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April 9, 2019

Ms. Dalia Blass
Director - Division of Investment Management
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Reality Shares Advisors Response to Engaging on Fund Innovation and Cryptocurrency-related Holdings (Jan. 18, 2018) (the "Staff Letter")

Dear Ms. Blass,

As an interested sponsor of blockchain and cryptocurrency-related products, Reality Shares Advisors (the "Advisor") thanks the Securities and Exchange Commission (the "Commission") for engaging in a dialog with us regarding the proposed Reality Shares Blockforce Global Currency Strategy ETF (the "Fund") – which contains limited exposure to bitcoin futures. We greatly appreciate the Commission granting us the opportunity to discuss the proposed Fund in-person with the Commission's Staff (the "Staff") on March 26, 2019, as well as inviting us to respond to the Staff Letter.[1] It is our hope that this written response, along with our meeting with the Staff, provides a framework for engaging together on solutions to your concerns as outlined in the Staff Letter, leading to the approval of the Fund.

Since 2014 Reality Shares ETF Trust (the "Trust") has issued seven ETFs, including two - Reality Shares Nasdaq NexGen Economy ETF (tkr:BLCN) and Reality Shares Nasdaq NexGen Economy China ETF (tkr:BCNA) - issued in 2018, that are focused on large-cap global companies with significant investments in blockchain technology, which among other things is the underlying technology supporting the creation, transaction and accounting for cryptocurrencies (referred to herein as "cryptocurrency," "virtual currency," or "digital asset"). Driven by our research, these ETFs represent our conviction that blockchain technology will become one of the most significant technological innovations of our lifetime with the potential to redefine and reshape many of the world's core industries by reducing costs, improving efficiency, lowering barriers to entry, and removing the necessity for certain intermediaries and the inherent friction they bring to so many processes and industries.

Based on the backbone of blockchain technology, cryptocurrencies have simultaneously developed into the mainstream of transformative technology advances. As cryptocurrencies assume a role in the global economy, they have now grown to become a standalone asset class and an important market segment to which investors clearly desire investment access.[2]

In a relatively short period of time, bitcoin, the largest cryptocurrency by market cap, has become a globally recognized medium of exchange and store of value. While traditional methods of sending monetary remittances involve third-party Money Transfer Operators ("MTOs") charging sizeable fees and requiring a significant amount of time for fund transfers, bitcoin payments don't require intermediaries, and are entirely borderless and relatively instantaneous in comparison to traditional remittance. In December 2017, at the peak of the bitcoin market, there was an average of over 360,000 bitcoin transactions processed per day, which includes

[1] SEC Staff Letter - Re: Engaging on Fund Innovation and Cryptocurrency-related Holdings, Jan. 18, 2018 (available at: www.sec.gov/divisions/investment/noaction/2018/cryptocurrency-011818.htm).
[2] Coinbase is estimated to have over 25 million registered users, Circle has estimated 8 million registered users (available at: www.forbes.com/sites/michaeldelcastillo/2019/02/04/top-crypto-blockchain-fintech-companies/#6af3c41f6a9c).

the highest daily volume of over 490,000 transactions processed on December 14, 2017.[3] Even following the bitcoin market declines in 2018, bitcoin has shown tremendous resiliency averaging over 310,000 transactions per day in the first quarter of 2019.[4] In addition to the significant volume of daily remittance facilitated by the bitcoin network, it also provides significantly lower transaction fees, averaging under $1.70 per transaction.[5] In comparison, the World Bank calculated the global average cost for a $200 MTO transaction in 2018 was 7.1%, or approximately $14.[6] Along with significantly reducing transaction costs, the peer-to-peer functionality of a bitcoin transaction also removes a significant amount of friction from the remittance process, therefore making bitcoin a cheaper and more effective option for electronic monetary transactions, especially amongst those in developing markets with no, or limited access to, banking facilities, or distrust of traditional remittance intermediaries.

We now make the argument that such recognition and placement within the global economic community now places bitcoin within the status of a global currency. Accordingly, we designed and filed the Fund as a first-time opportunity for investors to gain exposure to a basket of "Significant Global Currencies" (as that term is defined in the N-1A registration filing), including both fiat and cryptocurrency widely adopted for use throughout the world (e.g., as store-of-value, medium of international remittance, foreign-exchange, tradable commodity) in a single, regulated, exchange-traded investment fund.[7]

The Staff Letter highlights the vitality of the U.S. investment fund market, predicated on *responsible innovation and continuous improvement in offered products* to America's main street investors. You specifically raise concerns regarding an investment fund's ability to satisfy the requirements of the Investment Company Act of 1940, as amended, (the "40 Act") when "holding *substantial* amounts of cryptocurrencies and [cryptocurrency] related products." While we agree that several of these concerns may still be applicable to the wider cryptocurrency ecosystem, we believe the growing maturity of bitcoin, and bitcoin futures specifically, have now increasingly addressed and satisfied many of those concerns - allowing the Commission to support the issuance of a '40 Act ETF holding U.S. exchange-traded futures contracts based on the value of bitcoin, with rules ensuring such bitcoin exposure as a percent of the fund's total notional value does not grow to represent a "substantial" interest. To enact the Advisor's global currency strategy, the Trust filed the Fund for registration on February 11, 2019, on the basis of a limited exposure to bitcoin (non-substantial interest), through the use of regulated exchange-traded bitcoin futures. The Advisor withdrew the filing per the Staff's request on February 12, 2019.

At this point in time, we believe there is seemingly very little, if any, difference between a '40 Act fund holding bitcoin futures and a fund holding other commodity-linked derivative contracts. In 2015, bitcoin was established as a commodity under the Commodities Exchange Act ("CEA"), and is therefore regulated by the Commodity Futures Trading Commission ("CFTC") for anti-fraud and anti-manipulation purposes.[8] With bitcoin's classification as a commodity established, and the listing of bitcoin futures on the Chicago Mercantile Exchange ("CME"), along with other anticipated bitcoin futures contracts in development,[9] the CFTC has clear

