

To whom it may concern,

This letter represents an analysis of Securities and Exchange Commission (SEC) governing body and it's relation to the recent Chicago Board Options Exchange (CBOE) Bitcoin ETF proposal. It is in the best interest for all parties (SEC, institutional investors, and related entities) to approve CBOE Bitcoin ETF. Current market mechanics have not allowed Bitcoin to be fairly traded as a commodity. A Bitcoin ETF has a far better chance to promote stability and fairness. In fact, the continual denial of Bitcoin ETF's will continue to cause market instability and manipulation.

Under today's financial markets, Bitcoin derivatives exist allowing interested entities to handle market risks. The original purpose as quoted by Chicago Market Exchange (CME) Group's Leo Melamed:

"We will regulate, make bitcoin not wild, nor wilder. We'll tame it into a regular type instrument of trade with rules."

However, futures trading has not tamed risks nor stabilized the market. The prime reason is due to the decentralized nature of Bitcoin ownership. The large majority of today's Bitcoin is owned by central financial entities. The table below summarizes all Bitcoins in circulation in relation to the number of Addresses owning them:

Balance	Addresses	% Addresses (Total)	Coins	\$USD	% Coins (Total)
0 - 0.001	11084007	49.69% (100%)	2,174 BTC	13,868,576 USD	0.01% (100%)
0.001 - 0.01	4954947	22.21% (50.31%)	20,442 BTC	130,414,086 USD	0.12% (99.99%)
0.01 - 0.1	3858197	17.3% (28.09%)	123,984 BTC	790,983,520 USD	0.73% (99.87%)
0.1 - 1	1696655	7.61% (10.8%)	548,584 BTC	3,499,810,811 USD	3.23% (99.14%)
1-10	562841	2.52% (3.19%)	1,482,026 BTC	9,454,902,624 USD	8.72% (95.91%)
10 - 100	131155	0.59% (0.67%)	4,344,389 BTC	27,715,955,038 USD	25.55% (87.2%)
100 - 1,000	15778	0.07% (0.08%)	3,712,210 BTC	23,682,838,705 USD	21.83% (61.65%)
1,000 - 10,000	1519	0.01% (0.01%)	3,349,816 BTC	21,370,868,328 USD	19.7% (39.81%)
10,000 - 100,000	112	0% (0%)	2,871,769 BTC	18,321,064,972 USD	16.89% (20.11%)
100,000 - 1,000,000	4	0% (0%)	547,999 BTC	3,496,073,870 USD	3.22% (3.22%)

<https://bitinfocharts.com/top-100-richest-bitcoin-addresses.html>

The takeaway from the above chart is that currently the top 0.67% addresses own 87.19% of the Bitcoins in circulation. A large percentage of these being extremely wealthy individuals or exchanges. This means that the current derivatives trading assessment for market supply / demand is highly volatile due to the small sample size of Bitcoin ownership.

Therefore, additional financial investment entities are needed (such as ETF's) to combine institutional investors' interests and decentralize Bitcoin ownership while promoting financial innovation in the U.S. Without an entity to combine multiple interested parties, no new financial entity can enter the market without competing within Bitcoin's current market momentum.

According to ETF Ruling 33-10515 proposal, the SEC is concerned with the formation of fair and stable ETF's. The central method being that ETF's and secondary market must have mutual accessibility such that arbitrage will maintain a stable Net Asset Value (NAV). The basic fundamental idea is that Open Exchanges, Futures Exchanges, and ETF should be able to buy / sell to avoid market manipulation of any one particular entity. The Economic Baseline according to SEC's Ruling Proposal (Release Nos. 33-10515; IC-33140; File No. S7-15-18) is that ETF's and secondary markets should interact in such a way to keep prices stable. Quote:

*The combination of the creation and redemption process with secondary market trading in ETF shares provides arbitrage opportunities that are designed to help keep the market price of ETF shares at or close to the NAV per share of the ETF.*

If it is the SEC's goal to stabilize NAV, it is in the best interest for SEC to approve CBOE's Bitcoin ETF as forerunner to multiple ETF's to compete in Bitcoin ownership. This would allow an arbitrage system and maintain Bitcoin's NAV with current derivatives and open exchange market. Introducing additional financial entities would also reduce market manipulation and create financial opportunities for new institutional investors. Exchanges and wealthy individuals should not be the only parties existing in Bitcoin's financial ecosystem. Bitcoin ETF's must be allowed to compete fairly and stabilize current market conditions.

Thank you for considering my comments,

Tim Hong, Director of HR, T&T Consulting