

the proposal, which are set forth in the Notice,¹⁸ in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission seeks comment on the following questions and asks commenters to submit data where appropriate to support their views:

1. What are commenters' views on whether the proposed Trust and Shares would be susceptible to manipulation? What are commenters' views generally on whether the Exchange's proposal is designed to prevent fraudulent and manipulative acts and practices? What are commenters' views generally with respect to the liquidity and transparency of the bitcoin markets, the bitcoin markets' susceptibility to manipulation, and thus the suitability of bitcoin as an underlying asset for an exchange-traded product?

2. Based on data and analysis provided and the academic research cited by the Exchange,¹⁹ do commenters agree with the Exchange that the Chicago Mercantile Exchange ("CME") on which bitcoin futures contracts trade ("CME Bitcoin Futures") represents a regulated market of significant size related to spot bitcoin?²⁰ What are commenters' views on whether there is a reasonable likelihood that a person attempting to manipulate the Shares would also have to trade on the CME to manipulate the Shares? Do commenters agree with the Exchange's assertion that the combination of (a) CME Bitcoin Futures leading price discovery; (b) the overall size of the bitcoin market; and (c) the ability for market participants to buy or sell large amounts of bitcoin without significant market impact, helps to prevent the Shares from becoming the predominant force on pricing in either the spot bitcoin or CME Bitcoin Futures markets?²¹

3. The Exchange states that bitcoin is resistant to price manipulation and that other means to prevent fraudulent and manipulative acts and practices exist to justify dispensing with the requirement to enter into a comprehensive surveillance-sharing agreement with a regulated market of significant size related to spot bitcoin.²² In support of its assertion, the Exchange provides data and analysis²³ to indicate that the spot bitcoin market is "increasingly efficient," with "higher liquidity" and a "higher degree of consensus among

investors regarding the price of [b]itcoin," making it "less susceptible to manipulation."²⁴ Do commenters believe the Exchange has shown that the bitcoin market is resistant to price manipulation?

III. 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.²⁵

Interested persons are invited to submit written data, views, and arguments regarding whether the proposal should be approved or disapproved by September 23, 2022. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by October 7, 2022.

Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include File Number SR-CboeBZX-2022-031 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-2022-031. This file number should be included on the subject line if email is used. To help the

²⁴ See *id.* at 33264-66.

²⁵ Section 19(b)(2) of the Act, as amended by the Securities Act Amendments of 1975, Public Law 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 Act Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

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 (<http://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 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-CboeBZX-2022-031 and should be submitted by September 23, 2022. Rebuttal comments should be submitted by October 7, 2022.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁶

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270-652, OMB Control No. 3235-0699]

**Submission for OMB Review;
Comment Request; Extension: Rule 18a-2**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549-2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 ("PRA") (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission ("Commission") has submitted to the

²⁶ 17 CFR 200.30-3(a)(57).

¹⁸ See Notice, *supra* note 3.

¹⁹ See *id.* at 33256-61, 33261 n.59.

²⁰ See *id.* at 33262.

²¹ See *id.*

²² See *id.* at 33261 n.62.

²³ See *id.* at 33262-68.

Office of Management and Budget (“OMB”) a request for approval of extension of the previously approved collection of information provided for in Rule 18a–2 (17 CFR 240.18a–2), under the Securities Exchange Act of 1934 (15 U.S.C. 78a *et seq.*) (“Exchange Act”).

Rule 18a–2 establishes capital requirements for nonbank major security-based swap participants that are also not registered as broker-dealers (“nonbank MSBSPs”). In particular, a nonbank MSBSP is required at all times to have and maintain positive tangible net worth.

Under Rule 18a–2, nonbank MSBSPs also need to comply with Exchange Act Rule 15c3–4 (17 CFR 240.15c3–4), which requires OTC derivatives dealers and other firms subject to its provisions to establish, document, and maintain a system of internal risk management controls to assist the firm in managing the risk associated with its business activities, including market, credit, leverage, liquidity, legal, and operational risks.