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[3] Available at: www.blockchain.com/charts/n-transactions
[4] Available at: www.blockchain.com/charts/n-transactions
[5] Available at: www.bitcoinfees.info
[6] World Bank Migration and Development Brief 29 - Migration and Remittances: Recent Developments and Announcements, April 2018 (available at: www.knomad.org/publication/migration-and-development-brief-29).
[7] N-1A is available at: www.sec.gov/Archives/edgar/data/1573496/000114420419005966/tv512882_485apos.htm (Feb. 12, 2019).
[8] *See* CFTC v. McDonnell, 287 F.Supp.3d 213, 228 (E.D.N.Y. 2018) ("Virtual currencies can be regulated by the CFTC as a commodity."); In re BFXNA Inc., CFTC Docket 16-19, at 5-6 (June 2, 2016) ("[V]irtual currencies are encompassed in the [CEA] definition and properly defined as commodities."); In re Coinflip, Inc., CFTC Docket No. 15-29, at 3 (Sept. 17, 2015); *see also* 7 U.S.C. § 1a(9).
[9] Intercontinential Exchange's Bakkt platform plans to offer 1-day physically settled bitcoin futures contract (available at: www.ir.theice.com/press/press-releases/all-categories/2018/08-03-2018-133022149); ErisX exchange and clearing platform plans to offer digital asset futures contracts (available at: www.businesswire.com/news/home/20181003005114/en).

jurisdiction over both the derivatives and spot markets for bitcoin, and potentially other virtual currencies.[10] However, for purposes of our responses below we will focus solely on bitcoin, and not any other virtual currencies.

With bitcoin's classification as a commodity under the CFTC's jurisdiction established, it is unclear how allowing inclusion of exchange-traded bitcoin futures in a '40 Act fund would increase investor risk any more than current '40 Act funds that hold other commodity linked derivatives such as interest rate futures, oil futures, natural gas futures, FOREX futures, etc.[11] While it would be foolish to claim there are no bad actors attempting to manipulate the bitcoin market, it would be equally incorrect to claim there are no bad actors attempting to manipulate other commodity markets as well. We can point to a number of instances over the past decade where the spot and derivatives markets for other well-established commodities have been manipulated, in some cases over significant periods of time.[12] We believe investors should not be denied exposure to this new asset class as the Fund - with its' investment limitation rules on the position size of bitcoin futures - may potentially carry less volatility and liquidity risks than certain other ETFs currently listed on U.S. exchanges that hold more substantial amounts of less liquid (or illiquid) commodity-linked derivatives, fixed income and/or micro-cap securities, or those utilizing increased leverage.

The Staff Letter also raises a number of concerns pertaining to cryptocurrency and cryptocurrency-related registered funds including valuation, liquidity, custody, arbitrage, and potential manipulation and other risks. In our responses below we offer our research, experiences and current operational control processes addressing each of these general concerns. We respectfully believe most of the stated concerns are mitigated through the design of the Fund, including:

- Approximately 85% of the Fund's notional value is invested in short duration sovereign bonds and/or cash-equivalents, with the remaining 15% notional exposure to bitcoin provided through bitcoin futures, fully collateralized by treasury bills or cash-equivalents;
- A rules-based, limited, "non-substantial" exposure to bitcoin gained through U.S. exchange-traded bitcoin futures contracts that are subject to regulatory oversight; and
- An actively-managed Fund strategy providing daily professional portfolio management focused on risk mitigation, position limits, exposure limits, volatility, duration, etc.

The Fund was designed with the retail investor in mind. It is constructed and registered under the '40 Act, which offers greater protections to investors and provides the Commission more say in the final design of the product, along with greater transparency into its ongoing operations and investment through reporting, regular registration updates, and exams.

We respectfully believe the Fund – with the inclusion of U.S. exchange-traded bitcoin futures contracts representing (i) a "*non-substantial"* component within the Fund, (ii) with no physical settlement so as to alleviate physical custody concerns while also

[10] 7 U.S.C. § 9 (banning the use of any "manipulative or deceptive device or contrivance" in connection with the sale of a commodity); *see also* CFTC v. My Big Coin Pay, Inc., No. CV 18-10077-RWZ (D. Mass. Sept. 26, 2018) ("[T]he appropriate inquiry under the CEA is whether contracts for future delivery of virtual currencies are dealt in, not whether a particular type of virtual currency underlies a futures contract.").
[11] *See* Cboe Global Markets, Inc. Letter to Dalia Blass (Mar. 23, 2018), available at: http://www.cboe.com/publish/ComLet/20180323.pdf ("Although the CFTC only regulates the bitcoin spot market with respect to fraud and manipulation – in the same way that it regulates the spot market for gold, silver or other exempt commodities – it has full authority to oversee and enforce the Commodity Exchange Act as it applies to trading in bitcoin derivatives.").
[12] *See* CFTC v. Amaranth Advisors, LLC, et al., 07-cv-6682 (S.D.N.Y. 2007); *see also* CFTC Press Release 5692-09, August 12, 2009 (available at: www.cftc.gov/PressRoom/PressReleases/pr5692-09) (Amaranth Advisors, LLC, and Amaranth Advisors (Calgary) ULC, entered into a consent order settling charges for attempting to manipulate the price of natural gas futures contracts traded on the New York Mercantile Exchange (NYMEX) on February 24, and April 26, 2006); CFTC Press Release 7000-14, September 15, 2014 (available at: www.cftc.gov/PressRoom/PressReleases/pr7000-14) (Brian Hunter entered into a consent order settling charges for attempting to manipulate the price of natural gas futures contracts traded on the NYMEX on February 24, and April 26, 2006).

allowing a greater number of Authorized Participants ("AP's") to participate in the arbitrage process, and (iii) CFTC anti-fraud and anti-manipulation oversight; combined with highly liquid sovereign bonds; and operating under the rules of a '40 Act registered investment fund – addresses Chairman Clayton's concerns, as he recently remarked on the viability of a bitcoin ETF, so long as "it can be reasonably demonstrated that the underlying trading is generally not manipulated, it's happening on reliable venues, with good rules, and that custody is something we can feel comfortable about."[13]

We also believe a '40 Act regulated ETF, with exposure to bitcoin through regulated exchange-listed futures, if made available to institutional and retail investors, would mitigate the necessity for such investors to seek the same investment exposure by transacting on unregulated or lightly-regulated exchanges - often domiciled outside of the United States.[14] We believe the established regulation and governance afforded by a '40 Act ETF structure for a cryptocurrency-related investment product within the United States offers the investor protections and regulatory oversight investors and their professional advisers seek in order to satisfy demand for exposure to this new asset class, through this conservative investment strategy.

Valuation

How would a fund develop and implement policies and procedures to value cryptocurrency-related products? How would differences among various types of cryptocurrencies impact a fund's valuation and accounting policies?

The only cryptocurrency-related product the Fund will hold is U.S. listed exchange-traded bitcoin futures contracts. The Fund will not invest directly in bitcoin, and has a transparent, rules-based approach to valuing bitcoin futures. The Fund's policies and procedures for valuing such bitcoin instruments follow the well-established practice of using the CME Exchange closing settlement price of the underlying portfolio futures contracts for net asset value ("NAV") calculation purposes – similar to all other funds utilizing exchange-traded futures contracts.

