August 31, 2026

VIA ELECTRONIC SUBMISSION

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: Request for Comment on Novel ETFs — File No. S7-2026-24; Release Nos. 33-11426; 34-105808; IC-36228

Dear Ms. Countryman:

Multicoin Capital Management, LLC ("Multicoin"), Solana Policy Institute ("SPI"), Jito Labs, Inc., and the Jito Foundation (together, the "Coalition") submit this letter to the U.S. Securities and Exchange Commission (the "SEC" or the "Commission") in response to its Request for Comment on Novel ETFs (the "Request").[1] We address a narrow question: how and why the Commission should make a clear statement on the usage of staking receipt tokens ("SRTs") in spot crypto exchange-traded products ("ETPs") to obtain full or substantial staking exposure.

The Commission has been considering the question of staking in the context of ETPs for a number of years, and within the last 18 months, has begun considering whether SRTs can be an appropriate mechanism for staking within ETPs. An SRT is another way to achieve the staking exposure that the Commission has already permitted in these products. The Commission's approval of amendments to the generic listing standards for Commodity-Based Trust Shares on Nasdaq, NYSE Arca, and Cboe BZX (the "GLS Amendments") in late July of this year directly impacts the question at issue here, *i.e.*, SRTs are "digital commodities" as defined in the GLS Amendments, and thus, able to be included in existing ETPs.[2] The GLS

[1] *See* Request for Comment on Novel ETFs, Securities Act Release No. 33-11426; Exchange Act Release No. 34-105808; Investment Company Act Release No. IC-36228; File No. S7-2026-24, 91 Fed. Reg. 40647 (July 2, 2026).

[2] *See* Exchange Act Release No. 34-105995, 91 Fed. Reg. 48204 (July 30, 2026) (SR-NASDAQ-2026-032) (Nasdaq); Exchange Act Release No. 34-106001, 91 Fed. Reg. 48462 (July 31, 2026) (SR-NYSEARCA-2026-42) (NYSE Arca); Exchange Act Release No. 34-106011, 91 Fed. Reg. 48957 (Aug. 3, 2026) (SR-CboeBZX-2026-061) (Cboe BZX).

Amendments permit up to fifteen percent of a trust's net asset value to consist of "digital commodities" that do not independently satisfy the standards' eligibility criteria. But the fifteen-percent buffer does not address the more important case from an investor perspective, where a trust seeks to hold an SRT as a principal or sole digital asset to gain the benefits and efficiencies — as addressed in a separate letter to the Commission from the Coalition[3] — of having a fully-staked commodity-based ETP.

The Coalition recommends a simple framework: where the underlying digital commodity independently satisfies the generic listing standards, a qualifying SRT should be eligible through a look-through to that commodity, subject to objective criteria addressing the incremental risks introduced by the SRT. *First*, the underlying digital commodity should independently satisfy the applicable generic listing standards, which supplies the basis for commodity eligibility and for underlying-market surveillance. *Second*, the SRT must satisfy objective criteria addressing receipt-specific characteristics through disclosures regarding backing, redemption, valuation, liquidity, and operational integrity.

Implementing such standards will ultimately benefit investors and close a gap between products and the listing standards. A fully-backed and redeemable SRT can otherwise lack a clear path to principal-holding eligibility above the fifteen-percent buffer. An instrument that is in substance the eligible underlying commodity, held in a more liquid and capital-efficient form, can be left outside the listing framework for reasons unconnected to investor protection. The record already before the Commission in the pending VanEck JitoSOL ETF proceeding shows that the alternative is administrable,[4] because that record supplies the categories of evidence a generic standard would call for and can be tested once rather than being reconstructed by each sponsor in a separate filing — namely, equivalence. Where objective criteria establish that a qualifying SRT is economically equivalent to the underlying digital commodity, an exchange should be able to treat the SRT as that commodity for listing purposes, and the share of an ETP's holdings that the SRT represents becomes a risk-management and disclosure question for the issuer rather than an eligibility question for the Commission. Nasdaq itself advanced that reasoning in SR-NASDAQ-2026-016, representing that JitoSOL's economic value is directly derived from SOL and relying on published analysis of the price relationship between the two assets.[5] Equivalence of that kind will not hold for every SRT on every network, but the objective criteria described below provide the necessary standards for SRTs to be included in ETPs.

Two bodies of rules bear on the question here. The exchange listing standards govern whether a qualifying SRT can be listed without a separate proceeding for every product. Rule 6c-11 sets conditions on how a registered exchange-traded fund operates, aimed at the arbitrage

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[3] Written Input to the SEC's Crypto Task Force—Promoting the Use of Liquid Staking Tokens in Exchange-Traded Products, Jito Labs, Inc., Jito Foundation, Multicoin Capital Management, LLC, Solana Policy Institute *et al.* (July 31, 2025), https://www.sec.gov/files/ctf-written-letter-sec-07312025.pdf.

[4] VanEck JitoSOL ETF, Amendment No. 1 to Registration Statement on Form S-1, Reg. No. 333-289784 (Oct. 31, 2025), https://www.sec.gov/Archives/edgar/data/2082189/000162828025047866/vaneckjitosoletfs-1a.htm.

[5] Austin Campbell, Price Stability for Liquid Staking Tokens: Is JitoSOL an Equivalent to SOL? (Sept. 24, 2025), https://www.jito.network/Price-Stability-For-Liquid-Staking-Tokens---Is-JitoSOL-an-Equivalent-to-SOL.pdf (the "Campbell Report"); Exchange Act Release No. 34-105030, 91 Fed. Reg. 13661 (Mar. 20, 2026) (SR-NASDAQ-2026-016), at 17-18.

mechanism, portfolio transparency, and baskets, and those conditions were written to be asset- and strategy-neutral.[6] A fund holding a qualifying SRT already has to satisfy them. Section IV explains why that architecture should stay as it is rather than become an asset-by-asset screen. In both places the Commission should work through objective criteria tied to identified risks, rather than through product-by-product proceedings that continue to relitigate the same structural question.

