

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 50		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 056 Amendment No. (req. for Amendments *)	
Filing by Cboe Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input checked="" type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>The Exchange proposes to amend position limits of certain Bitcoin ETF options.</div>					
Contact Information Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * Laura Last Name * Dickman Title * VP, Associate General Counsel E-mail * ldickman@cboe.com Telephone * (312) 786-7572 Fax					
Signature Pursuant to the requirements of the Securities Exchange of 1934, Cboe Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 08/06/2025 (Title *) By Laura G. Dickman (Name *) VP, Associate General Counsel NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <div>Laura Dickman Date: 2025.08.06 12:10:01 -05'00'</div>					

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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25-056 (IBIT, BTC, GBTC, and BITB F

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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25-056 (IBIT, BTC, GBTC, and BITB F

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

Item 1. Text of the Proposed Rule Change

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its Rules regarding the position and exercise limits for options on iShares Bitcoin Trust ETF (“IBIT”), Grayscale Bitcoin Trust ETF (“GBTC”), Grayscale Bitcoin Mini Trust BTC (“BTC”), and the Bitwise Bitcoin ETF (“BITB”) (collectively, the “Bitcoin ETFs”).

The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. Procedures of the Self-Regulatory Organization

(a) The Exchange’s Chief Regulatory Officer pursuant to delegated authority approved the proposed rule change on August 5, 2025.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Laura G. Dickman, (312) 786-7572, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(a) Purpose

The Exchange proposes to amend its Rules regarding the position and exercise limits for options on the Bitcoin ETFs. Specifically, the proposed rule change amends Rule 8.30, Interpretation and Policy .10 to delete the 25,000 contract position limit for each Bitcoin ETF option. As a result, the position limit for each Bitcoin ETF option would be determined in

accordance with Rule 8.30, Interpretation and Policy .07 and be based on trading in each Bitcoin ETF during the most-recent six-month period.¹

Each Bitcoin ETF is an exchange-traded fund (“ETF”) that holds Bitcoin and is listed on a national equities exchange.² On November 22, 2024, the Securities and Exchange Commission (the “Commission”) noticed the Exchange’s filing and immediate effectiveness of a proposed rule change to list and trade IBIT, GBTC, BTC, and BITB options.³ The position and exercise limits for each Bitcoin ETF option are 25,000 contracts, the lowest limit available in equity options.⁴

Per the Commission “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”⁵ For this

¹ Pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limits for options on the Bitcoin ETFs are equivalent to the position limits prescribed for such options in current Rule 8.30, Interpretation and Policy .10. Therefore, currently, the exercise limit for each Bitcoin ETF option is 25,000 contracts. The proposed rule change would modify the exercise limit for each Bitcoin ETF option to be equivalent to the position limit prescribed in Rule 8.30, Interpretation and Policy .07 (which may be 25,000, 50,000, 75,000, 200,000, or 250,000, depending on the six-month trading volume or the six-month trading volume and outstanding shares of the Bitcoin ETF).

² Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units). IBIT started trading on January 11, 2024. NYSE Arca received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in GBTC, BTC, and BITB pursuant to NYSE Arca Rule 8.201-E(c)(1). See Securities Exchange Act Release Nos. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to list and trade options on, among other ETFs, GBTC) (SR-NYSEARCA-2021-90); 100610 (July 26, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BTC, among other ETFs), 89 FR 62821 (August 1, 2024) (SR-NYSEARCA-2023-45); and 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BITB, among other ETFs) (SR-NYSEARCA-2021-90).

³ See Securities Exchange Act Release No. 101711 (November 22, 2024), 89 FR 94846 (November 29, 2024) (SR-CBOE-2024-051) (“Bitcoin ETF Options Notice”).

⁴ See Rules 8.30, Interpretation and Policy .10 and 8.42, Interpretation and Policy .02.

⁵ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942, 78946 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order

reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”⁶ Based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000 contract position limit for non-FLEX Bitcoin ETF options satisfied these objectives.⁷

While the Exchange proposed a 25,000 contract position limit for each Bitcoin option in its rule filings to list and trade these options, the Exchange nonetheless believed that evidence existed to support a much higher position limit. Specifically, when initially approving Bitcoin ETF options trading, the Commission considered and reviewed data and analysis of Nasdaq ISE, LLC (“ISE”) (with respect to IBIT options) and NYSE American, LLC (“NYSE American”) (with respect to GBTC, BTC, and BITB options) when initially approving for listing the Bitcoin ETF options that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.4% of the outstanding shares of IBIT⁸; 0.9% of the outstanding shares of GBTC; 0.7% of the outstanding shares of BTC; and 3.6% of the outstanding shares of BITB.⁹ The Commission also considered and reviewed ISE’s and NYSE American’s statements, as applicable, that with a position limit of 25,000 contracts on the same side of the market for each Bitcoin ETF option: (1) with 611,040,000 shares of

Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Options Approval Order”).

⁶ Id.

