



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103529; File No. SR-CboeBZX-2025-035]

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

July 22, 2025.

On March 10, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) filed with the Securities and Exchange Commission (“SEC” or “Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² a proposed rule change to amend the rules governing the listing and trading of shares of the Invesco Galaxy Bitcoin ETF and the Invesco Galaxy Ethereum ETF under BZX Rule 14.11(e)(4). The proposed rule change was published for comment in the Federal Register on March 18, 2025.³

On April 29, 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 On June 16, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act,⁶ to determine whether to approve or disapprove the proposed rule change.⁷ On July 21, 2025,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 102645 (Mar. 12, 2025), 90 FR 12602.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 102949, 90 FR 19039 (May 5, 2025) (designating June 16, 2025, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ See Securities Exchange Act Release No. 103260, 90 FR 26389 (June 20, 2025).

pursuant to Section 19(b)(2) of the Act,⁸ the Exchange filed Amendment No. 1 to the proposed rule change, which replaced and superseded the original filing in its entirety. The proposed rule change, as modified by Amendment No. 1, is described in Items I and II below, which Items have been substantially prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change, as modified by Amendment No. 1, from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. ("BZX" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend the rule governing the Invesco Galaxy Bitcoin ETF (the "Bitcoin Trust") and the Invesco Galaxy Ethereum ETF (the "ETH Trust" and, collectively with the Bitcoin Trust, the "Trusts"), shares of which have been approved by the Commission to list and trade on the Exchange pursuant to BZX Rule 14.11(e)(4), to permit in-kind creations and redemptions.

The text of the proposed rule change is also available on the Exchange's website (http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/) and at the Exchange's Office of the Secretary.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item III below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

This Amendment No. 1 to SR-CboeBZX-2025-035 amends and replaces in its entirety the proposal as originally submitted on March 10, 2025. The Exchange submits this Amendment No. 1 in order to clarify certain points and add additional details to the proposal.

The Commission approved the listing and trading of shares (the “Bitcoin ETP Shares”) of the Bitcoin Trust on the Exchange pursuant to Exchange Rule 14.11(e)(4), Commodity-Based Trust Shares, on January 10, 2024.⁹ The Commission also approved the listing and trading of shares (the “ETH ETP Shares”) of the ETH Trust on the Exchange pursuant to Exchange Rule 14.11(e)(4), Commodity-Based Trust Shares, on May 23, 2024.¹⁰ Exchange Rule 14.11(e)(4) governs the listing and trading of Commodity-Based Trust Shares, which means a security (a) that is issued by a trust that holds (1) a specified commodity deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash. The Bitcoin ETP Shares are issued by the Bitcoin Trust and the ETH ETP Shares are issued by the ETH Trust. The Bitcoin Trust was formed as a Delaware statutory trust on

⁹ See Securities Exchange Act Release Nos. 99283 (January 8, 2024) 89 FR 2263 (January 12, 2024) (SR-CboeBZX-2023-038) (Notice of Filing of Amendment No. 2 to a Proposed Rule Change To List and Trade Shares of the Invesco Galaxy Bitcoin ETF Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares) (the “Bitcoin ETP Amendment No. 2”); 99306 (January 10, 2024) 89 FR 3008 (January 17, 2024) (SR-CboeBZX-2023-038) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) (the “Bitcoin ETP Approval Order”).

¹⁰ See Securities Exchange Act Release Nos. 100219 (May 22, 2024) 89 FR 46543 (May 29, 2024) (SR-CboeBZX-2023-087) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change To List and Trade Shares of the Invesco Galaxy Ethereum ETF Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares) (the “ETH ETP Amendment No. 1”); 100224 (May 23, 2024) 89 FR 46937 (May 30, 2024) (SR-CboeBZX-2023-038) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to List and Trade Shares of Ether-Based Exchange-Traded Products) (the “ETH ETP Approval Order”).

December 17, 2020, and the ETH Trust was formed as a Delaware statutory trust on September 27, 2023.