As regulated instruments, bitcoin futures contracts provide real-time reference prices and bid/ask quotes from/to the market(s) representing the price of physical bitcoin. Additionally, bitcoin futures contracts traded on the CME have closely followed bitcoin spot price. The CME supports the CF Bitcoin Real-Time Index ("BRTI"), a standardized reference rate which is effectively an aggregation of order books at cryptocurrency spot exchanges in the BTC:USD pair, producing a live streaming price index used as an indication of the spot market price, updating every second, every day. Since the launch of the futures contracts in December 2017, the average daily price difference between the CME bitcoin futures and the Coinbase bitcoin spot price has been 0.03%.[15]

With the Advisor's established valuation and accounting policies for holding commodity futures, including U.S. listed exchange-traded bitcoin futures, and by limiting its bitcoin exposure to listed bitcoin futures, the Fund provides investors with limited exposure to bitcoin without the inherent risks that come with purchase/sale, settlement, transfer, custody and safekeeping physical bitcoin.

How would a fund develop and implement policies and procedures to "fair value," cryptocurrency-related products?

The '40 Act requires underlying fund portfolio securities and other instruments for which market quotations are readily available to be valued at current market values; and as prescribed by Section 2(a)(41), where current market quotations are not readily available,

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[13] Available at: www.foxbusiness.com/technology/sec-chairman-clayton-blasts-bitcoin-as-critics-assail-regulatory-stance.

[14] Most cryptocurrency exchanges are regulated under state and federal money transmitter/money services business laws. While those laws do provide certain consumer protections, they are not designed to provide the same level of investor and market protections as the federal securities laws.

[15] Bitcoin futures data and Coinbase bitcoin pricing data sourced from Bloomberg for the period 12/11/2017 to 02/08/2019. Figure represents all outstanding and expired contracts on the CME (BTCH8 through BTCM9).

to be fair valued in accordance with policies and procedures as established and determined in good faith, and overseen by the Board of Trustees of the sponsoring ETF Trust.

Should closing prices for bitcoin futures not be available or not indicative of current market valuations for any reason, the Advisor's Pricing Committee would assist the Trust's Board of Trustees in fair valuing the bitcoin futures pursuant to the Advisor's existing fair valuation policies and procedures that includes, but is not limited to, using: (i) quoted prices from market dealers and exchanges; (ii) observable market inputs for price modeling; (iii) pricing vendors; and/or (iv) traded prices of comparable instruments. In the extraordinarily unlikely event that closing futures settlement prices are not available, the Advisor's pricing procedures allow for fair valuing the bitcoin futures based on all available pricing inputs, which may include prices from select spot exchanges.[16] We believe having access to multiple exchange prices provides sufficient back-up pricing data to adequately price the Fund's bitcoin exposure according to its pricing policies and procedures.

How would a fund's accounting and valuation policies address the information related to significant events relevant to cryptocurrencies? For example, how would it address when the blockchain for a cryptocurrency diverges into different paths (i.e., a "fork"), which could result in different cryptocurrencies with potentially different prices?

The Fund's accounting and valuation policies do not include specific provisions for significant events relevant to physical cryptocurrencies as the Fund does not invest in physical bitcoin. The Fund only gains exposure to cryptocurrencies through U.S. exchange-traded futures contracts whereby provisions relating to significant events relevant to the underlying asset (i.e., a "fork") and therefore the effect on bitcoin futures contracts are fully documented within the CME Exchange policies and procedures rules. Under the current CME Rulebook regarding a hard fork, CME bitcoin futures would continue to settle to the BRR (defined below) in its current form.[17] The BRR would not therefore become a sum of forked tokens, tracking only the current iteration of bitcoin.

While the Fund's accounting and valuation policies do not include specific provisions for significant events relevant to physical cryptocurrencies, the fund's accounting and valuation policies do outline a process for determining that the exchange settlement price for bitcoin futures is reasonable and reliable in such instances.

How would a fund identify, and determine eligibility and acceptability for, newly created cryptocurrencies offered by promoters (e.g., an "air drop")? How might a fund account for those holdings if the fund chooses to claim such cryptocurrencies?

The Fund will not invest in newly created cryptocurrencies offered by promoters (e.g. an "air drop") and would disclose such fact in the Fund's prospectus. The Fund gains exposure to Bitcoin through U.S. exchange-traded futures contracts only.

How would a fund consider the impact of market information and any potential manipulation in the underlying cryptocurrency markets on the determination of the settlement price of cryptocurrency futures?

While the impact of market information and potential manipulation in underlying markets is an important consideration, the issue is applicable to all funds that hold asset-linked derivatives, not just those holding bitcoin futures. The U.S. market currently has numerous listed ETFs that hold futures contracts based on the value of commodities such as oil, natural gas, precious metals, interest

[16] *See* Bitwise Asset Management: Analysis of Real Bitcoin-Trade Volume, March 19, 2019 (available at: https://static.bitwiseinvestments.com/Research/Bitwise-Asset-Management-Analysis-of-Real-Bitcoin-Trade-Volume.pdf) (Bitwise analysis identified 10 spot exchanges with conclusively legitimate bitcoin trade volume – Binance, Bitfinex, Kraken, Bitstamp, Coinbase, bitFlyer, Gemini, itBit, Bittrex and Poloniex).
[17] *See* CME Rulebook, Rule 35005 - Policy on Divisions of Bitcoin Asset (available at: https://www.cmegroup.com/content/dam/cmegroup/rulebook/CME/IV/350/350.pdf).

rates, etc., as a portion of, or in many cases as the fund's single investment strategy. Those commodities have all been subject to spot market misinformation and (attempted) manipulation in the past decade, however, the funds holding them have not been subjected to increased scrutiny in regard to its effect on the settlement price of the corresponding futures.[18] Given the current depth of the bitcoin market in terms of the number of price-quoting market makers, participating exchanges, and developing institutional interest, we believe there is ample market participation to validate and disseminate the flow of information to maintain an orderly futures market.

