



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102426; File No. SR-CboeBZX-2025-021]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 1 to List and Trade Shares of the 21Shares Core XRP Trust Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares

February 14, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 6, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (the “Commission”) a proposed rule change to list and trade shares of the 21Shares Core XRP Trust under BZX Rule 14.11(e)(4) (Commodity-Based Trust Shares). On February 12, 2025, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety.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 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, 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 list and trade shares of the 21Shares Core XRP Trust (the “Trust”),³ under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares.

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.

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.

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 the Statutory Basis for, the Proposed Rule Change

1. Purpose

This Amendment No. 1 to SR-CboeBZX-2025-021 amends and replaces in its entirety the proposal as originally submitted on February 6, 2025. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details to the proposal.

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

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 Pricing Benchmark, the description of the portfolio or reference assets, limitations on portfolio holdings or reference assets, dissemination and availability of Pricing Benchmark, 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 November 1, 2024, submitted by the Sponsor on behalf of the Trust. The descriptions of the Trust, the Shares, and the Pricing Benchmark (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.

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 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 rule 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, or in a derivative thereof (the “Winklevoss Test”).⁸ The Commission has also consistently recognized that this not the *exclusive* means by which an exchange listing an exchange-traded product (“ETP”) 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

⁷ 15 U.S.C. 80a-1.

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 See Spot Bitcoin ETP Approval Order, 89 FR at 3009 (quoting Winklevoss Order, 83 FR at 37580). 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

The Commission recently issued orders approving 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 structurally nearly identical to the Trust, but proposed to hold bitcoin and/or ether, respectively, instead of XRP) (“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.¹¹

As further discussed below, both the Exchange and the Sponsor believe that this proposal and the analysis herein are sufficient to establish that the proposal is consistent with the Act 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

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 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 futures market for the underlying commodity in order to determine whether such products were consistent with the Act.

¹¹ “[B]ecause the CME’s surveillance can assist in detecting those impacts on CME bitcoin futures prices, the Exchanges’ comprehensive surveillance-sharing agreement with the CME—a U.S.-regulated market whose bitcoin futures market is consistently highly correlated to spot bitcoin, *albeit not of ‘significant size’ related to spot bitcoin*—can be reasonably expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the Proposals.” See Spot Bitcoin ETP Approval Order, 89 FR at 3009-11.

size, as was done with both Spot Bitcoin ETPs and Spot ETH ETPs. This proposal should therefore be approved.

Background

XRP is a digital asset that is created and transmitted through the operations of the XRP Ledger, a distributed ledger upon which XRP transactions are processed and settled. XRP can be used to pay for goods and services, or it can be converted to fiat currencies, such as the U.S. dollar. The XRP Ledger is based on a shared public ledger. However, the XRP Ledger differentiates itself from other digital asset networks in that its stated primary function is transactional utility, not a store of value. The XRP Ledger is designed to be a global real-time payment and settlement system. As a result, the XRP Ledger and XRP aim to improve the speed at which parties on the network may transfer value while also reducing the fees and delays associated with the traditional methods of interbank payments.

No single entity controls the XRP Ledger. Instead, a network of independent nodes validates transactions pursuant to a consensus-based algorithm. It is this mechanism, as opposed to the proof-of-work mechanism utilized by the Bitcoin blockchain, that allows the XRP Ledger to be fast, energy-efficient and scalable, and therefore suitable for its most prominent use case, the facilitation of cross-border financial transactions. Unlike proof-of-work systems, which require massive computational power to secure the network, the consensus-based algorithm utilized by the XRP Ledger is extremely lightweight in terms of energy usage, as it relies on trusted validators rather than mining. The XRP Ledger can handle up to 1,500 transactions per second, far more than the Bitcoin or Ethereum blockchain. This makes the XRP Ledger suitable for high-volume use cases, such as cross-border payments. Lastly, because validators do not need to spend resources on mining, transaction fees are extremely low (typically a fraction of a cent per transaction).

