

Commissioner Hester M. Peirce, Chair of the Crypto Task Force
Crypto Task Force
U.S. Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-0213
United States of America

18 June 2025

Dear Commissioner Peirce and Members of the SEC's Crypto Task Force,

On behalf of CoinShares International Limited ("CoinShares"), I'd like to thank the members of the Crypto Task Force who took the time to meet with our team on June 3, 2025 and engage in a robust and interesting dialogue on a range of important issues impacting issuers of U.S. crypto-related Exchange Traded Products ("ETPs"). I'm also writing to provide the supplemental informational requested during that meeting with respect to our European ETP products and European exchange obligations, which I hope will prove helpful as you consider these issues in the context of U.S. ETPs.

As we discussed, in Europe, our subsidiaries include Europe's largest digital asset investment firm with over \$8.0 billion in assets under management and a primary focus on offering digital asset exposure through a wide variety of ETPs.¹ Through two of our European subsidiaries, we currently offer 27 publicly-listed ETPs providing exposure to over 13 different digital assets and three digital asset indices. These products are listed on a number of stock exchanges in Europe (i.e., Xetra and Deutsche Boerse in Frankfurt, SIX in Zurich, Euronext Paris and Amsterdam and NASDAQ Nordic in Sweden) and are available to both retail and institutional investors. Our European product suite also includes some of the world's first fully collateralised digital asset ETPs that share staking rewards with investors.

¹ European digital asset ETPs are generally structured as undated, secured, limited recourse, non-interest bearing debt instruments that are fully collateralised and bankruptcy remote. We structure ETPs in this fashion as a response to the European regulations on collective investment schemes, which differ from the equivalent laws and regulations in the United States. In Europe, any investment structure that offers collective investment returns via equity or equity like units is generally considered a collective investment scheme and subject to either the rules governing the Undertaking for Collective Investment in Transferable Securities (frequently referred to as UCITS) or the Alternative Investment Fund Management Directive (generally referred to as the AIFMD). *See, inter alia, Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 Text with EEA relevance.* To avoid the restrictions associated with collective investment schemes, European issuers issue debt instruments that embed a trustee and securitisation structure, whereby the issuer assigns its rights in the underlying collateral to the trustee to hold in the interests of the investors.

As requested, here are links to the offering documents for each of those products which include a detailed description of the staking aspects of each of the various types of products, which are all offered under one of three prospectuses:

- CoinShares Digital Securities Limited Single Coin Products
<https://coinshares.com/en/d/etp/prospectus/csds-2025.pdf>
- CoinShares Digital Securities Limited Index Products
<https://coinshares.com/en/d/etp/prospectus/csds-index-2025.pdf>
- CoinShares XBT Provider Physical Products
<https://coinshares.com/en/d/etp/prospectus/xbt-2024.pdf>

As we also discussed, in the United States, our registered investment advisor subsidiary, Valkyrie Funds LLC, offers three ETFs registered under the Investment Company Act of 1940 (the "1940 Act"). Our subsidiary CoinShares Co. also sponsors the CoinShares Valkyrie Bitcoin Fund (BRRR), which is registered under the Securities Act of 1933 (the "1933 Act") and was one of the initial eleven spot bitcoin ETPs approved for trading by the SEC in January 2024.

Links to the registration statements for each of these products are here:

BTF: <https://coinshares.com/en/d/etf/prospectus/btf/>

BTFX: <https://coinshares.com/en/d/etf/prospectus/btfx/>

WGMI: <https://coinshares.com/en/d/etf/prospectus/wgmi/>

BRRR: <https://coinshares.com/en/d/etf/prospectus/brrr/>

Currently, we are also seeking to register a new 1940 Act ETP that provides exposure to a range of digital assets by investing in digital asset ETPs listed on regulated exchanges in the United States and Europe.

On June 13, 2025, we also filed a Form S-1 to register a 1933 Act spot SOL ETP that provides staking rewards to investors. We were very gratified to hear that the SEC was willing to accept applications for spot SOL ETFs with a staking element since, as we discussed during our meeting, we believe that, due to the inherently inflationary nature of proof of stake networks, access to staking rewards is essential for investors investing in spot proof of stake digital asset ETPs.

As you will see from our European prospectus disclosures, and also as discussed during our meeting, the European exchanges do not establish any limit on the percentage of assets that can be staked in a given fund and we strongly recommend that the SEC avoid setting arbitrary limits that could inadvertently disadvantage U.S. investors from sharing in the rewards associated with staking, particularly in light of the fact that there are a number of ways to ensure that possession and control of the crypto assets stays with the fund manager regardless of the fact that the assets are staked.