With regards to the impact of potential manipulation in underlying bitcoin spot markets on the determination of the settlement price of CME bitcoin futures, we believe the CME's process for determining the expiry cash settlement prices of CME bitcoin futures sufficiently guards against potential manipulation affecting the futures' settlement price. CME bitcoin futures are priced off the CME CF Bitcoin Reference Rate ("BRR"), which is the aggregation of executed trade flows from four (bitcoin) spot exchanges into a once a day (4pm London time close) reference rate of bitcoin to USD, administered by Crypto Facilities.[19] The spot exchanges include: Kraken, itBit, Coinbase and Bitstamp; [20] which, as a recent independent study concluded, are four of the ten bitcoin spot exchanges with actual, non-inflated bitcoin trading volume - and together represent a significant portion of actual bitcoin spot market trading volume.[21]

To establish the BRR standard settlement price, the CME bitcoin futures contract settles to a multiple volume weighted average price, calculated in five-minute increments over the course of one hour (3:00pm to 4:00pm GMT), across these multiple exchanges. Given such a broad settlement pricing process, any attempt at manipulation would certainly not go un-noticed by market participants. The use of a volume-weighted median price (meaning the equally-weighted average of the volume-weighted median) means any manipulation attempt would need to manipulate the bitcoin spot market across four exchanges (each registered as a Money Services Business with FinCEN, among other regulatory designations), in each of twelve (5 minute) windows, to have any influence on the Fund NAV at contract settlement. The BRR was designed around the best practices for financial benchmarks, and is fully transparent in terms of methodology. An expert CME oversight committee is responsible for overseeing the scope of the reference rates by developing a code of conduct for the participants and regularly reviews the practice, standards and definition of the BRR to ensure it remains relevant and retains its integrity.[22]

If the situation developed however, whereby bitcoin futures held by the Fund were temporarily not indicative of current market valuations for any reason, such instruments would then be valued according to the fair value procedures explained above. Given the Fund is constructed to have (i) a limited overall exposure to bitcoin (15%) versus other securities and cash (85%); (ii) is actively managed; and (iii) will only invest in exchange-listed bitcoin futures affording the types of regulatory and process controls outlined here, the impact of market information and any potential manipulation in the underlying cryptocurrency markets on the determination of the settlement price of bitcoin futures is fairly limited - in our opinion.

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[18] *See* CFTC v. Parnon Energy Inc., et al., cv-03543 (S.D.N.Y. 2014) (charging the attempted manipulation of the NYMEX Light Sweet Crude Oil futures contract spreads from January 2008 to April 2008 by amassing a dominant and controlling positions ("cornering") in the physical WTI crude oil market).

[19] Available at: https://www.cmegroup.com/education/bitcoin/cme-cf-cryptocurrency-reference-rate-methodology.html

[20] Available at: https://www.cmegroup.com/education/constituent-exchanges-list.html.

[21] *See* Bitwise Asset Management: Analysis of Real Bitcoin-Trade Volume, 50-59 (Bitwise concluded that the notional value of actual bitcoin spot market average daily trading volume was $273 million versus the "reported" average daily volume of $6 billion, over the period March 4 - 8, 2019. According to Bitwise, all ten of the "actual volume" exchanges had extremely tight bitcoin prices over the period January 1, 2018 to March 17, 2019, with the four exchanges that comprise the BRR all having an average price deviation under 0.20% from the ten exchanges aggregate bitcoin price over the same period.); Bitcoin trading volume on Kraken, itBit, Coinbase and Bitstamp represents monthly average volume of 86,330,046 BTC over the period December 17, 2017 through March 31, 2019 (sourced from Bloomberg).

[22] CME removed Bitfinex and OkCoin exchanges in April 2017 after banks blocked their customers from wiring USD in or out.

Liquidity

What steps would a fund investing in cryptocurrencies or cryptocurrency-related products take to assure that it would have sufficiently liquid assets to meet redemptions daily?

The Fund will not invest directly in bitcoin. The Fund's portfolio is comprised of (75%) highly-liquid sovereign bonds, (10%) other cash and cash-equivalent instruments, and no more than 15% of the Fund's notional assets in bitcoin futures at any point in time (as rebalanced when threshold bands are met). Therefore, the steps taken to assure the Fund will have sufficient liquid assets to meet daily redemption requests at all times includes: (i) a 15% limited exposure to bitcoin futures, fully collateralized by treasury securities or other cash-equivalents; (ii) bitcoin futures that are marked-to-market daily with the Futures Commission Merchant ("FCM"), limiting outstanding net exposure to one-day price movements; and (iii) the Fund's maintenance 10% of its assets in cash and cash-equivalents at all times/under normal circumstances.

Since bitcoin futures first launched on December 11, 2017, the combined average daily notional value traded on the CME and CBOE exchanges was approximately $155.5 million, through February 8, 2019, which represented approximately 0.13% of the average market capitalization of bitcoin over the same time frame.[23] With the final expiration of Cboe bitcoin futures expected in June 2019, CME bitcoin futures contracts are expected to absorb and expand listed volume. For Q1 2019, CME bitcoin futures average daily volume ("ADV") as reported by the CME is up approximately 15% versus Q4 2018. This 15% represents approximately (in round numbers) 4,784 contracts, $90 million in notional value traded, and 24,000 bitcoin at an average spot price of $3,750 per bitcoin.[24] While this represents average daily volume for the time period, market activity was as high as 18,338 contracts on February 19, 2019, almost 4-times the prior period ADV.[25]

For conservative illustration purposes when looking at the potential scalability of the Fund, we do so here just in relation to CME futures volume, and not the potential scalability of the Fund in relation to the overall liquidity of the bitcoin spot markets which is substantially greater.

For this purpose, if we round current CME bitcoin futures ADV to $100 million notional, and assume the Fund held 100% of the ADV, given the Fund's 15% allocated notional position to bitcoin futures, this would translate to the Fund scaling to approximately $667 million in assets under management ("AUM") based on the current futures ADV. To provide context, as of February 8, 2019, Invesco's DB Gold Fund ETF (tkr:DGL) ("DGL"), which is composed of futures contracts on gold, had a market capitalization of $145.6 million and owned 1,078 CME Feb 2020 Gold Futures contracts.[26] The notional value of the gold futures contracts held by DGL is approximately 12.6 times the average daily trading volume of the contracts.[27] This further illustrates the potential scalability of the Fund based on the size of the futures market that may not be readily apparent when looking at average daily trading volumes. Even based on a conservative assumption (when compared to DGL) that the Fund would have sufficient liquidity if holding five times the $90 million average daily notional value of the CME bitcoin futures contracts, or $450 million of bitcoin futures, the Fund would theoretically be able to scale to approximately $3 billion in AUM while maintaining sufficient liquidity.