Transactions are validated on the XRP Ledger by a network of independent validator nodes. These nodes do not mine new blocks but participate in a consensus process to ensure that transactions are valid and correctly ordered on the ledger. Any node can be a validator, but for

practical purposes, the XRP Ledger depends on a list of trusted validators known as the Unique Node List or “UNL.” Validators are entities (which can be individuals, institutions or other organizations) that run nodes to participate in the consensus process. These validators ensure the integrity and accuracy of the ledger. Each node in the network maintains a Unique Node List – a list of other validators that the node trusts to reliably validate transactions. The XRP Ledger’s decentralized architecture means that different nodes may maintain different UNLs, but there needs to be some overlap in the UNLs for consensus mechanism to work effectively.

Unlike other digital assets such as bitcoin or ether, XRP was not and is not mined gradually over time. Instead, all 100 billion XRP tokens were created at the time of the XRP Ledger’s launch in 2012. This means that every XRP token that exists today was generated from the outset, without the need for a mining process. Of the 100 billion XRP generated by the XRP Ledger’s code, the founders of Ripple Labs retained 20 billion XRP and the rest, nearly 80 billion XRP, was provided to Ripple Labs Inc. (“Ripple Labs”). As of September 2024, Ripple Labs runs only 1 of the 35 validators in the default Trusted Nodes Lists.

In light of these factors and consistent with applicable legal precedent, particularly as applied in *SEC v. Ripple Labs*, the Sponsor believes that it is applying the proper legal standards in making a good faith determination that it believes that XRP is not under these circumstances a

security under the federal securities laws.¹² The Sponsor believes XRP is a “commodity” as that term is defined under the Commodity Exchange Act.¹³

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

The Commission has approved numerous series of Trust Issued Receipts,¹⁴ including Commodity-Based Trust Shares,¹⁵ 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;¹⁶ and (ii) the requirement that an exchange

¹² 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.)”) and 23 “Ripple’s Programmatic Sales were blind bid/ask transactions, and Programmatic Buyers could not have known if their payments of money went to Ripple, or any other seller of XRP. Since 2017, Ripple’s Programmatic Sales represented less than 1% of the global XRP trading volume. Therefore, the vast majority of individuals who purchased XRP from digital asset exchanges did not invest their money in Ripple at all. An Institutional Buyer knowingly purchased XRP directly from Ripple pursuant to a contract, but the economic reality is that a Programmatic Buyer stood in the same shoes as a secondary market purchaser who did not know to whom or what it was paying its money.” The Court specifically notes that the question of whether secondary market sales of XRP constitute offers and sales of investment contracts because it was not before the Court and therefore was not addressed. However, the general logic applied above in the Court’s finding that an investment contract did not exist seems to similarly indicate that purchases and sales on the secondary market where the purchaser “did not know to whom or what it was paying its money” would also not constitute an investment contract.

¹³ 7 U.S.C. §1 et seq. See also, in this regard, *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.”); and *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.”)

¹⁴ See Exchange Rule 14.11(f).

¹⁵ Commodity-Based Trust Shares, as described in Exchange Rule 14.11(e)(4), are a type of Trust Issued Receipt.

¹⁶ Much like bitcoin and ETH, the Exchange believes that XRP 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 XRP trading render it difficult and prohibitively costly to manipulate the price of XRP. The fragmentation across platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of XRP 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 XRP 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 XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP on any single venue would require manipulation of the global XRP price

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 potential policy concerns under the Act are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

More recently, the Commission has applied the Winklevoss Test to recognize that the “regulated market of significant size” standard is not the only means for satisfying Section 6(b)(5) of the Act. Instead, the Commission has specifically acknowledged 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.¹⁷ There is currently no futures market for XRP, but the existence of a futures market of significant size is not a prerequisite for preventing fraudulent and manipulative acts and practices. 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 futures 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 that justify dispensing with a surveillance-sharing agreement of significant size.

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 trading platforms or OTC platform. Further, the speed and relatively inexpensive nature of transactions on the XRP 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.

¹⁷ 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 XRP, through OTC XRP Funds and digital asset trading platforms, has grown into billions of dollars with a fully diluted market cap of greater than \$176 billion.¹⁸ The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to XRP 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 XRP.