Bitcoin Trust

The Exchange proposes to amend several portions of the Exchange's previous rule filing to list and trade Bitcoin ETP Amendment No. 2 in order to permit in-kind creations and redemptions.

Representations

Bitcoin ETP Amendment No. 2 included specific representations making clear that the Bitcoin Trust would only process creations and redemptions in cash. Specifically, the "Invesco Galaxy Bitcoin ETF" section of the Bitcoin Amendment No. 2 stated the following:

When the Trust sells or redeems its Shares, it will do so in cash transactions in blocks of 5,000 Shares (a "Creation Basket") at the Trust's net asset value ("NAV"). Authorized participants will deliver, or facilitate the delivery of, cash to the Trust's account with the Cash Custodian (which will then be used to purchase bitcoin for the Trust) in exchange for Shares when they purchase Shares, and the Trust, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares with the Trust. A third party will use cash to buy and deliver bitcoin to create Shares or withdraw and sell bitcoin for cash to redeem Shares, on behalf of the Trust. Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for Shares, the value of the 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.¹¹

The Exchange proposes to replace the above with the following:

When the Trust creates or redeems its Shares, it will do so in cash transactions or in-kind transactions in blocks of 5,000 Shares (a "Creation Basket"). For cash creations and redemptions, authorized participants will deliver, or facilitate the delivery of, cash to the Trust's account with the Cash Custodian, in exchange for Shares when they create Shares, and the Trust, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares with the Trust. For in-kind creation and redemptions, authorized participants will deliver, or facilitate delivery of, bitcoin to the Trust's account with the Custodian, in exchange for Shares when they create Shares, and the Trust, through the Custodian, will deliver bitcoin to such authorized participants when they redeem Shares with the Trust. Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for Shares, the value of the 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.

¹¹ See Bitcoin ETP Amendment No. 2 at 2272.

The “Investment Objective” section of Bitcoin ETP Amendment No. 2 stated: “The Trust will process all creations and redemptions in cash transactions with authorized participants.”¹² The Exchange proposes to replace this sentence with the following: “The Trust will process all creations and redemptions in cash or in-kind transactions with authorized participants.”

Creation and Redemption of Shares

Additionally, the “Creation and Redemption of Shares” section of the filing includes a detailed description of how the cash-only creation and redemption process works.¹³ The Exchange proposes to replace this section as provided below. The Exchange proposes no change to the subheading “Rule 14.11(e)(4) – Commodity-Based Trust Shares”¹⁴ and proposes to retain everything thereunder.

Creation and Redemption of Shares

When the Trust creates or redeems its Shares, it will do so in cash or in-kind. In connection with cash creations and cash redemptions, the authorized participants will submit orders to create or redeem Baskets of Shares in exchange for cash. When the Trust creates or redeems its Shares in cash, it will do so in transactions based on the quantity of bitcoin attributable to each Share of the Trust (e.g., a Creation Basket). When the Trust creates or redeems its Shares in kind, it will do so in transfers of bitcoin that are based on the quantity of bitcoin attributable to the Creation Basket being created or redeemed.

The authorized participants will deliver or cause to be delivered cash or bitcoin to create Shares and the authorized participant will receive cash or bitcoin when redeeming Shares. The Trust will create Shares by receiving bitcoin or cash from an authorized participant and will redeem shares by delivering bitcoin or cash to an authorized participant.

According to the Registration Statement, on any business day, an authorized participant may place an order to create one or more Creation Baskets. Purchase orders for cash creations must be placed by 2:30 p.m. Eastern Time (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind creations must be placed by 4:00 p.m. Eastern Time (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is properly received is considered the purchase order date.

For a cash creation order, the total deposit of cash required is an amount of cash sufficient to purchase such amount of bitcoin, the amount of which is equal to the

¹² See Bitcoin ETP Amendment No. 2 at 2273.

¹³ See Bitcoin ETP Amendment No. 2 at 2274.

¹⁴ See Bitcoin ETP Amendment No. 2 at 2274-2275.

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.

