

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-102397; File No. SR-CboeBZX-2025-011)

February 11, 2025

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to List and Trade Shares of the 21Shares Core Solana ETF under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 28, 2025, Cboe BZX Exchange, Inc. (“Exchange” or “BZX”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to list and trade shares of the 21Shares Core Solana ETF (the “Trust”),³ under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares.

The text of the proposed rule change is also available on the Exchange’s website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Trust was formed as a Delaware statutory trust on June 3, 2024, and is operated as a grantor trust for U.S. federal tax purposes. The Trust has no fixed termination date.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to list and trade the Shares under BZX Rule 14.11(e)(4),⁴ which governs the listing and trading of Commodity-Based Trust Shares on the Exchange.⁵ 21Shares US LLC is the sponsor of the Trust (the “Sponsor”). The Shares will be registered with the Commission by means of the Trust’s registration statement on Form S-1 (the “Registration Statement”).⁶ According to the Registration Statement, the Trust is neither an investment company registered under the Investment Company Act of 1940, as amended,⁷ nor a commodity pool for purposes of the Commodity Exchange Act (“CEA”), and neither the Trust nor the Sponsor is subject to

⁴ The Commission approved BZX Rule 14.11(e)(4) in Securities Exchange Act Release No. 65225 (August 30, 2011), 76 FR 55148 (September 6, 2011) (SR-BATS-2011-018).

⁵ Any of the statements or representations regarding the index composition, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of index, reference asset, and intraday indicative values, or the applicability of Exchange listing rules specified in this filing to list a series of Other Securities (collectively, “Continued Listing Representations”) shall constitute continued listing requirements for the Shares listed on the Exchange.

⁶ See the Registration Statement on Form S-1, dated June 28, 2024, submitted by the Sponsor on behalf of the Trust. The descriptions of the Trust, the Shares, and the Index (as defined below) contained herein are based, in part, on information in the Registration Statement. The Registration Statement is not yet effective, and the Shares will not trade on the Exchange until such time that the Registration Statement is effective.

⁷ 15 U.S.C. 80a-1.

regulation as a commodity pool operator or a commodity trading adviser in connection with the Shares.

Since 2017, the Commission has approved or disapproved exchange filings to list and trade series of Trust Issued Receipts, including spot-based Commodity-Based Trust Shares, on the basis of whether the listing exchange has in place a comprehensive surveillance sharing agreement with a regulated market of significant size related to the underlying commodity to be held (the “Winklevoss Test”).⁸ The Commission has also consistently recognized that this not the *exclusive* means by which an ETP listing exchange can meet this statutory obligation.⁹ A listing exchange could, alternatively, demonstrate that “other means to prevent fraudulent and manipulative acts and practices will be sufficient” to justify dispensing with a surveillance-sharing agreement with a regulated market of significant size.¹⁰

⁸ See Securities Exchange Act Release Nos. 78262 (July 8, 2016), 81 FR 78262 (July 14, 2016) (the “Winklevoss Proposal”). The Winklevoss Proposal was the first exchange rule filing proposing to list and trade shares of an ETP that would hold spot bitcoin (a “Spot Bitcoin ETP”). It was subsequently disapproved by the Commission. See Securities Exchange Act Release No. 83723 (July 26, 2018), 83 FR 37579 (August 1, 2018) (the “Winklevoss Order”); 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) (the “Spot Bitcoin ETP Approval Order”); 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products) (the “Spot ETH ETP Approval Order”).

⁹ See Winklevoss Order, 83 FR at 37580; see Spot Bitcoin ETP Approval Order, 89 FR at 3009; see Spot ETH ETP Approval Order 89 FR at 46938.

¹⁰ The Exchange notes that that the Winklevoss Test was first applied in 2017 in the Winklevoss Order, which was the first disapproval order related to an exchange proposal to list and trade a Spot Bitcoin ETP. All prior approval orders issued by the Commission approving the listing and trading of series of Trust Issued Receipts included no specific analysis related to a “regulated market of significant size.” In the Winklevoss Order and the Commission’s prior orders approving the listing and trading of series of Trust Issued Receipts have noted that the spot commodities and currency markets for which it has previously approved spot ETPs are generally unregulated and that the Commission relied on the underlying futures market as the regulated market of significant size that formed the basis for approving the series of Currency and Commodity-Based Trust Shares, including gold, silver, platinum, palladium, copper, and other commodities and currencies. The Commission specifically noted in the Winklevoss Order that the approval order issued related to the first spot gold ETP “was based on an assumption that the currency market and the spot gold market were largely unregulated.” See Winklevoss Order at 37592. As such, the regulated market of significant size test does not require that the spot market be regulated in order for the

The Commission recently issued orders granting approval for proposals to list bitcoin- and ether-based commodity trust shares and bitcoin-based, ether-based, and a combination of bitcoin- and ether-based trust issued receipts (these proposed funds are nearly identical to the Trust, but proposed to hold bitcoin and/or ether, respectively, instead of SOL) (“Spot Bitcoin ETPs” and “Spot ETH ETPs”). In both the Spot Bitcoin ETP Approval Order and Spot ETH ETP Approval Order, the Commission found that sufficient “other means” of preventing fraud and manipulation had been demonstrated that justified dispensing with a surveillance-sharing agreement of significant size. Specifically, the Commission found that while the Chicago Mercantile Exchange (“CME”) futures market for both bitcoin and ether were not of “significant size” related to the spot market, the Exchange demonstrated that other means could be reasonably expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the proposals.

As further discussed below, both the Exchange and the Sponsor believe that this proposal and the included analysis are sufficient to establish that the proposal is consistent with the Act itself and, additionally, that there are sufficient “other means” of preventing fraud and manipulation that warrant dispensing of the surveillance-sharing agreement with a regulated market of significant size, as was done with both Spot Bitcoin ETPs and Spot ETH ETPs, and that this proposal should be approved.

Commission to approve this proposal, and precedent makes clear that an underlying market for a spot commodity or currency being a regulated market would actually be an exception to the norm. These largely unregulated currency and commodity markets do not provide the same protections as the markets that are subject to the Commission’s oversight, but the Commission has consistently looked to surveillance sharing agreements with the underlying futures market in order to determine whether such products were consistent with the Act.

Background

SOL is a digital asset, also referred to as a digital currency or cryptocurrency, which serves as the unit of account on the open-source, peer-to-peer Solana network (“Solana” or “Solana network”). The Solana network source code allows for the creation of decentralized applications that are supported by a transaction protocol referred to as “smart contracts,” which includes the cryptographic operations that verify and secure SOL transactions. It is widely understood that no single intermediary or entity operates or controls the Solana network (referred to as “decentralization”), the transaction validation and recordkeeping infrastructure of which is collectively maintained by a distributed network of nodes and validators.

The Solana network allows people to exchange tokens of value, referred to as “SOL”, which are recorded on a distributed public recordkeeping system or ledger known as a blockchain (the “Solana Blockchain”), and which can be used to pay for goods and services, including computational power on the Solana network, or converted to fiat currencies, such as the U.S. dollar, at rates determined on digital asset platforms or in individual peer-to-peer transactions. The Solana protocol introduced the proof-of-history (“PoH”) timestamping mechanism, which it uses in conjunction with proof-of-stake. PoH automatically orders on-chain transactions by creating a historical record that proves an event has occurred at a specific moment in time. PoH is intended to provide a transaction processing speed and capacity advantage over other blockchain networks like bitcoin and ether, which rely on sequential production of blocks and can lead to delays caused by validator confirmations.