⁷ Id.; Securities Exchange Act Release Nos. 101386 (October 18, 2024), 89 FR 84960 (October 24, 2024) (SR-NYSEAMER-2024-49) (the “GBTC, BTC, and BITB Options Approval Order”).

⁸ See IBIT Options Approval Order, at 78946 (data as of August 12, 2024).

⁹ See GBTC, BTC, and BITB Options Approval Order, at 84970 (data as of August 30, 2024).

IBIT outstanding, 244 market participants would have to simultaneously exercise their positions to place IBIT under stress¹⁰; (2) with 284,570,100 shares of GBTC outstanding, 114 market participants would have to simultaneously exercise their positions to place GBTC under stress; (3) with 366,950,100 shares of BTC outstanding, 147 market participants would have to simultaneously exercise their positions to place BTC under stress; and (4) with 68,690,000 shares of BITB outstanding, 27 market participants would have to simultaneously exercise their positions to place BITB under stress.¹¹ Based on the Commission's review of this information and analysis, the Commission concluded that the 25,000-contract position and exercise limit for each of IBIT, GBTC, BTC, and BITB options were designed to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.¹²

Each Bitcoin ETF option would currently qualify for the 250,000 contract position (and exercise) limit pursuant to the criteria in Rule 8.30, Interpretation and Policy .02, which requires that, for the most recent six-month period, trading volume for the underlying security

¹⁰ See IBIT Options Approval Order, at 78946 (data as of August 12, 2024).

¹¹ See GBTC, BTC, and BITB Options Approval Order, at 84971 (data as of August 30, 2024).

¹² See IBIT Options Approval Order, at 78946; and GBTC, BTC, and BITB Options Approval Order, at 84971.

be at least 100 million shares.¹³ As of November 25, 2024, the market capitalization and average daily volume (“ADV”) for the preceding three months¹⁴ for each Bitcoin ETF was:

Bitcoin ETF	Market Capitalization	Three-Month ADV
IBIT	\$46,783,480,800	39,421,877 shares
GBTC	\$20,661,316,542	3,829,597 shares
BTC	\$3,496,748,882	2,036,369 shares
BITB	\$4,095,157,000	2,480,478 shares

Therefore, each Bitcoin ETF is well-above the requisite 100,000,000 shares necessary to qualify for the 250,000,000 contract position and exercise limit. Also, as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.¹⁵ At a price of \$94,830,¹⁶ that equates to a market capitalization of greater than \$1.876 trillion. If a position limit of 250,000 contracts were considered, the exercisable risk would represent 2.89%,¹⁷ 9.13%,¹⁸ 30.14%,¹⁹

¹³ Rule 8.30, Interpretation and Policy .02(e) provides that to be eligible for the 250,000 contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 100,000,000 shares or the most recent six-month trading volume of the underlying security must have totaled at least 75,000,000 shares and the underlying security must have at least 300,000,000 shares currently outstanding.

¹⁴ The market capitalization for each Bitcoin ETF was determined by multiplying a settlement price (IBIT – \$54.02, \$75.42 – GBTC, \$42.16 – BTC, \$51.70 – BITB) by the number of shares outstanding (IBIT – 866,040,000, GBTC – 273,950,100, BTC – 82,939,964, BITB – 79,950,100). IBIT data was acquired from <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>, and GBTC, BTC, and BITB data acquired from FactSet.

¹⁵ See <https://www.coingecko.com/en/coins/bitcoin>.

¹⁶ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

¹⁷ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 866,040,000 shares outstanding).

¹⁸ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 273,950,100 shares outstanding).

¹⁹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 82,939,964 BTC shares outstanding).

and 31.27%²⁰ of IBIT, GBTC, BTC, and BITB shares outstanding, respectively. Given each Bitcoin ETF's liquidity, the current 25,000 contract position and exercise limit for each Bitcoin ETF option is extremely conservative.

Position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in Rules 8.30 and 8.42, are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, the Exchange proposes to remove each Bitcoin ETF from the table of position limits in Rule 8.30, Interpretation and Policy .10 to permit options on each Bitcoin ETF to trade similar to all other ETF options for which the Exchange does not have other Rules that increase the position (and exercise) limits of ETF options to levels outside of the limits set forth in Rules 8.30, Interpretations and Policies .02 and 8.42. As a result of removing the Bitcoin ETFs from the table in Rule 8.30, Interpretation and Policy .10, the position and exercise limits for each Bitcoin ETF option from 25,000 to 250,000 contracts based on the parameters in Rule 8.30, Interpretation and Policy .02. By removing the Bitcoin ETFs from the table in Rule 8.30, Interpretation and Policy .10, each Bitcoin ETF would be

²⁰ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 79,950,100 \text{ BITB shares outstanding})$.

subject to subsequent six-month reviews to determine future position and exercise limits similar to all other options subject to Rules 8.30, Interpretation and Policy .02 and 8.42.

