

Dear SEC,

As a web3 (crypto) advocate, please do NOT approve the conversion of GBTC to an ETF.

Back in March 2017, when the SEC rejected the initial Winklevoss ETF applicaiton, I knew that the rejection would be bad for web3 in the short term, but good in the long term.

Fast forward to today, and the total web3 token market cap has risen from \$23 billion in March 2017 to \$1.72 trillion now (7.5x increase).

I knew that an ETF would allow normies easy access to crypto. This would provide a short-term pop for Bitcoin, but it would canabalize funds from web3 infrastructure companies.

In other words, by rejecting an ETF, the SEC forced investors to use markets like Coinbase, Kraken, Bittrex, Paxos and others. This lead to Coinbase's direct listing in 2021, and the advent of new market powerhouses like FTX.

Again, thank you for helping to build out this web3 infrastructure, instead of keeping us within the 2-day settlement (and other nightmares) of the legacy market system.

Of course, we all know the SEC's rejection of a Bitcoin ETF has little to do with "investor protection". Bitcoin ETFs have been trading without incident in Europe, Latin America, Canada and other venues since 2015.

In Oct, 2021, the SEC allowed the listing of the futures-backed BITO Bitcoin ETF. Anyone with a modicum of knowledge knows that futures-backed ETFs are inferior to spot ETFs due to "contango roll". BITO has AUM of only \$643 million, which is far less than GBTC's AUM of \$25.7 billion. The market clearly is not enamoured with an inferior futures ETF which the SEC has graciously allowed us to invest in.

It seems unfortunate but the SEC, especially under Goldman Gary Gensler, seems more intent on protecting incumbent financial institutions from competition than protecting investors.

Here's an excerpt from Goldman Gary's 2018 lecture about the rent-seeking in TradFi :

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And I always think, finance, I always -- I've thought this when I was at Goldman Sachs for 18 years-- that finance sits at the neck of an hourglass. And it's why it collects so much economic rents from society, because when you sit at the neck of an hourglass and billions, literally trillions of grains of sand go by, if you collect some of those grains of sand, you get uber wealth. And that's -- those are for other classes. But finance can collect a lot of economic rents.

<https://ocw.mit.edu/courses/sloan-school-of-management/15-s12-blockchain-and-money-fall-2018/video-lectures/session-1-introduction/>

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Web3 and crypto is about widening the neck of that hourglass to allow more competition and opportunity. It's unfortunate, but the SEC seems to have moved from the cop on the beat to the cop on the take.

Oh well. Please reject GBTC's request to convert to an ETF and protect GBTC's shareholders by robbing them billions of dollars due to the negative NAV of their shares.

We'll keep buidling.

Thank you,

Satoshi Nakamoto