of the Fund Component Basket Amounts for all Fund Components then held by the Fund, and the Cash Portion,<sup>70</sup> if any, together comprise the “Basket Amount.” The U.S. dollar value of a Basket is equal to the sum of (x) each Fund Component Basket Amount multiplied by the applicable Index Price and (y) the Cash Portion, if any (the “Basket NAV”). The Basket NAV multiplied by the number of Baskets being created or redeemed is referred to as the “Total Basket NAV.” All questions as to the calculation of the Basket Amount will be conclusively determined by the Manager and will be final and binding on all persons interested in the Fund. The amount of Fund Components represented by a Share will gradually decrease over time as the Fund Components are used to pay the Fund’s expenses. Each Share represented approximately 0.0004 of one Bitcoin, 0.0022 of one Ether, 0.0094 of one SOL, 0.6584 of one ADA, and 1.0640 of one XRP as of June 20, 2025.<sup>71</sup>

The Basket Amount multiplied by the number of Baskets being created or redeemed is the “Total Basket Amount.” The creation of Baskets requires the delivery to the Fund of the Total Basket Amount and the redemption of Baskets requires the distribution by the Fund of the Total Basket Amount.

Although the Fund creates Baskets only upon the receipt of the Fund Components, and redeems Baskets only by distributing the Fund Components, an Authorized Participant will submit Cash Orders, pursuant to which the Authorized Participant will deposit cash with, or accept cash from, the Transfer Agent in connection with the creation and redemption of Baskets.

Cash Orders will be facilitated by the Transfer Agent and Liquidity Engager, acting other than in its capacity as Manager. On an order-by-order basis, the Liquidity Engager will engage one or more Liquidity Providers to obtain or receive the Fund Components in exchange for cash in connection with such order, as described in more detail below.

<sup>70</sup> “Cash Portion” means for any trade date, the amount of U.S. dollars determined by dividing (x) the amount of U.S. dollars or other fiat currency (as converted into U.S. dollars at the applicable exchange rate as of 4:00 p.m., New York time) held by the Fund at 4:00 p.m., New York time, on such trade date by (y) the number of Shares outstanding at such time (with the quotient so obtained calculated to one one-hundred-millionth), and multiplying such quotient by 100.

<sup>71</sup> Calculated as if the Fund were operating based on the CD5.

Unless the Manager requires that a Cash Order be effected at actual execution prices (an “Actual Execution Cash Order”),<sup>72</sup> each Authorized Participant that submits a Cash Order to create or redeem Baskets (a “Variable Fee Cash Order”)<sup>73</sup> will pay a fee (the “Variable Fee”) based on the Total Basket NAV, and any price differential of the Fund Components between the trade date and the settlement date will be borne solely by the Liquidity Provider until such Fund Components have been received or liquidated by the Fund. The Variable Fee is intended to cover all of a Liquidity Provider’s expenses in connection with the creation or redemption order, including any trading platform fees that the Liquidity Provider incurs in connection with buying or selling the Fund Components. The amount may be changed by the Manager in its sole discretion at any time, and Liquidity Providers will communicate to the Manager in advance the Variable Fee they would be willing to accept in connection with a Variable Fee Cash Order, based on market conditions and other factors existing at the time of such Variable Fee Cash Order.

Alternatively, the Manager may require that a Cash Order be effected as an Actual Execution Cash Order, in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, and under such circumstances, any price differential of the Fund Components

<sup>72</sup> With respect to a creation or redemption pursuant to an Actual Execution Cash Order, as between the Fund and an Authorized Participant, the Authorized Participant is responsible for the dollar cost of the difference between the Fund Components’ price utilized in calculating Total Basket NAV on the trade date and the price at which the Fund acquires or disposes of the Fund Components on the settlement date. If the price realized in acquiring or disposing of the corresponding Total Basket Amount is higher than the Total Basket NAV, the Authorized Participant will bear the dollar cost of such difference, in the case of a creation, by delivering cash in the amount of such shortfall (the “Additional Creation Cash”) to the Cash Account or, in the case of a redemption, with the amount of cash to be delivered to the Authorized Participant being reduced by the amount of such difference (the “Redemption Cash Shortfall”). If the price realized in acquiring the corresponding Total Basket Amount is lower than the Total Basket NAV, the Authorized Participant will benefit from such difference, with the Fund promptly returning cash in the amount of such excess (the “Excess Creation Cash”) to the Authorized Participant.