In light of these factors, among others, the Sponsor believes that it is applying the proper legal standards in making a good faith determination that it believes SOL is not presently and under these circumstances a security under federal law in light of the uncertainties inherent in applying the

Howey and *Reves* tests.¹¹ As noted numerous times by the Commission as it relates to crypto assets, a crypto asset is not itself a security, but rather can be the object of an investment contract based on the full set of contracts, expectations, and understanding centered on the sales and distribution of the crypto asset.¹² Thus, even where the facts and circumstances dictate that an

¹¹ See *SEC v. Ripple Labs*, 2023 WL 4507900 at 15, (S.D.N.Y. July 13, 2023) (“(XRP, as a digital token, is not in and of itself a ‘contract, transaction[,] or scheme’ that embodies the *Howey* requirements of an investment contract.)”); *SEC v. Terraform Labs*, 2023 WL 4858299 at 33 (S.D.N.Y. July 31, 2023) (“To be sure, the original UST and LUNA coins, as originally created and when considered in isolation, might not then have been, by themselves, investment contracts. Much as the orange groves in *Howey* would not be considered securities if they were sold apart from the cultivator’s promise to share any profits derived by their cultivation, the term “security” also cannot be used to describe any crypto-assets that were not somehow intermingled with one of the investment “protocols,” did not confer a “right to ... purchase” another security, or were otherwise not tied to the growth of the Terraform blockchain ecosystem”); *SEC v. Coinbase*, 2024 WL 134037 at 29 (S.D.N.Y. March 27, 2024 at 29) (“As a preliminary matter, the SEC does not appear to contest that tokens, in and of themselves, are not securities.”); *SEC v. Coinbase*, Transcript of Oral Arguments. (S.D.N.Y. Jan. 17, 2024) (MR. COSTELLO: “The token itself is not the security,” at page 21) (MR. COSTELLO: “It’s that network or ecosystem, that is what drives the value of the token because the token as code is linked to that ecosystem. It is tied to it. It cannot be separated from it. As the value of that network or platform or ecosystem increases, so does the value of the token. And the issuers and the project team, they drive the value of the ecosystem. So your token being part of this ecosystem is going up or down in value based entirely on what these issuers and project team members are doing and continuing to do. So it is their conduct that would be relevant for the *Howey* analysis,” at page 19). See also *CFTC v. Sam Ikkurty*; In the U.S. District Court for the Northern District of Illinois, Eastern Division, No. 22-cv-02465, July 1, 2024, which stated that “OHM and Klima, two non-Bitcoin virtual currencies ... qualify as commodities,” noting those virtual currencies fall into the same general class as Bitcoin, on which there is regulated futures trading; *CFTC v. My Big Coin Pay, Inc.*, 334 F. Supp. 3d 492, 498 (D. Mass. 2018) (finding non-Bitcoin virtual currency is a commodity because “the CEA only requires the existence of futures trading within a certain class (e.g. “natural gas”) in order for all items within that class (e.g. “West Coast” natural gas) to be considered commodities.”).

¹² See *SEC v. Telegram Grp., Inc.*, 448 F. Supp. 3d 352, 379 (S.D.N.Y. 2020); *SEC v. Binance Holdings Limited*, No. 1-23-cv-01599, (D.D.C. Sep 12, 2024) ECF No 273 (Plaintiff Securities and Exchange Commission’s Memorandum of Law in Support of Motion for Leave to Amend the Complaint) (the “Amended Binance Complaint”). Specifically, footnote 6 of the Amended Binance Complaint stated: “As this Court noted and as the SEC reiterates, with its use of the term “crypto asset securities,” the SEC is not referring to the crypto asset itself as the security; rather, as the SEC has consistently maintained since the very first crypto asset *Howey* case the SEC litigated, the term is a shorthand. See *Telegram*, 448 F. Supp. 3d 352, 379 (“While helpful as a shorthand reference, the security in this case is not simply the [crypto asset], which is little more than alphanumeric cryptographic sequence ... [the] security ... [in] [t]his case ... consists of the full set of contracts, expectations, and understandings centered on the sales and distribution of the [crypto asset].”). Nevertheless, to avoid any confusion, the PAC no longer uses the shorthand term, and the SEC regrets any confusion it may have invited in this regard. MTD Order at 19-20. As the Court explained, the crypto asset is the subject of the investment contract. Defendants appear to argue that, even if the Ten Crypto Assets were offered and sold as securities during the ICOs, they do not remain securities into perpetuity. The SEC is not advancing this argument. The SEC’s allegations with respect to the Ten Crypto Assets at issue in secondary markets are that their promotions and economic realities have not changed in any meaningful way under *Howey*, such that they continue to be offered and sold as investment contracts.”

investment contract exists, the token is not itself an investment contract and the investment contract does not exist in perpetuity. The investment contract (and thus security) analysis is a facts and circumstances dependent evaluation related to all circumstances surrounding the buying or selling of the crypto asset. In the Amended Binance Complaint, the Commission notes the following:

Defendants appear to argue that, even if the Ten Crypto Assets were offered and sold as securities during the ICOs, they do not remain securities into perpetuity. The SEC is not advancing this argument. The SEC’s allegations with respect to the Ten Crypto Assets at issue in secondary markets are that that their promotions and economic realities have not changed in any meaningful way under *Howey*, such that they continue to be offered and sold as investment contracts.

This footnote is presented in the context of the argument that transactions in Solana (among other assets) that occur on Binance’s platforms are investment contracts and thus represent securities transactions. The Amended Binance Complaint also includes extensive discussion about Binance’s role in promoting the Ten Crypto Assets. A broad reading of this footnote could lead one to believe that the Ten Crypto Assets discussed therein are in every context considered an investment contract and therefore in every context are a security. However that reading would contradict other statements from both the SEC and the courts, such as from Telegram: “[the] security ... [in] [t]his case ... consists of the full set of contracts, expectations, and understandings centered on the sales and distribution of the [crypto asset].” The “full set of contracts, expectations, and understandings” is critical and seems to be the basis for inclusion of Binance’s role in promoting the Ten Crypto Assets in the Amended Binance Complaint. In this instance, the details about the vehicle through which a crypto asset is being held and the way that

vehicle will be bought and sold seem to clearly be part of the “full set of contracts, expectations, and understandings” and therefore would warrant a separate investment contract analysis from cases like the Amended Binance Complaint unless there was another instance to analogize in which Solana had been deemed a security.

Here, however, the facts and circumstances are much different than in any prior complaint, including the Amended Binance Complaint, and therefore such prior determinations by the Commission that Solana is a security under the specific applicable sets of facts and circumstances should not apply as it relates to this rule filing and the specific facts and circumstances presented herein.

Section 6(b)(5) and the Applicable Standards

The Commission has approved numerous series of Trust Issued Receipts,¹³ including Commodity-Based Trust Shares,¹⁴ to be listed on U.S. national securities exchanges. In order for any proposed rule change from an exchange to be approved, the Commission must determine that, among other things, the proposal is consistent with the requirements of Section 6(b)(5) of the Act, specifically including: (i) the requirement that a national securities exchange’s rules are designed to prevent fraudulent and manipulative acts and practices;¹⁵ and (ii) the requirement that an exchange

¹³ See Exchange Rule 14.11(f).

¹⁴ Commodity-Based Trust Shares, as described in Exchange Rule 14.11(e)(4), are a type of Trust Issued Receipt.

