Subject: **File No. SR-CboeBZX-2018-040**

From: John Cassimatis
Date: Oct, 25 2018.

Attention: SEC

I am writing in response to various public letters submitted on the subject of whether to approve **SR-CboeBZX-2018-040.** In particular, I aim to refute several assertions made in the collective submitted commentary.

One general claim is that Bitcoin is 10 years old and isn't going away. In my opinion Bitcoin has a fundamental, and fatal flaw, jeopardizing its long-term viability. As an incentive to introduce such a revolutionary concept to the world, the reward structure in Bitcoin's design, runs seemingly counter to how our entire society operates. Bitcoin=Work Harder Earn Less. That is not how capitalism is supposed to work. In bitcoins case, as the ledger grow with every block, the proof of work method requires the entire chain be essentially "settled" in order for a decentralized system to prevent the "concept of double spending" which is a core concept in bitcoins White Paper. This is the problem, as the chain keeps growing, this accounting has cost more and more. Now with 80% of Bitcoin mining in China, and a company Bitmain, which may control up to 45 % of the mining (consensus), we have seen mining driving all but the biggest from the system. Unfortunately for miners, however, the reward per block which started at 50 is halved according to the code. It is now at 12.75 bitcoin per block and expected to half to 6.375 per block in May of 2109. Currently, it is estimated miners are operating at a breakeven at best cost structure and are hoping the upward future price of bitcoin will make it worth it. After rewards halve from here, and the extra blocks in the chain continue to drive electricity costs higher over the next 9 months, I am worried that the miners will not be able to survive on increased transaction costs as the mechanism of their revenue as the White Papers hope. Last December 2017 we saw and exceptionally high transaction costs that month, sometimes 80 dollars (sadly people were paying 80 dollars to buy 80 dollars of bitcoin--double!) I think May of 2019 will be a true test for the system as the margins are sitting breakeven to slightly negative now. I think the entire blockchain space will morph in 2019.

Another claim is that manipulation in the marketplace is under control. I have traded futures with the CME group since 2003. I was a John Corzine victim, I kept at it. I have had a position in Bitcoin (5 coins per contract) futures. Since the beginning of the Spring 2019, bitcoin has been trading with less and less volume. The contact behaves like illiquid banks stock shares in the late nineties. They lay essentially dormant and then, often without offering normal protections like stop orders, explode or implode on massive relative volume surges. It shortly then goes dormant again. Given that institutional, broker, even hedge fund participation in the futures product are already minute, I do worry the ETF may draw even more liquidity from the already established regulated channels. Considering the well published data on what is to be referred to as ‘bitcoin whales’, the trades feel either completely algorithmic, coordinated, or incredibly large in singular size. This is not the safest playground for investors in my 23 years experience.

At the end of the day there is something inherent puzzling when the only real argument for why bitcoin could possible ever have an upside is in selling it to more people, the ETF. The only thing I hear about the network is that its sluggish and inefficient. Miners will be tested soon. If the community could survive this test longer I may switch the strength of my opinion, but at this juncture I cannot condone a potential pump and dump device on a publicity scale that is quite this large. I am against this ETF.

Kindly,

John Cassimatis