The policy concerns that the Exchange Act is designed to address are also otherwise mitigated by the fact that the size of the market for the underlying reference asset (\$176+ billion fully diluted value) and the nature of the XRP ecosystem reduce its susceptibility to manipulation. The geographically diverse and continuous nature of XRP trading makes it difficult and prohibitively costly to manipulate the price of XRP and, in many instances, the XRP market can be less susceptible to manipulation than the equity, fixed income, and commodity futures markets. There are a number of reasons why this is the case, including:

- the absence of inside information about revenue, earnings, corporate activities, or sources of supply;
- the fact that manipulation of the price on any single venue would require manipulation of the global XRP price in order to be effective;
- the existence of a substantial over-the-counter market that provides liquidity and shock-absorbing capacity;
- the fact that XRP's 24/7/365 nature provides constant arbitrage opportunities across all trading venues; and
- the low likelihood that any one actor could obtain a dominant market share.

¹⁸ See <https://coinmarketcap.com/currencies/xrp/> (visited on Jan. 31, 2025).

Further, XRP is arguably less susceptible to manipulation than many physical commodities that underlie existing ETPs. For example, for physical commodities 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 — no such inside information is available for crypto assets on public, distributed networks, such as XRP. Further, the Exchange believes that the fragmentation across XRP trading platforms and increased adoption of XRP, as displayed through increased user engagement and trading volumes, and the distributed nature of the XRP network make manipulation of XRP prices through continuous trading activity difficult. Moreover, the presence of arbitrageurs in the XRP markets means that the manipulation of the price of XRP price on any single venue would require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple XRP 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 XRP trading platform. As a result, manipulation on a particular XRP 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, XRP is not particularly susceptible to manipulation, especially as compared to many other approved ETP reference assets.

21Shares Core XRP Trust

CSC Delaware Trust Company is the trustee (“Trustee”) of the Trust. Third parties to be appointed by the Sponsor and/or the Trustee will serve as the administrator (“Administrator”), the transfer agent (“Transfer Agent”) and the custodian responsible for the custody of the Trust’s cash and cash equivalents¹⁹ (the “Cash Custodian”). Coinbase Custody Trust Company, LLC (the “Custodian”), will be responsible for custody of the Trust’s XRP.

¹⁹ Cash equivalents are short-term instruments with maturities of less than 3 months.

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

According to the Registration Statement, the Trust will be neither an investment company registered under the Investment Company Act of 1940, as amended,²⁰ 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.

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 sells 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"). For creations, authorized participants will deliver cash to the Trust's account with the Cash Custodian in exchange for Shares. Upon receipt of an approved creation order, the Sponsor, on behalf of the Trust, will submit an order to buy the amount of XRP represented by a Creation Basket. Based off XRP executions, the Cash Custodian will request the required cash from the authorized participant; the Transfer Agent will only issue Shares when the authorized participant has made delivery of the cash. Following receipt by the Cash Custodian of the cash from an authorized participant, the Sponsor, on behalf of the Trust, will approve an order with one or more previously onboarded trading partners to purchase the amount of XRP represented by the Creation Basket. This purchase of XRP will normally be cleared through an affiliate of the Custodian (although the purchase may also occur directly with the trading partner) and the XRP will settle directly into the Trust's account at the Custodian.²¹ Authorized participants may then

²⁰ 15 U.S.C. 80a-1.

²¹ For redemptions, the process will occur in the reverse order. Upon receipt of an approved redemption order, the Sponsor, on behalf of the Trust, will submit an order to sell the amount of XRP represented by a Creation Basket and the cash proceeds will be remitted to the authorized participant when the 10,000 Shares are received by the Transfer Agent.

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. 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 Trust.

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

(i) Assets of the Trust Protected from Insolvency

The Trust's XRP will be held by its Custodian, which is a New York chartered trust company overseen by the New York Department of Financial Services and a qualified custodian under Rule 206-4 of the Investment Advisers Act, 1940. The Custodian will custody the Trust's XRP pursuant to a custody agreement, which requires the Custodian to maintain the Trust's XRP 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 XRP