We hope that the discussion of our deep experience in Europe as the first issuer to launch ETPs that share staking rewards with investors contributed a valuable perspective on balancing innovation with investor protection.

We also wanted to follow up on our discussion of the SEC's current review of the appropriate standard to approve applications by various regulated exchanges for the listing of digital asset ETPs pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act")

and Rule 19b-4 thereunder. As we discussed, the practice across the various European exchanges upon which our products are listed varies slightly from exchange to exchange with respect to pre-approved tokens based on quantitative thresholds such as volume or market capitalization. For your information, those listing standards for the major European crypto asset ETP exchanges are as follows:

- [SIX Swiss Exchange](#)
- [Nasdaq Nordic](#)
- Euronext Amsterdam and Paris: Euronext does not publish a set of rules. Their assessment is based on a protocol's transparency, team robustness, use and admissibility by regulated institutions and due diligence on any material misconduct.
- Xetra/Deutsche Boerse: Xetra does not publish a set of rules. Their assessment consists of trilateral discussion between the exchange, the German securities regulator, Bafin, and the exchange's clearing house, Euronext Clearing.

We were very pleased to hear this week that the SEC had requested the U.S. exchanges to commence work on proposals for generic listing standard proposals for Securities Act of 1933 spot crypto ETP and other products with crypto asset thresholds consistent with our recommendations. We look forward to commenting on those rule proposals when they are published by the exchanges.

We also support the SEC's recent guidance issued by the Division of Trading Markets via Frequently Asked Questions indicating that broker dealers are now allowed to facilitate in-kind subscriptions and redemptions for crypto asset ETPs. As we discussed, our European digital asset ETPs rely solely on in-kind creation and redemption. We believe that our authorised participants are better placed and have substantially more experience with the digital asset markets than our subsidiary issuers and as a result, are better suited to manage the risk of buying and selling digital assets. Furthermore, we feel that in-kind creations and redemptions reduce friction and costs for investors, both in terms of their impact on bid/ask spreads as well as the potential for "slippage." We do suggest, however, that the SEC work with FINRA to facilitate an expedited process to approve new and continuing member applications for broker dealers seeking to provide this service.

We applaud the Crypto Task Force for confirming that it is no longer the practice of the Division of Investment Management to limit the ability of registered investment companies to invest in U.S. and internationally publicly-traded digital asset ETPs. However, we continue to believe that the ability of registered investment advisors to invest in digital assets is still constrained due in large part to the 2018 open letter from Division of Investment Management Director Dalia Blass. While we have recently seen new digital asset-focused funds being approved and launched, the extent to which certain issues referenced in the Blass letter remain obstacles for the distribution of such products is still unknown. We again request that the SEC specifically revoke the Blass letter and provide a more thoughtful assessment of which products deserve the limitations placed on complex products.

Also as discussed, it would be very beneficial to the U.S. digital asset ETP industry if the SEC could lift the limitation previously established by the staff of Division of Investment Management around the regulated markets available for crypto asset futures investments. This position was not issued by the staff through any official rulemaking or publicly issued guidance and it is unclear why registered investment companies are limited to purchasing

Also as discussed, it would be very beneficial to the U.S. digital asset ETP industry if the SEC could lift the limitation previously established by the staff of Division of Investment Management around the regulated markets available for crypto asset futures investments. This position was not issued by the staff through any official rulemaking or publicly issued guidance and it is unclear why registered investment companies are limited to purchasing digital asset futures solely on the CME, while purchases on other equivalently CFTC regulated and NFA-registered markets such as Coinbase Financial Markets are prohibited. It would seem contradictory to an open market approach to limit the regulated markets that registered investment companies can access in order to provide investors with the best possible execution for investments across the same asset class.

Finally, we want to provide the Investment Company Institute letter to the Trump administration regarding the need to modernize the RIC tax rules. We will follow up with the Treasury Department, as suggested, but if there is an opportunity for the SEC to take a proactive role in working with Treasury and Congress to address these issues, it would greatly benefit the U.S. registered investment company industry, crypto industry, and investor community in a significant way.

Thank you again for taking the time to meet with us. We stand ready to assist in any way to provide our uniquely global perspective to help shape a U.S. regulatory environment that fosters innovation while ensuring market integrity. We look forward to continuing our dialogue on these important issues and please don't hesitate to let me know if you have any questions or need any additional information with respect to any of the issues discussed in this letter.

Regards,

Jean-Marie Mognetti

Jean-Marie Mognetti
Chief Executive Officer
CoinShares International Limited