With respect to IBIT options, in its filing proposing to amend the position and exercise limits of IBIT options,²¹ ISE considered IBIT's market capitalization and ADV measured against those of other underlying securities, as well as the position limit of 250,000 contracts in relation to the position limits of other options. In measuring IBIT against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").²² This pool of data took into consideration 3,897 options on single stock securities, excluding broad based ETFs.²³ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position limit utilizing statistical thresholds for ADV, based on 90 days, and market capitalization that were one standard deviation above the mean for each position limit category (i.e., 25,000, 50,000 to 65,000, 75,000, 100,000 to less than 250,000, and 250,000.²⁴ Rule 8.30 sets out position limits for various contracts. For example, on the Exchange, like ISE, a 25,000 contract position limit applies to options with an underlying security that does not meet the requirements for a higher options contract position limit. ISE

²¹ See Securities Exchange Act Release No. 102682 (March 14, 2025), 90 FR 13233, 13235 – 13237 (March 20, 2025) (SR-ISE-2024-62).

²² The computations are based on OCC data from November 25, 2024. Data displaying zero values in market capitalization or ADV were removed.

²³ IBIT has one asset and therefore is not comparable to a broad-based ETF where there are typically multiple components.

²⁴ Rule 8.30, Interpretation and policy .02 sets out position limits for various contracts. For example, at 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split. See <https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits>. As a result, ISE's pool of data considered higher position limits than 250,000 contracts, where applicable.

performed an exercise to demonstrate the IBIT options position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$46,783,480,800²⁵ with an ADV, for the preceding three months prior to November 25, 2024, of 39,421,877 shares. By comparison, if IBIT were compared to the 1,934 stocks underlying options that have position limits of 250,000 contracts (and less than 500,000 contracts), IBIT would rank in the 88th percentile for market capitalization and the 99th percentile for ADV.

ISE also analyzed a position limit of 250,000 contracts for IBIT by regressing the market capitalization figures and 90-day ADV of all non-ETF equities, against their respective position limit figures. From this regression, ISE indicated it determined the implied coefficients to create a formulaic method for determining an appropriate position limit. In this case, the modeled position limit was 565,796 contracts.²⁶ Based on this analysis, the Exchange believes the proposed rule change that would result in a 250,000 contract position and exercise limit for IBIT is appropriate.

Second, ISE reviewed IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. Utilizing data as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.²⁷ ISE took a price of \$94,830,²⁸ which equates to a market capitalization of greater than \$1.876 trillion. If a position limit of 250,000 contracts were considered, the exercisable risk would represent only

²⁵ The market capitalization was determined by multiplying a settlement price of (\$54.02) by the number of shares outstanding (866,040,000). This figure was acquired as of November 25, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>.

²⁶ ISE stated it utilized this formula to arrive at the number of contracts: $((46,783,380,800 \text{ mkt cap} * 0.0000002630 \text{ market cap coefficient}) + (39,421,877 \text{ ADV} * 0.0140402219 \text{ ADV coefficient}))$.

²⁷ See <https://www.coingecko.com/en/coins/bitcoin>.

²⁸ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

2.89%²⁹ of the outstanding shares of IBIT. Since IBIT has a creation and redemption process managed through the issuer, the position limit sought to the total market capitalization of the entire Bitcoin market. In this case, the exercisable risk for options on IBIT would be less than 0.072% of the market capitalization of all outstanding Bitcoin.³⁰ Assuming a scenario where all options on IBIT shares were exercised given a 250,000 contract per same side position (and exercise) limit, this would have a virtually unnoticed impact on the entire Bitcoin market. This ISE analysis demonstrates that a position (and exercise) limit of 250,000 same side contracts for IBIT is appropriate for IBIT options given its liquidity.

Third, ISE reviewed a position (and exercise) limit of 250,000 contracts for IBIT options by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission (“CFTC”). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent Bitcoin futures position limits. In particular, ISE looked at the CME Bitcoin futures contract that has a position limit of 2,000 futures.³¹ On October 22, 2024, CME Bitcoin futures settled at \$94,945.³² On October 22, 2024, IBIT settled at \$54.02, which would equate to greater than 17,557,898 shares of IBIT if the CME notional position limit was utilized. Since substantial portions of any distributed options

²⁹ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 866,040,000 \text{ shares outstanding})$.

³⁰ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$54.02 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

³¹ See CME Rulebook Chapter 350 (description of CME Bitcoin Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Bitcoin futures contract is valued at five Bitcoins as defined by the CME CF Bitcoin Reference Rate (“BRR”). See CME Rule 35001.

³² 2,000 futures at a 5 Bitcoin multiplier (per the contract specifications) equates to \$949,450,000 $(2000 \text{ contracts} * 5 \text{ Bitcoin per contract} * \$94,945 \text{ price of November Bitcoin future})$ of notional value.

portfolio is likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).³³ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁴ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned ISE analysis, the Exchange believes that the proposed 250,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position and exercise limit of 250,000 for IBIT options against other options on ETFs with an underling commodity, namely SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and ProShares Bitcoin ETF ("BITO").³⁵ GLD has a float of 306.1 million shares³⁶ and a position limit of 250,000 contract. SLV has a float of 520.7

³³ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

³⁴ Id.

