

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103530; File No. SR-CboeBZX-2025-050]

### **Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 1, to Amend the Rule Governing the Listing and Trading of the Franklin Bitcoin ETF, the Franklin Ethereum ETF, and the Franklin Crypto Index ETF to Permit In-Kind Creations and Redemptions**

July 22, 2025.

On April 2, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to amend the rules governing the listing and trading of shares of the Franklin Bitcoin ETF, the Franklin Ethereum ETF, and the Franklin Crypto Index ETF under BZX Rule 14.11(e)(4). The proposed rule change was published for comment in the Federal Register on April 11, 2025.<sup>3</sup>

On May 22, 2025, pursuant to Section 19(b)(2) of the Act,<sup>4</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.<sup>5</sup> On June 25, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act,<sup>6</sup>

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 102776 (Apr. 7, 2025), 90 FR 15499.

<sup>4</sup> 15 U.S.C. 78s(b)(2).

<sup>5</sup> See Securities Exchange Act Release No. 103107, 90 FR 22803 (May 29, 2025) (designating July 10, 2025, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

to determine whether to approve or disapprove the proposed rule change.<sup>7</sup> On July 21, 2025, pursuant to Section 19(b)(2) of the Act,<sup>8</sup> the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. The proposed rule change, as modified by Amendment No. 1, is described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, 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 amend the rule governing the Franklin Bitcoin ETF (the “Bitcoin Fund”), the Franklin Ethereum ETF (the “Eth Fund”), and the Franklin Crypto Index ETF (the “Crypto Index Fund” and, collectively with the Bitcoin Fund and the Eth Fund, the “Funds”),<sup>9</sup> shares of which have been approved by the Commission to list and trade on the Exchange pursuant to BZX Rule 14.11(e)(4), to permit in-kind creations and redemptions.

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/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)) and at the Exchange’s Office of the Secretary.

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<sup>7</sup> See Securities Exchange Act Release No. 103326, 90 FR 27893 (June 30, 2025).

<sup>8</sup> 15 U.S.C. 78s(b)(2).

<sup>9</sup> The Bitcoin Fund is a series of the Franklin Templeton Digital Holdings Trust (the “Bitcoin Trust”), the Eth Fund is a series of the Franklin Ethereum Trust (the “Eth Trust”), and the Crypto Index Fund is a series of the Franklin Crypto Trust (the “Crypto Trust”).

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 III 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

This Amendment No. 1 to SR-CboeBZX-2025-050 amends and replaces in its entirety the proposal as originally submitted on April 2, 2025. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details to the proposal.

The Commission approved the listing and trading of shares (the “Bitcoin ETP Shares”) of the Bitcoin Fund on the Exchange pursuant to Exchange Rule 14.11(e)(4), Commodity-Based Trust Shares, on January 10, 2024.<sup>10</sup> The Commission approved the listing and trading of shares (the “ETH ETP Shares”) of the Eth Fund on the Exchange pursuant to Exchange Rule 14.11(e)(4), Commodity-Based Trust Shares, on May 23, 2024.<sup>11</sup> The Commission also approved the listing and

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<sup>10</sup> See Securities Exchange Act Release Nos. 99286 (January 8, 2024) 89 FR 2372 (January 12, 2024) (SR-CboeBZX-2023-072) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change To List and Trade Shares of the Franklin Bitcoin ETF Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares) (“Bitcoin ETP Amendment No. 1”); 99306 (January 10, 2024) 89 FR 3008 (January 17, 2024) (SR-CboeBZX-2023-072) (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 “Bitcoin ETP Approval Order”). The Bitcoin ETP Amendment No. 1 was later amended to amend the time at which purchase orders for cash transaction creation baskets must be placed. See Securities Exchange Act Release No. 100245 (May 29, 2024) 89 FR 48016 (June 4, 2024) (SR-CboeBZX-2024-040) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend the Franklin Bitcoin ETF).

