



T A G O M I

September 18, 2019

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F St, N.E. Washington, DC 20549-1090

Re: File No. SR-NYSEArca-2019-01: Proposal to List and Trade Shares of the Bitwise Bitcoin ETF Trust Under NYSE Arca Rule 8.201-E

Dear Mr. Fields,

Tagomi Holdings Inc. (“Tagomi”) submits this letter in response to the request for public comment by the Securities and Exchange Commission (“Commission”) regarding the proposal (“Proposal”) by NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) set forth above. In the Proposal, the Exchange proposes to list and trade shares of the Bitwise Bitcoin ETF Trust (“Trust”) under NYSE Arca Rule 8.201-E (“Proposal”). We appreciate the opportunity to provide comments on the Propose and to express our support of the Proposal.

About Tagomi

Tagomi, through its subsidiary Tagomi Trading LLC, provides electronic trading and agency brokerage in digital assets. It combines trade execution technology with settlement and custody services that provides clients with access to multiple crypto currency exchanges and over-the-counter markets through a single account. Tagomi is registered as a Money Service Business with the U.S. Treasury Department (“Treasury”) and as a Money Transmitter in 11 states. It was approved for a BitLicense by the New York Department of Financial Services (“NYDFS”) in March 2019. Tagomi was co-founded by Greg Tusar, the former Global head of electronic trading at Goldman Sachs, Jennifer Campbell from Union Square Ventures, and Marc Bhargava.

Comments

As mentioned above, Tagomi supports the Proposal to list and trade the Trust’s Shares. We believe that the market for bitcoin has reached a level of acceptance that has broadened to include investors that are increasingly more mainstream, and, in particular, institutional investors. Listing the Trust’s Shares would provide certain investors with the opportunity to acquire investment exposure in bitcoin, without participating directly in the spot market and making arrangements to custody bitcoin that are acquired directly.

Response to Question 9. In the Proposal, the Commission requests comment on a number of specific areas. Tagomi is providing a response to Request 9 of the Proposal.

In Question 9 of the Proposal, the Commission asks:

What are commenters' views on the degree to which each of the 10 identified bitcoin trading venues is subject to regulation? What are commenters' views on the extent to which each of these venues can, or does, conduct surveillance of bitcoin trading activity?

As highlighted in the Proposal, trading in the underlying markets is progressively subject to regulation under both the U.S. Department of the Treasury (as Money Service Businesses) and the States (as money transmitters).¹ We understand that six of the ten exchanges (subsequently revised to nine trading exchanges²) referenced in the Proposal have a BitLicense from the New York State Department of Financial Services ("NYDFS").³ With the emergence of the BitLicense regime, the NYDFS has become one of the more active state regulators covering trading in bitcoin and crypto-currencies.

To obtain the BitLicense, each of the licensed exchanges were required to demonstrate to NYDFS that it had met its requirements and to commit to ongoing review by the agency. Significantly, meeting these requirements represents that the exchanges operating in this jurisdiction have embraced the need for policies, procedures and surveillance. These requirements mostly relate to the prevention of money laundering and security of the exchanges' systems. In addition, the exchanges with BitLicenses are subject to certain reporting requirements and the potential for examination by the NYDFS.

As a direct participant in these exchanges, Tagomi believes that holding a BitLicense is meaningful and a material consideration in our due diligence process. Further, it believes that all of the exchanges, including those outside of the New York jurisdiction, in which it participates must have a robust surveillance program. We believe that the exchanges listed in the Proposal are meeting these standards and are continuing to develop these programs. In addition, these exchanges typically partner with sophisticated third-party surveillance tools that leverage the qualities of bitcoin that permit scrutiny of transaction histories and enhance surveillance capabilities. In our view, the primary exchanges supporting bitcoin trading can reasonably support the proposed Trust's Shares.

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As mentioned above, Tagomi supports the Proposal and encourages the Commission to pass the necessary rule changes.

¹ Securities Exchange Act Release No. 85854 (May 14, 2019), 84 FR 23125 (May 21, 2019), at 23130.

² See letter from Matthew Hougan, Global Head of Research, Bitwise Asset Management to Brent J. Fields, Secretary, U.S. Securities and Exchange Commission, dated June 11, 2019.

³ Id.

We greatly appreciate the opportunity to comment on this matter. If you have any questions, please contact Dhawal Sharma (dhawal@tagomi.com) or Alan Reed (alan@tagomi.com).

Sincerely,
Tagomi Holdings Inc.