GBBC
Global Blockchain Business Council

JUST THE FACTS

GBBC is a non profit focusing on education, partnerships and standards for the blockchain and digital assets community. GBBC does not lobby

WHAT IS A SPOT ETH ETF?

Ethereum ETFs

An Ethereum Exchange-Traded Fund (ETF) is a type of security that tracks the price of **ether (ETH)**, the native cryptocurrency of the Ethereum network, and trades on traditional stock exchanges. ETH ETFs allow investors to gain exposure to Ethereum without directly purchasing and holding ETH

Spot ETFs

A spot ETF holds the actual commodity or asset (in this case, ETH) rather than derivatives or futures contracts. This means that the value of a spot ETH ETF directly reflects the current market price of ETH, providing direct exposure to the asset. The approval issued by the Securities and Exchange Commission (SEC) applies exclusively to **Spot ETH ETFs** and essentially categorizes ETH as a commodity

Approvals needed for Spot ETH ETFs:

- **19b-4:** Section 19b-1 of the **Securities Exchange Act of 1934** requires self-regulatory organizations such as stock exchanges to file proposed rule changes with the SEC. This is to ensure that new financial products and changes to exchange rules are reviewed and approved by the SEC to comply with securities laws and protect investors. Rule 19b-4 under 19b-1 specifies the procedures for these filings and are necessary for the listing and trading of new financial products on exchanges

- **S-1:** Form S-1 is a registration statement under the **Securities Act of 1933** that companies who manage the financial product must file to register securities for public offering. An S-1 provides potential investors with the necessary information on the financial product and is necessary for the product to be publicly offered.

WHAT JUST HAPPENED?

May 23: The SEC granted both 19b-4 approval and accelerated approval for proposed rule changes regarding the listing and trading of several Ether-based Exchange-Traded Products (ETPs) across multiple exchanges. This includes NYSE Arca, Nasdaq, and Cboe BZX Exchange

The SEC Trading and Markets Division had issued this approval using delegated authority, rather than a vote by the full commission

WHAT IS NEXT?

The SEC Commissioner will have 10 days to contest the approval

- If any Commissioner contests the approval within the review period, the matter is brought before the full Commission for further consideration

- If no Commissioner contests the decision within the review period, the approval granted under delegated authority becomes final

The issuers of the ETFs will have to file form S-1. As of May 23, 2024, only Fidelity has submitted an amended S-1 form