<sup>11</sup> See Securities Exchange Act Release Nos. 100218 (May 22, 2024) 89 FR 46499 (May 29, 2024) (SR-CboeBZX-2024-018) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change Relating To List and Trade Shares of the Franklin Ethereum ETF, a Series of the Franklin Ethereum Trust, Under BZX Rule

trading of shares (the “Crypto Index ETP Shares”) of the Crypto Index Fund on the Exchange pursuant to Exchange Rule 14.11(e)(4), Commodity-Based Trust Shares, on December 19, 2024.<sup>12</sup> Exchange Rule 14.11(e)(4) governs the listing and trading of Commodity-Based Trust Shares, which means a security (a) that is issued by a trust that holds (1) a specified commodity deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is 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) that, 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. The Bitcoin ETP Shares are issued by the Bitcoin Fund, the ETH ETP Shares are issued by the Eth Fund, and the Crypto Index ETP Shares are issued by the Crypto Index Fund. The Bitcoin Trust was formed as a Delaware statutory trust on September 6, 2023, the Eth Trust was formed as a Delaware statutory trust on February 8, 2024, and the Crypto Trust was formed as a Delaware statutory trust on August 13, 2024.

### **Bitcoin Fund**

The Exchange proposes to amend several portions of the Bitcoin ETP Amendment No. 1, as amended, in order to permit in-kind creation and redemptions.

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14.11(e)(4), Commodity-Based Trust Shares) (“ETH ETP Amendment No. 1”); 100224 (May 23, 2024) 89 FR 46937 (May 30, 2024) (SR-CboeBZX-2024-018) (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 “ETH ETP Approval Order”).

<sup>12</sup> See Securities Exchange Act Release Nos. 101963 (December 18, 2024) 89 FR 105109 (December 26, 2024) (SR-CboeBZX-2024-091) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change To List and Trade Shares of the Franklin Crypto Index ETF, a Series of the Franklin Crypto Trust, Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares) (“Crypto Index ETP Amendment No. 1”); 101998 (December 19, 2024) 89 FR 106707 (December 30, 2024) (SR-CboeBZX-2024-028) (Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the Hashdex Nasdaq Crypto Index US ETF and Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Shares of the Franklin Crypto Index ETF, a Series of the Franklin Crypto Trust) (the “Crypto Index ETF Approval Order”).

## Representations

The Bitcoin ETP Amendment No. 1 included specific representations making clear that the Bitcoin Fund would only process creations and redemptions in cash. Specifically, the “Franklin Templeton Digital Holdings Trust” section of Bitcoin ETP Amendment No. 1 stated:

When the Fund sells or redeems its Shares, it will do so in cash transactions in large blocks of 50,000 Shares (a “Creation Basket”) at the Fund’s NAV. In such cases, a third party that is unaffiliated with the Fund and the Sponsor will use cash to buy and deliver bitcoin to create Shares or withdraw and sell bitcoin for cash to redeem Shares, on behalf of the Fund. Authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares when they purchase Shares, and the Fund, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares. 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 Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the NAV of the Shares of the Fund.<sup>13</sup>

The Exchange proposes to replace the above paragraph as follows:

When the Fund sells or redeems its Shares, it will do so in large blocks of 50,000 Shares (a “Creation Basket”) based on the quantity of bitcoin attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for bitcoin or cash. For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of bitcoin represented by a Creation Basket.<sup>14</sup> For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, bitcoin to the Fund’s account with the bitcoin Custodian in exchange for Shares.<sup>15</sup> 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 Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or

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<sup>13</sup> See Bitcoin ETP Amendment No. 1 at 2381.

<sup>14</sup> For cash redemptions, the process will occur in the reverse order. Upon receipt of an approved cash redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of bitcoin represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>15</sup> For in-kind redemptions, the process will occur in the reverse order. Upon receipt of an approved in-kind redemption order, the Sponsor, on behalf of the Fund, will transfer the amount of bitcoin represented by a Creation Basket to the authorized participant or its designee when the large block of Shares is received by the Transfer Agent.

sell Shares during the day from their broker may do so at a premium or discount relative to the net asset value (“NAV”) per Share of the Fund.

#### Creation and Redemption of Shares

Additionally, the “Creation and Redemption of Shares” section of the filing, as amended, includes a detailed description of how the cash-only creation and redemption process works.<sup>16</sup> The Exchange proposes to replace this section as provided below. The Exchange proposes no change to the subheading “Rule 14.11(e)(4) – Commodity-Based Trust Shares”<sup>17</sup> and proposes to retain everything thereunder.