³⁵ GLD, SLV and BITO each hold one asset in trust similar to IBIT.

³⁶ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

million shares³⁷ and a position limit of 250,000 contract. Finally, BITO has 107.65 million shares outstanding³⁸ and a position limit of 250,000 contract. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 8.17% of the float of GLD; a position limit exercise in SLV would represent 4.8% of the float of SLV, and a position limit exercise of BITO would represent 23.22% of the float of BITO. In comparison, a 250,000 contract position limit in IBIT would represent 2.89% of the float of IBIT. Consequently, a 250,000 position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and thus appropriate.

Fifth, ISE noted that IBIT options began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.³⁹ The Commission noted that evidence contained in both the Exchanges' Report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.⁴⁰ The most actively traded options classes are included in the Penny Program based

³⁷ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

³⁸ See <https://www.marketwatch.com/investing/fund/bit0>.

³⁹ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Rule 5.4(d). The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Rule 5.4(d). See Rule 5.4(d).

⁴⁰ See Securities Exchange Act Release No. 88532 (April 1, 2020), 67 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the

on certain objective criteria (trading volume thresholds and initial price tests). As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class that experience a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁴¹ IBIT options are among a select group of products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments. Failing to increase position and exercise limits for IBIT options, now that it is trading in finer increments, may artificially inhibit liquidity and create price inefficiency.

With respect to GBTC, BTC, and BITB, the Exchange reviewed data presented by NYSE Arca, Inc. (“NYSE Arca”) in its filings to amend the position and exercise limits for GBTC, BTC, and BITB options.⁴² First, the Exchange reviewed NYSE Arca’s comparison of the market capitalization of each of these three Bitcoin ETFs relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. As noted above, as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.⁴³ At a price of \$94,830 per Bitcoin,⁴⁴ that equates to a market capitalization of greater than \$1.876 trillion. If a position (and exercise) limit of 250,000 contracts were

Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) (“Penny Approval Order”).

⁴¹ Id. at 19548.

⁴² See Securities Exchange Act Release Nos. 102402 (February 11, 2025), 90 FR 9765, 9767 (SR-NYSEArca-2025-07) (notice of filing regarding position and exercise limits for GBTC options); and 102441 (February 18, 2025), 90 FR 10518, 10520 – 10521 (notice of filing regarding position and exercise limits for BTC and BITB options).

⁴³ See <https://www.coingecko.com/en/coins/bitcoin>.

⁴⁴ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

considered, the exercisable risk would represent 9.13%,⁴⁵ 30.14%,⁴⁶ and 31.27%⁴⁷ of GBTC, BTC, and BITB shares outstanding, respectively. Since each of GBTC, BTC, and BITB has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create shares of each such Bitcoin ETF), the position and exercise limit can be compared to the total market capitalization of the entire Bitcoin market, and in that case, the exercisable risk for options on GBTC, BTC, and BITB would represent less than 0.10%,⁴⁸ 0.06%,⁴⁹ and 0.07%,⁵⁰ respectively, of all Bitcoin outstanding. The Exchange notes that if each of GBTC, BTC, and BITB options were subject to a 250,000-contract position and exercise limit (based on each ETF's trading volume), and if all options on GBTC, BTC, or BITB shares were exercised at once, this occurrence would have a virtually unnoticed impact on the entire Bitcoin market. This NYSE Arca analysis demonstrates that a 250,000-contract position (and exercise) limit for each of GBTC, BTC, and BITB options would be appropriate given each of these Bitcoin ETF's liquidity.

As ISE did with respect to IBIT options, NYSE Arca compared a position and exercise limit of 250,000 contracts to the position limit of CME Bitcoin futures, which as noted above, have a position limit of 2,000 futures. On October 22, 2024, CME Bitcoin futures settled at

⁴⁵ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 273,950,100 \text{ shares outstanding})$.

⁴⁶ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 82,939,964 \text{ shares outstanding})$.

⁴⁷ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 79,950,100 \text{ BITB shares outstanding})$.

⁴⁸ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$75.42 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

⁴⁹ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$42.16 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

⁵⁰ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$51.70 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

\$94,945. On October 22, 2024, GBTC settled at \$53.64, BTC settled at \$29.90, and BITB settled at \$36.74, which would equate to greater than 17,700,410 shares of GBTC, 31,754,180 shares of BTC, and 25,842,406 shares of BITB, if the CME notional position limit was utilized.⁵¹ Since substantial portions of any distributed options portfolio are likely to be out of the money at expiration, an options position limit equivalent to the CME position limit for Bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit.

The Exchange notes, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).⁵² Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.⁵³ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering

⁵¹ 2,000 futures at a 5-Bitcoin multiplier (per the contract specifications) equates to \$949,450,000 (2000 contracts * 5 Bitcoin per contract * \$94,945 price of November Bitcoin future) of notional value.