[23] Bitcoin Futures data sourced from Bloomberg for the period 12/11/2017 to 02/08/2019. Represents all outstanding and expired contracts on the CME (BTCH8 through BTCM9) and CBOE (XBTF18 through XBTK9). Bitcoin market capitalization data for the period 12/11/2017 to 02/08/2019 sourced from CoinMarketCap (available at www.coinmarketcap.com).
[24] Available at: https://www.cmegroup.com/trading/bitcoin-futures.html.
[25] Available at: https://www.cmegroup.com/trading/bitcoin-futures.html.
[26] Sourced from Bloomberg, period ending February 9th, 2019.
[27] Sourced from Bloomberg, period ending February 9th, 2019.

Continuing with the gold comparison, the average daily notional value of gold futures over the same time period represented approximately 0.50% of gold's average estimated market capitalization.[28] If we apply that same scalability to the bitcoin futures market, we can project that it should be able to support up to $430 million average daily notional value of bitcoin futures, based on bitcoin's $86 billion market capitalization as of April 4, 2019. Under those conditions, the Fund could grow its AUM to $2.8 billion, before its bitcoin futures holdings would be equal to the daily average notional value.

As institutional investors seek further exposure to bitcoin, and look to transact with futures for direct bitcoin exposure or for hedging purposes, we believe they will prefer transacting on U.S. regulated exchanges providing the same investor protections that have been established in traditional equity, bond, and derivative markets. We believe this event will add substantial volume to listed CME bitcoin futures over time. As futures volume increases on the regulated CME Exchange, we expect this will prompt more market participants currently transacting in unregulated spot markets and exchanges to migrate to regulated U.S. futures markets.

How would a fund classify the liquidity of cryptocurrency and cryptocurrency-related products for purposes of the Liquidity Rule? Would any such products be classified as other than illiquid under the Liquidity Rule, and if so, why?

The Fund's compliance with Rule 22e-4 requires it to adopt and implement a written liquidity risk management program reasonably designed to assess and manage the Fund's liquidity risk. For the reasons discussed below, and given the Fund will invest in exchange-traded bitcoin futures only, we believe it is appropriate to classify such bitcoin futures as highly liquid owing to: (i) bitcoin futures contracts are created "on demand" when open interest increases; (ii) bitcoin futures settle daily between the Fund and the FCM; and (iii) historical trade experience of CME bitcoin futures.[29] At this time, we do not see a probable scenario whereby bitcoin futures would warrant a classification other than highly liquid. Nonetheless, in recognition of certain of the Staff's concerns, including bitcoin futures' potential vulnerability to periods of extreme volatility affecting bitcoin, we are prepared to classify the Fund's bitcoin futures as illiquid until such time as the Staff becomes more comfortable with bitcoin futures or the classification of bitcoin futures as highly liquid becomes more widespread.

As stated above, the current market environment and volumes of bitcoin futures contracts on the CME would allow for a conservative initial Fund AUM estimate of $667 million, factoring in the Fund's 15% investment limit of bitcoin futures at 100% of average daily notional volume. It seems reasonable to expect that the average daily notional value of bitcoin futures contracts could grow to the same percentage of gold futures as a percentage of market capitalization, which would allow for the Fund to grow to approximately $2.8 billion using the same methodology of holding a 15% notional position at 100% of the average daily notional volume. As also noted above in our comparison to DGL, which currently holds a portfolio of gold futures at 12.6 times the average daily volume of that contract, there is current precedent for increased Fund scalability and liquidity, which may not be clearly reflected in futures market daily trading volumes.

As mentioned previously, we expect U.S. institutional investors will increasingly want to transact on regulated U.S. exchanges such as the CME, and believe the market share of non-U.S. exchange bitcoin derivative volume will decrease over time. We also believe this fact, coupled with the planned launch of Nasdaq's bitcoin futures exchange in the first half of 2019, in addition to ICE's Bakkt exchange - currently raising significant capital and planning a launch later in 2019 - and the ErisX exchange, will potentially lead to

[28] Gold Futures data sourced from Bloomberg for the period 12/11/2017 to 02/08/2019. Represents all outstanding and expired contracts from the CME (GCM8 through GCZ9) and S&P Gold Mini contracts (BQG18 through BQZ9). The market capitalization of gold was approximated by multiplying the outstanding volume of mined gold (in tonnes) by the spot price of gold (XAU CURNCY ticker) on Bloomberg for the period 12/11/2017 to 02/08/2019.
[29] SEC Rule 22e-4 (Highly liquid is defined as any investment reasonably expected to be convertible to cash in current market conditions in 3 business days or less without the conversion to cash significantly changing the market value of the investment).

significant volume increases in the future for bitcoin derivatives available to U.S. investors.[30] While institutional participation in traditional securities markets is approximately 80%,[31] it is not affirmatively known how much institutional participation currently exists in the bitcoin market. It is however widely believed that owing to the large number of retail accounts on bitcoin exchanges, the majority of investor participation is driven by individual investments.[32] Retail investors traditionally transact in spot markets, not derivatives, which is why we believe U.S. bitcoin futures have less relative volume compared to the daily spot market. We believe as institutional adoption grows, more U.S. participation in bitcoin (in notional value) will take place via futures exposure versus spot market transactions.

Like other commodity futures, we believe there are many real-world use cases for bitcoin futures. As business requirements for cryptocurrency grow, so will there become a growing need to hedge market risk via futures contracts. As an example, a wheat farmer needs to lock in the current price of wheat as they plan for the next growing season, a baker takes the other side of the trade to hedge their exposure to prevent the price of wheat from continuing to rise. We believe cryptocurrency (and blockchain technology) is going to bring a wave of innovation to the U.S., and with that real-world needs to hedge future uncertainty of bitcoin prices. Comparing this to the farmer and the baker, a miner buys mining equipment and hedges the price of bitcoin with a short contract, while a development team goes long bitcoin to diversify the risk of their project failing versus the greater cryptocurrency market. As more crypto-friendly business and digital asset transactions evolve in the U.S., we believe bitcoin futures will provide considerable economic and business value - leading to increased volumes and liquidity.

How would a fund take into account the trading history, price volatility, and trading volume of cryptocurrency futures contracts, and would a fund be able to conduct a meaningful market depth analysis in light of these factors? Given the fragmentation and volatility in the cryptocurrency markets, would a fund need to assume an unusually sizable potential daily redemption amount in light of the potential for steep market declines in the value of underlying assets?