#### Creation and Redemption of Shares

When the Fund sells or redeems its Shares, it will do so in Creation Baskets that are based on the quantity of bitcoin attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for bitcoin or cash. 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 for cash transaction Creation Baskets must be placed by 2:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind transaction Creation Baskets must be placed by 4:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is properly received is considered the purchase order date.

For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of bitcoin represented by a Creation Basket. For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, bitcoin to the Fund’s account with the bitcoin Custodian in exchange for Shares.

For a cash creation order, 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 purchase order is properly received, in an amount sufficient to purchase the requisite amount of bitcoin (as described below). With respect to a cash purchase order, as between the Fund and the Authorized Participant, the

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<sup>16</sup> See Bitcoin ETP Amendment No. 1 at 2382-2383.

<sup>17</sup> See Bitcoin ETP Amendment No. 1 at 2383-2384.

Authorized Participant is responsible for the dollar cost of the difference between the bitcoin price utilized in calculating NAV on trade date and the price at which the Fund acquires the bitcoin to the extent the price realized in buying the bitcoin is higher than the bitcoin price utilized in the NAV. To the extent the price realized in buying the bitcoin is lower than the price utilized in the NAV, the Authorized Participant shall keep the dollar impact of any such difference.

For a creation order in-kind, the total in-kind transfer of bitcoin is based on the quantity of bitcoin attributable to the Creation Basket applicable to the date the purchase order is properly received.

After the close of business each day, the Administrator determines the quantity of bitcoin associated with a Creation Basket for the next business day by dividing the number of bitcoin held by the Fund, adjusted for the amount of bitcoin constituting estimated accrued but unpaid fees and expenses of the Fund, by the quotient of the number of Shares outstanding 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. For a cash redemption order, an authorized participant will deliver Shares to the Fund and will receive cash for the Shares delivered. With respect to a cash redemption order, between the Fund and the Authorized Participant, the Authorized Participant will be responsible for the dollar cost of the difference between the bitcoin price utilized in calculating the NAV on trade date and the price realized in selling the bitcoin to raise the cash needed for the cash redemption order to the extent the price realized in selling the bitcoin is lower than the bitcoin price utilized in the NAV. To the extent the price realized from selling the bitcoin is higher than the price utilized in the NAV, the Authorized Participant shall get to keep the dollar impact of any such difference.

For an in-kind redemption order, an authorized participant will deliver Shares to the Fund and the authorized participant or its designee will receive bitcoin for the Shares delivered.

The Sponsor (including its delegates) will maintain ownership and control of the Fund's bitcoin in a manner consistent with good delivery requirements for spot commodity transactions.

## **Eth Fund**

Similarly, the Exchange proposes to amend several portions of the ETH ETP Amendment No. 1 in order to permit in-kind creations and redemptions.

## **Representations**

The ETH ETP Amendment No. 1 included specific representations making clear that the Eth Fund would only process creations and redemptions in cash. Specifically, the “Franklin Ethereum ETF” section of the ETH ETP Amendment No. 1 stated:

When the Fund sells or redeems its Shares, it will do so in cash transactions in large blocks of 50,000 Shares (a “Creation Basket”) at the Fund’s net asset value (“NAV”). For creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved creation order, the Sponsor, on behalf of the Fund, will submit an order to buy the amount of ether represented by a Creation Basket. Based off ether executions, the Cash Custodian will request the required cash from the authorized participant. Following receipt by the Cash Custodian of the cash from an authorized participant, the Sponsor, on behalf of the Fund, will approve an order with one or more previously onboarded trading partners to purchase the amount of ether represented by the Creation Basket.<sup>18</sup> 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 Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the NAV of the Shares of the Fund.<sup>19</sup>

The Exchange proposes to replace the above with the following:

When the Fund sells or redeems its Shares, it will do so in large blocks of 50,000 Shares (a “Creation Basket”) based on the quantity of ETH attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for ETH or cash. For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of ETH represented by a Creation Basket.<sup>20</sup> For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, ETH to the Fund’s account with the Custodian in exchange for Shares.<sup>21</sup>

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<sup>18</sup> For redemptions, the process will occur in the reverse order. Upon receipt of an approved redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of ether represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>19</sup> See ETH ETP Amendment No. 1 at 46505.