⁵² See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

⁵³ Id.

CME's position limits on futures for Bitcoin, the Exchange believes that the proposed position and exercise limits for GBTC, BTC, and BITB options are appropriate.

Finally, as ISE did, NYSE Arca also compared a position and exercise limit of 250,000 contracts for GBTC, BTC, and BITB against the position and exercise limits for GLD and SLV options. GLD has a float of 306.1 million shares⁵⁴ and a position and exercise limit of 250,000 contract. SLV has a float of 520.7 million shares⁵⁵ and a position and exercise limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 8.17% of the float of GLD; and a position limit exercise in SLV would represent 4.8% of the float of SLV. In comparison, a 250,000-contract position limit would represent 9.13% of the GBTC float, 30.14% of the BTC float, and 31.27% of the BITB float. A 250,000 contract position and exercise limit for each of GBTC, BTC, and BITB is comparable with the standard applied to GLD and SLV and is therefore appropriate.

The Exchange believes the above information demonstrates that each Bitcoin ETF option has more than sufficient liquidity to garner an increased position and exercise limit of 250,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in each Bitcoin ETF. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

⁵⁴ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

⁵⁵ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

The Exchange believes the proposed rule change would lead to a more liquid and competitive market environment for the Bitcoin ETF options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each TPH organization that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market-Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market-Maker position information.⁵⁶ Moreover, the Exchange's requirement that TPH organizations file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.⁵⁷

The Exchange also has no reason to believe that the growth in trading volume in Bitcoin ETF options will not continue. Rather, the Exchange expects continued options volume growth in the Bitcoin ETFs as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits applicable to the Bitcoin ETF options are restrictive and may hamper the listed options

⁵⁶ OCC through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Trading Permit Holder ("TPH") compliance with position reporting requirements by collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPHs report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

⁵⁷ See Rule 8.43(a).

markets from being able to compete fairly and effectively with the over-the-counter (“OTC”) markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for Bitcoin ETF options, market participants will find the 25,000 contract position and exercise limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes each Bitcoin ETF option’s position (and exercise) limits would be reviewed on a six-month basis, pursuant to Rule 8.30, Interpretation and Policy .02, similar to other options.

Today, the Exchange has an adequate surveillance program in place for options.⁵⁸ Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, Cboe has an RSA with FINRA for certain market surveillance, investigation and examinations functions. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related

⁵⁸ The surveillance program includes surveillance patterns for price and volume movements as well as patterns for potential manipulation (e.g., spoofing and marking the close).

market surveillance that are common to rules of all options exchanges.⁵⁹ The Exchange also has reviews in place to identify continued compliance with the Exchange's listing standards.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the "Act") and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

⁵⁹ Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization ("SRO") registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO ("common members"). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

⁶⁰ 15 U.S.C. 78f(b).

⁶¹ 15 U.S.C. 78f(b)(5).

⁶² Id.

In particular, the Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for each Bitcoin ETF option may allow Market-Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in each Bitcoin ETF option. Subjecting the Bitcoin ETF options to the position limits in Rule 8.30, Interpretation and Policy .02 and corresponding exercise limits in Rule 8.42 may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange notes the proposed rule change would further allow institutional investors to utilize Bitcoin ETF options for prudent risk management purposes.

In support of the proposed rule change, the Exchange cites the in-depth analysis of each of ISE and NYSE Arca did in their respective filings, as noted above, each of ISE and NYSE Arca considered, among other things: (1) applicable Bitcoin ETF's market capitalization and ADV, and a 250,000 contract position and exercise limit in relation to the position limits of options on other securities; (2) market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables; and (3) comparing a 250,000 contract position limit to position limits for derivative products regulated by the CFTC. Based on the Exchange's review of these analyses, the Exchange believes that subjecting the Bitcoin ETF options to the position (and exercise) limits set forth in Rule

8.30, Interpretation and Policy .02 (which may go up to 250,000 contracts) is more than appropriate. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁶³

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because all TPHs would be subject to the same position and exercise limit for each Bitcoin ETF option, as set by Rules 8.30, Interpretation and Policy .02 and 8.42. The Exchange does not believe the proposed rule change will impose any burden on intermarket competition, and may benefit competition, as the proposed rule change is identical proposed rule changes of other options exchanges recently approved by the Commission.⁶⁴ The Exchange believes that the proposed rule change may provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for the Bitcoin ETF options.

⁶³ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁶⁴ See Securities Exchange Act Release Nos. 103564 (July 29, 2025) (SR-ISE-2024-62) (order approving ISE proposed rule change to amend position and exercise limits for IBIT options); 103567 (July 29, 2025) (SR-NYSEARCA-2025-07) (order approving NYSE Arca proposed rule change to amend position and exercise limits for GBTC options); and 103568 (July 29, 2025) (SR-NYSEARCA-2025-10) (order approving NYSE Arca proposed rule change to amend position and exercise limits for BTC and BITB options).