<sup>73</sup> Unless the Manager determines otherwise in its sole discretion based on market conditions and other factors existing at the time of such Cash Order, all creations and redemptions pursuant to Cash Orders are expected to be executed as Variable Fee Cash Orders, and any price differential of Fund Components between the trade date and the settlement date will be borne solely by the Liquidity Provider until such Fund Components have been received by the Fund.

approved Liquidity Providers. Once agreed upon, the transaction will generally occur on an “over-the-counter” basis.

between the trade date and the settlement date will be borne solely by the Authorized Participant until such Fund Components have been received or liquidated by the Fund.

In the case of creations, to transfer the Total Basket Amount to the Fund's Digital Asset Account, the Liquidity Provider will transfer the Fund Components to one of the public key addresses associated with the Digital Asset Account and as provided by the Manager. In the case of redemptions, the same procedure is conducted, but in reverse, using the public key addresses associated with the wallet of the Liquidity Provider and as provided by such party. All such transactions will be conducted on the blockchain and parties acknowledge and agree that such transfers may be irreversible if done incorrectly.

Authorized Participants do not pay a transaction fee to the Fund in connection with the creation or redemption of Baskets, but there may be transaction fees associated with the validation of the transfer of the Fund Components by the online, end-user-to-end-user network hosting a public transaction ledger, known as a Blockchain, and the source code comprising the basis for the

cryptographic and algorithmic protocols governing such network, which will be paid by the Custodian in the case of redemptions and the Authorized Participant or the Liquidity Provider in the case of creations. Service providers may charge Authorized Participants administrative fees for order placement and other services related to creation of Baskets. As discussed above, Authorized Participants will also pay the Variable Fee in connection with Variable Fee Cash Orders. Under certain circumstances Authorized Participants may also be required to deposit additional cash in the Cash Account, or be entitled to receive excess cash from the Cash Account, in connection with creations and redemptions pursuant to Actual Execution Cash Orders. Authorized Participants will receive no fees, commissions or other form of compensation or inducement of any kind from either the Manager or the Fund and no such person has any obligation or responsibility to the Manager or the Fund to effect any sale or resale of Shares.

#### Creation Procedures

On any business day, an Authorized Participant may place an order with the

Transfer Agent to create one or more Baskets.

Cash Orders for creation must be placed with the Transfer Agent no later than 1:59:59 p.m., New York time.

The Manager may in its sole discretion limit the number of Shares created pursuant to Cash Orders on any specified day without notice to the Authorized Participants and may direct the Marketing Agent to reject any Cash Orders in excess of such capped amount. In exercising its discretion to limit the number of Shares created pursuant to Cash Orders, the Manager expects to take into consideration a number of factors, including the availability of Liquidity Providers to facilitate Cash Orders and the cost of processing Cash Orders.

Creations under Cash Orders will take place as follows, where "T" is the trade date and each day in the sequence must be a business day. Before a creation order is placed, the Manager determines if such creation order will be a Variable Fee Cash Order or an Actual Execution Cash Order, which determination is communicated to the Authorized Participant.

