

## Exchanges Propose Generic Listing Standards for Commodity- and Crypto-Based Exchange-Traded Products

August 8, 2025

On July 30, 2025, Cboe BZX Exchange, Inc., NYSE Arca, Inc. and the Nasdaq Stock Market LLC (collectively, the “Exchanges”) each filed a proposed rule change with the Securities and Exchange Commission (the “Commission”) to amend their respective listing rules to include generic listing standards for shares of certain commodity-based exchange-traded products (“Commodity ETPs”) that satisfy specific requirements.

If adopted, a Commodity ETP meeting the requirements of the generic listing standards would be eligible for listing on an Exchange without the need to submit a separate Rule 19b-4 application to the Commission. This change would streamline the listing process and broaden the range of eligible products, including those that have previously experienced resistance and delays in approval by the Commission, such as Commodity ETPs holding crypto assets (“Crypto ETPs”).

### Key Amendments to the Exchanges’ Rules

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Each of the proposed rule changes would:

- modify the definition of “Commodity-Based Trust Shares” (the technical listing definition that applies to Commodity ETPs) to, among other things, restrict eligibility to securities that are designed to reflect the performance of one or more reference assets or an index of reference assets, less expenses and liabilities. Actively-managed Commodity ETPs or Commodity ETPs that follow leveraged or inverse strategies would not be eligible to rely on the rules.
- in addition to commodities (as defined under the Commodity Exchange Act), permit Commodity ETPs to also hold commodity futures, commodity options, commodity swaps (collectively defined as “Commodity-Based Assets”), securities, cash, and cash equivalents.
- introduce initial and continued listing eligibility criteria requiring each commodity or Commodity-Based Asset held by the Commodity ETP to meet one of three conditions:
  - trade on an Intermarket Surveillance Group (“ISG”) member market;
  - underlie a futures contract made available to trade on a Designated Contract Market (*i.e.*, a CFTC-regulated exchange) for at least six months, provided that the Designated Contract Market has a comprehensive surveillance sharing agreement in place with the Exchange (whether directly or through common membership in ISG); or
  - applicable on an initial listing basis only, an exchange-traded fund (“ETF”) registered under the Investment Company Act of 1940 (the “1940 Act”) designed to provide economic exposure of no less than 40% of its Net Asset Value (“NAV”) to the relevant commodity lists and trades on a national securities exchange.

Notably absent from this list is an independent means of qualification based on the qualities of the assets themselves. Earlier discussion drafts of the proposed rules included quantitative tests for the assets, including market cap, diversity of markets, circulating supply and average daily trading volume tests. With respect to Crypto ETPs, the exclusion of this condition likely narrows the universe of digital assets that may be included in the portfolios of ETPs that seek to rely on these rules.

- add requirements for detailed daily website disclosures, which the issuer must make publicly available and free of charge, including issuer identifier information and holdings, NAV market price, NAV methodology calculations, premium/discount data, median-ask spread data, liquidity risk policies and procedures, and trading volume data. Such requirements are similar to the requirements applicable to ETFs under Rule 6c-11 of the 1940 Act.
- require liquidity risk policies and procedures if less than 85% of the issuer's assets are readily available for redemption. Such policies and procedures must be reasonably designed to address the risk that it could not meet requests to redeem shares issued by the issuer without significant dilution of the remaining shareholders' interest in the issuer. For purposes of this requirement, an asset is deemed not readily available to meet redemption requests if it is segregated, pledged, hypothecated, encumbered or otherwise restricted or prevented from being liquidated, sold, transferred, or assigned within one business day. This restriction would seemingly apply to issuers that hold crypto-assets engaged in protocol staking activities.
- impose "firewall" and information control requirements on Commodity ETP issuers to mitigate conflicts of interest and prevent misuse of material non-public information. Specifically:
  - broker-dealers maintaining relevant indexes must establish firewalls around personnel with access to index data;
  - index advisory entities must implement procedures against the improper use of material, non-public information; and
  - if an issuer of a Commodity ETP is affiliated with any entity that has the ability to influence the price or supply of a commodity, or a commodity underlying a Commodity-Based Asset, held by the issuer, the issuer shall:
    - implement and maintain a "firewall" between any such entity and the issuer;
    - have written policies and procedures designed to prevent the use and dissemination of material, non-public information regarding the issuer; and
    - have written policies and procedures designed to prevent fraudulent, deceptive or manipulative acts, practices, or courses of business with respect to the issuer and such commodity.

## Implications of Proposed Rule Changes

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The rule amendments proposed by the Exchanges are expected to enhance regulatory certainty, reduce time-to-market for new Commodity ETP issuers and increase investor protections through enhanced disclosure and surveillance standards. While these amendments would allow for more diverse entity structures, potentially accelerating the listing of commodity-linked digital asset products and multi-asset portfolios, it is expected that many product sponsors will advocate for changes to the proposals that allow for a broader range of product types to be covered.

## Next Steps

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Comments may be submitted on the proposed rule changes on or before August 25, 2025, by following the links below:

- [Cboe BZX Exchange, Inc. \(File No. SR-CboeBZX-2025-104\)](#)
- [The Nasdaq Stock Market LLC \(File No. SR-NASDAQ-2025-056\)](#)
- [NYSE Arca, Inc. \(File No. SR-NYSEARCA-2025-54\)](#)

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## For More Information

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We are available at any time to answer questions, discuss scenarios, and provide guidance. If you would like further information concerning the matters discussed in this article, please contact a member of the Investment Management group or visit us online at [chapman.com](http://chapman.com).

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