¹⁵ Much like bitcoin and ETH, the Exchange believes that SOL is resistant to price manipulation and that “other means to prevent fraudulent and manipulative acts and practices” exist to justify dispensing with the requisite surveillance sharing agreement. The geographically diverse and continuous nature of SOL trading render it difficult and prohibitively costly to manipulate the price of SOL. The fragmentation across platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of SOL prices through continuous trading activity challenging. To the extent that there are trading platforms engaged in or allowing wash trading or other activity intended to manipulate the price of SOL on other markets, such pricing does not normally impact prices on other trading platforms because participants will generally ignore markets with quotes that they deem non-executable. Moreover, the linkage between SOL markets and the presence of arbitrageurs in those markets means that the manipulation of the price of SOL on any single venue would require manipulation of the global SOL price in order to be effective. Arbitrageurs must have funds distributed across multiple trading platforms in order

proposal be designed, in general, to protect investors and the public interest. The Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act and that this filing sufficiently demonstrates the manipulation concerns previously articulated by the Commission are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

As noted above, the Commission has recognized that the “regulated market of significant size” standard is not the only means for satisfying Section 6(b)(5) of the Act, specifically providing that a listing exchange could demonstrate that “other means to prevent fraudulent and manipulative acts and practices” are sufficient to justify dispensing with the requisite surveillance-sharing agreement.¹⁶ While there is currently no futures market for SOL, in the Spot Bitcoin ETF Approval Order and Spot ETH ETF Approval Order the Commission determined that the CME bitcoin futures market and CME ETH future market, respectively, were not of “significant size” related to the spot market. Instead, the Commission found that sufficient “other means” of preventing fraud and manipulation had been demonstrated that justified dispensing with a surveillance-sharing agreement of significant size. The Exchange and Sponsor believe that this proposal provides for other means of preventing fraud and manipulation justify dispensing with a surveillance-sharing agreement of significant size.

to take advantage of temporary price dislocations, thereby making it unlikely that there will be strong concentration of funds on any particular trading platforms or OTC platform. Further, the speed and relatively inexpensive nature of transactions on the Solana network allow arbitrageurs to quickly move capital between trading platforms where price dislocations may occur. 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.

¹⁶ See Winklevoss Order at 37580. The Commission has also specifically noted that it “is not applying a ‘cannot be manipulated’ standard; instead, the Commission is examining whether the proposal meets the requirements of the Exchange Act and, pursuant to its Rules of Practice, places the burden on the listing exchange to demonstrate the validity of its contentions and to establish that the requirements of the Exchange Act have been met.” Id. at 37582.

Over the past several years, U.S. investor exposure to SOL has grown into the billions of dollars, mostly through transactions in spot SOL on digital asset trading platforms. The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to SOL in a regulated and transparent exchange-traded vehicle that would act to limit risk to U.S. investors by: (i) reducing premium and discount volatility; (ii) reducing management fees through meaningful competition; and (iii) providing an alternative to custodial spot SOL.

The Exchange believes that the policy concerns are mitigated by the fact that the Exchange believes that the underlying reference asset is not susceptible to manipulation because the nature of the SOL ecosystem makes manipulation of SOL difficult. The geographically diverse and continuous nature of SOL trading makes it difficult and prohibitively costly to manipulate the price of SOL and, in many instances, the SOL 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; manipulation of the price on any single venue would require manipulation of the global SOL price in order to be effective; a substantial over-the-counter market provides liquidity and shock-absorbing capacity; SOL'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, SOL 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 certain cryptoassets, including

SOL. Further, the Exchange believes that the fragmentation across SOL trading platforms, the time stamping of blocks and the proof-of-history mechanism, and the capital necessary to maintain a significant presence on each trading platform make manipulation of SOL prices through continuous trading activity unlikely. Moreover, the linkage between the SOL markets and the presence of arbitrageurs in those markets means that the manipulation of the price of SOL on any single venue would require manipulation of the global SOL price in order to be effective. Arbitrageurs must have funds distributed across multiple SOL 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 SOL trading platform. As a result, the potential for manipulation on a particular SOL trading platform would require overcoming the liquidity supply of such arbitrageurs who are effectively eliminating any cross-market pricing differences. For all of these reasons, SOL is not particularly susceptible to manipulation, especially as compared to other approved ETP reference assets.

21Shares Core Solana ETF

Delaware Trust Company is the trustee (“Trustee”). A third party will be the administrator (“Administrator”) and transfer agent (“Transfer Agent”), and will act as custodian of the Trust’s cash and cash equivalents (“Cash Custodian”). Foreside Global Services, LLC will be the marketing agent (“Marketing Agent”) in connection with the creation and redemption of “Baskets” of Shares. Coinbase Custody Trust Company, LLC (the “Custodian”), will be responsible for custody of the Trust’s SOL.

According to the Registration Statement, each Share will represent a fractional undivided beneficial interest in the Trust. The Trust's assets will only consist of SOL, cash, or cash and cash equivalents.¹⁷

According to the Registration Statement, the Trust will be neither an investment company registered under the Investment Company Act of 1940, as amended,¹⁸ nor a commodity pool for purposes of the CEA, and neither the Trust nor the Sponsor is subject to regulation as a commodity pool operator or a commodity trading adviser in connection with the Shares.

Neither the Trust, nor the Sponsor, nor the Custodian, nor any other person associated with the Trust will, directly or indirectly, engage in action where any portion of the Trust's SOL becomes subject to the SOL proof-of-stake validation or is used to earn additional SOL or generate income or other earnings. The Trust will not acquire and will disclaim any incidental right ("IR") or IR asset received, for example as a result of forks or airdrops, and such assets will not be taken into account for purposes of determining NAV.

When the Trust creates or redeems its Shares, it will do so in cash transactions in blocks of 10,000 Shares (a "Creation Basket") at the Trust's net asset value ("NAV"). Authorized participants will deliver, or facilitate the delivery of, cash to the Trust's account with the Cash Custodian in exchange for Shares when they create Shares, and the Trust, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares with the Trust. Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for Shares, the value of the Trust's assets, and market conditions at the time of a transaction.

¹⁷ Cash equivalents are short-term instruments with maturities of less than 3 months.

¹⁸ 15 U.S.C. 80a-1.

As noted above, the Trust is designed to protect investors against the risk of losses through fraud and insolvency that arise by holding SOL on centralized platforms. Specifically, the Trust is designed to protect investors as follows:

(i) Assets of the Trust Protected from Insolvency

The Trust's SOL will be held by its Custodian, which is a New York chartered trust company overseen by the NYDFS and a qualified custodian under Rule 206-4 of the Investment Adviser Act. The Custodian will custody the Trust's SOL pursuant to a custody agreement, which requires the Custodian to maintain the Trust's SOL in segregated accounts that clearly identify the Trust as owner of the accounts and assets held on those accounts; the segregation will be both from the proprietary property of the Custodian and the assets of any other customer. Such an arrangement is generally deemed to be "bankruptcy remote," that is, in the event of an insolvency of the Custodian, assets held in such segregated accounts would not become property of the Custodian's estate and would not be available to satisfy claims of creditors of the Custodian. In addition, according to the Registration Statement, the Custodian carries fidelity insurance, which covers assets held by the Custodian in custody from risks such as theft of funds. These arrangements provide significant protections to investors and could have mitigated the type of losses incurred by investors in the numerous crypto-related insolvencies, including Celsius, Voyager, BlockFi, and FTX.