Trade date (T)	Settlement date (T+1, or T+2, as established at the time of order placement)
<ul style="list-style-type: none"> <li>The Authorized Participant places a creation order with the Transfer Agent.</li> <li>The Marketing Agent accepts (or rejects) the creation order, which is communicated to the Authorized Participant by the Transfer Agent.</li> <li>The Manager notifies the Liquidity Provider of the creation order.</li> <li>The Manager determines the Total Basket NAV and any Variable Fee and Additional Creation Cash as soon as practicable after 4:00 p.m., New York time.</li> </ul>	<ul style="list-style-type: none"> <li>The Authorized Participant delivers to the Cash Account: *               <ul style="list-style-type: none"> <li>(x) in the case of a Variable Fee Cash Order, the Total Basket NAV, plus any Variable Fee; or</li> <li>(y) in the case of an Actual Execution Cash Order, the Total Basket NAV, plus any Additional Creation Cash, less any Excess Creation Cash, if applicable (such amount, as applicable, the "Required Creation Cash").</li> </ul> </li> <li>The Liquidity Provider transfers the Total Basket Amount to the Fund's Digital Asset Account.</li> <li>Once the Fund is in simultaneous possession of (x) the Total Basket Amount and (y) the Required Creation Cash, the Fund issues the aggregate number of Shares corresponding to the Baskets ordered by the Authorized Participant, which the Transfer Agent holds for the benefit of the Authorized Participant.</li> <li>Cash equal to the Required Creation Cash is delivered to the Liquidity Provider from the Cash Account.</li> <li>The Transfer Agent delivers Shares to the Authorized Participant by crediting the number of Baskets created to the Authorized Participant's DTC account.</li> </ul>

\*The "Cash Account" means the account maintained by the Transfer Agent for purposes of receiving cash from, and distributing cash to, Authorized Participants in connection with creations and redemptions pursuant to Cash Orders. For the avoidance of doubt, the Fund shall have no interest (beneficial, equitable or otherwise) in the Cash Account or any cash held therein.

#### Redemption Procedures

The procedures by which an Authorized Participant can redeem one or more Baskets mirror the procedures for the creation of Baskets. On any business day, an Authorized Participant may place a redemption order specifying the number of Baskets to be redeemed.

The redemption of Shares pursuant to Cash Orders will only take place if approved by the Manager in writing, in its sole discretion and on a case-by-case basis. In exercising its discretion to approve the redemption of Shares pursuant to Cash Orders, the Manager expects to take into consideration a number of factors, including the availability of Liquidity Providers to

facilitate Cash Orders and the cost of processing Cash Orders.

Cash Orders for redemption must be placed no later than 1:59:59 p.m., New York time on each business day. The Authorized Participants may only redeem Baskets and cannot redeem any Shares in an amount less than a Basket.

Redemptions under Cash Orders will take place as follows, where "T" is the

trade date and each day in the sequence must be a business day. Before a redemption order is placed, the Manager determines if such redemption order will be a Variable Fee Cash Order or an Actual Execution Cash Order, which determination is communicated to the Authorized Participant.

Trade date (T)	Settlement date (T+1 (or T+2 on case-by-case basis, as approved by Manager))
<ul style="list-style-type: none"> <li>• The Authorized Participant places a redemption order with the Transfer Agent.</li> <li>• The Marketing Agent accepts (or rejects) the redemption order, which is communicated to the Authorized Participant by the Transfer Agent.</li> <li>• The Manager notifies the Liquidity Provider of the redemption order.</li> <li>• The Manager determines the Total Basket NAV and, in the case of a Variable Fee Cash Order, any Variable Fee, as soon as practicable after 4:00 p.m., New York time.</li> </ul>	<ul style="list-style-type: none"> <li>• The Authorized Participant delivers Baskets to be redeemed from its DTC account to the Transfer Agent.</li> <li>• The Liquidity Provider delivers to the Cash Account:               <ul style="list-style-type: none"> <li>(x) in the case of a Variable Fee Cash Order, the Total Basket NAV less any Variable Fee; or</li> <li>(y) in the case of an Actual Execution Cash Order, the actual proceeds to the Fund from the liquidation of the Total Basket Amount (such amount, as applicable, the "Required Redemption Cash").</li> </ul> </li> <li>• Once the Fund is in simultaneous possession of (x) the Total Basket Amount and (y) the Required Redemption Cash, the Transfer Agent cancels the Shares comprising the number of Baskets redeemed by the Authorized Participant.</li> <li>• The Custodian sends the Liquidity Provider the Total Basket Amount, and cash equal to the Required Redemption Cash is delivered to the Authorized Participant from the Cash Account.</li> </ul>