The Coalition brings complementary perspectives to this matter. Multicoin is an SEC-registered investment adviser with experience in crypto ETP market structure; SPI advocates for sound policy for public blockchain networks and their users; and Jito Labs and the Jito Foundation have direct experience with stake pools on the Solana network ("Solana"), including the Jito Stake Pool and the associated JitoSOL SRT. In addition, as noted above, Nasdaq has a pending rule filing to list the VanEck JitoSOL ETF, which, if approved, would provide fully staked SOL exposure through JitoSOL.[7]

The Coalition respectfully recommends that the Commission:

- confirm that qualifying SRTs may be held within the GLS Amendments' fifteen-percent buffer and may constitute more than fifteen percent and up to all of an ETP's digital-asset holdings when they satisfy a generic look-through standard;
- adopt objective criteria for SRT eligibility addressing the legal predicate for the arrangement, the backing, redemption, and valuation of the receipt, the SRT's market relationship to and liquidity against the underlying commodity, and the operational integrity of the stake pool; and
- preserve Rule 6c-11's existing asset- and strategy-neutral structure, while confirming the Investment Company Act of 1940 ("Investment Company Act") treatment of qualifying SRTs and non-security digital commodities and coordinating with the Department of the Treasury ("Treasury") and the Internal Revenue Service ("IRS") on the tax treatment of SRT-based structures.

I. The Remaining SRT Eligibility Issue Is Narrow

The Commission has already addressed the principal securities law questions surrounding staking and SRTs. As an initial matter, in its March 2026 joint interpretive release with the U.S. Commodity Futures Trading Commission entitled "Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets" (the "Interpretation"), the Commission explained that, under certain well-defined circumstances, neither covered Protocol Staking Activities (as defined in the Interpretation), nor offers and sales of SRTs that are receipts for non-security crypto assets not subject to an

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[6] Rule 6c-11, 17 C.F.R. § 270.6c-11; *see* Exchange-Traded Funds, Securities Act Release No. 33-10695, Investment Company Act Release No. IC-33646, 84 Fed. Reg. 57162, 57163-64 (Oct. 24, 2019).

[7] Exchange Act Release No. 34-105030, *supra* note 5, at 6-8 (describing Jito Labs, the Jito Stake Pool, JitoSOL, and StakeNet); Jito Labs, Inc., Staking Receipt Tokens in ETPs, Comments on SR-NASDAQ-2026-016 (Apr. 22, 2026), https://www.sec.gov/comments/SR-NASDAQ-2026-016/srnasdaq2026016-767047-2354454.pdf.

investment contract, involve the offer or sale of a security when conducted in the manner and circumstances described in the Interpretation.[8]

In addition, the Commission has permitted staking within cryptoasset commodity-based trusts, and those products have operated successfully, including trusts holding SOL, the native digital asset for the Solana network. As noted above, though, the remaining issue is narrow: how and why the Commission should make a clear statement on the usage of SRTs in spot crypto ETPs to obtain full or partial staking exposure. That question can be resolved by applying the Commission's existing legal analysis and using objective listing criteria tied to the SRT's backing, redemption, liquidity, valuation, and operational characteristics.

A. Stake pools and staking receipt tokens operate through disclosed mechanics.

Given the Commission's prior in-depth work on staking and SRTs as set forth in the Interpretation, this letter provides only a brief overview of staking and SRTs.

To lower the barriers to entry for staking and to attract a wider array of participants in staking ecosystems, software developers created "stake pools." These pools are software programs that operate through onchain smart contracts. Users supply native digital assets to stake pool smart contracts — never relinquishing custody or control over those assets — and the stake pool software then delegates the native cryptocurrency to one or more validator nodes. The Interpretation describes the qualifying version of that arrangement. The receipt is fully backed by the deposited asset and its accrued rewards, redemption is subject only to the applicable protocol withdrawal process, issuance runs through a non-custodial mechanism, no fixed or guaranteed return attaches to the receipt, and fees are publicly disclosed. Withdrawal is not instantaneous. The supplied asset stays subject to the network's unbonding period, and the SRT remains transferable throughout that period.[9] The holder of the underlying asset remains the beneficial owner even when it is supplied to the stake pool.

There are two types of SRTs. A reward-bearing SRT keeps the number of units constant and lets each unit represent a growing quantity of the deposited asset, so rewards show up in the redemption ratio. A rebasing SRT works the other way, holding the ratio near one while the number of units a holder owns increases. JitoSOL is a reward-bearing SRT. A holder deposits SOL into the Jito Stake Pool, receives JitoSOL programmatically, and can either redeem through the pool subject to the unstaking period or sell the token in a secondary market. Those mechanics match the arrangement the Interpretation describes, and the criteria proposed in Section II are drawn from them.[10]

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[8] Application of the Federal Securities Laws to Certain Types of Crypto Assets and Certain Transactions Involving Crypto Assets, Securities Act Release No. 33-11412, Exchange Act Release No. 34-105020; File No. S7-2026-09; 91 Fed. Reg. 13714 (Mar. 23, 2026), § V.B.4 (the "Interpretation").

[9] Interpretation, *supra* note 8, § V.B.4; *see also* SEC Division of Corporation Finance, Statement on Certain Protocol Staking Activities (May 29, 2025), https://www.sec.gov/newsroom/speeches-statements/statement-certain-protocol-staking-activities-052925; SEC Division of Corporation Finance, Statement on Certain Liquid Staking Activities (Aug. 5, 2025), https://www.sec.gov/newsroom/speeches-statements/corpfin-certain-liquid-staking-activities-080525.

[10] Exchange Act Release No. 34-105030, *supra* note 5, at 6-8 (describing Jito Labs, the Jito Stake Pool, JitoSOL, and StakeNet); Jito Foundation, Liquid Staking Basics, https://www.jito.network/docs/jitosol/jitosol-liquid-staking/liquid-staking-basics/ (last visited Aug. 30, 2026).

