

June 6, 2022

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-0609

**Re: Notice of Filing of Proposed Rule Change to List and Trade Shares of Grayscale Bitcoin Trust (BTC) under NYSE Arca Rule 8.201-E
File No. SR-NYSEArca-2021-90
Rel. No. 34-93504**

Dear Ms. Countryman:

Flow Traders U.S. LLC, a subsidiary of Flow Traders N.V. (“Flow Traders”), respectfully submits this letter in support of the application by NYSE Arca Inc. pursuant to Rule 19b-4 under the Securities Exchange Act of 1934 (as amended the “Exchange Act”) to list shares of Grayscale Bitcoin Trust (“GBTC”) under NYSE Arca Rule 8.201-E as an exchange-traded product (“ETP”). Flow Traders appreciates the opportunity to share its perspective for a listed spot-based Bitcoin ETP in the marketplace and to encourage the Securities and Exchange Commission (the “Commission”) to approve NYSE Arca’s application.

Flow Traders is a leading global financial technology-enabled liquidity provider in a wide range of financial products, historically specializing in Exchange Traded Products (“ETPs”). Flow Traders provides liquidity to support the uninterrupted functioning of financial markets using state-of-the-art technology and innovation. Flow Traders’ technology driven expertise allows trading desks in Europe, the Americas, and Asia to provide meaningful liquidity across all major exchanges and trading platforms, globally, 24 hours a day. This allows investors to continue to buy or sell a wide range of financial instruments regardless of prevailing market conditions. Our work continues to make investing cheaper and more accessible for investors across the globe. On a yearly average, our ETP market share in Europe is 34%, in the Americas is 2.3%, and in APAC is 2.7%. In addition, Flow Traders is the number one liquidity provider in crypto ETPs in Europe with a 40% market share. We strive to achieve a similar presence in a developing North American market, beginning with GBTC, and we would like to share our firsthand experiences in a regulated ecosystem.

As a global market maker in digital assets across spot, futures, and ETPs, Flow Traders is at the center of the market’s evolution and maturation. With total market capitalization near \$2 trillion, digital assets are a new frontier in the financial markets and have shown growth in acceptance by retail and institutional investors globally. We have reached a pivotal moment for the adoption of innovative technologies that will improve capital markets by creating verifiable and transparent information and products, higher efficiency of clearing and settlement, and more liquidity. Collectively, this leads to more stability and trust in the financial system.

GBTC is the world’s largest publicly traded crypto asset fund, with daily trading volume often exceeding \$100 million,¹ over 850,000 investors,² and holding approximately 3.4% of all outstanding Bitcoins. However, as an unlisted product, GBTC is prevented from providing a function equivalent to direct ownership in Bitcoin due to periodic price dislocation from its net asset value (“NAV”). These price dislocations cause GBTC to trade at a considerable premium or discount - preventing investors from entering or exiting positions at a fair price. A benefit of approving GBTC’s conversion will be the availability of a creation and redemption facility where freely tradable shares can be issued (redeemed) and investors can enter and exit at fair value in a fair and orderly market. A continuous creation and redemption facility allows for unobstructed inflows and outflows to the fund that will compress a premium or discount relative to the NAV and return value to investors. In addition, the competition among liquidity providers to maintain supply and demand equilibrium will improve market depth and liquidity, narrow spreads, and lower the cost to trade. For these reasons, we believe the investing public

¹ <https://www.otcm Markets.com/stock/GBTC/overview>.

² Based on Broadridge Financial Solutions, Inc. analysis of Grayscale Bitcoin Trust (Symbol: GBTC) as of March 9, 2022.

would greatly benefit with the approval of GBTC's conversion as it will provide greater access in a regulated marketplace and a more functional equivalent to direct ownership of Bitcoin.

In our experience as a market maker and authorized participant ("AP") for spot-based Bitcoin ETPs in Europe, Brazil, and Canada, ETPs have made the cryptocurrency markets more secure and accessible for investors, given the publicly traded nature on regulated venues. In addition, they provide high transparency while transferring the responsibility for crypto asset custody to a trustworthy and regulated entity. Given the added investor protections on regulated markets, an increasing number of professional institutional investors have gained exposure to cryptocurrencies through ETPs.

The Commission's past denial to list a spot-based Bitcoin ETP is confusing given that it recently approved several futures-based Bitcoin exchange-traded funds ("ETF") regulated under the Securities Exchange Act of 1934 (the "Exchange Act") - the same statute under which GBTC would be regulated. This is inconsistent because the Commission was previously concerned over fraud or manipulation in pricing of the underlying spot/cash Bitcoin markets. However, that concern should permeate across both spot-based and futures-based ETFs regardless of the level of regulation to which the fund or its underlying assets (*i.e.*, CME bitcoin futures or bitcoin spot) are subject since both types of products are priced based on the underlying spot Bitcoin markets. In other words, Bitcoin pricing (future or spot) is determined on the exchanges where Bitcoin trades. Given the overlap in pricing inputs for the reference indices, the Commission's concerns over fraud or manipulation in the underlying market should be agnostic of listed product- whether spot-base or futures-based. This inconsistency creates an unlevel playing field for products like GBTC without a reasonable basis for different treatment.

Despite GBTC's appeal and wide availability, investors are only able to resell through transactions on over-the-counter marketplaces that are not registered with the Commission as a national securities exchange. GBTC's AUM and volumes make it more suitable to be listed as a familiar and convenient product on a national securities exchange in the most liquid, transparent, and regulated markets in the world. It is unclear how the Commission's current subjective position to listing requirements can be reconciled with its core mission of protecting investors; maintaining fair, orderly, and efficient markets; and facilitating capital formation.

The Commission is uniquely positioned to support the growth of the crypto ecosystem and ensure America leads in innovation. Approval of GBTC's conversion allows the Commission to strengthen its oversight and improve the quality of investor protection across financial markets. The U.S. has the greatest capital markets because investors have faith in them. As more investors have access to capital markets, it is increasingly important to dedicate more avenues to protecting them. With the public's growing interest in diversified investments profiles and retail investors bearing the brunt of potential harm, bringing more products onto primary exchanges will keep the Commission at the forefront of protecting investors and ensuring fair and orderly markets.

Flow Traders thanks the Commission for the opportunity to comment on these important issues and respectfully encourages the approval of the filing. Please feel free to contact us with any questions you may have on our comments.

Sincerely,



Roeland Pot
Managing Director



Aaron Dimitri
Global Head of Compliance and Counsel