#### Suspension or Rejection of Orders and Total Basket Amount

The creation or redemption of Shares may be suspended generally,<sup>74</sup> or refused with respect to particular requested creations or redemptions, during any period when the transfer books of the Transfer Agent are closed or if circumstances outside the control of the Manager or its delegates make it for all practicable purposes not feasible to process creation orders or redemption orders or for any other reason at any time or from time to time.<sup>75</sup> The Transfer Agent may reject an order or, after accepting an order, may cancel such order if: (i) such order is not presented in proper form as described in the Participant Agreement, (ii) the transfer of the Total Basket Amount comes from an account other than a wallet address that is known to the Custodian as belonging to a Liquidity Provider or (iii) the fulfillment of the order, in the opinion of counsel, might be unlawful, among other reasons. None of the Manager or its delegates will be liable for the suspension, rejection or

acceptance of any creation order or redemption order.

#### Availability of Information

The Fund's website (<https://www.grayscale.com/funds/grayscale-digital-large-cap-fund?public>), which will be publicly available at no charge, will include quantitative information on a per Share basis updated on a daily basis, including, (i) the current NAV per Share daily and the prior business day's NAV per Share and the reported closing price of the Shares; (ii) the mid-point of the bid-ask price<sup>76</sup> as of the time the NAV per Share is calculated ("Bid-Ask Price") and a calculation of the premium or discount of such price against such NAV per Share; and (iii) data in chart format displaying the frequency distribution of discounts and premiums of the daily Bid-Ask Price against the NAV per Share, within appropriate ranges, for each of the four previous calendar quarters (or for as long as the Fund has been trading as an ETP if shorter). In addition, on each business day the Fund's website will provide pricing information for the Shares and disclose the Fund Components, including: (i) the name of each Fund Component; (ii) the quantity of each Fund Component; and (iii) the weighting of each Fund Component. The Fund's website will also include a form of the prospectus for the Fund that may be downloaded.

One or more major market data vendors will provide the Intra-Day Fund Value ("IFV") per Share updated every 15 seconds, as calculated by the

Exchange or a third party financial data provider during the Exchange's Core Trading Session (9:30 a.m. to 4:00 p.m., E.T.).<sup>77</sup> The IFV will be calculated using the same methodology as the NAV per Share of the Fund (as described above), specifically by using the prior day's closing NAV per Share as a base and updating that value during the NYSE Arca Core Trading Session based on the Index Prices to reflect changes in the value of the Fund's NAV during the trading day.

The IFV disseminated during the NYSE Arca Core Trading Session should not be viewed as an actual real-time update of the NAV per Share, which will be calculated only once at the end of each trading day. The IFV will be widely disseminated on a per Share basis every 15 seconds during the NYSE Arca Core Trading Session by one or more major market data vendors. In addition, the IFV will be available through on-line information services.

The value of the Index Prices will be calculated or available on at least a 15-second delayed basis through major market data vendors. The Index, as well as additional information regarding the Index such as the Index Components and CD5 Methodology, is publicly available on a continuous basis on the Index Provider's website.

The NAV for the Fund will be calculated by the Manager once a day and will be disseminated daily to all market participants at the same time. To the extent that the Manager has utilized the cascading set of rules described in "Determination of the Index Prices"

<sup>74</sup> The Manager will notify the Exchange in the event that the creation or redemption of Shares will be suspended generally and will follow the Exchange's "Immediate Release Policy."

<sup>75</sup> Extenuating circumstances outside of the control of the Manager and its delegates or that could cause the transfer books of the Transfer Agent to be closed are outlined in the Participant Agreement and include, for example, public service or utility problems, power outages resulting in telephone, telecopy and computer failures, acts of God such as fires, floods or extreme weather conditions, market conditions or activities causing trading halts, systems failures involving computer or other information systems, including any failures or outages of the respective networks on which the Fund Components operate, affecting the Authorized Participant, the Manager, the Fund, the Transfer Agent, the Marketing Agent and the Custodian and similar extraordinary events.

<sup>76</sup> The bid-ask price of the Fund is determined using the highest bid and lowest offer on the Consolidated Tape as of the time of calculation of the closing day NAV.