According to the Registration Statement, except with respect to sale of XRP from time to time to cover expenses of the Trust, the only time XRP will move into or out from the Trust will be with respect to creations or redemptions of 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. 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. XRP owned by the Trust will at all times be held by, and in the control of, the Custodian, and transfer of such XRP to or from the Custodian will occur only in connection with creation and redemptions of Shares. This will provide safeguards against the movement of XRP 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 XRP within Custodian-controlled XRP wallets and are audited annually for accuracy and 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 Trust's investment objective is to seek to track the performance of XRP, as measured by the performance of the CME CF XRP — Dollar Reference Rate — New York Variant ("Pricing Benchmark"), adjusted for the Trust's expenses and other liabilities. adjusted for the Trust's expenses and other liabilities. In seeking to achieve its investment objective, the Trust will hold XRP and will value its Shares daily as of 4:00 p.m. ET using the same methodology used to calculate the Pricing Benchmark. All of the Trust's XRP will be held by the Custodian.

The Pricing Benchmark

As described in the Registration Statement, The Trust will use the CME CF XRP-Dollar Reference Rate – New York Variant (the "Pricing Benchmark") to calculate the Trust's NAV. The Pricing Benchmark is calculated by CF Benchmarks Ltd. (the "Benchmark Provider") based on an aggregation of executed trade flow of major XRP trading platforms ("Constituent Exchanges"). The Pricing Benchmark is designed to reflect the performance of XRP in U.S. dollars. In seeking to achieve its investment objective, the Trust will hold XRP and will value its Shares daily based on the Pricing Benchmark.

The Pricing Benchmark, which was introduced on September 16, 2024, is based on materially the same methodology (except calculation time) as the CME CF Ripple — Dollar Reference Rate, which was first introduced on November 16, 2017. The Benchmark Provider is the administrator of the Pricing Benchmark. The Pricing Benchmark is calculated daily.

The Sponsor believes that the use of the Pricing Benchmark is reflective of a reasonable valuation of the average spot price of XRP and that resistance to manipulation is a priority aim of its design methodology. The methodology: (i) takes an observation period and divides it into equal partitions of time; (ii) then calculates the volume-weighted median of all transactions within each partition; and (iii) the value is determined from the arithmetic mean of the volume-weighted medians, equally weighted. By employing the foregoing steps, the Pricing Benchmark thereby seeks to ensure that transactions in XRP conducted at outlying prices do not have an

undue effect on the value of a specific partition, large trades or clusters of trades transacted over a short period of time will not have an undue influence on the benchmark level, as applicable, and the effect of large trades at prices that deviate from the prevailing price are mitigated from having an undue influence on the benchmark level.

Pricing Benchmark data and the description of the Pricing Benchmark are based on information made publicly available by the Benchmark Provider on its website at https://www.cfbenchmarks.com/data/indices/XRPUSD_NY.

Net Asset Value

NAV means the total assets of the Trust (which includes all XRP 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 XRP held by the Trust based on the price set by the Pricing Benchmark 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 Pricing Benchmark is not available, or if the Sponsor determines in good faith that the Pricing Benchmark does not reflect an accurate XRP price, then the Administrator will employ an alternative method to determine the fair value of the Trust's assets.²²

Availability of Information

In addition to the price transparency of the Pricing Benchmark, the Trust will provide information regarding the Trust's XRP holdings as well as additional data regarding the Trust.

²² 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.

The website for the Trust, which will be publicly accessible at no charge, will contain the following information:

(i) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price;²³

(ii) 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;

(iii) 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);

(iv) the prospectus; and

(v) 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 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. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the Consolidated Tape Association ("CTA"). The Trust will also disseminate its holdings on a daily basis on its website.

The Intraday Indicative Value ("IIV") will be updated during Exchange's Regular Trading Hours (9:30 a.m. to 4:00 p.m. E.T.) to reflect changes in the value of the Trust's XRP holdings 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 because NAV is calculated, using the closing value of the Pricing Benchmark, once a day at 4 p.m. ET, whereas the IIV draws

²³ 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.

prices from the last trade on each constituent platform 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. 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 CTA and Consolidated Quotation System (CQS) high speed lines. In addition, the IIV will be available through on-line information services, such as Bloomberg and Reuters.

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

Information about the Pricing Benchmark and Pricing Benchmark value, including key elements of how the Pricing Benchmark is calculated, will be publicly available at https://www.cfbenchmarks.com/data/indices/XRPUSD_NY.