(ii) Trust's Transfer Agent Will Instruct Disposition of Trust's SOL

According to the Registration Statement, except with respect to sale of SOL from time to time to cover expenses of the Trust, the only time SOL will move into or out from the Trust will be with respect to creations or redemptions of Shares of the Trust. In such cases, a third party will use cash to buy and deliver SOL to create Shares or withdraw and sell SOL for cash to

redeem Shares, on behalf of the Trust. Authorized participants will deliver cash to the Trust's account with the Cash Custodian in exchange for Shares of the Trust, and the Trust, through the Cash Custodian, will deliver cash to authorized participants when those authorized participants redeem Shares of the Trust. The Transfer Agent will facilitate the settlement of Shares in response to the placement of creation orders and redemption orders from authorized participants. The creation and redemption procedures are administered by the Transfer Agent, an independent third party. Specifically, Shares are issued in registered form in accordance with the Trust agreement.¹⁹ The Transfer Agent has been appointed registrar and transfer agent for the purpose of transferring Shares in certificated form. The Transfer Agent keeps a record of all holders of the Shares in certified form in the registry. The Sponsor recognizes transfers of Shares in certified form only if done in accordance with the Trust agreement. In other words, according to the Registration Statement, with very limited exceptions, the Sponsor will not give instructions with respect to the transfer or disposition of the Trust's SOL. SOL owned by the Trust will at all times be held by, and in the control of, the Custodian, and transfer of such SOL to or from the Custodian will occur only in connection with creation and redemptions of Shares. This will provide safeguards against the movement of SOL owned by the Trust by or to the Sponsor or affiliates of the Sponsor.

(iii) Trust's Assets are Subject to Regular Audit

According to the Registration Statement, audit trails exist for all movement of SOL within Custodian-controlled SOL wallets and are audited annually for accuracy and

¹⁹ The Trust agreement refers to the "Amended and Restated Trust Agreement of 21Shares Core Solana ETF."

completeness by an independent external audit firm. In addition, the Trust will be audited by an independent registered public accounting firm on a regular basis.

(iv) Trust is Subject to the Exchange's Obligations of Companies Listed on the Exchange and Applicable Corporate Governance Requirements

The Trust will be subject to the obligations of companies listed on the Exchange set forth in BZX Rule 14.6, which require the listed companies to make public disclosure of material events and any notifications of deficiency by the Exchange, file and distribute period financial reports, engage independent public accountants registered with the Exchange, among other things. Such disclosures serve a key investor protection role. In addition, the Trust will be subject to the corporate governance requirements for companies listed on the Exchange set forth in BZX Rule 14.10.

Investment Objective

According to the Registration Statement and as further described below, the investment objective of the Trust will be to seek to track the performance of SOL, as measured by the performance of a specific index (the "Index"), as defined below, adjusted for the Trust's expenses and other liabilities. In seeking to achieve its investment objective, the Trust will hold SOL and will value the Shares daily based on the Index. The Trust will process all creations and redemptions in cash transactions with authorized participants. The Trust is not actively managed.

The Index

The Trust will use the CME CF Solana-Dollar Reference Rate – New York Variant (the "Index") to calculate the Trust's NAV. The Trust will determine the SOL Index price and value its Shares daily based on the value of SOL as reflected by the Index. The Index will be calculated daily and aggregates the notional value of SOL trading across major SOL spot trading platforms.

Net Asset Value

NAV means the total assets of the Trust (which includes all SOL and cash and cash equivalents) less total liabilities of the Trust. The Administrator determines the NAV of the Trust on each day that the Exchange is open for regular trading, as promptly as practical after 4:00 p.m. ET. The NAV of the Trust is the aggregate value of the Trust's assets less its estimated accrued but unpaid liabilities (which include accrued expenses). In determining the Trust's NAV, the Administrator values the SOL held by the Trust based on the price set by the Index as of 4:00 p.m. ET. The Administrator also determines the NAV per Share.

The NAV for the Trust will be calculated by the Administrator once a day and will be disseminated daily to all market participants at the same time.

If the Index is not available, or if the Sponsor determines in good faith that the Index does not reflect an accurate SOL price, then the Administrator will employ an alternative method to determine the fair value of the Trust's assets.²⁰

Availability of Information

In addition to the price transparency of the Index, the Trust will provide information regarding the Trust's SOL holdings as well as additional data regarding the Trust. The website for the Trust, which will be publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price²¹; (b) the BZX Official Closing Price in relation to the NAV per Share as of the time the NAV is calculated and a calculation of the premium or

²⁰ Such alternative method will only be employed on an ad hoc basis. Any permanent change to the calculation of the NAV would require a proposed rule change under Rule 19b-4.

²¹ As defined in Rule 11.23(a)(3), the term "BZX Official Closing Price" shall mean the price disseminated to the consolidated tape as the market center closing trade.

discount of such price against such NAV per Share; (c) data in chart form displaying the frequency distribution of discounts and premiums of the BZX Official Closing Price against the NAV per Share, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Trust, if shorter); (d) the prospectus; and (e) other applicable quantitative information. The aforementioned information will be published as of the close of business and available on the Sponsor's website at www.21shares.com, or any successor thereto.

The Intraday Indicative Value ("IIV") will be calculated by using the prior day's closing NAV per Share as a base and updating that value during Regular Trading Hours to reflect changes in the value of the Trust's SOL during the trading day. The IIV disseminated during Regular Trading Hours should not be viewed as an actual real-time update of the NAV, which will be calculated only once at the end of each trading day. The IIV may differ from the NAV due to the differences in the time window of trades used to calculate each price (the NAV uses the Index price as of 4 p.m. ET, whereas the IIV draws prices from the last trade on each Constituent Platform²² in an effort to produce a relevant, real-time price). The Trust will provide an IIV per Share updated every 15 seconds, as calculated by the Exchange or a third-party financial data provider during the Exchange's Regular Trading Hours (9:30 a.m. to 4:00 p.m. E.T.). The IIV will be widely disseminated on a per Share basis every 15 seconds during the Exchange's Regular Trading Hours through the facilities of the consolidated tape association (CTA) and Consolidated Quotation System (CQS) high speed lines. In addition, the IIV will be available through on-line information services.

The price of SOL will be made available by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours.

²² The Constituent Platforms are the same platforms used to calculate the Index.

As noted above, the Index is calculated daily and aggregates the notional value of SOL trading activity across major SOL spot trading platforms. Index data, value, and the description of the Index are based on information made publicly available by the Index Provider on its website.

Quotation and last sale information for SOL is widely disseminated through a variety of major market data vendors, including Bloomberg and Reuters. Information relating to trading, including price and volume information, in SOL is available from major market data vendors and from the trading platforms on which SOL are traded. Depth of book information is also available from SOL trading platforms. The normal trading hours for SOL trading platforms are 24 hours per day, 365 days per year.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's BZX Official Closing Price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA.

The Custodian

The Custodian carefully considers the design of the physical, operational, and cryptographic systems for secure storage of the Trust's private keys in an effort to lower the risk of loss or theft. The Custodian utilizes a variety of security measures to ensure that private keys necessary to transfer digital assets remain uncompromised and that the Trust maintains exclusive ownership of its assets. The operational procedures of the Custodian are reviewed by third-party advisors with specific expertise in physical security. The devices that store the keys will never be

connected to the internet or any other public or private distributed network—this is colloquially known as “cold storage.” Only specific individuals are authorized to participate in the custody process, and no individual acting alone will be able to access or use any of the private keys. In addition, no combination of the executive officers of the Sponsor or the investment professionals managing the Trust, acting alone or together, will be able to access or use any of the private keys that hold the Trust’s SOL.