Futures markets have historically offered tremendous liquidity compared to spot/cash markets. U.S. futures markets and exchanges frequently involve liquidity providers as well as individual buyers and sellers. Liquidity providers are either individuals or institutions that provide a two-sided market in an asset class, looking to profit from high turnover and the relatively small spread between their bid and ask. This high-volume, low-spread trading activity can make it easier for more directional buyers and sellers to enter and exit a position. Many liquidity providers participate in voluntary market maker programs offered by the exchanges that are open to any and all participants (member and non-member firms). Participants in such program benefit from an incentive structure in exchange for providing two-sided markets at a defined width, trade-size and time-in-market. The combination of competition and pricing transparency from multiple liquidity providers has provided greater price stability and narrower bid/ask spreads since the futures contracts were first launched, leading to more liquid and visible markets.

In relation to volatility, bitcoin as an asset is not without inherent risks, with an average volatility of 90.9% since the futures contracts launched on the Cboe on December 11, 2017.[33] The speculative nature of bitcoin is similar to historical risk averages associated with emerging asset classes, and these risks are fully disclosed and factored into the Fund's construction and investment limitations.

We also want to highlight the spread in volatility between the futures contracts and the underlying asset, as the Fund would be transacting in bitcoin futures contracts to gain exposure to the value of bitcoin. Since inception, the CME bitcoin futures contracts

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[30] https://cointelegraph.com/news/confirmed-nasdaqs-bitcoin-futures-will-launch-in-first-half-of-2019; https://cointelegraph.com/news/intercontinental-exchange-ceo-bakkt-will-launch-later-this-year.
[31] Sourced from Pension & Investments (available at: https://www.pionline.com/article/20170425/INTERACTIVE/170429926/80-of-equity-market-cap-held-by-institutions).
[32] Available at: https://www.reuters.com/article/us-crypto-currencies-trading-analysis/as-bitcoin-trading-shifts-shape-big-money-stays-away-idUSKBN1O61SH
[33] Coinbase price data sourced from Bloomberg, period ending February 9th, 2019.

have had an annualized volatility of 92%,[34] 1.2% higher than the spot price on Coinbase over the same period. The volatility deviation of futures to spot pricing is actually less for bitcoin than gold, as the CME gold contracts have an annualized volatility of 9.6%,[35] while the gold spot price had a volatility of 10.25%,[36] a 5.9% deviation. It is important for a futures contract that is tracking exposure to an underlying asset to have similar characteristics of the underlying asset. CME bitcoin futures contracts track the underlying bitcoin asset closer than the CME gold futures contracts track to the spot price of gold.

How would a fund prepare for the possibility that a fund investing in cryptocurrency-related futures could grow to represent a substantial portion of the cryptocurrency-related futures markets? How would such a development impact the fund's portfolio management and liquidity analysis?

The Fund will not invest directly in bitcoin, and will only hold bitcoin futures in a limited position of up to 15% of Fund notional assets at any point in time (as rebalanced when necessary).[37] Given our above example, the current market environment and volumes of CME bitcoin futures contracts would allow for a conservative initial Fund AUM estimate of $667 million, factoring in the Fund's 15% investment limit of bitcoin futures at 100% of average daily notional volume, with the potential for the Fund to scale its AUM to approximately $2.8 billion if the bitcoin futures market scaled to the same daily notional value as a percent of market capitalization as gold.

Similar to the ETF create/redeem process, futures contracts can be created to add liquidity to the marketplace based on supply and demand. Referencing the previous example, DGL holds 12.6 times the average daily volume of the underlying CME Feb 2020 gold futures, which provides an example of futures markets being more liquid than the average daily volume suggests.[38] Therefore, it is highly unlikely the Fund's bitcoin futures holdings will have a significant impact on available liquidity under current market conditions, while not even taking into account the anticipated growth of the bitcoin futures markets as more institutions enter the market and more exchanges potentially join in offering bitcoin futures contracts. Additionally, as an actively managed fund, the advisor would have discretion to reduce the Fund's notional allocation to bitcoin futures if the 15% allocation would have any negative impact to the value or liquidity of the Fund.

As another example, the iShares Russell Microcap ETF (tkr:IWC) has approximately $900 million in assets under management and primarily invests in micro-cap (illiquid) stocks.[39] When looking at underlying asset liquidity, there are significant volume constraints as 40% of the fund has stock holdings that are greater than 50% of their average daily volume.[40] Because most holdings are micro-caps, these stocks are only listed on U.S. exchanges and narrowly trade. In comparison, bitcoin trades on multiple exchanges around the world, allowing global investors to add liquidity to the marketplace throughout the day. Arguably in comparison, the IWC ETF has a larger impact on the underlying stock value of its' micro-cap stocks owing to liquidity constraints based on the size of the fund's positions in relation to the trading volume in the underlying assets, versus the Fund with 15% exposure to bitcoin futures, with larger liquidity, in a global marketplace. Additionally, the nature of derivative instruments allows liquidity to scale up and down with demand and is not predicated to supply limits imposed by a finite number of listed shares.

[34] BTC1 Curncy daily data sourced from Bloomberg, period 12/15/2017 - 02/08/2019.
[35] CG1 Comdty daily price data sourced from Bloomberg, period 12/11/2017 - 02/08/2019.
[36] XAU Curncy daily price data sourced from Bloomberg, period 12/11/2017 - 02/08/2019.
[37] However, based on price fluctuations of the Fund's holdings, the Fund could hold up to 18% of its notional assets in bitcoin futures before it would be rebalanced.
[38] Sourced from Bloomberg, period ending February 9th, 2019.
[39] IWC assets sourced from Bloomberg, period ending February 9, 2019.
[40] Underlying constituents and trading volume sourced from Bloomberg, period ending February 9, 2019.

Custody

To the extent a fund plans to hold cryptocurrency directly, how would it satisfy the custody requirements of the 1940 Act?

Not applicable. As stated in the filing, the Fund will not invest directly in bitcoin, and therefore will have no requirement for physical bitcoin custody.

How would a fund intend to validate existence, exclusive ownership, and software functionality of private cryptocurrency keys and other ownership records? To what extent would cybersecurity threats or the potential for hacks on digital wallets impact the safekeeping of fund assets under the 1940 Act?

Not applicable. As stated in the filing, the Fund will not invest directly in bitcoin, and therefore will have no requirement for bitcoin custody thereby alleviating the requirement to validate existence, exclusive ownership, and software functionality of private cryptocurrency keys and other ownership records. Limiting the Fund to exchange-traded futures contracts instead of physical bitcoin removes the need for digital wallets, thus removing any potential for cybersecurity threats or potential hacks on such digital wallets impacting the safekeeping of Fund assets.

To the extent a fund plans to hold cryptocurrency-related derivatives that are physically settled, under what circumstances could the fund have to hold cryptocurrency directly? If the fund may take delivery of cryptocurrencies in settlement, what plans would it have in place to provide for the custody of the cryptocurrency?