Quotation and last sale information for XRP 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 XRP is available from major market data vendors and from the trading platforms on which XRP are traded. Depth of book information is also available from XRP trading platforms. The normal trading hours for XRP 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's services (i) allow XRP to be deposited from a public blockchain address to the Trust's XRP account and (ii) allow XRP to be withdrawn from the XRP account to a public blockchain address as instructed by the Trust. The custody agreement requires the Custodian to hold the Trust's XRP in cold storage, unless required to facilitate withdrawals as a temporary measure. The Custodian will use segregated cold storage XRP addresses for the Trust which are separate from the XRP addresses that the Custodian uses for its other customers and which are directly verifiable via the XRP blockchain. The Custodian will safeguard the private keys to the XRP associated with the Trust's XRP account. The Custodian will at all times record and identify in its books and records that such XRP constitutes the property of the Trust. The Custodian will not withdraw the Trust's XRP from the Trust's account with the Custodian, or loan, hypothecate, pledge or otherwise encumber the Trust's XRP, without the Trust's instruction. If the custody agreement terminates, the Sponsor may appoint another custodian, and the Trust may enter into a custodian agreement with such custodian.

Creation and Redemption of Shares

When the Trust sells or redeems its Shares, it will do so in cash transactions in 10,000 Share increments (a Creation Basket) that are based on the amount of XRP held by the Trust on a per Creation Basket basis. 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. ET, 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 XRP associated with a Creation Basket for a given day by dividing the number of XRP held by the Trust as of the opening of business on that business day, adjusted for the amount of XRP 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 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 XRP 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 XRP as part of the creation or redemption process. For a creation order, the Trust will create Shares by receiving XRP 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 facilitate the delivery of XRP. Further, the third party will not be acting as an agent of the authorized participant with respect to the delivery of the XRP to the Trust or acting at the direction of the authorized participant with respect to the delivery of the XRP to the Trust. When fulfilling a redemption request, the Trust will redeem shares by delivering XRP to a third party that is not the authorized participant and the Trust—not the authorized participant—is responsible for selecting such third party to receive the XRP. Further, the third party will not be acting as an agent of the authorized participant with respect to the receipt of the XRP from the Trust or acting at the direction of the authorized participant with respect to the receipt of the XRP from the Trust.

The Sponsor will maintain ownership and control of XRP 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 100,000 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

that the NAV and information about 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: (i) issued by a trust that holds (1) a specified commodity²⁴ deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (ii) 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 (iii) 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, CSC 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 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; 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

²⁴ 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.

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 commodity, 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 XRP or any other XRP 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: (i) the extent to which trading is not occurring in the XRP underlying the Shares; or (ii) 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 Pricing Benchmark 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 Pricing Benchmark occurs. If the interruption to the dissemination of the IIV or the value of the Pricing Benchmark 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 XRP derivative with other markets and other entities that are members of the Intermarket Surveillance Group ("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 XRP derivative from such markets and other entities.²⁵ The Exchange may obtain information regarding trading in the Shares or any other XRP 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

²⁵ For a list of the current members and affiliate members of ISG, see www.isgportal.com.

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 Hours 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; and
- (vi) trading information.

The Information Circular will also reference the fact that there is no regulated source of last sale information regarding XRP, and that the Commission has no jurisdiction over the trading of XRP 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

²⁶ 15 U.S.C. 78f.

²⁷ 15 U.S.C. 78f(b)(5).

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 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 potential policy concerns under the Act are sufficiently mitigated to the point that they are outweighed by quantifiable investor protection issues that would be resolved by approving this proposal.

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.

³⁰ Much like bitcoin and ETH, the Exchange believes that XRP 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 XRP trading render it difficult and prohibitively costly to manipulate the price of XRP. The fragmentation across platforms and the capital necessary to maintain a significant presence on each trading platform make manipulation of XRP 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 XRP 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 XRP markets and the presence of arbitrageurs in those markets means that the manipulation of the price of XRP on any single venue would require manipulation of the global XRP 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 trading platforms or OTC platform. Further, the speed and relatively inexpensive nature of transactions on the XRP 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.