For a creation order in kind, the total in-kind transfer of bitcoin is based on the quantity of bitcoin attributable to the Creation Baskets applicable to the date the order to purchase is properly received. The Administrator determines the quantity of bitcoin used to calculate the Creation Basket for a given day by dividing the number of bitcoin held by the Trust, adjusted for the amount of bitcoin 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 procedures by which an authorized participant can redeem one or more Creation Baskets mirror the procedures for the creation of Creation Baskets. For a cash redemption order, an authorized participant will deliver Shares to the Trust and will receive cash for the Shares delivered. For an in-kind redemption order, an authorized participant will deliver Shares to the Trust and the authorized participant will receive bitcoin for the Shares delivered.

Except for the above changes, all other representations in the Bitcoin ETP Amendment No.

2 remain unchanged and will continue to constitute continuing listing requirements. In addition, the Bitcoin Trust will continue to comply with the terms of Bitcoin ETP Amendment No. 2 and the Trust will continue to comply with the requirements of Rule 14.11(e)(4).

ETH Trust

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

Representations

The ETH ETP Amendment No. 1 included a specific representation making clear that the ETH Trust would only process creations and redemptions in cash. Specifically, the “Invesco Galaxy Ethereum Trust” section of the ETH ETP Amendment No. 1 stated:

When the Trust sells or redeems its Shares, it will do so in cash transactions in blocks of 5,000 Shares (a “Creation Basket”) at the Trust’s net asset value (“NAV”). Authorized participants will deliver, or facilitate the delivery of, cash to the Trust’s account with the Cash Custodian in exchange for Shares when they purchase Shares, and the Trust, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares with the Trust.¹⁵ Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for Shares, the value of the Trust’s assets, and market conditions at the time of a transaction. Shareholders who buy or

¹⁵ See ETH ETP Amendment No. 1 at 46550.

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.

The Exchange proposes to replace this language with the following:

When the Trust creates or redeems its Shares in cash transactions, it will do so in blocks of 5,000 Shares (a “Creation Basket”). For cash creations or redemptions, Authorized participants will deliver, or facilitate the delivery of, cash to the Trust’s account with the Cash Custodian in exchange for Shares when they create Shares, and the Trust, through the Cash Custodian, will deliver cash to such authorized participants when they redeem Shares with the Trust. When the Trust creates or redeems its Shares in-kind, it will do so in Creation Units in exchange for ether. Authorized participants will deliver, or facilitate delivery of, ether to the Trust’s account with the Custodian, in exchange for Shares when they create Shares, and the Trust, through the Custodian, will deliver ether to such authorized participants when they redeem Shares with the Trust. Authorized participants may then offer Shares to the public at prices that depend on various factors, including the supply and demand for Shares, the value of the 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.

Additionally, the “Investment Objective” section of the ETH ETP Amendment No. 1 stated:

“The Trust will process all creations and redemptions in cash transactions with authorized participants.”¹⁶ The Exchange proposes to replace this language with the following: “The Trust will process all creations and redemptions in cash or in-kind transactions with authorized participants.”

Creation and Redemption of Shares

Additionally, the “Creation and Redemption of Shares” section of the filing includes a detailed description of how the cash-only creation and redemption process works.¹⁷ The Exchange proposes to replace this section as provided below. The Exchange proposes no change to the subheading “Rule 14.11(e)(4) – Commodity-Based Trust Shares”¹⁸ and proposes to retain everything thereunder.

Creation and Redemption of Shares

When the Trust creates or redeems its Shares, it will do so in cash or in-kind. When the Trust creates or redeems its Shares in cash, it will do so in transactions based on the quantity of ETH attributable to each Share of the Trust (e.g., a Creation Basket). When the Trust creates or redeems its Shares in-kind, it will do so in transfers of ether that are based on the quantity of ether attributable to the Creation Basket being created or redeemed.

¹⁶ Id.

¹⁷ See ETH ETP Amendment No. 1 at 46551-46552.

¹⁸ See ETH ETP Amendment No. 1 at 46552.

