

Cboe Contributes to Ongoing Discussion Regarding Cryptocurrency ETPs

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Last month, Cboe Global Markets, Inc. (“Cboe”) [responded](#) to a [staff letter](#) on cryptocurrency funds and related investment products published by the SEC earlier this year.

The SEC staff letter recognized that proponents of cryptocurrencies have identified a range of potential benefits and that innovation is important, but the SEC also identified a number of risks associated with such investment products and raised a number of questions regarding how such assets would satisfy the ‘40 Act and its rules. The SEC’s letter invited interested sponsors to engage with the SEC in detail on these issues.

Cboe’s response to that letter specifically encourages the SEC to permit cryptocurrency exchange-traded products (“ETPs”). Cboe discussed the SEC’s concerns, and concluded that while cryptocurrency holdings do present some unique issues, many of the risks associated with cryptocurrency ETPs could be addressed within the existing framework for other commodity-related funds. Cboe added that, where it could be reasonable for an investment portfolio to provide exposure to cryptocurrency, an ETP would provide a more transparent and accessible vehicle to gain such exposure. Cboe concluded that, in light of that fact, where the market and infrastructure for the underlying asset and its derivatives do not cause significant concerns regarding the issues raised in the Staff letter, “the Commission should not stand in the way of such ETPs coming to market.”

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