<sup>77</sup> The IFV on a per Share basis disseminated during the NYSE Arca Core Trading Session should not be viewed as a real-time update of the NAV, which is calculated once a day.



above, the Fund's website will note the valuation methodology used and the price per Fund Components resulting from such calculation. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA").

Quotation and last sale information for the Fund Components will be widely disseminated through a variety of major market data vendors, including Bloomberg and Reuters. In addition, real-time price (and volume) data for the Fund Components is available by subscription from Reuters and Bloomberg. The spot price of the Fund Components is available on a 24-hour basis from major market data vendors, including Bloomberg and Reuters. Information relating to trading, including price and volume information, will be available from major market data vendors and from the trading platforms on which the Fund Components are traded. The normal trading hours for Digital Asset Trading Platforms are 24-hours per day, 365-days per year.

On each business day, the Manager will publish the Index Prices, the Fund's NAV, and the NAV per Share on the Fund's website as soon as practicable after its determination. If the NAV and NAV per Share have been calculated using a price per Fund Components other than the Index Price, the publication on the Fund's website will note the valuation methodology used and the price per Fund Components resulting from such calculation.

The Fund will provide website disclosure of its NAV daily. The website disclosure of the Fund's NAV will occur at the same time as the disclosure by the Manager of the NAV to Authorized Participants so that all market participants are provided such portfolio information at the same time. Therefore, the same portfolio information will be provided on the public website as well as in electronic files provided to Authorized Participants. Accordingly, each investor will have access to the current NAV of the Fund through the Fund's website, as well as from one or more major market data vendors.

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 closing price and trading volume information for the Shares will be published daily in the financial section of newspapers.

#### 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. Shares will trade on the NYSE Arca Marketplace from 4:00 a.m. to 8:00 p.m., E.T. in accordance with NYSE Arca Rule 7.34-E (Early, Core, and Late Trading Sessions). The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in NYSE Arca Rule 7.6-E, the minimum price variation ("MPV") for quoting and entry of orders in equity securities traded on the NYSE Arca Marketplace is \$0.01, with the exception of securities that are priced less than \$1.00, for which the MPV for order entry is \$0.0001.

The Shares will be required to conform to the initial and continued listing criteria under NYSE Arca Rule 8.500-E. The trading of the Shares will be subject to NYSE Arca Rule 8.500-E(f), which sets forth certain restrictions on Equity Trading Permit Holders ("ETP Holders") acting as registered Market Makers in Trust Units to facilitate surveillance. The Exchange represents that, for initial and continued listing, the Fund will be required to comply with Rule 10A-3<sup>78</sup> under the Act, as provided by NYSE Arca Rule 5.3-E. A minimum of 100,000 Shares of the Fund will be outstanding at the commencement of trading on the Exchange.

#### 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 of the Fund.<sup>79</sup> Trading in Shares of the Fund will be halted if the circuit breaker parameters in NYSE Arca Rule 7.12-E have been reached. Trading also may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable.

The Exchange may halt trading during the day if it becomes aware that there has been an interruption to the dissemination of the IFV or the value of the Index Prices occurs. If the interruption to the dissemination of the IFV or the value of the Index Prices persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the NYSE Arca Core Trading Session on the trading day following the interruption. In addition, if the Exchange becomes

aware that the NAV per Share is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV per Share is available to all market participants.

#### Surveillance

The Exchange represents that trading in the Shares of the Fund will be subject to the existing trading surveillances administered by the Exchange, as well as cross-market surveillances administered by the Financial Industry Regulatory Authority ("FINRA") on behalf of the Exchange, which are designed to detect potential violations of Exchange rules and applicable federal securities laws with respect to the Shares of the Fund trading on the Exchange.<sup>80</sup> The Exchange represents that these procedures are adequate to properly monitor Exchange trading of the Shares in all trading sessions and to deter and detect violations of Exchange rules and federal securities laws with respect to the Shares of the Fund trading on the Exchange.

