Securities Regulation Daily Wrap Up, EXCHANGES AND MARKET REGULATION—Three exchanges get SEC's approval to adopt listing standards for crypto asset ETPs, (Sep 18, 2025)

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The action allows Nasdaq, Cboe BZX Exchange, and NYSE Arca to adopt generic listing standards for commodity-based trust shares.

The SEC voted to approve proposed rule changes from Nasdaq, Cboe BZX Exchange, and NYSE Arca that will allow them to adopt generic listing standards for exchange-traded products that hold spot commodities, including digital assets. The Commission said that the exchanges may now list and trade commodity-based trust shares that meet the requirements of the approved generic listing standards without submitting a proposed rule change to the agency under 1934 Act Section 19(b).

The SEC also approved the listing and trading of the Grayscale Digital Large Cap Fund, which holds spot digital assets based on the CoinDesk 5 Index, and approved the listing and trading of p.m.-settled options on the Cboe Bitcoin U.S. ETF Index and the Mini-Cboe Bitcoin U.S. ETF Index with third Friday expirations, nonstandard expirations, and quarterly index expirations.

Commission findings. The Commission determined that the exchanges' ability to rely on 1934 Act Rule 19b-4(e) to list and trade commodity-based trust shares that meet the specified requirements will reduce the timeframe for bringing the shares to market, thereby reducing the burdens on market participants and promoting competition. "This approval helps to maximize investor choice and foster innovation by streamlining the listing process and reducing barriers to access digital asset products," SEC Chair Paul Atkins said.

The SEC also found that the proposed eligibility requirements for commodities and commodity-based assets that may underlie commodity-based trust shares are reasonably designed to help prevent fraudulent and manipulative acts and practices, to remove impediments to an open market, and to protect investors.

Commissioner Hester Peirce noted that the agency previously provided a path for an exchange to list spot crypto-based ETPs through the issuance of orders stating that an exchange could meet its obligations under 1934 Act Section 6(b)(5) by demonstrating that it has a comprehensive surveillance-sharing agreement with a regulated market of significant size related to the underlying or reference assets. "Market participants for crypto-based ETPs expressed concerns with this standard," she noted, "and today's approval order addresses these concerns by providing alternative rules-based eligibility criteria for the underlying holdings of commodity-based ETPs, including crypto asset-based ETPs."

Commissioner Caroline Crenshaw dissented, claiming that the SEC is "passing the buck" on reviewing the proposals and making the required investor protection findings, "in favor of fast tracking new and arguably unproven products to market." She acknowledged that streamlined filing procedures may be appropriate for certain investment products, but in her view they are not appropriate for products as new and untested as digital asset ETPs. "I agree with the view voiced by a commenter that these do not sound like investment products for which the Commission's principal concern should be to reduce the timeframe for bringing them to market—rather, they sound like products that necessitate full and careful Commission review," she said.

Listing standards. The Commission's approval means that each exchange will adopt substantially identical generic

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listing standards for commodity-based trust shares and may list those shares without submitting a proposed rule change to the Commission. The exchanges will continue to be required to submit a rule filing when seeking to list and trade commodity-based trust shares that do not meet the proposed generic standards.

The listing standards define “commodity-based trust share,” among other things, as a security that is issued by a trust, limited liability company, or similar entity that is operated by a registered commodity pool operator, and is designed to reflect the performance of one or more reference assets or an index of reference assets. In order to reflect that performance, the security must be issued by a trust that holds one or more commodities or commodity-based assets, and may also hold securities, cash, and cash equivalents.

Eligibility criteria. Each commodity held by a trust, or commodity that underlies a commodity-based asset held by a trust, must meet at least one of the following criteria:

- On an initial and continuing basis, the commodity trades on a market that is an Intermarket Surveillance Group (ISG) member, provided that the exchange may obtain information about trading in such commodity from the ISG member;

- On an initial and continuing basis, the commodity underlies a futures contract that has been made available to trade on a designated contract market (“DCM”) for at least six months; provided that the exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in ISG, with such DCM; or

- On an initial basis only, an exchange-traded fund designed to provide economic exposure of no less than 40% of its net asset value to the commodity lists and trades on a national securities exchange.

Each trust will be required to disclose prominently on its website certain information about its commodities, commodity-based assets, securities, cash and cash equivalents, such as description of the holding, the quantity of each commodity, commodity-based asset, security, cash, and cash equivalents held, the percentage weighting of the trust’s assets, and the trust’s current net asset value per share, market price, and premium or discount.

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