B. The Commission has already supplied the legal predicate.

In stake pools that allow for broad-based staking across proof-of-stake networks, a holder deposits the proof-of-stake network's native digital asset and receives an SRT, a receipt evidencing the holder's interest in the deposited asset and a proportional amount of the rewards accruing to it according to the protocol-determined formula. Supplying a native digital asset to a stake pool and receiving an SRT in return does not change beneficial ownership of the underlying native digital asset. As set forth in the Interpretation, a qualifying SRT "merely evidences" the deposited digital commodity and that its value is derived from the deposited asset—that rewards accrue from the underlying protocol-staking activity—rather than from the essential managerial efforts of the liquid-staking provider or another third party. The Commission further recognized that the SRT remains transferable while the underlying asset is staked and is redeemable through the applicable staking arrangement, subject to the relevant withdrawal and unbonding mechanics.[11]

This description and conclusion in the Interpretation provide a workable legal predicate for identifying the class of SRTs that may be considered for ETP eligibility.

The issue is already live in both operating and filed-for products. The REX-Osprey SOL + Staking ETF's July 31, 2025 schedule of investments reported a JitoSOL position, demonstrating that an SRT position has been acquired, custodied, valued, and reported in at least one U.S.-listed registered-fund structure. VanEck has separately filed for a trust that would hold JitoSOL as its sole digital asset, together with cash and cash equivalents. Together, those products illustrate why the Commission would benefit from a general standard that can accommodate both limited and principal SRT holdings.[12]

C. The July amendments partially solve the listing issue.

In late July, the Commission approved the GLS Amendments, which permit up to fifteen percent of a Commodity-Based Trust Share's net asset value to consist of digital commodities that do not independently satisfy the applicable eligibility criteria. They define a "digital commodity" as a digital asset that is intrinsically linked to and derives its value from the programmatic operation of a functional crypto system and supply-and-demand dynamics, rather than from the expectation of profits from the essential managerial efforts of others. The Coalition's position is that a qualifying SRT fits within that definition and therefore should be eligible within the fifteen-percent buffer. More importantly, when the underlying digital commodity independently satisfies the generic listing standards, a qualifying SRT should be eligible above the buffer through the look-through or "equivalency" approach described below, subject to objective criteria addressing the incremental risks introduced by the receipt.[13] That reading accords with the statutory definition to which the exchanges have committed to conform, and with the Commission's own rationale for the fifteen-percent threshold.[14]

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[11] Interpretation, *supra* note 8, § V.B.4.

[12] REX-Osprey SOL + Staking ETF, Schedule of Investments (July 31, 2025), Form N-CSR (reporting approximately $2.34 million in JitoSOL); VanEck JitoSOL ETF Registration Statement, *supra* note 4.

[13] Nasdaq Rule 5711(d)(iii)(D); Exchange Act Release Nos. 34-105995, 34-106001 & 34-106011, *supra* note 2.

[14] The eighty-five/fifteen line reflects the Commission's own reasoning: in approving Commodity-Based Trust Shares holding baskets of digital assets, the Commission found that fraud and manipulation risks are sufficiently

The Commission should explicitly confirm that a qualifying SRT falls within the buffer when it satisfies the "digital commodity" definition. The exchanges that proposed the GLS Amendments stated that the generic standards are not intended to encompass novel or materially distinct structures that were not considered when the standards were adopted. That caveat creates avoidable uncertainty about whether an SRT falls within the fifteen-percent buffer even where it satisfies the text of the "digital commodity" definition. An express confirmation would resolve the issue for limited SRT allocations without expanding the scope of the buffer beyond digital commodities, while the look-through approach described below would address qualifying SRT holdings above the buffer.

D. <u>A generic look-through should address SRT holdings above fifteen percent</u>.

The fifteen-percent buffer does not address a product that seeks to hold a qualifying SRT as its principal or sole non-security cryptoasset. For those products, the generic listing standards already suggest a workable approach. Nasdaq Rule 5711(d)(iii)(C) defines a "commodity-based asset" to include a future, option, or swap on a commodity, while Rule 5711(d)(iv)(A) sets out eligibility criteria by reference to the underlying commodity. That structure allows the derivative to qualify through an eligible underlying commodity.[15]

A qualifying SRT has an even more direct relationship to its underlying commodity. Unlike a cash-settled derivative, an SRT evidences an ownership interest in the underlying digital commodity supplied to the stake pool and accrued rewards and is redeemable through the staking arrangement. Where the objective criteria are satisfied, the SRT is the underlying commodity held in receipt form, and eligibility should follow from that equivalence. The Commission should therefore permit exchanges, or issuers, to determine a qualifying SRT's eligibility by reference to the underlying digital commodity, while separately addressing the SRT-specific risks described below. That approach would permit partial or full exposure to qualifying SRTs, including holdings above the fifteen-percent buffer, without requiring each sponsor to establish the same proposition in a separate Rule 19b-4 proceeding.

Depositary receipts offer another useful analogy. An American Depositary Receipt is a negotiable receipt, issued by a depositary against securities deposited with a custodian, that is treated for eligibility purposes as the underlying security it represents. A qualifying SRT is the same kind of instrument: a receipt, fully backed by and redeemable for a deposited underlying asset. Whereas a depositary receipt depends on a depositary institution and a deposit agreement, a holder's assurance that the receipt is backed rests on that institution's performance and on periodic reporting. A qualifying SRT's backing is instead verifiable directly and continuously onchain, and redemption is executed programmatically rather than through an intermediary's

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mitigated where a trust holds at least eighty-five percent of its investments in commodities the Commission has approved to underlie an exchange-traded product. *See* Exchange Act Release No. 34-103996, 90 Fed. Reg. 45440, 45443 (Sept. 22, 2025) (SR-NYSEARCA-2024-87); Exchange Act Release No. 34-104212, 90 Fed. Reg. 52724, 52726 (Nov. 21, 2025) (SR-NYSEARCA-2024-98); *see also* Jito Foundation, Have Your Stake, And Eat It Too, https://www.jito.network/blog/have-your-stake/ (last visited Aug. 30, 2026).

