



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103138; File No. SR-NYSEARCA-2025-12]

Self-Regulatory Organizations; NYSE Arca, Inc.; Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 2, to List and Trade Shares of the Grayscale Cardano Trust (ADA) under NYSE Arca Rule 8.201-E, Commodity-Based Trust Shares

May 28, 2025.

I. Introduction

On February 10, 2025, NYSE Arca, Inc. (“NYSE Arca” or “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 list and trade shares (“Shares”) of the Grayscale Cardano Trust (ADA) (“Trust”) under NYSE Arca Rule 8.201-E, Commodity-Based Trust Shares. On February 20, 2025, the Exchange filed Amendment No. 2 to the proposed rule change, which replaced and superseded the original filing in its entirety.³ The proposed rule change, as modified by Amendment No. 2, was published for comment in the Federal Register on February 28, 2025.⁴

On March 11, 2025, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On February 19, 2025, the Exchange filed Amendment No. 1 to the proposed rule change and on February 20, 2025, the Exchange withdrew Amendment No. 1.

⁴ See Securities Exchange Act Release No. 102475 (Feb. 24, 2025), 90 FR 10964 (“Notice”). Comments received on the proposed rule change are available at: <https://www.sec.gov/comments/sr-nysearca-2025-12/srnysearca202512.htm>.

⁵ 15 U.S.C. 78s(b)(2).

change, or institute proceedings to determine whether to disapprove the proposed rule change.⁶ This order institutes proceedings under Section 19(b)(2)(B) of the Act⁷ 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,⁸ the Exchange proposes to list and trade the Shares of the Trust under NYSE Arca Rule 8.201-E, which governs the listing and trading of Commodity-Based Trust Shares on the Exchange.

According to the Exchange, the investment objective of the Trust is for the value of the Shares to reflect the value of the Cardano (“ADA”) held by the Trust,⁹ determined by reference to the “Index Price,” less the Trust’s expenses and other liabilities.¹⁰ The “Index Price” is the U.S. dollar value of a ADA derived from the “Digital Asset Trading Platforms”¹¹ that are reflected in the CoinDesk Cardano Price Index (ADX) (“Index”), calculated at 4:00 p.m., New York time, on each business day.¹² The Trust’s assets will consist solely of ADA.¹³ The Trust will create and redeem Shares in cash with authorized participants on an ongoing basis in one or more blocks of 10,000 Shares.¹⁴

⁶ See Securities Exchange Act Release No. 102591, 90 FR 12387 (Mar. 17, 2025). The Commission designated May 29, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change, as modified by Amendment No. 2.

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Notice, *supra* note 4.

⁹ The Exchange states that ADA is a digital asset that is created and transmitted through the operations of the peer-to-peer Cardano network, a decentralized network of computers that operates on cryptographic protocols. See *id.* at 10966.

¹⁰ See *id.* at 10965. Grayscale Operating, LLC and Grayscale Investments Sponsors, LLC are the sponsors of the Trust and are indirect wholly owned subsidiaries of Digital Currency Group, Inc. The Exchange states that as of May 3, 2025, Grayscale Operating, LLC will cease to act as sponsor of the Trust and Grayscale Investment Sponsors, LLC will be sole sponsor of the Trust.. Delaware Trust Company is the trustee of the Trust and Coinbase Custody Trust Company, LLC is the custodian for the Trust's ADA. See *id.* at 10964.

¹¹ According to the Exchange, a “Digital Asset Trading Platform” is an electronic marketplace where trading participants may trade, buy and sell ADA based on bid-ask trading. See *id.* at 10965 n.12.

¹² See *id.* at 10965 n.9. The index provider for the Trust is CoinDesk Indices, Inc. See *id.* at 10964-65.

¹³ See *id.* at 10965.

¹⁴ See *id.* at 10975.

III. Proceedings to Determine Whether to Approve or Disapprove SR-NYSEARCA-2025-12 and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act¹⁵ 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 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,¹⁶ the Commission is providing notice of the grounds for disapproval under consideration. 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" and "to protect investors and the public interest."¹⁷

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, which are set forth in the Notice, in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission seeks comment on whether the proposal to list and trade Shares of the Trust, which would hold ADA, is designed to prevent fraudulent and manipulative acts and practices or raises any new or novel concerns not previously contemplated by the Commission.

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

¹⁵ 15 U.S.C. 78s(b)(2)(B).

¹⁶ Id.

¹⁷ 15 U.S.C. 78f(b)(5).

concerns they may have with the proposal. In particular, the Commission invites the written views of interested persons concerning whether the proposal, as modified by Amendment No. 2, 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.¹⁸

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change, as modified by Amendment No. 2, 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-NYSEARCA-2025-12 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.

¹⁸ 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).

All submissions should refer to file number SR-NYSEARCA-2025-12. 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-NYSEARCA-2025-12 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.¹⁹

Sherry R. Haywood,
Assistant Secretary.

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¹⁹ 17 CFR 200.30-3(a)(57).