

**MEMORANDUM**

**TO:** File No. SR-NASDAQ-2023-016

**FROM:** Edward Cho, Office of Market Supervision, Division of Trading and Markets

**DATE:** November 20, 2023

**SUBJECT:** Meeting with BlackRock, Inc. re: iShares Bitcoin Trust

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On November 20, 2023, David Shillman, Tom McGowan, Randall Roy, Ray Lombardo, Molly Kim, Edward Cho, Sarah Schandler, and Stacia Sowerby from the Division of Trading and Markets participated in a meeting with the following individuals:

Rachel Aguirre, BlackRock, Inc.  
Adithya Attawar, BlackRock, Inc.  
Shannon Ghia, BlackRock, Inc.  
Robert Mitchnick, BlackRock, Inc.  
Charles Park, BlackRock, Inc.  
Marisa Rolland, BlackRock, Inc.  
Ben Tecmire, BlackRock, Inc.  
Eun Ah Choi, The NASDAQ Stock Market LLC  
Jonathan Cayne, The NASDAQ Stock Market LLC  
Giang Bui, The NASDAQ Stock Market LLC  
Ali Doyle, The NASDAQ Stock Market LLC

The discussion concerned The NASDAQ Stock Market LLC's proposed rule change to list and trade shares of the iShares Bitcoin Trust under NASDAQ Rule 5711(d). Blackrock also provided the attached presentation.

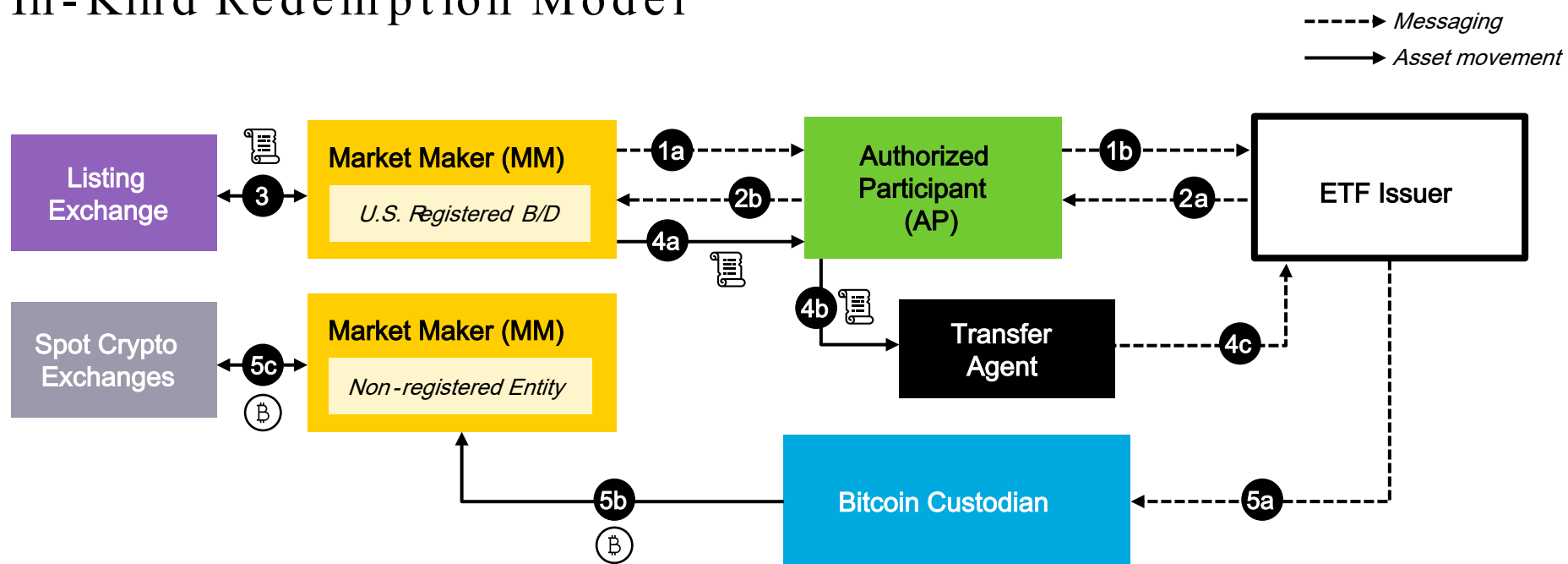
Nov. 20, 2023



# IN - KIND VS. CASH MODEL SUMMARY

LIMITED DISTRIBUTION

# In-Kind Redemption Model<sup>1</sup>



## Redemption Lifecycle

T:

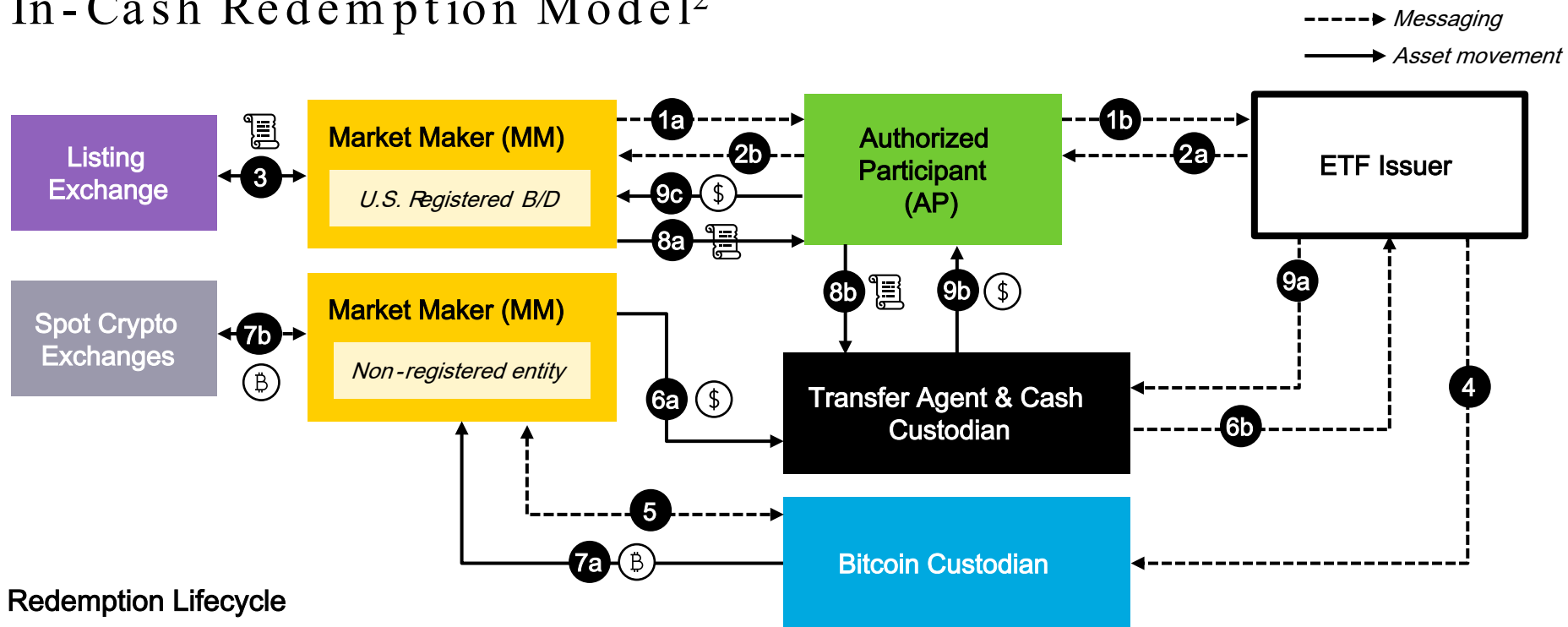
- 1** Market Maker (MM) places redemption order via Authorized Participant (AP) in response to ETF dislocation from NAV
- 2** ETF Issuer approves redemption order
- 3** MM buys ETF shares via Listing Exchange

T+1:

- 4** MM delivers ETF shares to Transfer Agent (TA)
- 5** ETF Issuer instructs Bitcoin Custodian to release bitcoin to MM. MM may unwind bitcoin position

<sup>1</sup>For illustrative purposes. May not reflect all steps involved in process by all parties.

# In-Cash Redemption Model<sup>2</sup>



## Redemption Lifecycle

T:

- 1 Market Maker (MM) places redemption order via Authorized Participant (AP) in response to ETF dislocation from NAV
- 2 ETF Issuer approves redemption order
- 3 MM buys ETF shares via Listing Exchange
- 4 ETF Issuer instructs Bitcoin Custodian to move Cash out of Cold storage so it can be sold
- 5 ETF issuer enters trade with MM to Sell bitcoin for USD

- 6 MM delivers cash to Transfer Agent
- 7 Bitcoin Custodian delivers bitcoin to MM. MM may unwind bitcoin position

T+1:

- 8 MM delivers shares to Transfer Agent via AP
- 9 ETF Issuer instructs Cash Custodian to release Cash to MM via AP

<sup>1</sup>For illustrative purposes. May not reflect all steps involved in process by all parties. Reflects only one possible Cash model; the number of possible approaches to Cash are significantly more varied, with more complex distinctions, than the number of possible approaches to In-kind. Other Cash models may reflect significant differences.