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June 16, 2022

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

Re: Notice of Filing of Amendment No. 1 to, and Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove, a Proposed Rule Change To List and Trade Shares of Grayscale Bitcoin Trust (BTC) Under NYSE Arca Rule 8.201-E (SR-NYSEArca-2021-90)

Dear Ms. Countryman:

Jane Street Capital, LLC (together with its affiliates, “Jane Street”) respectfully submits this comment letter regarding the proposed rule change from NYSE Arca to list and trade shares of the Grayscale Bitcoin Trust (“GBTC”) under NYSE Arca Rule 8.201-E.

Jane Street is one of the largest global market makers and authorized participants in exchange-traded products (“ETPs”). Jane Street makes markets not only by buying or selling small numbers of shares around the bid or offer, but by standing ready to provide liquidity in large size, both on exchange and through OTC markets. As a result, Jane Street has comprehensive familiarity with the workings of the ETP market and is keenly aware of the importance of a well-functioning ETP market structure. In submitting this letter, Jane Street draws on its experience trading ETPs, including cryptocurrency ETPs, as well as trading cryptocurrencies in both spot and listed derivatives markets.

Over the last few years, as the cryptocurrency ecosystem has continued to evolve, global investors have shown increasing interest in investing in ETPs that provide exposure to cryptocurrencies such as bitcoin. Obtaining exposure to bitcoin through an ETP enables investors to utilize their traditional network of securities market service providers and gatekeepers, including ETP market-makers. These market participants in turn are able to leverage the similar processes they use for transacting in the primary market for other

commodity-based ETPs, such as those on physical commodities, to provide liquidity in greater size than may otherwise be available in the secondary market.

Jane Street's experience with bitcoin ETPs listed and traded in non-US markets suggests both that the ETP structure works well for investors and that the underlying bitcoin market can support these products. Specifically, our experience with non-US ETPs evidences that there is an efficient arbitrage process for bitcoin ETPs that helps facilitate tighter spreads as well as NAVs that closely track the value of the underlying bitcoin holdings. In addition, based on our experience trading in both the spot and listed derivatives markets for bitcoin we believe there is a relatively deep and liquid spot bitcoin market that is well situated to support the listing and trading of bitcoin ETPs in the US.<sup>1</sup>

As concerns GBTC in particular, the trust currently trades at a discount to its NAV.<sup>2</sup> We believe this discount is a function of GBTC's inability to create and redeem shares in the primary market. Were GBTC able to list and operate as an ETP, we believe this discount to NAV would dissipate, which would benefit GBTC's investors.

Jane Street fully appreciates that in considering proposals to list bitcoin ETPs such as GBTC the Commission has stated, as recently as a few weeks ago, that it applies the same standard as it has to all other exchanges seeking to list derivative securities products.<sup>3</sup> The Commission has continually reiterated that for every commodity-trust ETP listed to date the listing exchange has entered into a surveillance sharing agreement with at least one significant, regulated futures market for the underlying.<sup>4</sup> Nevertheless, in submitting these comments Jane Street merely wishes to assert that we believe the bitcoin ecosystem is sufficiently robust to support a US-listed ETP, such as GBTC, and that US investors would benefit from such a listing.

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<sup>1</sup> See e.g., Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment to Proposed Rule Change by the Philadelphia Stock Exchange, Inc., Relating to the Listing of Cash/Spot Foreign Currency Option Contracts, Release No. 34-33732 (Mar. 8, 1994) 56 FR 12023 (Mar. 15, 1994) (suggesting that an active, liquid market for the underlying is relevant in considering whether the listed derivative security will be readily susceptible to manipulation); Order Granting Approval of Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval to Amendments No. 1 and No. 2 Thereto to the Proposed Rule Change by the New York Stock Exchange, Inc. Regarding Listing and Trading of streetTRACKS® Gold Shares, Release No. 34-50603 (Oct. 28, 2004) 69 FR 64614, 64619 (Nov. 5, 2004) (SR-NYSE-2004-22) (stating that the depth and liquidity of the underlying spot market created in part a basis for finding that the listing exchange is able to monitor for trading abuses in the listed derivative security).

<sup>2</sup> <https://grayscale.com/products/grayscale-bitcoin-trust/> (comparing the market price/share of GBTC to its holdings price/share).

<sup>3</sup> See e.g., Order Disapproving a Proposed Rule Change to List and Trade Shares of the One River Carbon Neutral Bitcoin Trust under NYSE Arca Rule 8.201-E, Release No. 34-94999 (May 27, 2022) (SR-NYSEArca-2021-67); Order Setting Aside Action by Delegated Authority and Disapproving a Proposed Rule Change, as Modified by Amendments No. 1 and 2, To List and Trade Shares of the Winklevoss Bitcoin Trust, Release No. 34-83723 (July 26, 2018), 83 FR 37579 (Aug. 1, 2018) (SR-BatsBZX-2016-30) ("Winklevoss Order"); Order Disapproving a Proposed Rule Change, as Modified by Amendment No. 1, To Amend NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares) and To List and Trade Shares of the United States Bitcoin and Treasury Investment Trust Under NYSE Arca Rule 8.201-E, Release No. 34-88284 (Feb. 26, 2020), 85 FR 12595 (Mar. 3, 2020) (SR-NYSEArca-2019-39); Order Disapproving a Proposed Rule Change To List and Trade Shares of the NYDIG Bitcoin ETF Under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares), Release No. 34-94395 (Mar. 10, 2022), 87 FR 14932 (Mar. 16, 2022) (SR-NYSEArca-2021-57).

<sup>4</sup> See e.g., Winklevoss Order, 83 FR at 37594.

Jane Street thanks the Commission for its consideration. To the extent it would be helpful, we would be happy to provide further insight on these comments specifically, or our perspectives on the operation of cryptocurrency ETPs and their underlying markets more broadly.

Sincerely,

/s/ James McClave

James McClave