Creation and Redemption of Shares

When the Trust creates or redeems its Shares, it will do so in cash transactions in blocks of 10,000 Shares that are based on the quantity of SOL attributable to each Share of the Trust (e.g., a Creation Basket) at the Trust’s NAV. The authorized participants will deliver only cash to create Shares and will receive only cash when redeeming Shares. Further, authorized participants will not directly or indirectly purchase, hold, deliver, or receive SOL as part of the creation or redemption process or otherwise direct the Trust or a third party with respect to purchasing, holding, delivering, or receiving SOL as part of the creation or redemption process. The Trust will create Shares by receiving SOL from a third party that is not the authorized participant and the Trust—not the authorized participant—is responsible for selecting the third party to deliver the SOL. Further, the third party will not be acting as an agent of the authorized participant with respect to the delivery of the SOL to the Trust or acting at the direction of the authorized participant with respect to the delivery of the SOL to the Trust. The Trust will redeem shares by delivering SOL to a third party that is not the authorized participant and the Trust—not the authorized participant—is responsible for selecting the third party to receive the SOL. Further, the third party will not be acting as an agent of the authorized participant with respect to

the receipt of the SOL from the Trust or acting at the direction of the authorized participant with respect to the receipt of the SOL from the Trust.

According to the Registration Statement, on any business day, an authorized participant may place an order to create one or more Creation Baskets. Purchase orders must be placed by 12:00 p.m. Eastern Time, the close of regular trading on the Exchange, or another time determined by the Sponsor. The day on which an order is received is considered the purchase order date. The total deposit of cash required is based on the combined NAV of the number of Shares included in the Creation Baskets being created determined as of 4:00 p.m. ET on the date the order to purchase is properly received. The Administrator determines the quantity of SOL associated with a Creation Basket for a given day by dividing the number of SOL held by the Trust as of the opening of business on that business day, adjusted for the amount of SOL constituting estimated accrued but unpaid fees and expenses of the Trust as of the opening of business on that business day, by the quotient of the number of Shares outstanding at the opening of business divided by the number of Shares in a Creation Basket.

The procedures by which an authorized participant can redeem one or more Creation Baskets mirror the procedures for the creation of Creation Baskets.

The Sponsor will maintain ownership and control of SOL in a manner consistent with good delivery requirements for spot commodity transactions.

Rule 14.11(e)(4) – Commodity-Based Trust Shares

The Shares will be subject to BZX Rule 14.11(e)(4), which sets forth the initial and continued listing criteria applicable to Commodity-Based Trust Shares. The Exchange represents that, for initial and continued listing, the Trust must be in compliance with Rule 10A-3 under the Act. A minimum of 10,000 Shares will be outstanding at the commencement of listing on the

Exchange. The Exchange will obtain a representation that the NAV will be calculated daily and information about the NAV and the assets of the Trust will be made available to all market participants at the same time. The Exchange notes that, as defined in Rule 14.11(e)(4)(C)(i), the Shares will be: (a) issued by a trust that holds (1) a specified commodity²³ deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) when aggregated in the same specified minimum number, may be redeemed at a holder's request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash.

Upon termination of the Trust, the Shares will be removed from listing. The Trustee, Delaware Trust Company, is a trust company having substantial capital and surplus and the experience and facilities for handling corporate trust business, as required under Rule 14.11(e)(4)(E)(iv)(a) and that no change will be made to the trustee without prior notice to and approval of the Exchange. The Exchange also notes that, pursuant to Rule 14.11(e)(4)(F), neither the Exchange nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions or delays in calculating or disseminating any underlying commodity value, the current value of the underlying commodity required to be deposited to the Trust in connection with issuance of Commodity-Based Trust Shares; resulting from any negligent act or omission by the Exchange, or any agent of the Exchange, or any act, condition or cause beyond the reasonable control of the Exchange, its agent, including, but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot;

²³ For purposes of Rule 14.11(e)(4), the term commodity takes on the definition of the term as provided in the Commodity Exchange Act.

strike; accident; action of government; communications or power failure; equipment or software malfunction; or any error, omission or delay in the reports of transactions in an underlying commodity. Finally, as required in Rule 14.11(e)(4)(G), the Exchange notes that any registered market maker (“Market Maker”) in the Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker shall trade in an underlying commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, in an account in which a registered Market Maker, directly or indirectly, controls trading activities, or has a direct interest in the profits or losses thereof, which has not been reported to the Exchange as required by this Rule. In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 4.2), the registered Market Maker in Commodity-Based Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity, related commodity futures or options on commodity futures, or any other related commodity derivatives, as may be requested by the Exchange.

The Exchange is able to obtain information regarding trading in the Shares and the underlying SOL or any other SOL derivative through members acting as registered Market Makers, in connection with their proprietary or customer trades.

As a general matter, the Exchange has regulatory jurisdiction over its Members and their associated persons, which include any person or entity controlling a Member. To the extent the

Exchange may be found to lack jurisdiction over a subsidiary or affiliate of a Member that does business only in commodities or futures contracts, the Exchange could obtain information regarding the activities of such subsidiary or affiliate through surveillance sharing agreements with regulatory organizations of which such subsidiary or affiliate is a member.

Trading Halts

With respect to trading halts, the Exchange may consider all relevant factors in exercising its discretion to halt or suspend trading in the Shares. The Exchange will halt trading in the Shares under the conditions specified in BZX Rule 11.18. Trading may be halted because of market conditions or for reasons that, in the view of the Exchange, make trading in the Shares inadvisable. These may include: (1) the extent to which trading is not occurring in the SOL underlying the Shares; or (2) whether other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market are present. Trading in the Shares also will be subject to Rule 14.11(e)(4)(E)(ii), which sets forth circumstances under which trading in the Shares may be halted.

If the IIV or the value of the Index is not being disseminated as required, the Exchange may halt trading during the day in which the interruption to the dissemination of the IIV or the value of the Index occurs. If the interruption to the dissemination of the IIV or the value of the Index persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption.

In addition, if the Exchange becomes aware that the NAV with respect to the Shares is not disseminated to all market participants at the same time, it will halt trading in the Shares until such time as the NAV is available to all market participants.

Trading Rules

The Exchange deems the Shares to be equity securities, thus rendering trading in the Shares subject to the Exchange's existing rules governing the trading of equity securities. BZX will allow trading in the Shares during all trading sessions on the Exchange. The Exchange has appropriate rules to facilitate transactions in the Shares during all trading sessions. As provided in BZX Rule 11.11(a) the minimum price variation for quoting and entry of orders in securities traded on the Exchange is \$0.01 where the price is greater than \$1.00 per share or \$0.0001 where the price is less than \$1.00 per share. The Shares of the Trust will conform to the initial and continued listing criteria set forth in BZX Rule 14.11(e)(4).

Surveillance

The Exchange represents that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange's surveillance procedures for derivative products, including Commodity-Based Trust Shares. FINRA conducts certain cross-market surveillances on behalf of the Exchange pursuant to a regulatory services agreement. The Exchange is responsible for FINRA's performance under this regulatory services agreement.