<sup>20</sup> For cash redemptions, the process will occur in the reverse order. Upon receipt of an approved cash redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of ETH represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>21</sup> For in-kind redemptions, the process will occur in the reverse order. Upon receipt of an approved in-kind redemption order, the Sponsor, on behalf of the Fund, will transfer the amount of ETH represented by a Creation Basket to the authorized participant or its designee when the large block of Shares is received by the Transfer Agent.

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 Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the net asset value (“NAV”) per Share of the Fund.

#### Creation and Redemption of Shares

Additionally, the “Creation and Redemption of Shares” section of the filing includes a detailed description of how the cash-only creation and redemption process works.<sup>22</sup> The Exchange proposes to replace this section as provided below. The Exchange proposes no change to the subheading “Rule 14.11(e)(4) – Commodity-Based Trust Shares”<sup>23</sup> and proposes to retain everything thereunder.

#### Creation and Redemption of Shares

When the Fund sells or redeems its Shares, it will do so in Creation Baskets that are based on the quantity of ETH attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for ETH or cash. 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 for cash transaction Creation Baskets must be placed by 2:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind transaction Creation Baskets must be placed by 4:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is properly received is considered the purchase order date.

For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of ETH represented by a Creation Basket. For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, ETH to the Fund’s account with the Custodian in exchange for Shares.

For a cash creation order, 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

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<sup>22</sup> See ETH ETP Amendment No. 1 at 46507.

<sup>23</sup> See ETH ETP Amendment No. 1 at 46507-46508.

as of 4:00 p.m. ET on the date the purchase order is properly received, in an amount sufficient to purchase the requisite amount of ETH (as described below). With respect to a cash purchase order, as between the Fund and the Authorized Participant, the Authorized Participant is responsible for the dollar cost of the difference between the ETH price utilized in calculating NAV on trade date and the price at which the Fund acquires the ETH to the extent the price realized in buying the ETH is higher than the ETH price utilized in the NAV. To the extent the price realized in buying the ETH is lower than the price utilized in the NAV, the Authorized Participant shall keep the dollar impact of any such difference.

For a creation order in-kind, the total in-kind transfer of ETH is based on the quantity of bitcoin attributable to the Creation Basket applicable to the date the purchase order is properly received.

After the close of business each day, the Administrator determines the quantity of ETH associated with a Creation Basket for the next business day by dividing the number of ETH held by the Fund, adjusted for the amount of ETH constituting estimated accrued but unpaid fees and expenses of the Fund, by the quotient of the number of Shares outstanding 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. For a cash redemption order, an authorized participant will deliver Shares to the Fund and will receive cash for the Shares delivered. With respect to a cash redemption order, between the Fund and the Authorized Participant, the Authorized Participant will be responsible for the dollar cost of the difference between the ETH price utilized in calculating the NAV on trade date and the price realized in selling the ETH to raise the cash needed for the cash redemption order to the extent the price realized in selling the ETH is lower than the ETH price utilized in the NAV. To the extent the price realized from selling the ETH is higher than the price utilized in the NAV, the Authorized Participant shall get to keep the dollar impact of any such difference.

For an in-kind redemption order, an authorized participant will deliver Shares to the Fund and the authorized participant or its designee will receive ETH for the Shares delivered.

The Sponsor (including its delegates) will maintain ownership and control of the Fund's ETH in a manner consistent with good delivery requirements for spot commodity transactions.

## **Crypto Index Fund**

The Exchange proposes to amend several portions of the Crypto Index ETP Amendment No. 1 in order to permit in-kind creations and redemptions.

