



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103044; File No. SR-CboeBZX-2025-010]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 2, to Amend the Rules Governing the Listing and Trading of Shares of the ARK 21Shares Bitcoin ETF and the 21Shares Core Ethereum ETF to Permit In-Kind Creations and Redemptions under Rule 14.11(e)(4) (Commodity-Based Trust Shares)

May 14, 2025.

I. Introduction

On January 27, 2025, Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the rules governing the listing and trading of shares (“Shares”) of the ARK 21Shares Bitcoin ETF (“Bitcoin Trust”) and the 21Shares Core Ethereum ETF (“ETH Trust” and, together with the Bitcoin Trust, the “Trusts”) under BZX Rule 14.11(e)(4). On February 5, 2025, the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. On February 7, 2025, the Exchange filed Amendment No. 2 to the proposed change, which replaced and superseded the proposed rule change, as modified by Amendment No. 1, in its entirety. The proposed rule change, as modified by Amendment No. 2, was published for comment in the Federal Register on February 14, 2025.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 102381 (Feb. 10, 2025), 90 FR 9648 (“Notice”). Comments received on the proposed rule change are available at: <https://www.sec.gov/comments/sr-cboebzx-2025-010/srcboebzx2025010.htm>.

On March 11, 2025, pursuant to Section 19(b)(2) of the Act,⁴ 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.⁵ This order institutes proceedings under Section 19(b)(2)(B) of the Act⁶ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 2.

II. Summary of the Proposal, as Modified by Amendment No. 2

As described in more detail in the Notice,⁷ the Exchange proposes to amend the rules governing the listing and trading of the Shares of the Trusts under BZX Rule 14.11(e)(4).⁸ Specifically, the Exchange proposes to amend certain representations regarding the Trusts' creation and redemption processes in order to permit in-kind creations and redemptions. According to the Exchange, except for these proposed amendments, all other representations relied upon by the Commission in approving the listing and trading of the Shares of the Trusts will remain unchanged and will continue to constitute continued listing requirements.

III. Proceedings to Determine Whether to Approve or Disapprove SR-CboeBZX-2025-010 and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act⁹ to determine whether the proposed rule change, as modified by Amendment No. 2, should be approved or disapproved. Institution of proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 102609, 90 FR 12409 (Mar. 17, 2025). The Commission designated May 15, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Notice, *supra* note 3.

⁸ BZX Rule 14.11(e)(4) governs the listing and trading of Commodity-Based Trust Shares. The Commission approved the Exchange's proposal to list and trade the Shares of the Bitcoin Trust on January 10, 2024. See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024). Separately, the Commission approved the Exchange's proposal to list and trade the Shares of the ETH Trust on May 23, 2024. See Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024).

⁹ 15 U.S.C. 78s(b)(2)(B).

indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, the Commission seeks and encourages interested persons to provide comments on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,¹⁰ the Commission is providing notice of the grounds for disapproval under consideration. As described above, the Exchange proposes to allow for in-kind creation and redemption of the Trusts' bitcoin and ether. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change's consistency with Section 6(b)(5) of the Act, which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.¹¹

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.¹²

¹⁰ Id.

¹¹ 15 U.S.C. 78f(b)(5).

¹² Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. See Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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-2025-010 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-2025-010. 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-2025-010 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹³

Sherry R. Haywood,

Assistant Secretary.

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¹³ 17 CFR 200.30-3(a)(57).