The authorized participants will deliver or cause to be delivered cash or ether to create Shares and the authorized participant or its designee will receive cash or ether when redeeming Shares. The Trust will create Shares by receiving ether or cash from an authorized participant or its designee and will redeem Shares by delivering ether or cash to an authorized participant or its designee.

According to the Registration Statement, on any business day, an authorized participant may place an order to create one or more Creation Baskets. Purchase orders for cash creations must be placed by 2:30 p.m. Eastern Time (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. Purchase orders for in-kind creations must be placed by 4:00 p.m. Eastern Time (or such other time as disclosed in the Prospectus), or the close of regular trading on the Exchange, whichever is earlier. The day on which an order is received is considered the purchase order date.

For a cash creation order, the total deposit of cash required is based on the combined NAV of the number of Shares included in the Creation Baskets being created determined as of 4:00 ET on the date the order to purchase is properly received.

For a creation order in-kind, the total in-kind transfer of ETH is equal to the combined NAV of the number of Shares included in the Creation Baskets applicable to 4:00 p.m. ET on the date the order to purchase is properly received. The Administrator determines the quantity of ETH associated with a Creation Basket for a given day by dividing the number of ETH held by the Trust, adjusted for the amount of ETH 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 procedures by which an authorized participant can redeem one or more Creation Baskets mirror the procedures for the creation of Creation Baskets. For a cash redemption order, an authorized participant will deliver Shares to the Trust and will receive cash for the Shares delivered. For an in-kind redemption order, an authorized participant will deliver Shares to the Trust and will receive ether for the Shares delivered.

Conclusion

Except for the above changes, all other representations in the Bitcoin ETP Amendment No. 2 and ETH ETP Amendment No. 1 remain unchanged and will continue to constitute continuing listing requirements. In addition, the Bitcoin Trust will continue to comply with the terms of Bitcoin ETP Amendment No. 2 and the ETH Trust will continue to comply with the terms of ETH ETP Amendment No. 1 and the Trusts will continue to comply with the requirements of Rule 14.11(e)(4).

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²⁰ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

The Exchange believes the proposed rule change is designed to remove impediments to and perfect the mechanism of a free and open market and, in general, to protect investors and the public interest because it would update representations in both the Bitcoin ETP Amendment No. 2 and the ETH ETP Amendment No. 1 such that the Trusts would both be able to engage in in-kind transactions with authorized participants, as described above. This ability would make the Trusts (and the market more generally) operate more efficiently because authorized participants would be able to source bitcoin or ether, as applicable, rather than to provide cash to the applicable Trust and/or to receive bitcoin or ether directly from the Trusts. This means that the authorized participant would be responsible for buying and selling the applicable crypto asset rather than the Trust itself, which would potentially lessen the impact on the market of the Trusts on both sides of the transaction by allowing the authorized participant to decide how and where to source the underlying crypto asset for creations and deciding how, where, and whether to sell the underlying crypto asset for redemptions. This would improve the creation and redemption

¹⁹ 15 U.S.C. 78f(b).

²⁰ 15 U.S.C. 78f(b)(5).

process for both authorized participants and the Trusts, increase efficiency, and ultimately benefit the end investors in the Trusts.

Except for the addition of in-kind creation and redemption for the Bitcoin Trust, all other representations made in the Bitcoin ETP Amendment No. 2 remain unchanged and will continue to constitute continuing listing requirements for the Bitcoin Trust. Similarly, except for the addition of in-kind creation and redemption for the ETH Trust, all other representations made in the ETH ETP Amendment No. 1 remain unchanged and will continue to constitute continuing listing requirements for the ETH Trust.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. As noted above, the proposed amendment is intended to allow the Trusts to operate more efficiently by allowing for in-kind creation and redemption. The Exchange believes these changes will not impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received comments on the proposed rule change.

III. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change, as modified by Amendment No. 1, is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CboeBZX-2025-035 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-2025-035. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CboeBZX-2025-035 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.²¹

Sherry R. Haywood,

Assistant Secretary.

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²¹ 17 CFR 200.30-3(a)(12).