

Dear Sir/Madam,

File No. SR-CboeBZX-2018-040

There are a lot of discussions surrounding the unregulated bitcoin spot price manipulation, however, there is no real examination of the CME XBT futures market. A thorough look at the price action surrounding the expiration in the CME might indicate that the futures market isn't so far behind the spot one.

*Please find the below image which demonstrate the price action in the CME around the latest expiration (July 27th, 2018). Where there any news which might have led to this price reaction? No. Coincidence? I doubt it.



The CME XBT market operates via market makers that provide ongoing bid/offer prices during the trading hours of the futures. As expressed by the CME CEO and the market makers (MM) themselves, these MM operate actively in both the spot and futures market. In order to determine whether there is price manipulation, the MM needs to be examined in relation to their exposure in the CME future market to their mitigation technics in the spot market, primary surrounding the futures expiration. Unless supervised, the MM's are able to buy or sell large quantities of bitcoin units in the spot market around the expiration, which takes place during a low liquidity hours, and affect the price.

On a broader view, even if we assume that the CME XBT future market was actually "free" of manipulation, can one claim that the price action of the bitcoin spot market in the unregulated exchanges, which holds the vast majority of volume, as acknowledged by the SEC, doesn't affect the XBT future market? Of course not. In any financial market where arbitrage is available, the price change in one source will affect the rest of the market.

There is ongoing investigation by the US justice department regarding a price manipulation in the spot market. The known New York University economics professor Nouriel Roubini spoke on July 18th

of yet another manipulation in the spot price. Other known manipulation in the markets (tether, volume and liquidity in the largest exchanges-binance and Okex).

Would it be wise for the SEC to ignore the spot market, despite all the above, knowing it will affect the future markets, either because it's not under the SEC mandate or because the ETF application is based on the XBT futures?

****Please find the bellow image which demonstrate the volume manipulation in the ETCBTC market in the world largest Crypto Exchange-Binance.**



With regards to Solid X/VanEck commodity futures comparison, especially with regards to Gold - the gold reserves mostly owned by government's and ETF's while the vast trading volume comes from a regulated market, mostly, London and New York.

As per the bitcoin market, a short search reveals that 1520 wallet addresses hold 39.84% of the entire bitcoin supply. Is it known if these holdings belong to legitimate, regulated entities? Is it known how many of these addresses belong to a single person? No. Given their size, can the bitcoin spot market be manipulated and ultimately affect the future market? Easily.

For the reasons mentioned above, It in my opinion the bitcoin market is not mature enough for a bitcoin ETF. The fact that Solid X/ VanEck ETF aim at a high net worth individuals doesn't protect the retail client, on the contrary, it legitimizes the bitcoin as a financial instrument and encourage the retail client to go and buy bitcoin in the general market without any protection.

Remaining at your disposal, should you need additional clarifications.

Kind Regards,

Ran Lagil

Ran_lg@yahoo.com, +357-99-573-246