Item 5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received written comments on the proposed rule change.

Item 6. Extension of Time Period for Commission Action

Not applicable.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)

(a) The proposed rule change is filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act⁶⁵ and Rule 19b-4(f)(6)⁶⁶ thereunder.

(b) The Exchange designates that the proposed rule change effects a change that (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. Additionally, the Exchange has given the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The proposed rule change is substantively identical to proposed rule changes of ISE and NYSE Arca recently approved by the Commission.⁶⁷ The Exchange believes that this

⁶⁵ 15 U.S.C. 78s(b)(3)(A).

⁶⁶ 17 CFR 240.19b-4(f)(6).

⁶⁷ See Securities Exchange Act Release Nos. 103564 (July 29, 2025) (SR-ISE-2024-62) (order approving ISE proposed rule change to amend position and exercise limits for IBIT options); 103567 (July 29, 2025) (SR-NYSEARCA-2025-07) (order approving NYSE Arca proposed rule change to

proposed rule change, which is essential to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in ISE's and NYSE Arca's proposals. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act⁶⁸ and Rule 19b-4(f)(6) thereunder.⁶⁹

For the foregoing reasons, this rule filing qualifies as a "non-controversial" rule change under Rule 19b-4(f)(6), which renders the proposed rule change effective upon filing with the Commission. At any time within 60 days of the filing of this proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

The Exchange respectfully requests that the Commission waive the 30-day operative delay period after which a proposed rule change under Rule 19b-4(f)(6) becomes effective. Waiver of the 30-day operative delay will benefit investors, as it may permit increased position and exercise limits for the Bitcoin ETF options as soon as practicable and thus provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for the Bitcoin ETF options. As noted

amend position and exercise limits for GBTC options); and 103568 (July 29, 2025) (SR-NYSEARCA-2025-10) (order approving NYSE Arca proposed rule change to amend position and exercise limits for BTC and BITB options).

⁶⁸ 15 U.S.C. 78s(b)(3)(A).

⁶⁹ 17 CFR 240.19b-4(f)(6).

above, the proposed rule change is substantively identical to proposed rule changes of two other options markets the Commission recently approved. Therefore, the substance of the proposed rule change has already undergone notice and comment periods and raises no novel investor protection concerns.

(c) Not applicable.

(d) Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change with respect to IBIT options is substantively identical to a proposed rule change of ISE recently approved by the Commission.⁷⁰ The proposed rule change with respect to GBTC, BTC, and BITB is substantively identical to proposed rule change of NYSE Arca recently approved by the Commission.⁷¹

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5. Proposed rule text.

⁷⁰ See Securities Exchange Act Release No. 103564 (July 29, 2025) (SR-ISE-2024-62) (order approving ISE proposed rule change to amend position and exercise limits for IBIT options).

⁷¹ See Securities Exchange Act Release Nos. 103567 (July 29, 2025) (SR-NYSEARCA-2025-07) (order approving NYSE Arca proposed rule change to amend position and exercise limits for GBTC options); and 103568 (July 29, 2025) (SR-NYSEARCA-2025-10) (order approving NYSE Arca proposed rule change to amend position and exercise limits for BTC and BITB options).

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2025-056]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Rules Regarding the Position and Exercise Limits for Options on iShares Bitcoin Trust ETF (“IBIT”), Grayscale Bitcoin Trust ETF (“GBTC”), Grayscale Bitcoin Mini Trust BTC (“BTC”), and the Bitwise Bitcoin ETF (“BITB”) (collectively, the “Bitcoin ETFs”)

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend its Rules regarding the position and exercise limits for options on iShares Bitcoin Trust ETF (“IBIT”), Grayscale Bitcoin Trust ETF (“GBTC”), Grayscale Bitcoin Mini Trust BTC

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

(“BTC”), and the Bitwise Bitcoin ETF (“BITB”) (collectively, the “Bitcoin ETFs”). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

II. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Rules regarding the position and exercise limits for options on the Bitcoin ETFs. Specifically, the proposed rule change amends Rule 8.30, Interpretation and Policy .10 to delete the 25,000 contract position limit for each Bitcoin ETF option. As a result, the position limit for each Bitcoin ETF option would be determined in accordance with Rule 8.30, Interpretation and Policy .07 and be based on trading in each Bitcoin ETF during the most-recent six-month period.⁵

⁵ Pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limits for options on the Bitcoin ETFs are equivalent to the position limits prescribed for such options in current Rule 8.30, Interpretation and Policy .10. Therefore, currently, the exercise limit for each Bitcoin ETF option is 25,000 contracts. The proposed rule change would modify the exercise limit for each Bitcoin ETF option to be equivalent to the position limit prescribed in Rule 8.30, Interpretation and Policy .07 (which may be 25,000, 50,000, 75,000, 200,000, or 250,000, depending on the six-month trading volume or the six-month trading volume and outstanding shares of the Bitcoin ETF).