The existing surveillances referred to above generally focus on detecting securities trading outside their normal patterns, which could be indicative of manipulative or other violative activity with respect to the Shares of the Fund. When such situations are detected, surveillance analysis follows and investigations are opened, where appropriate, to review the behavior of all relevant parties for all relevant trading violations.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate regarding trading in the Shares with other markets and other entities that are members of the ISG. The Exchange or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares and Fund Component derivatives from such markets and other entities. In addition, the Exchange may obtain information regarding trading in the Shares and Fund Component derivatives from markets and other entities with which the Exchange has in place a CSSA.<sup>81</sup> The Exchange is also

<sup>80</sup> FINRA conducts 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.

<sup>81</sup> For a list of the current members of ISG, see [www.isgportal.org](http://www.isgportal.org). The Exchange notes that not all Fund Components may trade on markets that are members of ISG or with which the Exchange has in place a CSSA, but that, consistent with this proposed rule change, at least 85% of the Fund Components will consist of Approved Components as detailed above.

<sup>78</sup> 17 CFR 240.10A-3.

<sup>79</sup> See NYSE Arca Rule 7.12-E.

able to obtain information from ETP Holders acting as registered Market Makers regarding their trading (as principal or agent) in the Shares and any underlying Fund Components, options on Fund Components, or any other Fund Component derivatives.

In addition, under Rule 8.500–E(f), an ETP Holder acting as a registered Market Maker in the Shares is required to provide the Exchange with information relating to its accounts for trading in any underlying commodity, related futures or options on futures, or any other related derivatives. Commentary .04 of NYSE Arca Rule 11.3–E requires an ETP Holder acting as a registered Market Maker, and its affiliates, in the Shares to establish, maintain and enforce written policies and procedures reasonably designed to prevent the misuse of any material nonpublic information with respect to such products, any components of the related products, any physical asset or commodity underlying the product, applicable currencies, underlying indexes, related futures or options on futures, and any related derivative instruments (including the Shares). As a general matter, the Exchange has regulatory jurisdiction over its ETP Holders and their associated persons, which include any person or entity controlling an ETP Holder. To the extent the Exchange may be found to lack jurisdiction over a subsidiary or affiliate of an ETP Holder that does business only in commodities or futures contracts and that subsidiary or affiliate is a member of another regulatory organization, the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations to the extent the Exchange has such an agreement with that regulatory organization.

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

All statements and representations made in this filing regarding (a) the description of the index or portfolio or reference asset, (b) limitations on portfolio holdings or reference assets, or (c) the applicability of Exchange listing rules specified in this rule filing shall constitute continued listing requirements for listing the Shares on the Exchange.

The Manager has represented to the Exchange that it will advise the Exchange if the Fund ceases to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Act, the Exchange will monitor for compliance with the

continued listing requirements. If the Exchange becomes aware that the Fund is not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under NYSE Arca Rule 5.5–E(m).

#### Information Bulletin

At or prior to the commencement of trading, the Exchange will inform its ETP Holders in an “Information Bulletin” of the special characteristics and risks associated with trading the Shares. Specifically, the Information Bulletin will discuss the following: (1) the procedures for creations of Shares in Baskets; (2) NYSE Arca Rule 9.2–E(a), which imposes a duty of due diligence on its ETP Holders to learn the essential facts relating to every customer prior to trading the Shares; (3) information regarding how the NAV and the IFV are disseminated; (4) the possibility that trading spreads and the resulting premium or discount on the Shares may widen during the Opening and Late Trading Sessions, when an updated IFV will not be calculated or publicly disseminated; (5) the requirement that ETP Holders deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction; and (6) trading information. The Exchange notes that investors purchasing Shares directly from the Fund will receive a prospectus.

In addition, the Information Bulletin will reference that the Fund is subject to various fees and expenses as described in the Registration Statement. The Information Bulletin will disclose that information about the Shares of the Fund is publicly available on the Fund’s website.

The Information Bulletin will also discuss any relief, if granted, by the Commission or the staff from any rules under the Act.