The Commission has recently applied the Winklevoss Test to recognize that the “regulated market of significant size” standard is not the only means for satisfying Section 6(b)(5) of the Act. Instead, the Commission has acknowledged 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 There is currently no futures market for XRP, but the existence of a futures market of significant size is not a prerequisite for preventing fraudulent and manipulative acts and practices. 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 futures 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 that justify dispensing with a surveillance-sharing agreement of significant size.

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 XRP, through OTC XRP Funds and digital asset trading platforms, has grown into billions of dollars with a fully diluted market cap of greater than \$176 billion. The Exchange believes that approving this proposal (and comparable proposals) provides the Commission with the opportunity to allow U.S. investors with access to XRP 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 XRP.

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, has placed 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.

The Exchange believes that the policy concerns are mitigated by the fact that the size of the market for the underlying reference asset (\$176+ billion fully diluted value) and the nature of the XRP ecosystem reduce its susceptibility to manipulation. The geographically diverse and continuous nature of XRP trading makes it difficult and prohibitively costly to manipulate the price of XRP and, in many instances, the XRP market can be less susceptible to manipulation than the equity, fixed income, and commodity futures markets. There are a number of reasons why this is the case, including:

- the absence of inside information about revenue, earnings, corporate activities, or sources of supply;
 - the fact that manipulation of the price on any single venue would require manipulation of the global XRP price in order to be effective;
 - the existence of a substantial over-the-counter market that provides liquidity and shock-absorbing capacity;
 - the fact that XRP's 24/7/365 nature provides constant arbitrage opportunities across all trading venues; and
- the low likelihood that any one actor could obtain a dominant market share.

Further, XRP is arguably less susceptible to manipulation than many physical commodities that underlie ETPs. For example, for physical commodities, 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 — no such inside information is available for crypto assets on public, distributed networks, such as XRP. Further, the Exchange believes that the fragmentation across XRP trading platforms and increased adoption of XRP, as displayed through increased user engagement and trading volumes, and the distributed nature of the XRP network make manipulation of XRP prices through continuous trading activity more difficult. Moreover, the presence of arbitrageurs in the XRP markets means that the manipulation of the price of XRP price on any single venue would

require manipulation of the global XRP price in order to be effective. Arbitrageurs must have funds distributed across multiple XRP 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 XRP trading platform. As a result, manipulation on a particular XRP 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, XRP is not particularly susceptible to manipulation, especially as compared to many other approved ETP reference assets.

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 XRP 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 Pricing Benchmark, the Trust will provide information regarding the Trust's XRP 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:

(i) the current NAV per Share daily and the prior business day's NAV per Share and the reported BZX Official Closing Price;³²

(ii) 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;

(iii) 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);

(iv) the prospectus; and

(v) 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 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. Quotation and last-sale information regarding the Shares will be disseminated through the facilities of the CTA. The Trust will also disseminate its holdings on a daily basis on its website.

The IIV will be updated during Regular Trading Hours to reflect changes in the value of the Trust's XRP holdings during the trading day. The IIV may differ from the NAV because NAV is calculated, using the closing value of the Pricing Benchmark, once a day at 4:00 p.m. Eastern time whereas the IIV draws prices from the last trade on each constituent platform to

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.

produce a relevant, real-time price. 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 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. 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 CTA and CQS high speed lines. In addition, the IIV will be available through on-line information services such as Bloomberg and Reuters.

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

Information about the Pricing Benchmark and Pricing Benchmark value, including key elements of how the Pricing Benchmark is calculated, will be publicly available at https://www.cfbenchmarks.com/data/indices/XRPUSD_NY.

Quotation and last sale information for XRP 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 XRP is available from major market data vendors and from the trading platforms on which XRP are traded. Depth of book information is also available from XRP trading platforms. The normal trading hours for XRP 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.

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. Investor protection issues for U.S. investors have grown significantly over the last several years, through premium/discount volatility and management fees for OTC XRP Funds. As discussed in this proposed rule filing, these investor protection concerns need to be re-evaluated alongside 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 has 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, 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. Please include file number SR- CboeBZX-2025-021 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-2025-021. 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-2025-021 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.³³

Sherry R. Haywood,
Assistant Secretary.

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