Each Bitcoin ETF is an exchange-traded fund (“ETF”) that holds Bitcoin and is listed on a national equities exchange.⁶ On November 22, 2024, the Securities and Exchange Commission (the “Commission”) noticed the Exchange’s filing and immediate effectiveness of a proposed rule change to list and trade IBIT, GBTC, BTC, and BITB options.⁷ The position and exercise limits for each Bitcoin ETF option are 25,000 contracts, the lowest limit available in equity options.⁸

Per the Commission “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”⁹ For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and

⁶ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units). IBIT started trading on January 11, 2024. NYSE Arca received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in GBTC, BTC, and BITB pursuant to NYSE Arca Rule 8.201-E(c)(1). See Securities Exchange Act Release Nos. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to list and trade options on, among other ETFs, GBTC) (SR-NYSEARCA-2021-90); 100610 (July 26, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BTC, among other ETFs), 89 FR 62821 (August 1, 2024) (SR-NYSEARCA-2023-45); and 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BITB, among other ETFs) (SR-NYSEARCA-2021-90).

⁷ See Securities Exchange Act Release No. 101711 (November 22, 2024), 89 FR 94846 (November 29, 2024) (SR-CBOE-2024-051) (“Bitcoin ETF Options Notice”).

⁸ See Rules 8.30, Interpretation and Policy .10 and 8.42, Interpretation and Policy .02.

⁹ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942, 78946 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Options Approval Order”).

average trading volume of the underlying security.”¹⁰ Based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000 contract position limit for non-FLEX Bitcoin ETF options satisfied these objectives.¹¹

While the Exchange proposed a 25,000 contract position limit for each Bitcoin option in its rule filings to list and trade these options, the Exchange nonetheless believed that evidence existed to support a much higher position limit. Specifically, when initially approving Bitcoin ETF options trading, the Commission considered and reviewed data and analysis of Nasdaq ISE, LLC (“ISE”) (with respect to IBIT options) and NYSE American, LLC (“NYSE American”) (with respect to GBTC, BTC, and BITB options) when initially approving for listing the Bitcoin ETF options that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.4% of the outstanding shares of IBIT¹²; 0.9% of the outstanding shares of GBTC; 0.7% of the outstanding shares of BTC; and 3.6% of the outstanding shares of BITB.¹³ The Commission also considered and reviewed ISE’s and NYSE American’s statements, as applicable, that with a position limit of 25,000 contracts on the same side of the market for each Bitcoin ETF option: (1) with 611,040,000 shares of IBIT outstanding, 244 market participants would have to simultaneously exercise their positions to place IBIT under stress¹⁴; (2) with 284,570,100 shares of GBTC outstanding, 114 market participants would have to simultaneously exercise their positions to place GBTC under stress; (3) with 366,950,100 shares of BTC outstanding, 147 market participants would

¹⁰ Id.

¹¹ Id.; Securities Exchange Act Release Nos. 101386 (October 18, 2024), 89 FR 84960 (October 24, 2024) (SR-NYSEAMER-2024-49) (the “GBTC, BTC, and BITB Options Approval Order”).

¹² See IBIT Options Approval Order, at 78946 (data as of August 12, 2024).

¹³ See GBTC, BTC, and BITB Options Approval Order, at 84970 (data as of August 30, 2024).

¹⁴ See IBIT Options Approval Order, at 78946 (data as of August 12, 2024).

have to simultaneously exercise their positions to place BTC under stress; and (4) with 68,690,000 shares of BITB outstanding, 27 market participants would have to simultaneously exercise their positions to place BITB under stress.¹⁵ Based on the Commission’s review of this information and analysis, the Commission concluded that the 25,000-contract position and exercise limit for each of IBIT, GBTC, BTC, and BITB options were designed to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.¹⁶

Each Bitcoin ETF option would currently qualify for the 250,000 contract position (and exercise) limit pursuant to the criteria in Rule 8.30, Interpretation and Policy .02, which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.¹⁷ As of November 25, 2024, the market capitalization and average daily volume (“ADV”) for the preceding three months¹⁸ for each Bitcoin ETF was:

Bitcoin ETF	Market Capitalization	Three-Month ADV
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¹⁵ See GBTC, BTC, and BITB Options Approval Order, at 84971 (data as of August 30, 2024).

¹⁶ See IBIT Options Approval Order, at 78946; and GBTC, BTC, and BITB Options Approval Order, at 84971.

¹⁷ Rule 8.30, Interpretation and Policy .02(e) provides that to be eligible for the 250,000 contract limit, either the most recent six-month trading volume of the underlying security must have totaled at least 100,000,000 shares or the most recent six-month trading volume of the underlying security must have totaled at least 75,000,000 shares and the underlying security must have at least 300,000,000 shares currently outstanding.