The Exchange or FINRA, on behalf of the Exchange, or both, will communicate as needed regarding trading in the Shares or any other SOL derivative with other markets and other entities that are members of the ISG, and the Exchange, or FINRA, on behalf of the Exchange, or both, may obtain trading information regarding trading in the Shares or any other SOL derivative from such markets and other entities.²⁴ The Exchange may obtain information regarding trading

²⁴ For a list of the current members and affiliate members of ISG, see www.isgportal.com.

in the Shares or any other SOL derivative via ISG, from other exchanges who are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

In addition, the Exchange also has a general policy prohibiting the distribution of material, non-public information by its employees.

The Sponsor has represented to the Exchange that it will advise the Exchange of any failure by the Trust or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Trust or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12.

Information Circular

Prior to the commencement of trading, the Exchange will inform its members in an Information Circular of the special characteristics and risks associated with trading the Shares. Specifically, the Information Circular will discuss the following: (i) the procedures for the creation and redemption of Creation Baskets (and that the Shares are not individually redeemable); (ii) BZX Rule 3.7, which imposes suitability obligations on Exchange members with respect to recommending transactions in the Shares to customers; (iii) how information regarding the IIV and the Trust's NAV are disseminated; (iv) the risks involved in trading the Shares outside of Regular Trading Hours²⁵ when an updated IIV will not be calculated or publicly disseminated; (v) the requirement that members deliver a prospectus to investors purchasing newly issued Shares prior to or concurrently with the confirmation of a transaction;

²⁵ Regular Trading Hours is the time between 9:30 a.m. and 4:00 p.m. Eastern Time.

and (vi) trading information. The Information Circular will also reference the fact that there is no regulated source of last sale information regarding SOL, and that the Commission has no jurisdiction over the trading of SOL as a commodity.

In addition, the Information Circular will advise members, prior to the commencement of trading, of the prospectus delivery requirements applicable to the Shares. Members purchasing the Shares for resale to investors will deliver a prospectus to such investors. The Information Circular will also discuss any exemptive, no-action and interpretive relief granted by the Commission from any rules under the Act.

2. Statutory Basis

The Exchange believes that the proposal is consistent with Section 6(b) of the Act²⁶ in general and Section 6(b)(5) of the Act²⁷ in particular in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, to protect investors and the public interest.

The Commission has approved numerous series of Trust Issued Receipts,²⁸ including Commodity-Based Trust Shares,²⁹ to be listed on U.S. national securities exchanges. In order for any proposed rule change from an exchange to be approved, the Commission must determine that, among other things, the proposal is consistent with the requirements of Section 6(b)(5) of the Act, specifically including: (i) the requirement that a national securities exchange's rules are designed to

²⁶ 15 U.S.C. 78f.

²⁷ 15 U.S.C. 78f(b)(5).

²⁸ See Exchange Rule 14.11(f).

²⁹ Commodity-Based Trust Shares, as described in Exchange Rule 14.11(e)(4), are a type of Trust Issued Receipt.

prevent fraudulent and manipulative acts and practices;³⁰ and (ii) the requirement that an exchange proposal be designed, in general, to protect investors and the public interest. The Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act and that this filing sufficiently demonstrates that on the whole, the manipulation concerns previously articulated by the Commission are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

As noted above, the Commission has recognized that the “regulated market of significant size” standard is not the only means for satisfying Section 6(b)(5) of the act, specifically providing that a listing exchange could demonstrate that “other means to prevent fraudulent and manipulative acts and practices” are sufficient to justify dispensing with the requisite surveillance-sharing agreement.³¹ The Exchange and Sponsor believe that such conditions are present.

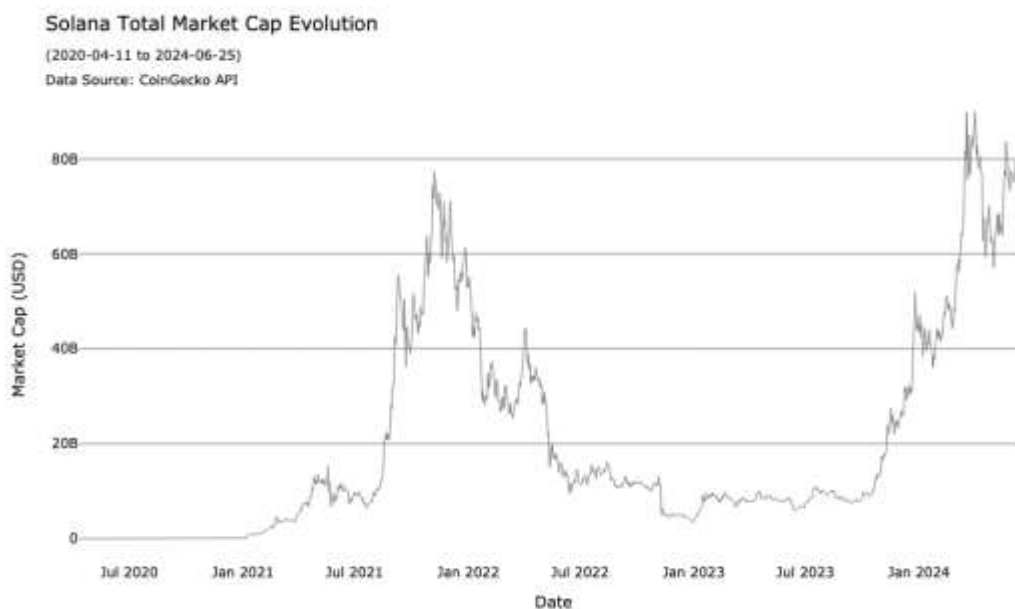
The Exchange believes that the proposal is designed to protect investors and the public interest. Over the past several years, U.S. investor exposure to SOL has grown into the billions of

³⁰ The Exchange believes that SOL is resistant to price manipulation and that “other means to prevent fraudulent and manipulative acts and practices” exist to justify dispensing with the requisite surveillance sharing agreement. The geographically diverse and continuous nature of SOL trading render it difficult and prohibitively costly to manipulate the price of SOL. The fragmentation across SOL platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of SOL prices through continuous trading activity challenging. To the extent that there are SOL trading platforms engaged in or allowing wash trading or other activity intended to manipulate the price of SOL on other markets, such pricing does not normally impact prices on other trading platforms because participants will generally ignore markets with quotes that they deem non-executable. Moreover, the linkage between the SOL markets and the presence of arbitrageurs in those markets means that the manipulation of the price of SOL price on any single venue would require manipulation of the global SOL 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 SOL trading platform or OTC platforms. 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.

³¹ See Winklevoss Order at 37580. The Commission has also specifically noted that it “is not applying a ‘cannot be manipulated’ standard; instead, the Commission is examining whether the proposal meets the requirements of the Exchange Act and, pursuant to its Rules of Practice, places the burden on the listing exchange to demonstrate the validity of its contentions and to establish that the requirements of the Exchange Act have been met.” Id. at 37582.

dollars, mostly through transactions in spot SOL on digital asset trading platforms. The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to SOL in a regulated and transparent exchange-traded vehicle that would act to limit risk to U.S. investors by: (i) reducing premium and discount volatility; (ii) reducing management fees through meaningful competition; and (iii) providing an alternative to custodying spot SOL.