[15] Nasdaq Rules 5711(d)(iii)(C), 5711(d)(iii)(D), 5711(d)(iv)(A); Exchange Act Release No. 34-105995, *supra* note 2, at 2-3.

discretion. Where the depositary-receipt model asks the Commission to accept an intermediated promise of backing, a qualifying SRT makes the backing observable.[16]

The proposed look-through or equivalency would be limited to listing eligibility. It would not deem an SRT identical to its underlying commodity for every regulatory purpose. A generic framework can instead require two separate showings: *first*, that the underlying digital commodity independently satisfies the applicable generic listing standards; and *second*, that the SRT satisfies objective criteria addressing the receipt-specific characteristics that the underlying-commodity analysis does not reach. These objective criteria are the gateway to both requested forms of eligibility: inclusion within the fifteen-percent digital-commodity buffer and, where the underlying commodity independently satisfies the generic listing standards, look-through eligibility for principal or full SRT exposure. The first inquiry supplies the basis for commodity eligibility and underlying-market surveillance. The second addresses whether the receipt supports reliable valuation, liquidity, custody, and creation and redemption. Resolving the question matters because, absent action, a fully backed and redeemable SRT may be treated as eligible only within the fifteen-percent digital-commodity buffer, and not as a qualifying primary holding through a look-through to the eligible underlying commodity.

II. Objective Criteria Can Address the Risks That Distinguish an SRT from Its Underlying Commodity

Given the inherent features of SRTs, the Coalition urges the Commission to adopt objective eligibility criteria through a generic framework to set forth which SRTs are appropriate for inclusion in commodity-based non-security cryptoasset ETPs. Adopting such a framework will eliminate the need for product-by-product merits determinations or proceedings that re-litigate the same structural question, while also addressing potential risks associated with redemption mechanics, secondary-market liquidity, smart contracts, governance, validator selection, custody, and valuation.

The Coalition proposes that a generic framework should require, at minimum, the following:

- **Legal predicate.** The underlying asset should be a non-security crypto asset that is not subject to an investment contract, and the SRT and relevant staking arrangement should satisfy the conditions described in the Interpretation.
- **Backing, redemption, and valuation.** The SRT should evidence a transparent and independently verifiable interest in the underlying digital commodities held in the stake pool, including accrued rewards; the redemption mechanism and any unbonding period should be disclosed and operationally reliable; and the ETP should have reliable inputs for valuing both the SRT and the underlying asset.

[16] American Depositary Receipts are registered under the Securities Act on Form F-6, 17 C.F.R. § 239.36, which is available only where the deposited securities are, among other conditions, freely transferable and the holder is entitled to withdraw them at any time subject to specified exceptions—conditions closely parallel to the backing and redemption criteria described below. *See also* Securities Act Rule 466, 17 C.F.R. § 230.466 (immediate effectiveness for certain Form F-6 registration statements); Exchange Act Release No. 34-78397, 81 Fed. Reg. 49320 (July 27, 2016) (SR-NYSEArca-2015-110) (counting American Depositary Receipts toward the requirements applicable to the underlying equity securities).

- **Market relationship and liquidity.** The digital commodity underlying the SRT should independently satisfy the applicable generic listing standards. The SRT should demonstrate a sufficiently stable economic relationship to the underlying asset, adequate trading and redemption history, reliable price information, and liquidity sufficient to support creations, redemptions, and the arbitrage mechanism under reasonably foreseeable market conditions.

- **Operational integrity.** The framework should address smart contract audits and source-code transparency, governance and upgrade authority, validator-selection and concentration risk, slashing, incident response, custody, and reliable mint-and-redeem functionality. Material fees, conflicts, and discretionary control should be disclosed. These criteria build on conditions the Interpretation already articulates and on objective, liquidity-based screens the Coalition's members have previously proposed to the Commission.[17]

While the Interpretation addresses the legal status of the SRT and the underlying staking activity, the listing standards address whether the SRT presents market-integrity, liquidity, valuation, or operational risks that warrant additional conditions for use in a regulated ETP. The Commission should address those incremental risks directly, rather than treating the novelty of the asset or mechanism as a reason for exclusion or for delaying determinations on pending ETP products that use SRTs. It should likewise avoid product-by-product proceedings that re-litigate the same structural questions.

A. <u>Market evidence can test the relationship between an SRT and its underlying commodity</u>.

The relationship between an SRT and its underlying commodity is capable of empirical testing.

For example, in September 2025, Austin Campbell published an analysis of JitoSOL and SOL that examined exchange trading data, the mint-and-redeem mechanism, and the basis between the two assets. The analysis explains that JitoSOL's redeemability for the underlying asset, subject to the applicable unstaking period, provides a direct basis for arbitrage between the receipt and the underlying asset. It found hourly price correlations of approximately 0.9979 on OKX and 0.9985 on Coinbase and found the hourly basis between price changes to be small and non-directional. The report also explains why a reward-bearing SRT should not be expected to trade at a fixed one-to-one price with the underlying asset: as staking rewards accrue, each unit of the SRT represents an increasing amount of the underlying commodity.[18]

Nasdaq relied on that analysis in the pending VanEck JitoSOL filing. The exchange cited the reported correlations as support for its view that potential fraud or manipulation affecting JitoSOL would also be expected to affect SOL and SOL futures, and therefore that

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[17] *See* Letter from Multicoin Capital Management, LLC re SR-CboeBZX-2025-104; SR-NASDAQ-2025-056; SR-NYSEARCA-2025-54 (Aug. 25, 2025) (proposing, among other things, a floating-market-capitalization floor and an average-daily-volume floor). With respect to certain SRTs such as JitoSOL, institutional mint-and-redeem functionality is already available to sponsors and authorized participants through qualified custodians such as Anchorage Digital and BitGo.

[18] Campbell Report, *supra* note 5, at 12.

surveillance-sharing arrangements covering SOL futures could provide relevant information for surveillance of the proposed JitoSOL trust. Nasdaq also noted that SOL futures trade on CME and Coinbase Derivatives, both members of the Intermarket Surveillance Group. That evidence goes directly to the market-integrity question the Commission must resolve under Section 6(b)(5).[19]

Separate analysis of stETH and ETH reaches a similar conclusion on another proof-of-stake network. Steakhouse Financial examined the relationship among stETH, spot ETH, and CME ETH futures and reported sustained price convergence and meaningful secondary-market liquidity.[20] The fact that similar results appear across different networks supports the broader point that well-designed SRTs can maintain a close and testable economic relationship with their underlying digital commodities. That is why the Commission should adopt objective criteria that can be applied across qualifying SRTs, rather than standards tailored to any single token or network.