## **Representations**

The Crypto Index ETP Amendment No. 1 included specific representations making clear that the Crypto Index Fund would only process creations and redemptions in cash. Specifically, the “Franklin Crypto Index ETF” section of the Crypto Index ETP Amendment No. 1 stated:

When the Fund sells or redeems its Shares, it will do so in cash transactions in large blocks of 50,000 Shares (a “Creation Basket”) at the Fund’s NAV. For creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of bitcoin and ether represented by a Creation Basket.<sup>24</sup> 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 Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the NAV per Share of the Fund.<sup>25</sup>

The Exchange proposes to replace the above with the following:

When the Fund sells or redeems its Shares, it will do so in large blocks of 50,000 Shares (a “Creation Basket”) based on the quantity of bitcoin and ether attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for (i) bitcoin and ether or (ii) cash. For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of bitcoin and ether represented by a Creation Basket.<sup>26</sup> For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, bitcoin and ether to the Fund’s account with the Custodian in exchange for Shares.<sup>27</sup> Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for

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<sup>24</sup> For redemptions, the process will occur in the reverse order. Upon receipt of an approved redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of bitcoin and ether represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>25</sup> See Crypto Index ETP Amendment No. 1 at 105111.

<sup>26</sup> For cash redemptions, the process will occur in the reverse order. Upon receipt of an approved cash redemption order, the Sponsor, on behalf of the Fund, will submit an order to sell the amount of bitcoin and ether represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the large block of Shares is received by the Transfer Agent.

<sup>27</sup> For in-kind redemptions, the process will occur in the reverse order. Upon receipt of an approved in-kind redemption order, the Sponsor, on behalf of the Fund, will transfer the amount of bitcoin and ether represented by a Creation Basket to the authorized participant or its designee when the large block of Shares is received by the Transfer Agent.

Shares, the value of the Fund’s assets, and market conditions at the time of a transaction. Shareholders who buy or sell Shares during the day from their broker may do so at a premium or discount relative to the net asset value (“NAV”) per Share of the Fund.

#### Creation and Redemption of Shares

Additionally, the “Creation and Redemption of Shares” section of the filing includes a detailed description of how the cash-only creation and redemption process works.<sup>28</sup> The Exchange proposes to replace this section as provided below. The Exchange proposes no change to the subheading “Rule 14.11(e)(4) – Commodity-Based Trust Shares”<sup>29</sup> and proposes to retain everything thereunder.

#### Creation and Redemption of Shares

When the Fund sells or redeems its Shares, it will do so in Creation Baskets that are based on the quantity of bitcoin and ether attributable to each Share (net of the accrued but unpaid Sponsor’s fee and any accrued but unpaid expenses or liabilities). Creation Baskets are issued and redeemed in exchange for (i) bitcoin and ether or (ii) cash. 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 for cash transaction Creation Baskets must be placed by 2:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind transaction Creation Baskets must be placed by 4:00 p.m. ET (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is properly received is considered the purchase order date.

For cash creations, authorized participants will deliver, or facilitate the delivery of, cash to the Fund’s account with the Cash Custodian in exchange for Shares. Upon receipt of an approved cash creation order, the Sponsor, on behalf of the Fund, will submit to one or more previously onboarded trading partners an order to buy the amount of bitcoin and ether represented by a Creation Basket.

For in-kind creations, authorized participants or their designee will deliver, or facilitate the delivery of, bitcoin and ether to the Fund’s account with the Custodian in exchange for Shares.

For a cash creation order, 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

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<sup>28</sup> See Crypto Index ETP Amendment No. 1 at 105113.

<sup>29</sup> See Crypto Index ETP Amendment No. 1 at 105114.

as of 4:00 p.m. ET on the date the purchase order is properly received, in an amount sufficient to purchase the requisite amount of bitcoin and ether (as described below). With respect to a cash purchase order, as between the Fund and the Authorized Participant, the Authorized Participant is responsible for the dollar cost of the difference between the bitcoin and ether price utilized in calculating NAV on trade date and the price at which the Fund acquires the bitcoin and ether to the extent the price realized in buying the bitcoin and ether is higher than the bitcoin and ether price utilized in the NAV. To the extent the price realized in buying the bitcoin and ether is lower than the price utilized in the NAV, the Authorized Participant shall keep the dollar impact of any such difference.

For a creation order in-kind, the total in-kind transfer of bitcoin and ether is based on the quantity of bitcoin and ether attributable to the Creation Basket applicable to the date the purchase order is properly received.

