



February 3, 2017

Robert W. Errett  
Deputy Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File No. SR-Bats BZX-2016-30 (Winklevoss Bitcoin Shares)

Dear Mr. Errett,

As an active participant in the digital currency market and a provider of consumer financial services built on the Bitcoin protocol, Circle Internet Financial, Inc. ("Circle") appreciates the opportunity to submit a comment on the potential listing of the Winklevoss Bitcoin Shares being issued by the Winklevoss Bitcoin Trust.

Circle was established in August 2013 and is located in Boston, Massachusetts. Circle was formed in order to offer a suite of services designed to make it easy, safe and frictionless for consumers to transact in digital currencies, leveraging among other technologies the power of the Bitcoin blockchain to effect payments around the globe in a low-cost, un-intermediated and fast way. Bitcoin is a decentralized system based on open protocols that no government or corporation controls.

Circle sees numerous consumer benefits from using Bitcoin -- the protocol, network and blockchain -- as a global payment rail, but over the past three years, we have also observed bitcoin -- its native token and asset -- grow in prominence as a ubiquitous, investible store of value. Bitcoin has flourished as a fully digital asset that is largely fungible and transferable online, carries minimal storage costs and is convertible to many currencies around the globe, owing to its widespread adoption and use. Bitcoin comprises over 85% of the total value of all digital currency tokens. Particularly in parts of the world where alternative stores of value are harder to access, bitcoin has lived up to its reputation as "digital gold."

While a growing set of US-based institutional and individual investors in the US see bitcoin's potential as digital gold, the lack of a conventional access vehicle for the asset class continues to be an obstacle. Institutional investors looking for spot exposure may be restricted from

accessing the online exchanges where bitcoin trades or may not be mandated to hold bitcoin cryptographic keys outright without a custodian and a proper security and storage protocol. Individual investors who many not be technically adept may be similarly at risk of inadvertently losing private keys or suffering a security breach. Many of the often lightly regulated or unregulated online exchanges accepting individual investors (which are generally structured to also hold custody of customer funds) do have a history of experiencing cybersecurity incidents, losing banking partners or folding under regulatory scrutiny.

The listing of the Winklevoss Bitcoin Shares would open up a conventional route into this asset class for institutional and individual investors while eliminating many of the risks associated with handling cryptographic keys and dealing with unregulated online exchanges and custodians. It would also mark a significant step by US regulatory authorities in defining a framework for digital currency trading and promoting liquidity in US-based markets, which would benefit US investors who are currently relying on those unregulated online exchanges based in other jurisdictions.

We also see a benefit in concentrating liquidity within a trusted, safe, transparent, regulated product and market for this asset class. Bitcoin trades across multiple online exchanges globally with varying levels of accessibility to users by jurisdiction, margin and leverage product offerings, creditworthiness, fee structures and incentives -- this causes bitcoin spot prices to diverge across exchanges. While some of these exchanges may suffer from lack of oversight and a concomitant lack of transparency or fairness, we believe this strengthens the case for an investment product that does not rely on spot price of less credible exchanges to value its holdings and instead relies on the spot price on the exchange managed by the Gemini Trust Company, LLC ("Gemini"), which is subject to substantive regulation of its exchange activity and custody of assets under the New York Department of Financial Services. Because of this oversight of Gemini's storage and security infrastructure, the trading platform and its rules and procedures, institutional market participants such as Circle are able to use Gemini to trade and hold bitcoin.

Leveraged trading on some other exchanges has historically sparked excessive price volatility and instability. Gemini does not offer such products and would be able to serve as a trusted, regulated spot exchange for institutional market participants driving the arbitrage mechanism that ensures efficient pricing between spot price and the Winklevoss Bitcoin Shares. The Gemini exchange would also have the potential for more robust price discovery as liquidity is concentrated on the exchange.

Gemini's daily auction offers another mechanism, mirroring the opening and closing auctions held on BATS and other US equity exchanges, by which price discovery and concentration of liquidity occurs. Circle and other institutional market participants can use the auction's added liquidity to enforce price arbitrage between spot and the Winklevoss Bitcoin Shares. As an active participant of the Gemini exchange and its auction, we have observed that the auction price is often is an accurate indication of price across the spectrum of online exchanges, settling

within 1% of a global volume-weighted average price, an outcome we would attribute to the presence of arbitrageurs able to keep price in line across exchanges.

Both institutional and individual investors stand to benefit from the potential listing of the Winklevoss Bitcoin Shares. Such a listing would create a trusted, safe, transparent and regulated entry point into this maturing asset class, which is growing in importance as an investible store of value globally. As a US-based participant in the digital currency markets, Circle is heartened to see US regulators take a forward-thinking approach to Bitcoin and similar emerging technologies, and we thank you for considering our comments.

Sincerely,

Handwritten signature of Joshua Lim in black ink.

Joshua Lim

Handwritten signature of Dan Matuszewski in black ink.

Dan Matuszewski

Treasury & Trading Operations  
Circle Internet Financial, Inc.