B. SRTs can support liquidity management and the arbitrage mechanism.

Direct staking creates a timing issue that an exchange-traded wrapper must manage. Assets committed to staking are subject to network-specific withdrawal mechanics, while ETP shares trade continuously and creations and redemptions require timely movement of portfolio assets. Recent ETP disclosures describe the possibility that an extended cooldown period could impair the ability to meet redemption requests on the expected timetable and require additional liquidity-management measures. SRTs can reduce that mismatch by providing a transferable asset representing the staked position while preserving a path to redemption of the underlying commodity.[21]

A qualifying SRT can add another liquidity mechanism. Rather than first waiting to unstake the underlying asset, a holder may be able to transfer the SRT in a secondary market or redeem it through the staking arrangement, subject to the applicable protocol mechanics. For an ETP, that can reduce the amount of the portfolio that must remain unstaked solely to manage foreseeable redemptions and can reduce reliance on financing or other transactions undertaken only to convert staked assets into transferable assets. An ETP that stakes directly must either maintain an unstaked liquidity buffer or arrange financing to meet redemptions during the unbonding period, introducing cash drag or counterparty dependency. An SRT-based structure can reduce that trade-off, allowing a greater share of the portfolio to remain staked while preserving a transferable asset and, in turn, supporting a tighter and more mechanical arbitrage band between share price and net asset value.

Liquidity will vary across SRTs. The relevant inquiry should consider secondary-market depth, transaction costs, settlement timing, the capacity and reliability of the redemption

[19] Exchange Act Release No. 34-105030, *supra* note 5, at 17-18, 25-27.

[20] Steakhouse Financial, Economic Analysis of the Use of stETH in the Context of an ETF or Exchange Traded Product (July 8, 2024), archived at https://web.archive.org/web/20250613032955/https://www.steakhouse.financial/projects/steth-etf.

[21] *See* Bitwise Solana Staking ETF, Post-Effective Amendment No. 2 to Registration Statement on Form S-1 (Aug. 13, 2026), https://www.sec.gov/Archives/edgar/data/2045872/000119312526349138/bsol-20260813.htm (discussing cooldown periods, T+2 redemptions, and circumstances in which unstaking may take longer than expected). These risks are enhanced on networks that have longer or variable unbonding periods, such as Ethereum.

mechanism, the applicable unbonding period, custody and mint-and-redeem functionality, and reasonably foreseeable stressed conditions. An SRT with thin markets or a fragile redemption process may present materially different liquidity risks from one with multiple trading venues and a well-tested redemption mechanism. A generic framework should require both the sponsor and the exchange to demonstrate those facts.

SRTs can also facilitate valuation where rewards accrue through an observable exchange-rate mechanism. Nasdaq describes JitoSOL as a reward-bearing token whose quantity remains constant while each unit represents an increasing amount of SOL as staking rewards accrue.[22] For a structure of that kind, the ETP's exposure can be evaluated using the number of SRT units held, a verifiable redemption ratio, and reliable pricing for the SRT and underlying commodity. The framework should require reliable valuation inputs and appropriate fallback procedures, but the accrual of staking rewards does not itself make valuation indeterminate. Where the redemption ratio is published onchain in real time and the underlying commodity trades on regulated venues, the SRT's value rests on two observable inputs rather than on modeled or unobservable estimates—a more auditable basis than the offchain reward accruals a directly staked position generates between distribution dates.[23]

C. <u>Incremental SRT risks should be addressed directly</u>.

The additional risks introduced by an SRT are identifiable. Smart contract risk depends on the code that governs deposits, withdrawals, reward accounting, and any administrative controls. Governance risk depends on who can change that code or its parameters and under what procedures. Validator-selection and concentration risk depend on how stake is delegated and whether the arrangement creates exposure to a small number of validators or service providers. Custody and operational risk depend on whether institutional holders and authorized participants can reliably custody, transfer, mint, and redeem the token. Those are appropriate subjects for eligibility criteria, due diligence, and disclosure.

Redemption constrains, but does not eliminate, secondary-market discount risk. A discount to the value of the underlying assets may create an arbitrage opportunity where a holder can acquire the SRT and redeem it for the underlying commodity. The effectiveness of that mechanism still depends on redemption capacity, fees, transaction costs, and the time required to complete any unbonding process. The Commission therefore should not classify every SRT as liquid or equivalent to its underlying commodity by definition. The better approach is to identify the conditions under which the receipt structure performs as intended. Not every liquid-staking token on every network will satisfy those conditions, which is an argument for objective criteria rather than categorical inclusion or exclusion.

The same approach can address governance and commingling concerns. A non-custodial stake pool may aggregate deposited assets in an onchain program, but those assets are not thereby pooled with the operating assets and liabilities of a sponsoring company. A transparent

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[22] Exchange Act Release No. 34-105030, *supra* note 5, at 6-8 (describing JitoSOL as a reward-bearing SRT whose redemption ratio increases as staking rewards accrue).

[23] A registered fund values holdings at market value where market quotations are readily available and otherwise at fair value determined in good faith. *See* Investment Company Act § 2(a)(41)(B), 15 U.S.C. § 80a-2(a)(41)(B); Rule 2a-5, 17 C.F.R. § 270.2a-5. Nothing in the Coalition's recommendations would alter a fund's obligations under Rule 2a-5 or Rule 31a-4, 17 C.F.R. § 270.31a-4. An observable look-through valuation also gives market participants an incentive to arbitrage secondary-market prices toward the value of the underlying assets, mirroring the economic drivers of ETF secondary-market pricing under Rule 22c-1, 17 C.F.R. § 270.22c-1.

pool can make backing, delegation, and redemption activity independently verifiable onchain. Likewise, where validator selection follows published criteria implemented through auditable code, the Commission can evaluate the actual allocation and governance mechanisms rather than assume the existence of discretionary intermediary risk. Those features allow the Commission to assess the structure based on how assets are held, how validators are selected, and how redemptions are processed.