#### 5. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,<sup>82</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>83</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 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 Exchange believes the proposed changes to Rule 8.500–E would promote

just and equitable principles of trade, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest because they would expand the universe of issuers that could issue Trust Units, thereby facilitating the listing and trading of additional series of Trust Units. The proposed changes to Rule 8.500–E would also promote clarity and specificity in the Exchange’s rules, including with respect to the permissible holdings underlying series of Trust Units. The Exchange believes the proposed change could promote competition by supporting the availability of additional exchange-traded products, to the benefit of all market participants. Except for the changes described above, all other requirements of Rule 8.500–E remain unchanged and would continue to apply to Trust Units listed and traded on the Exchange.

The Exchange also believes that the proposed addition of Trust Units to the enumerated derivative and special purpose securities that are subject to the provisions of Rule 5.3–E (Corporate Governance and Disclosure Policies) and Rule 5.3–E(e) (Shareholder/Annual Meetings) would promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system by holding Trust Units to the same requirements currently applicable to other similar derivative and special purpose securities such as those listed pursuant to Rule 8.201–E.

With respect to the proposed listing and trading of Shares of the Fund, 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 and traded on the Exchange pursuant to the initial and continued listing criteria in NYSE Arca Rule 8.500–E, as amended in this filing. The Exchange further believes that the proposed allocation of Fund Components to include at least 85% Approved Components, as described above, would remove impediments to and perfect the mechanism of a free and open market and a national market system because, at the start of each NYSE Arca Core Trading Session, at least 85% of the Fund Components will consist of Approved Components for which the Commission has found that there are sufficient means of preventing fraud and manipulation. The Exchange has in place certain surveillance procedures that are adequate to properly monitor trading in the Shares on the

<sup>82</sup> 15 U.S.C. 78f(b).

<sup>83</sup> 15 U.S.C. 78f(b)(5).

Exchange in all trading sessions and to deter and detect violations of Exchange rules and applicable federal securities laws applicable to the Shares of the Fund trading on the Exchange. The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares with other markets 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 and Fund Component derivatives from such markets. In addition, the Exchange may obtain information regarding trading in the Shares and Fund Component derivatives from markets with which the Exchange has in place a CSSA. Also, pursuant to NYSE Arca Rule 8.500–E(f), the Exchange is able to obtain information from ETP Holders regarding their trading (as principal or agent) in the Shares and any underlying Fund Components, options on Fund Components, or any Fund Component derivatives.

The proposed rule change to list and trade Shares of the Fund is also designed to prevent fraudulent and manipulative acts and practices because the Index Prices (1) track the Digital Asset Trading Platform Market price through trading activity at Constituent Trading Platforms, which are made up of U.S.-Regulated Trading Platforms and/or Digital Asset Trading Platforms licensed and/or able to serve investors in the United Kingdom, European Union, Hong Kong and/or Singapore; (2) are designed to mitigate the impact of instances of fraud, manipulation and other anomalous trading activity in real-time through systematic adjustments; (3) are constructed and maintained by an expert third-party index provider, allowing for prudent handling of non-market-related events; and (4) are designed to mitigate the impact of instances of fraud, manipulation and other anomalous trading activity concentrated on any one specific trading platform through a cross-trading platform composite index rate. The Index Prices are designed to (i) mitigate the effects of fraud, manipulation and other anomalous trading activity from impacting the Fund Components' reference rates, (ii) provide a real-time, volume-weighted fair value of the Fund Components and (iii) appropriately handle and adjust for non-market related events. The proposed rule change is also designed to prevent fraudulent and manipulative acts and practices because the Exchange is able to obtain information from the CME in regard to trading in futures on certain

Fund Components to assist in detecting and deterring potential fraud or manipulation with respect to certain Fund Components.