After the close of business each day, the Administrator determines the quantity of bitcoin and ether associated with a Creation Basket for the next business day by dividing the number of bitcoin and ether held by the Fund, adjusted for the amount of bitcoin and ether constituting estimated accrued but unpaid fees and expenses of the Fund, by the quotient of the number of Shares outstanding 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. For a cash redemption order, an authorized participant will deliver Shares to the Fund and will receive cash for the Shares delivered. With respect to a cash redemption order, between the Fund and the Authorized Participant, the Authorized Participant will be responsible for the dollar cost of the difference between the bitcoin and ether price utilized in calculating the NAV on trade date and the price realized in selling the bitcoin and ether to raise the cash needed for the cash redemption order to the extent the price realized in selling the bitcoin and ether is lower than the bitcoin and ether price utilized in the NAV. To the extent the price realized from selling the bitcoin and ether is higher than the price utilized in the NAV, the Authorized Participant shall get to keep the dollar impact of any such difference.

For an in-kind redemption order, an authorized participant will deliver Shares to the Fund and the authorized participant or its designee will receive bitcoin and ether for the Shares delivered.

The Sponsor (including its delegates) will maintain ownership and control of the Fund's bitcoin and ether in a manner consistent with good delivery requirements for spot commodity transactions.

## **Conclusion**

Except for the above changes, all other representations in the Bitcoin ETP Amendment No. 1, as amended, the ETH ETP Amendment No. 1, and the Crypto Index ETP Amendment No. 1 remain unchanged and will continue to constitute continuing listing requirements. In addition, the Bitcoin Fund will continue to comply with the terms of Bitcoin ETP Amendment No. 1, as amended, the Eth Fund will continue to comply with the terms of ETH ETP Amendment No. 1, and the Crypto Index Fund will continue to comply with the terms of the Crypto Index ETP Amendment No.1 and the Funds will continue to comply with the requirements of Rule 14.11(e)(4).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>30</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>31</sup> requirements that the rules of an exchange be 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 regulating, clearing, settling, processing information with respect to, and 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 Exchange believes the proposed rule change is designed to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest because it would update representations in the Bitcoin ETP Amendment No. 1, as

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<sup>30</sup> 15 U.S.C. 78f(b).

<sup>31</sup> 15 U.S.C. 78f(b)(5).

amended, the ETH ETP Amendment No. 1, and the Crypto Index ETP Amendment No. 1 such that the Funds would be able to engage in in-kind creation and redemptions with authorized participants or their designees, as described above. This ability would make the Funds (and the market more generally) operate more efficiently because authorized participants would be able to source bitcoin and/or ether, as applicable, rather than to provide cash to the applicable Fund and to receive bitcoin and/or ether from the Funds. This means that the authorized participant would be responsible for buying and selling the applicable crypto asset(s) rather than the Fund itself, which would potentially lessen the impact on the market of the Funds on both sides of the transaction by allowing the authorized participant to decide how and where to source the underlying crypto asset for creations and deciding how, where, and whether to sell the underlying crypto asset received for redemptions. This would improve the creation and redemption process for both authorized participants and the Funds, increase efficiency, and ultimately benefit the end investors in the Funds.

Except for the addition of in-kind creation and redemption for the Bitcoin Fund as specifically set forth herein, all other representations made in the Bitcoin ETP Amendment No. 1, as amended, remain unchanged, and will continue to constitute continuing listing requirements for the Bitcoin Fund. Except for the addition of in-kind creation and redemption for the Eth Fund as specifically set forth herein, all other representations made in the ETH ETP Amendment No. 1 remain unchanged and will continue to constitute continuing listing requirements for the Eth Fund. Similarly, except for the addition of in-kind creation and redemption for the Crypto Index Fund as specifically set forth herein, all other representations made in the Crypto Index ETP Amendment No. 1 remain unchanged and will continue to constitute continuing listing requirements for the Crypto Index Fund.

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 purposes of the Act. As noted above, the proposed amendment is intended to allow the Funds to operate more efficiently by allowing for in-kind creation and redemption. The Exchange believes these changes will not impose any burden on competition.

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. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, 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](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-050 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-2025-050. 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 filing 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-2025-050 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.<sup>32</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>32</sup> 17 CFR 200.30-3(a)(12).