D. JitoSOL provides a working example.

Nasdaq's pending rule filing to list the VanEck JitoSOL ETF illustrates the issue: the proposed trust would hold JitoSOL as its sole digital asset, together with cash and cash equivalents, and would provide fully staked SOL exposure through JitoSOL if approved. Nasdaq represented that JitoSOL evidences ownership of deposited SOL and accrued staking rewards, and that JitoSOL does not independently satisfy the commodity eligibility criteria in Rule 5711(d)(iv)(A). Nasdaq nevertheless argued that JitoSOL's economic value is directly derived from SOL and cited consistent historical hourly price correlations. The filing further notes that SOL futures trade on CME and Coinbase Derivatives, both ISG members.[24] Those are the kinds of facts a generic framework should test once through objective criteria rather than require every sponsor to reconstruct in a bespoke filing.[25]

The pending rule filing is especially instructive because it concerns a product built around an SRT as its principal holding. The VanEck trust would hold JitoSOL as its only digital asset, alongside cash and cash equivalents, and would seek to track JitoSOL's performance directly.[26] That structure puts before the Commission the question left open by the fifteen-percent buffer: how the generic listing standards should apply when a qualifying SRT constitutes the principal digital asset exposure of the ETP.

The Jito Stake Pool also illustrates how SRT-specific operational criteria can be tested. As described in Nasdaq's filing, Jito Labs developed the Jito Stake Pool, which is administered through StakeNet. Users deposit SOL into the pool's smart contracts and receive JitoSOL programmatically. StakeNet delegates deposited SOL to validators based on objective performance criteria, while the pool tracks the deposited SOL and staking rewards. A holder may redeem JitoSOL through the pool, subject to the applicable unstaking period, or transfer the token in a secondary-market transaction.[27]

The allocation mechanism is designed to make validator selection more transparent and less dependent on a centralized operator. Jito's technical documentation describes onchain Validator History and Steward programs that evaluate validator performance and determine target stake allocations, with permissionless keepers executing the resulting transactions.

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[24] Exchange Act Release No. 34-105030, *supra* note 5, at 17-18 (citing Campbell Report for hourly JitoSOL/SOL price correlations of approximately 0.9979 on OKX and 0.9985 on Coinbase and noting that SOL futures trade on CME and Coinbase Derivatives, both ISG members).

[25] Exchange Act Release No. 34-105030, *supra* note 5 (notice of filing); Exchange Act Release No. 34-105339, 91 Fed. Reg. 24625 (May 6, 2026) (extension); Exchange Act Release No. 34-105723, 91 Fed. Reg. 37487 (June 23, 2026) (order instituting proceedings under Exchange Act § 19(b)(2)(B).

[26] VanEck JitoSOL ETF Registration Statement, *supra* note 4, at 6-10.

[27] Exchange Act Release No. 34-105030, *supra* note 5, at 6-8.

StakeNet scores validators on objective, publicly observable performance data, delegates stake across roughly 250 of them, and rebalances on a fixed cadence. Changing that code or its parameters requires an onchain vote of the Jito DAO, whose JTO governance token sits in roughly 63,000 wallets, and neither Jito Labs nor the Jito Foundation has ever voted its tokens. None of these functions amounts to the kind of managerial effort that would take a cryptoasset outside digital commodity status. JitoSOL has paid rewards to holders continuously since its 2022 launch. This structure is relevant to the proposed operational-integrity criterion because it makes the rules governing delegation and rebalancing observable and capable of being evaluated directly.[28]

The governance structure likewise provides information that can be evaluated. Nasdaq's filing describes the Jito Foundation as led by independent directors with an independent supervisor, while JTO governance-token holders retain ultimate authority over the Foundation, including authority to remove the supervisor and directors. The same filing states that significant influence over the ongoing development and governance of JitoSOL and StakeNet lies with the Jito DAO. Those facts illustrate the type of information a sponsor should disclose so the exchange and Commission can assess who can exercise material control and under what procedures.[29]

Technical risk can be evaluated similarly. JitoSOL uses the Solana Program Library stake-pool program, and Jito Foundation materials identify audits of that program by Quantstamp, Neodyme, and Kudelski.[30] Along those lines, a generic standard could instead require appropriate independent security review, public identification of material program addresses and upgrade authorities, and disclosure of any emergency or administrative controls.

The market record is also substantial enough to permit meaningful surveillance and valuation analysis. Nasdaq reported that JitoSOL had a free-float market capitalization of approximately $1 billion as of the rule filing and emphasized the continuous, geographically dispersed nature of JitoSOL trading and the role of cross-venue arbitrage. The proposed trust would value JitoSOL using a rules-based index drawing on multiple trading platforms, with methodology intended to mitigate anomalous trading and provide a volume-weighted fair value. Nasdaq relied on those facts, together with the JitoSOL/SOL correlation and SOL futures surveillance arrangements, in arguing that the proposal is consistent with Section 6(b)(5).[31]

Taken together, the JitoSOL record demonstrates why a generic standard is administrable. The Commission would not need to declare JitoSOL or any other SRT categorically equivalent to its underlying commodity. It could require the same types of

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[28] *See* Exchange Act Release No. 34-105030, *supra* note 5, at 7-8; VanEck JitoSOL ETF Registration Statement, *supra* note 4; Jito Foundation, Automated Management via Stakenet, https://www.jito.network/docs/jitosol/jitosol-liquid-staking/stake-pool-operations/automated-management/ (last visited Aug. 28, 2026); Jito Foundation, Technical FAQs, https://www.jito.network/docs/jitosol/faqs/technical-faqs/.

[29] Exchange Act Release No. 34-105030, *supra* note 5, at 7-8.

[30] Jito Foundation, Deployed Programs, https://www.jito.network/docs/jitosol/jitosol-liquid-staking/security/deployed-programs/ (last visited Aug. 28, 2026).

[31] Exchange Act Release No. 34-105030, *supra* note 5, at 17-19, 25-29.

evidence in each case: an eligible underlying commodity; a transparent and reliable claim on deposited assets and rewards; measurable price linkage; sufficient trading and redemption liquidity; reliable valuation; transparent governance and validator-selection controls; and appropriate custody and technical safeguards.