The proposed rule change is designed to promote just and equitable principles of trade and to protect investors and the public interest in that there is a considerable amount of price and market information available on public websites and through professional and subscription services for the Fund Components. Investors may obtain, on a 24-hour basis, Fund Component pricing information based on the spot price for the Fund Components from various financial information service providers. The closing price and settlement prices of the Fund Components are readily available from the Digital Asset Trading Platforms and other publicly available websites. In addition, such prices are published in public sources, or on-line information services such as Bloomberg and Reuters. The NAV per Share will be calculated daily and made available to all market participants at the same time. The Fund will provide website disclosure of its NAV daily. One or more major market data vendors will disseminate for the Fund on a daily basis information with respect to the most recent NAV per Share and Shares outstanding. In addition, if the Exchange becomes aware that the NAV per Share 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. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The IFV will be widely disseminated on a per Share basis every 15 seconds during the NYSE Arca Core Trading Session (normally 9:30 a.m., E.T., to 4:00 p.m., E.T.) by one or more major market data vendors. The Exchange represents that the Exchange may halt trading during the day in which an interruption to the dissemination of the IFV or the value of the Index Prices occurs. If the interruption to the dissemination of the IFV or the value of the Index Prices persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the NYSE Arca Core Trading Session on the trading day following the interruption.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of an additional type of exchange-traded product that will enhance competition among market participants, to the benefit of investors and the marketplace.

As noted above, the Exchange has in place surveillance procedures relating to trading in the Shares on the Exchange and may obtain information via ISG from other exchanges that are members of ISG or with which the Exchange has entered into a CSSA. In addition, as noted above, investors will have ready access to information regarding the Fund's NAV, IFV, and quotation and last sale information for the Shares.

#### *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 purposes of the Act. The Exchange notes that the proposed rule change will facilitate the listing and trading of an additional type of exchange-traded product which will enhance competition among market participants, 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*

No written comments were solicited or received with respect to the proposed rule change.

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

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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–NYSEARCA–2024–87 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–NYSEARCA–2024–87. 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–NYSEARCA–2024–87 and should be submitted on or before July 23, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>84</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*  
[FR Doc. 2025–12304 Filed 7–1–25; 8:45 am]  
**BILLING CODE 8011–01–P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34–103339; File No. SR–NASDAQ–2025–045]**

**Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend The Nasdaq Options Market LLC (“NOM”) Rules at Options 7, Section 2, Nasdaq Options Market—Fees and Rebates**

June 27, 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 June 16, 2025, The Nasdaq Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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**

The Exchange proposes to amend The Nasdaq Options Market LLC (“NOM”) Rules at Options 7, Section 2, Nasdaq Options Market—Fees and Rebates. Specifically, NOM proposes to (1) increase the rebate for adding liquidity in penny symbols by NOM Market Makers<sup>3</sup> and remove the corresponding note 11 incentive (2) increase the applicable monthly percentage volume

for Participants<sup>4</sup> to achieve Tier 5 status, and (3) amend the note 6 incentive for Participants.  
The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rulefilings>, at the principal office of the Exchange, 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 amend NOM’s Pricing Schedule at Options 7, Section 2, Nasdaq Options Market—Fees and Rebates.

**Background**

Today, NOM assesses certain fees and rebates for execution of contracts on NOM as follows:

**REBATES TO ADD LIQUIDITY IN PENNY SYMBOLS**

	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6
Customer .....	(\$0.20) .....	(\$0.25) .....	(\$0.43) .....	(\$0.44) .....	(\$0.45) .....	(\$0.48)
Professional .....	(0.20) .....	(0.25) .....	(0.43) .....	(0.44) .....	(0.45) .....	(0.47)
Broker-Dealer .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10)
Firm .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10)
Non-NOM Market Maker .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10) .....	(0.10)
NOM Market Maker .....	(0.20) .....	(0.25) .....	(0.30) .....	(0.32) .....	(0.44) .....	(0.48)

<sup>84</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> The term “NOM Market Maker” or (“M”) is a Participant that has registered as a Market Maker on NOM pursuant to Options 2, Section 1, and must

also remain in good standing pursuant to Options 2, Section 9. In order to receive NOM Market Maker pricing in all securities, the Participant must be registered as a NOM Market Maker in at least one security. *See* Options 7, Section 1(a).  
<sup>4</sup> The term “Options Participant” or “Participant” mean a firm, or organization that is registered with

the Exchange pursuant to Options 2A of the NOM Rules for purposes of participating in options trading on NOM as a “Nasdaq Options Order Entry Firm” or “Nasdaq Options Market Maker”. *See* Options 1, Section 1(39).