The Fund will not invest directly in bitcoin and therefore will only hold cryptocurrency-related derivative contracts. There are no circumstances where the Fund will hold cryptocurrency directly and will not take delivery of cryptocurrency in physical settlement, therefore requiring no custody provisions for cryptocurrency.

Arbitrage

How would volatility-based trading halts on a cryptocurrency futures market impact the arbitrage mechanism?

Investing in any asset, especially in speculative assets such as commodity derivatives, have inherent risks, including potentially significant periods of volatility. The Fund (as with all listed ETFs) would also be subject to volatility-based trading halts designed by market participants and implemented by the exchanges. Trading halts are timed circuit-breakers put in place to protect investors in volatile markets, having been redefined following the 2010 “flash crash.” Accordingly, we believe current trading halt thresholds in place on exchanges representing both the equity and derivative markets are integral to maintaining orderly markets while affording certain protections for all fund investors.

Our research and review of current policies regarding trading halt circuit breakers enacted by the CME Exchange confirms that appropriate procedures are deployed to mitigate periodic market volatility. Given the potential for volatility-based market risk exists and may potentially impact the Fund’s creation and redemption process at certain times, we believe these policies are sufficient to address such low probability events - with such disclosed as a principal risk to prospective investors in the Fund’s offering materials.

While the risk of exchange trading halts exists for listed bitcoin futures with such halts having occurred in the past 12 months, we do not believe such volatility-based trading halts would materially affect the ETF arbitrage process for the Fund - given historical examples as a guide. To date, there have been trading halts affecting bitcoin futures contracts on both the CME and CBOE exchanges whereby individual contracts were halted for two to five minutes, and whereby the futures contracts then re-opened for trading in an orderly fashion. In this scenario there would have been no material disruption of business concerning ETF arbitrage for the Fund.

During each halt, ETF market makers continued to have access to underlying real-time futures reference prices (e.g. BRTI reference price) as well as publicly available prices in the underlying physical spot markets.

We would also expect the Fund, with 85% of net assets invested in investment grade sovereign debt and cash equivalents, and 15% of net assets invested in bitcoin futures, to be less affected by potential volatility-based trading halts than many other highly levered, less liquid ETF vehicles. The Fund, without leverage, and with investment limitations on bitcoin exposure, in our view possesses significantly less arbitrage risk than many current funds listed and traded in the market today.

In order to promote fair treatment of investors, an ETF is required to have a market price that would not deviate materially from the ETF's NAV. In light of the fragmentation, volatility and trading volume of the cryptocurrency marketplace, how would ETFs comply with this term of their orders?

To promote fair treatment of investors, it is expected the Fund will have a market price that would not materially deviate from the Fund's NAV (or iNAV) owing to the Fund's construction using exchange-listed futures contracts that have continuous, publicly-quoted market prices during trading hours. Our research on the trading of such futures contracts and their respective underlying spot markets indicates there is no more volatility in the bitcoin futures market than certain other commodities or equities. We believe current market levels of volatility and volume in bitcoin futures provides for an efficient creation and redemption process by Authorized Participants and that these creations and redemptions will keep the Fund's market price in line with its NAV.

Have funds engaged with market makers and authorized participants to understand the feasibility of the arbitrage for ETFs investing substantially in cryptocurrency and cryptocurrency-related products?

Yes, the Advisor has had numerous conversations with market makers and Authorized Participants to understand the feasibility of the arbitrage process for the Fund. The Fund will only invest in exchange-listed bitcoin futures. This means all bitcoin futures positions will be delivered from the Authorized Participants as "cash-in-lieu" for creation and redemption activity, with positions transacted by the Advisor at pre-determined price levels and market quotations. As stated above, using exchange-listed futures delivered as "cash-in-lieu" in the ETF arbitrage process increases participation among Authorized Participants that may not be able/allowed to transact in physically-settled bitcoin.

How would the shutdown of a cryptocurrency exchange affect the market price or arbitrage mechanism?

It is difficult to speculate how the shutdown of a cryptocurrency exchange would affect the market price or arbitrage mechanism of a fund, given the number of global cryptocurrency exchanges, and the actual relevance of each – both in terms of trading volume and perception. We would surmise however that only the shutdown of a large cryptocurrency exchange representing a significant percentage of real customer transactional bitcoin trading volume could potentially affect the overall market price of bitcoin, and then to a lesser degree, bitcoin futures prices.

However, the risk of such a (major) cryptocurrency exchange shutting down should not have any bearing on the ability to include bitcoin futures in a fund, as it is simply a market risk, similarly applied to all other listed funds relying on consolidated quotes (as in the equity markets). All investments carry market and other risks that are fully disclosed to potential investors in offering documents and factored into their market price. We would therefore argue that only through such risk notifications and prospectus disclosures available through registered investment vehicles can an investor truly become aware of such risks, versus these same investors making a direct investment in physical bitcoin not under the protections of a regulated offering, and in an account on a (potentially non-regulated, non-U.S.) cryptocurrency exchange.

Potential Manipulation and Other Risks

How have concerns about fraud and manipulation in the physical market for cryptocurrencies informed a sponsor's responses to questions concerning, for instance, valuation and liquidity?

Concerns regarding fraud and manipulation in the physical market for cryptocurrencies have been considered and are addressed in the design and construction of the Fund in the following criteria: (i) limiting bitcoin exposure to 15% of the Fund's total net assets; (ii) providing exposure to bitcoin through a regulated '40 Act fund structure; (iii) providing such bitcoin exposure solely through the use of regulated, exchange-listed futures contracts and not an investment in physical bitcoin; and (iv) the Fund structured as actively managed, providing for real-time decision-making.

By offering investors an actively managed, limited exposure, regulated '40 Act product, investing in listed futures contracts on a regulated exchange, the Fund provides retail investor protections that do not otherwise exist in (i) a direct investment in physical bitcoin held in a personal account on an exchange or with a third-party with inherent custody and security complexities, and few formal provisions to effectively manage all of the concerns expressed in the Staff Letter; (ii) an investment in a fund holding a *substantial* amount of physical cryptocurrency or a portfolio comprised solely of bitcoin futures; (iii) investing in an *unregistered* OTC fund trading at significant premiums to NAV; or (iv) transacting on unregulated (and/or non-U.S.) exchanges with unknown (or undisclosed) operational risks and processes.