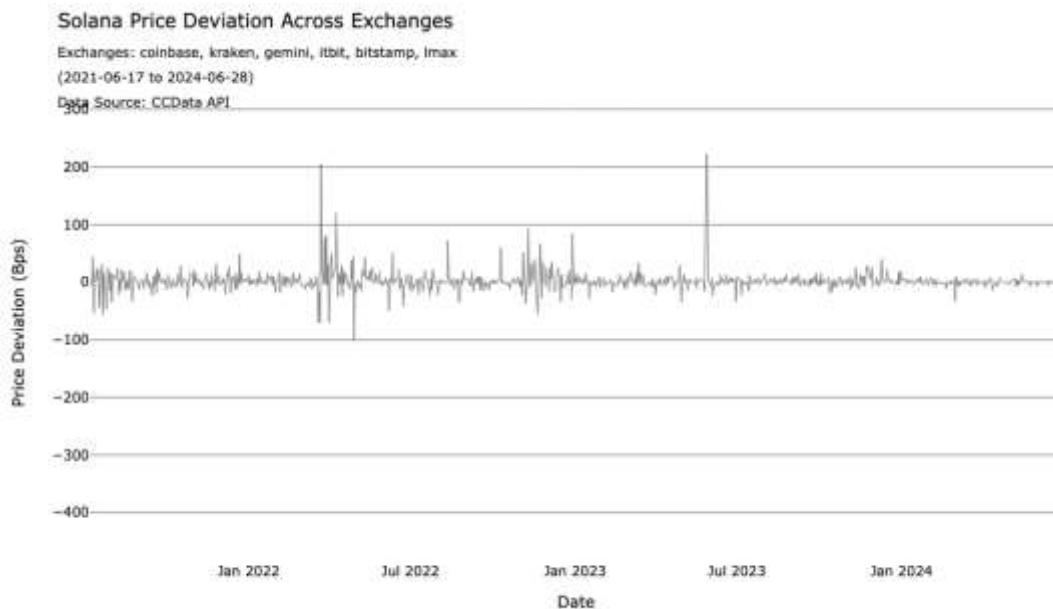
The Exchange believes that the policy concerns are mitigated by the fact that the Exchange believes that the underlying reference asset is not susceptible to manipulation because the nature of the SOL ecosystem makes manipulation of SOL difficult. The geographically diverse and continuous nature of SOL trading makes it difficult and prohibitively costly to manipulate the price of SOL and, in many instances, the SOL 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; manipulation of the price on any single venue would require manipulation of the global SOL price in order to be effective; a substantial over-the-counter market provides liquidity and shock-absorbing capacity; SOL'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. The graph below reflects the evolution of SOL's market cap:

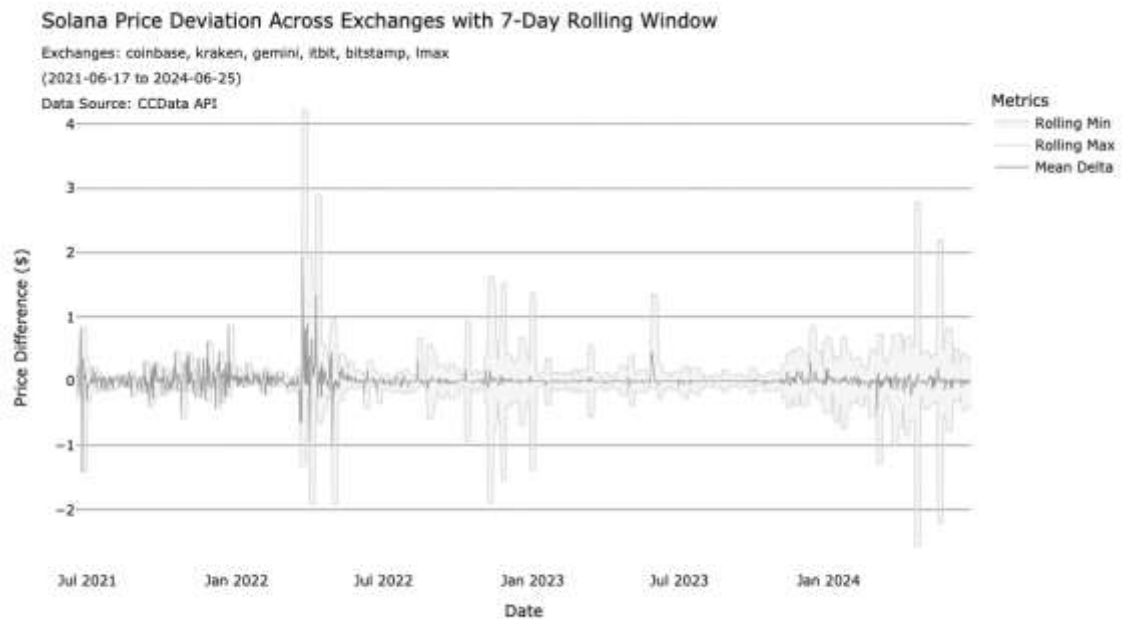


Further, SOL is arguably less susceptible to manipulation than other commodities that underlie ETPs; there may be inside information relating to the supply of the physical commodity such as the discovery of new sources of supply or significant disruptions at mining facilities that supply the commodity that simply are inapplicable as it relates to SOL. Additionally, the Exchange believes that the fragmentation across SOL trading platforms, the time stamping of blocks and the proof-of-history mechanism, and the capital necessary to maintain a significant presence on each trading platform make manipulation of SOL prices through continuous trading activity unlikely. Moreover, the linkage between the SOL markets and the presence of arbitrageurs in those markets means that the manipulation of the price of SOL price on any single venue would require manipulation of the global SOL price in order to be effective. Arbitrageurs must have funds distributed across multiple SOL 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 SOL trading platform. As a result, the potential for manipulation on a particular SOL trading platform would require overcoming the liquidity supply of such

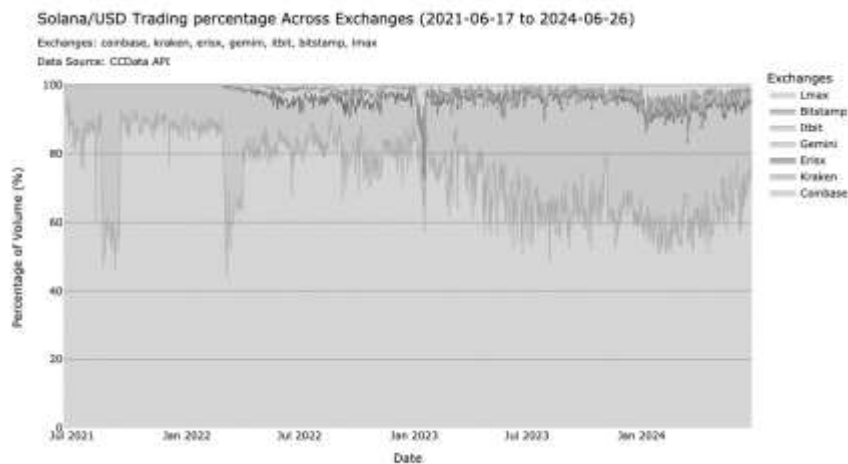
arbitrageurs who are effectively eliminating any cross-market pricing differences. For all of these reasons, SOL is not particularly susceptible to manipulation, especially as compared to other approved ETP reference assets.