III. The Exchange Act Favors Generic Standards Over Repeated Product-Specific Proceedings

The federal securities laws are grounded in disclosure rather than merit regulation, and they expressly disclaim any inference that registration or effectiveness represents Commission approval of the merits of a security. That principle does not displace the Commission's Section 6(b)(5) obligation in the exchange-listing context. The Commission must determine whether an exchange's rules are designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. The Coalition believes that finding should be made through objective, generally applicable criteria tied to the relevant identified risks, with product-specific proceedings reserved for structures that fall outside those criteria.[32]

That approach also better serves the Commission's statutory obligations concerning efficiency, competition, and capital formation. Generic listing standards reduce the time and cost of bringing products to market while preserving the requirements the Commission has found necessary to satisfy the Securities Exchange Act of 1934 ("Exchange Act"). Rule 19b-4(e) is designed for exactly that purpose: once the Commission has approved the trading rules, procedures, listing standards, and surveillance program for a product class, qualifying products can commence trading without a separate proposed rule change.[33]

Generic treatment would not relax the Commission's standards. Rule 19b-4(e) operates only after the Commission has approved the trading rules, procedures, listing standards, and surveillance program for the product class. Rule 6c-11 reflects a similar regulatory design in another context: the Commission replaced individualized ETF exemptive orders with a generally applicable framework while preserving conditions directed to the arbitrage mechanism, portfolio transparency, and other investor-protection concerns. In adopting Rule 6c-11, the Commission identified reduced barriers to entry, greater competition, and innovation as benefits of moving from case-by-case relief to generally applicable rules. The same design principle supports resolving recurring SRT eligibility questions through stated criteria rather than repeated product-specific proceedings.[34]

The pending JitoSOL proceeding demonstrates the inefficiency of leaving the SRT question unresolved. Nasdaq filed SR-NASDAQ-2026-016 because JitoSOL does not independently satisfy the commodity eligibility tests even though the exchange represented that the trust would otherwise comply with the generic standards. The Commission later extended the time for action and then issued an Order Instituting Proceedings under Section 19(b)(2)(B) to consider whether the proposal satisfies Section 6(b)(5), expressly asking whether the product

[32] Securities Act § 23, 15 U.S.C. § 77w; Exchange Act §§ 3(f), 6(b)(5), 6(b)(8), 26, 15 U.S.C. §§ 78c(f), 78f(b)(5), 78f(b)(8), 78z; *see SEC v. Capital Gains Research Bureau, Inc.*, 375 U.S. 180, 186 (1963).

[33] Exchange Act Rule 19b-4(e), 17 C.F.R. § 240.19b-4(e); Exchange Act Release No. 34-105995, *supra* note 2, at 8-9.

[34] Exchange-Traded Funds, *supra* note 6, at 57163-64; Exchange Act Rule 19b-4(e), 17 C.F.R. § 240.19b-4(e).

raises new or novel concerns not previously contemplated. A generic SRT framework would allow the Commission to answer that recurring question once and apply the answer consistently to later products.[35]

The costs of the current approach also fall unevenly. A regime in which economically equivalent products reach the market only through separate, contested proceedings burdens later filers and sponsors of structurally novel—though not necessarily riskier—products, while incumbents whose products cleared an earlier and more discretionary standard bear no comparable expense. That is the kind of burden on competition Section 6(b)(8) directs the Commission to weigh, and it is all the more striking here because no comments in opposition have been filed in the pending JitoSOL proceeding. Should the Commission decline to extend generic treatment, that departure from the objective-standards approach it has recently and deliberately adopted would call for a reasoned explanation of the change and of the alternatives considered.[36]

The same consistency concern applies here. A qualifying SRT is not identical to its underlying commodity, and the additional risks should be addressed directly. But where the underlying-market surveillance, economic relationship, backing, and redemption mechanics are established, any different listing treatment should rest on those identified differences rather than on the novelty of the wrapper.

IV. Rule 6c-11 Should Remain Asset- and Strategy-Neutral

The Request notes that Rule 6c-11 defines the structural characteristics that support effective ETF arbitrage but does not restrict the investment strategies or asset classes an ETF may pursue. The Commission should preserve that architecture. A registered fund holding a qualifying SRT must still satisfy the Investment Company Act and Rule 6c-11 requirements applicable to liquidity, valuation, custody, baskets, creations and redemptions, portfolio transparency, and the arbitrage mechanism. Those structural requirements should not be converted into a new asset-by-asset eligibility regime merely because an ETF seeks exposure to staking.[37]

The exchange listing standards and Rule 6c-11 therefore answer different questions. The former should determine when an SRT may qualify for generic listing treatment; the latter should continue to govern the structural operation of registered ETFs without imposing a new SRT-specific asset screen. If the Commission ultimately adopts generally applicable portfolio

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[35] Exchange Act Release No. 34-105030, *supra* note 5 (notice of filing); Exchange Act Release No. 34-105339, *supra* note 25 (extension); Exchange Act Release No. 34-105723, *supra* note 25 (order instituting proceedings under Exchange Act § 19(b)(2)(B); SR-NASDAQ-2026-016).

[36] Exchange Act § 6(b)(8), 15 U.S.C. § 78f(b)(8) (exchange rules may not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act). On the obligation to explain a change in approach and to consider alternatives, see *Motor Vehicle Mfrs. Ass'n v. State Farm Mut. Auto. Ins. Co.*, 463 U.S. 29, 42-43 (1983); *FCC v. Fox Television Stations, Inc.*, 556 U.S. 502, 515 (2009). Consistency also matters under the Administrative Procedure Act. In *Grayscale Investments, LLC v. SEC*, 82 F.4th 1239, 1252-53 (D.C. Cir. 2023), the D.C. Circuit vacated the Commission's denial of a spot bitcoin product because the Commission had not adequately explained its different treatment of materially similar products.

[37] Request for Comment on Novel ETFs, *supra* note 1, at 8; Rule 6c-11, 17 C.F.R. § 270.6c-11; Exchange-Traded Funds, *supra* note 6.

conditions for Novel ETFs, it should coordinate those conditions with the generic listing standards so that the two frameworks do not produce inconsistent results for the same qualifying SRT.