The staff previously estimated that 5 or fewer nonbank entities would register with the Commission as MSBSPs. The staff continues to estimate that 5 or fewer nonbank entities will register with the Commission as MSBSPs, although currently no such entities have registered. These nonbank MSBSPs will be required to establish, document, and regularly review and update risk management control systems with respect to market, credit, leverage, liquidity, legal and operational risks. Based on similar estimates for OTC derivatives dealers, the Commission staff believes that each nonbank MSBSP will spend approximately 2,000 hours to implement its risk management control system, resulting in a one-time industry-wide hour burden of approximately 10,000 recordkeeping hours, or approximately 3,333 hours per year when annualized over 3 years.¹

Based on similar estimates for OTC derivatives dealers, the staff further estimates that each of these firms will spend approximately 250 hours per year reviewing and updating its risk management control systems, resulting in an ongoing annual industry-wide hour burden of approximately 1,250 recordkeeping hours per year.²

Taken together, the total industry-wide recordkeeping hour burden is approximately 4,583 hours per year.³

¹ 5 MSBSPs × 2,000 hours = 10,000 hours. This one-time burden annualized over a 3-year period is approximately 3,333 hours industry-wide (10,000 hours/3 = 3,333.33 rounded down to 3,333).

² 5 MSBSPs × 250 hours/year = 1,250 hours/year.

³ 2,000 hours/3 years = 3,333.33 + 1,250 hours = 4,583.33 hours rounded down to 4,583.

Because nonbank MSBSPs may not initially have the systems or expertise internally to meet the risk management requirements of Rule 18a–2, these firms will likely hire an outside risk management consultant to assist them in implementing their risk management systems. The staff estimates that each firm will hire an outside management consultant for approximately 200 hours at a cost of approximately \$400 per hour, for a one-time external management consulting cost of approximately \$80,000 per respondent, and a total one-time industry management consulting cost of approximately \$400,000, or approximately \$133,333 per year⁴ when annualized over 3 years.

Nonbank MSBSPs may incur start-up costs to comply with Rule 18a–2, including information technology costs. The information technology systems of a nonbank MSBSP may be in varying stages of readiness to enable these firms to meet the requirements of Rule 18a–2, so the cost of modifying their information technology systems could vary significantly among firms. Based on estimates for similar collections of information,⁵ the Commission staff expects that each nonbank MSBSP will spend an average of approximately \$16,000 for one-time initial hardware and software external expenses, for a total one-time industry-wide external information technology cost of approximately \$80,000, or approximately \$26,667 per year⁶ when annualized over 3 years. Based on the estimates for these similar collections of information, the average ongoing external cost to meet the information technology requirements of Rule 18a–2 will be approximately \$20,500 per nonbank MSBSP. This will result in an ongoing annual industry-wide external information technology cost of approximately \$102,500.⁷ Taken together, the total industry-wide information technology related cost burden is approximately \$129,167 per year.⁸

Therefore, the total industry-wide recordkeeping cost burden is

⁴ 5 MSBSPs × 200 hours × \$400/hour = \$400,000. Annualized over three years, this industry-wide burden is approximately \$133,333 per year (\$400,000/3 years = \$133,333.33 rounded down to \$133,333).

⁵ See *Risk Management Controls for Broker or Dealers with Market Access*, Exchange Act Release No. 6321 (Nov. 3, 2010), 75 FR 69792, 69814 (Nov. 15, 2010).

⁶ 5 MSBSPs × \$16,000/3 years = \$26,666.666, rounded up to \$26,667.

⁷ 5 MSBSP × \$20,500 = \$102,500.

⁸ \$80,000/3 years + \$102,500 = \$129,166.667 rounded up to \$129,167.

approximately \$262,500 per year (\$133,333 + \$129,167 = \$262,500).

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information under the PRA unless it displays a currently valid OMB control number.

The public may view background documentation for this information collection at the following website: www.reginfo.gov. Find this particular information collection by selecting “Currently under 30-day Review—Open for Public Comments” or by using the search function. Written comments and recommendations for the proposed information collection should be sent by October 3, 2022 to (i) www.reginfo.gov/public/do/PRAMain and (ii) David Bottom, Director/Chief Information Officer, Securities and Exchange Commission, c/o John Pezzullo, 100 F Street NE, Washington, DC 20549, or by sending an email to: PRA_Mailbox@sec.gov.

Dated: August 29, 2022.

J. Matthew DeLesDernier,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[SEC File No. 270–42, OMB Control No. 3235–0047]

**Submission for OMB Review;
Comment Request; Extension: Rule 204–3**

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*) the Securities and Exchange Commission (“Commission”) has submitted to the Office of Management and Budget a request for extension of the previously approved collection of information discussed below.

The title for the collection of information is “Rule 204–3 (17 CFR 275.204–3) under the Investment Advisers Act of 1940.” (15 U.S.C. 80b). Rule 204–3, the “brochure rule,” requires advisers to deliver their brochures and brochure supplements at the start of an advisory relationship and to deliver annually thereafter the full updated brochures or a summary of material changes to their brochures. The rule also requires that advisers deliver amended brochures or brochure