We believe investors should have the ability to invest in bitcoin under a framework of regulatory supervision and investor protections. As such, we created and issued the Fund as a multi-fiat global currency strategy ETF - including a minority position in exchange-listed bitcoin futures. As an ETF regulated under the '40 Act, the Fund was filed on February 11, 2019 owing to the fact that its' portfolio construction and regulatory oversight satisfied potential manipulation and operational risks as described in the Staff Letter, concerns that were mostly directed towards funds anticipated to hold *substantial* amounts of cryptocurrencies or cryptocurrency related products either in derivative or physical forms.

Have the concerns about potential fraud and manipulation been adequately considered in light of the wide range of investors, including retail investors, who might invest in the fund? Would investors, including retail investors, have sufficient information to consider any cryptocurrency-related funds and to understand the risks?

We believe concerns regarding potential fraud and manipulation (as pertaining to bitcoin) are mitigated with the introduction of a limited exposure, regulated Fund that invests in bitcoin futures contracts listed on regulated exchanges. While there is always potential for market manipulation for any investment, particularly for a commodity tied to an underlying spot market, we believe the proposed Fund as constructed and defined throughout this response letter provides reasonable safeguards that qualifies it for consideration for institutional as well as "Main Street" retail investors who seek exposure to the investment strategy and may invest in the Fund. We also believe comprehensive risk disclosures included in the Fund's offering documents appropriately provide investor disclosures and suitability disclaimers regarding digital assets. In our documents, we sought to provide clear and comprehensive disclosures regarding risks applicable to an investment in the Fund, and it is our belief that such disclosures are sufficient for an investor to consider such an investment and understand the associated risks of an investment in the Fund.

As a matter of reference, there are over 25 million U.S. citizens that have opened physical bitcoin individual trading accounts on (just one of several) of the crypto exchanges. Based on a proprietary survey conducted in June 2018 by Reality Shares, the survey found significant demand among financial advisers and investors to integrate bitcoin in an investment structure that would be governed under a well-established regulatory framework and provide a wide range of investor protections that do not currently exist in personal accounts on stand-alone digital asset exchanges. We believe the Fund, as an issue under the '40 Act, provides this regulated investment structure.

Additionally, as discussed above, the bitcoin spot and futures markets are under the CFTC's anti-fraud, anti-manipulation jurisdiction, and as such, are subject to the same investor protections as other "traditional" commodity spot and futures market protections. We also believe the bitcoin spot market may be less susceptible to manipulation than several more "traditional" commodities that underlie futures contracts and that are included in many ETFs currently listed on U.S. exchanges. The following was recently conveyed in the Cboe BZX Exchange Form 19b-4 that was filed with the Commission, which stated:

> [B]itcoin itself is particularly resistant to price manipulation. The geographically diverse and continuous nature of bitcoin trading makes it difficult and prohibitively costly to manipulate the price of bitcoin and, in many instances, the bitcoin market is generally less susceptible to manipulation than the equity, fixed income, and commodity futures markets. There are a number of reasons this is the case, including that there is not inside information about revenue, earnings, corporate activities, or sources of supply, making it particularly difficult to disseminate false or misleading information about bitcoin in order to manipulate; manipulation of the price on any single venue would require manipulation of the global bitcoin price in order to be effective; a substantial over-the-counter market provides liquidity and shock-absorbing capacity; bitcoin's 24/7/365 nature provides constant arbitrage opportunities across all trading venues; and it is unlikely that any one actor could obtain a dominant market share.
>
> Further, bitcoin is arguably less susceptible to manipulation than other commodities that underlie ETPs; there may be inside information relating to the supply of the physical commodity such as the discovery of new sources of supply or significant disruptions at mining facilities that supply the commodity that simply are inapplicable as it relates to bitcoin. Further, the Exchange believes that the fragmentation across bitcoin platforms, the relatively slow speed of transactions, and the capital necessary to maintain a significant presence on each trading platform make manipulation of bitcoin prices through continuous trading activity unlikely. Moreover, the linkage between the bitcoin markets and the presence of arbitrageurs in those markets means that the manipulation of the price of bitcoin price on any single venue would require manipulation of the global bitcoin price in order to be effective. Arbitrageurs must have funds distributed across multiple trading platforms in order to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular bitcoin exchange or OTC platform. As a result, the potential for manipulation on a trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences.[41]

Has the sponsor discussed with any broker-dealers who may distribute the funds how those broker-dealers would analyze the suitability of offering the funds to retail investors in light of these risks? Are there particular challenges investment advisers would face in meeting their fiduciary obligations when investing in cryptocurrency-related funds on behalf of retail investors?

We believe the Fund would be compatible with FINRA Rule 2111, commonly known as the suitability rule, requiring a brokerage firm or associated person to have a reasonable basis to believe a recommended transaction or investment strategy involving a security or securities is suitable for a customer. Over several months, Reality Shares has had multiple conversations (outreach and incoming) with broker-dealers and investment advisers regarding suitability of a fund with characteristics of the Fund for retail investors, and the potential risks as described. The results of those many conversations provided the framework for constructing the Fund in the manner it was created, including: (i) limited exposure to bitcoin (15%), (ii) gaining bitcoin exposure through regulated instruments and not physical holdings, (iii) no physical settlement, custody, storage, cybersecurity risks, and (iv) providing bitcoin exposure in a fund structure that was both convenient for purchase while also adhering to an established regulated framework ('40 Act ETF).

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[41] Cboe BZX Exchange, Inc., Form 19b-4, File No. SR-2019-004, January 30, 2019 (available at: http://cdn.cboe.com/resources/regulation/rule_filings/pending/2019/SR-CboeBZX-2019-004.pdf).

We do not believe there are any undue challenges investment advisers would face in meeting their fiduciary obligations when investing in the Fund on behalf of retail investors. For all of the reasons stated above, we believe the Fund - under the rules, oversight, and requirements of the '40 Act - provides distributing broker-dealers and investment advisers a regulated investment product providing exposure to a portfolio of global currencies and a limited (controlled) exposure to cryptocurrency, fulfilling investor interest and demand for the investment strategy, while maintaining a cautious approach consistent with fiduciary obligations to provide investment advice in a manner representing the best interests of their clients.

Conclusion

We appreciate the opportunity to respond to the Staff Letter and to continue our interactive dialog with the Commission. We welcome further discussion on the merits of the Fund including your suggested enhancements to Fund portfolio construction, and how we may further accommodate certain of the Staff's concerns in anticipation of your acceptance and approval. We look forward to working alongside the Commission to collectively define acceptable parameters and viable solutions addressing your concerns, allowing for the issuance of the Fund.

Thank you for your time and consideration of our response.

Sincerely,

Eric R. Ervin
CEO and President
Reality Shares Advisors