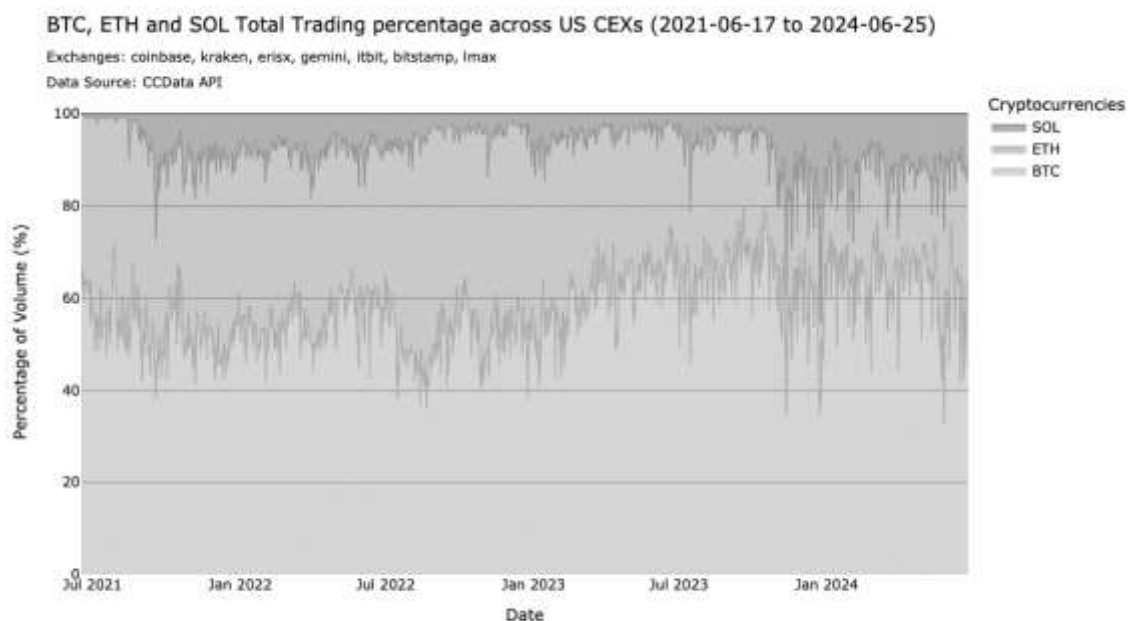
The graphs below demonstrate the price deviation across numerous digital asset trading platforms:





In addition, the Sponsor calculated the aggregated trading volume of BTC, ETH, and SOL across major US centralized exchanges based on data from June 2021 to June 2024. The data highlights the growing significance of SOL in the spot digital asset market. Notably, SOL consistently represents a substantial portion of the trading volume across major US digital asset trading platforms, and is consistently among the top traded digital assets, occasionally surpassing ETH's volume.





Commodity-Based Trust Shares

The Exchange believes that the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that the Shares will be listed on the Exchange pursuant to the initial and continued listing criteria in Exchange Rule 14.11(e)(4). The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of the Shares on the Exchange during all trading sessions and to deter and detect violations of Exchange rules and the applicable federal securities laws. Trading of the Shares through the Exchange will be subject to the Exchange’s surveillance procedures for derivative products, including Commodity-Based Trust Shares. The issuer has represented to the Exchange that it will advise the Exchange of any failure by the Trust or the Shares to comply with the continued listing requirements, and, pursuant to its obligations under Section 19(g)(1) of the Exchange Act, the Exchange will surveil for compliance with the continued listing requirements. If the Trust or the Shares are not in compliance with the applicable listing requirements, the Exchange will commence delisting procedures under Exchange Rule 14.12. The Exchange may obtain information regarding trading

in the Shares and listed SOL derivatives via the ISG, from other exchanges who are members or affiliates of the ISG, or with which the Exchange has entered into a comprehensive surveillance sharing agreement.

Availability of Information

In addition to the price transparency of the Index, the Trust will provide information regarding the Trust's SOL holdings as well as additional data regarding the Trust. The website for the Trust, which will be publicly accessible at no charge, will contain the following information: (a) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price³²; (b) the BZX Official Closing Price in relation to the NAV per Share as of the time the NAV is calculated and a calculation of the premium or discount of such price against such NAV per Share; (c) data in chart form displaying the frequency distribution of discounts and premiums of the BZX Official Closing Price against the NAV per Share, within appropriate ranges for each of the four previous calendar quarters (or for the life of the Trust, if shorter); (d) the prospectus; and (e) other applicable quantitative information. The aforementioned information will be published as of the close of business and available on the Sponsor's website at www.21shares.com, or any successor thereto.

The Intraday Indicative Value ("IIV") will be calculated by using the prior day's closing NAV per Share as a base and updating that value during Regular Trading Hours to reflect changes in the value of the Trust's SOL during the trading day. The IIV disseminated during Regular Trading Hours should not be viewed as an actual real-time update of the NAV, which will be calculated only once at the end of each trading day. The IIV may differ from the NAV

³² As defined in Rule 11.23(a)(3), the term "BZX Official Closing Price" shall mean the price disseminated to the consolidated tape as the market center closing trade.

due to the differences in the time window of trades used to calculate each price (the NAV uses the Index price as of 4 p.m. ET, whereas the IIV draws prices from the last trade on each Constituent Platform³³ in an effort to produce a relevant, real-time price). The Trust will provide an IIV per Share updated every 15 seconds, as calculated by the Exchange or a third-party financial data provider during the Exchange's Regular Trading Hours (9:30 a.m. to 4:00 p.m. E.T.). The IIV will be widely disseminated on a per Share basis every 15 seconds during the Exchange's Regular Trading Hours through the facilities of the consolidated tape association (CTA) and Consolidated Quotation System (CQS) high speed lines. In addition, the IIV will be available through on-line information services.

The price of SOL will be made available by one or more major market data vendors, updated at least every 15 seconds during Regular Trading Hours.

As noted above, the Index is calculated daily and aggregates the notional value of SOL trading activity across major SOL spot trading platforms. Index data, value, and the description of the Index are based on information made publicly available by the Index Provider on its website.

Quotation and last sale information for SOL is widely disseminated through a variety of major market data vendors, including Bloomberg and Reuters. Information relating to trading, including price and volume information, in SOL is available from major market data vendors and from the trading platforms on which SOL are traded. Depth of book information is also available from SOL trading platforms. The normal trading hours for SOL trading platforms are 24 hours per day, 365 days per year.

³³ The Constituent Platforms are the same platforms used to calculate the Index.

Information regarding market price and trading volume of the Shares will be continually available on a real-time basis throughout the day on brokers' computer screens and other electronic services. Information regarding the previous day's BZX Official Closing Price and trading volume information for the Shares will be published daily in the financial section of newspapers. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA.

In sum, the Exchange believes that this proposal is consistent with the requirements of Section 6(b)(5) of the Act, that on the whole the manipulation concerns previously articulated by the Commission are sufficiently mitigated to the point that they are outweighed by investor protection issues that would be resolved by approving this proposal.

The Exchange believes that the proposal is, in particular, designed to protect investors and the public interest. The investor protection issues for U.S. investors has grown significantly over the last several years, through premium/discount volatility and management fees for OTC SOL Funds. As discussed throughout, this growth investor protection concerns need to be re-evaluated and rebalanced with the prevention of fraudulent and manipulative acts and practices concerns that previous disapproval orders have relied upon.

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purpose of the Act. The Exchange notes that the proposed rule change, rather will facilitate the listing and trading of an additional exchange-traded product that will enhance competition among both market participants and listing venues, to the benefit of investors and the marketplace.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeBZX-2025-011 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-CboeBZX-2025-011. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright

protection. All submissions should refer to file number SR-CboeBZX-2025-011 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁴

Sherry R. Haywood,

Assistant Secretary.

³⁴ 17 CFR 200.30-3(a)(12).