

Supplemental Submission to

SolidX Bitcoin Trust:
A Bitcoin Exchange Traded Product

Craig M. Lewis*

Madison S. Wigginton Professor of Finance
Owen Graduate School of Management
Vanderbilt University
Nashville, Tennessee

Patomak Global Partners, LLC
Senior Advisor
Washington, DC

Supplement Dated March 3, 2017

* This analysis was commissioned by SolidX Management LLC.

Markets and Various Manipulation Mechanisms

	Equities	Fixed Income	Commodity Futures	Bitcoin on one exchange or venue	Bitcoin market in its entirety / XBX index
Information-Related					
Subject to inside information related to revenue, earnings, M&A	Yes	Yes	No	No	No
Subject to inside information related to new sources of supply	Yes – information about issuance of new equity	Unlikely	Yes – information about new sources of supply (i.e. new mineral deposits, oil discoveries)	No – supply is fixed	No – supply is fixed
Subject to dissemination of false or misleading information	Yes	Yes	Yes	Unlikely, as there is little to no fundamental information	Unlikely, as there is little to no fundamental information
Market Structure-Related					
Subject to liquidity event propagation	Yes, because of direct linkage among exchanges	Unlikely, as venues are fragmented	Unlikely	Extremely difficult as arbitrageurs work across exchanges	Extremely difficult as arbitrageurs work across exchanges
OTC market providing additional liquidity and absorption of shocks	No	Yes	No	Yes	Yes
Subject to market on close / pricing event	Yes	Fixed income is not usually a target for these tactics because of limited liquidity	Yes	No. Bitcoin is a 24x7x365 market	No. Bitcoin is a 24x7x365 market
Subject to spoofing and other HFT tactics	Yes	Fixed income is not usually a target for these tactics because of limited liquidity	Yes	No co-location of servers, limited order types	No co-location of servers, limited order types
Transparent order books with level II quotes publicly available, open APIs	No	No	No	Yes	Yes
Attainment of Dominant Share					
Attainment of dominant share	Difficult	Difficult	Possible. Some precedent	Difficult	Difficult