A. <u>Liquidity should be addressed through existing frameworks, not a new categorical SRT cap</u>.

Existing rules already distinguish between asset eligibility and portfolio liquidity. For investment companies, Rule 22e-4 generally limits a registered fund's acquisition of illiquid investments when more than fifteen percent of net assets would be illiquid. For non-investment company ETPs, the Commodity-Based Trust Share standards use a separate fifteen-percent concept for holdings that do not independently satisfy specified listing-eligibility criteria and separately require liquidity-risk policies addressing whether at least eighty-five percent of a trust's assets are readily available to meet redemptions within one business day. Those provisions address different risks. An SRT's treatment under the listing buffer should not determine its liquidity classification, and a liquidity determination should not substitute for the separate listing-eligibility analysis.[38]

For a qualifying SRT, liquidity should be evaluated based on the characteristics that actually affect an ETP's ability to create and redeem shares, including secondary-market depth and spreads, protocol redemption capacity, transaction costs, settlement and unbonding timing, reliable valuation inputs, and reasonably foreseeable stressed conditions. If the Commission adopts additional portfolio conditions for Novel ETFs, it should specify how compliance is measured, how passive market-value changes are treated, what cure periods apply, and how those conditions interact with Rule 22e-4 and the exchange listing standards. The fifteen-percent listing buffer should not become a de facto liquidity limit simply because both frameworks use the same number. Applied to a qualifying SRT, the seven-day benchmark embedded in Rule 22e-4's liquidity classifications will often be satisfied where the applicable unbonding period is materially shorter and the SRT is separately transferable in secondary markets.[39]

B. <u>Investment Company Act status should follow the issuer's actual business and holdings</u>.

The Commission should also clarify the Investment Company Act treatment of qualifying SRTs. The March Interpretation formally construes the definitions of "security" under the Securities Act of 1933 ("Securities Act") and Exchange Act, not Section 2(a)(36) of the Investment Company Act. For Investment Company Act purposes, Section 3(a)(1)(A) supplies a subjective test (the "Subjective Test") based on whether an issuer is, or holds itself out as, engaged primarily in the business of investing in securities, while Section 3(a)(1)(C) supplies an objective asset test (the "Objective Test") keyed to ownership of investment

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[38] Rule 22e-4, 17 C.F.R. § 270.22e-4; Nasdaq Rule 5711(d)(iii)(D); Exchange Act Release No. 34-105995, *supra* note 2, at 7-9.

[39] Rule 22e-4 classifies investments by reference to the number of days within which a position is reasonably expected to be convertible to cash without significantly changing its market value. *See* 17 C.F.R. § 270.22e-4(a)(8), (b)(1)(ii). While some SRTs may not guarantee withdrawal within seven calendar days, many—including JitoSOL—fit within that period given the Solana network's approximately forty-eight-hour unbonding period. Classification remains a facts-and-circumstances determination for the fund and its adviser.

securities exceeding forty percent of total assets, excluding government securities and cash items. The Interpretation's reasoning supports, but does not by itself resolve, the separate question whether a qualifying SRT that is a receipt for a non-security digital commodity and is not itself subject to an investment contract is an "investment security" under the Investment Company Act. On the facts described here, it should not be treated as an "investment security" merely because it is held through an exchange-traded wrapper. The Commission should confirm that result and continue to apply the Subjective Test based on the issuer's actual business and the full facts and circumstances, including the five *Tonopah* factors (*i.e.*, the nature of the issuer's present assets, its sources of present income, the activities of its employees, its history, and its public representations concerning its business) where relevant.[40]

That distinction also matters where a registered fund uses a wholly owned subsidiary. For the Objective Test, Section 3(a)(2) excludes from "investment securities" securities issued by a majority-owned subsidiary that is not itself an investment company and does not rely on Sections 3(c)(1) or 3(c)(7). The Subjective Test should continue to turn on the issuer's actual business under the *Tonopah* factors. The mere use of a subsidiary to obtain exposure to a non-security digital commodity or qualifying SRT should not, by itself, determine investment-company status. This preserves structural flexibility without changing the substantive requirements applicable to either wrapper.[41]

Tax treatment is a separate issue for Treasury and the IRS. Revenue Procedure 2025-31 provides a safe harbor for certain trusts that directly stake their digital assets and otherwise qualify as investment trusts and grantor trusts, but it does not expressly address a trust that obtains staking exposure by holding an SRT. The revenue procedure also directs that no inference be drawn regarding transactions outside its scope.[42] The Commission should coordinate with Treasury and the IRS so that SRT-based structures can obtain comparably clear tax treatment, while leaving the substantive tax determination to the tax authorities.

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The Commission has already supplied the securities-law framework for qualifying SRTs and, through the GLS Amendments, created a fifteen-percent pathway for digital commodities that do not independently satisfy the eligibility criteria. It should complete that framework by confirming that qualifying SRTs fall within the fifteen-percent buffer and by adopting a generic look-through approach for qualifying SRT holdings above that level when the underlying digital commodity independently satisfies the listing standards. Objective criteria addressing backing, redemption, valuation, liquidity, and operational risk can protect investors and market integrity without requiring each sponsor to relitigate the same eligibility question in a separate proceeding.

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[40] Investment Company Act §§ 2(a)(36), 3(a)(1)(A), 3(a)(1)(C), 15 U.S.C. §§ 80a-2(a)(36), 80a-3(a)(1)(A), 80a-3(a)(1)(C); *Tonopah Mining Co. of Nevada*, 26 S.E.C. 426 (1947).

[41] Investment Company Act §§ 3(a)(1)(A), 3(a)(1)(C), 3(a)(2), 15 U.S.C. §§ 80a-3(a)(1)(A), 3(a)(1)(C), 3(a)(2); *Peavey Commodity Futures Fund I, II & III*, SEC No-Action Letter, 1983 SEC NoAct. LEXIS 2576 (pub. avail. June 2, 1983); *Tonopah Mining Co. of Nevada*, *supra* note 40.

[42] Rev. Proc. 2025-31, 2025-48 I.R.B. 743 (Nov. 24, 2025); Treas. Reg. § 301.7701-4(c).

We appreciate the opportunity to comment and would welcome the opportunity to discuss these issues further with the Commission and its staff.

Respectfully submitted,

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