¹⁸ The market capitalization for each Bitcoin ETF was determined by multiplying a settlement price (IBIT – \$54.02, \$75.42 – GBTC, \$42.16 – BTC, \$51.70 – BITB) by the number of shares outstanding (IBIT – 866,040,000, GBTC – 273,950,100, BTC – 82,939,964, BITB – 79,950,100). IBIT data was acquired from <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>, and GBTC, BTC, and BITB data acquired from FactSet.

IBIT	\$46,783,480,800	39,421,877 shares
GBTC	\$20,661,316,542	3,829,597 shares
BTC	\$3,496,748,882	2,036,369 shares
BITB	\$4,095,157,000	2,480,478 shares

Therefore, each Bitcoin ETF is well-above the requisite 100,000,000 shares necessary to qualify for the 250,000,000 contract position and exercise limit. Also, as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.¹⁹ At a price of \$94,830,²⁰ that equates to a market capitalization of greater than \$1.876 trillion. If a position limit of 250,000 contracts were considered, the exercisable risk would represent 2.89%,²¹ 9.13%,²² 30.14%,²³ and 31.27%²⁴ of IBIT, GBTC, BTC, and BITB shares outstanding, respectively. Given each Bitcoin ETF's liquidity, the current 25,000 contract position and exercise limit for each Bitcoin ETF option is extremely conservative.

Position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in Rules 8.30 and 8.42, are intended to address potential manipulative schemes and adverse market

¹⁹ See <https://www.coingecko.com/en/coins/bitcoin>.

²⁰ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

²¹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 866,040,000 shares outstanding).

²² This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 273,950.100 shares outstanding).

²³ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 82,939,964 BTC shares outstanding).

²⁴ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 79,950,100 BITB shares outstanding).

impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, the Exchange proposes to remove each Bitcoin ETF from the table of position limits in Rule 8.30, Interpretation and Policy .10 to permit options on each Bitcoin ETF to trade similar to all other ETF options for which the Exchange does not have other Rules that increase the position (and exercise) limits of ETF options to levels outside of the limits set forth in Rules 8.30, Interpretations and Policies .02 and 8.42. As a result of removing the Bitcoin ETFs from the table in Rule 8.30, Interpretation and Policy .10, the position and exercise limits for each Bitcoin ETF option from 25,000 to 250,000 contracts based on the parameters in Rule 8.30, Interpretation and Policy .02. By removing the Bitcoin ETFs from the table in Rule 8.30, Interpretation and Policy .10, each Bitcoin ETF would be subject to subsequent six-month reviews to determine future position and exercise limits similar to all other options subject to Rules 8.30, Interpretation and Policy .02 and 8.42.

With respect to IBIT options, in its filing proposing to amend the position and exercise limits of IBIT options,²⁵ ISE considered IBIT's market capitalization and ADV measured against those of other underlying securities, as well as the position limit of 250,000 contracts in relation to the position limits of other options. In measuring IBIT against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").²⁶ This pool of data

²⁵ See Securities Exchange Act Release No. 102682 (March 14, 2025), 90 FR 13233, 13235 – 13237 (March 20, 2025) (SR-ISE-2024-62).

²⁶ The computations are based on OCC data from November 25, 2024. Data displaying zero values in

took into consideration 3,897 options on single stock securities, excluding broad based ETFs.²⁷ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position limit utilizing statistical thresholds for ADV, based on 90 days, and market capitalization that were one standard deviation above the mean for each position limit category (i.e., 25,000, 50,000 to 65,000, 75,000, 100,000 to less than 250,000, and 250,000.²⁸ Rule 8.30 sets out position limits for various contracts. For example, on the Exchange, like ISE, a 25,000 contract position limit applies to options with an underlying security that does not meet the requirements for a higher options contract position limit. ISE performed an exercise to demonstrate the IBIT options position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$46,783,480,800²⁹ with an ADV, for the preceding three months prior to November 25, 2024, of 39,421,877 shares. By comparison, if IBIT were compared to the 1,934 stocks underlying options that have position limits of 250,000 contracts (and less than 500,000 contracts), IBIT would rank in the 88th percentile for market capitalization and the 99th percentile for ADV.

market capitalization or ADV were removed.

²⁷ IBIT has one asset and therefore is not comparable to a broad-based ETF where there are typically multiple components.

²⁸ Rule 8.30, Interpretation and policy .02 sets out position limits for various contracts. For example, at 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split. See <https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits>. As a result, ISE's pool of data considered higher position limits than 250,000 contracts, where applicable.

²⁹ The market capitalization was determined by multiplying a settlement price of (\$54.02) by the number of shares outstanding (866,040,000). This figure was acquired as of November 25, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>.

ISE also analyzed a position limit of 250,000 contracts for IBIT by regressing the market capitalization figures and 90-day ADV of all non-ETF equities, against their respective position limit figures. From this regression, ISE indicated it determined the implied coefficients to create a formulaic method for determining an appropriate position limit. In this case, the modeled position limit was 565,796 contracts.³⁰ Based on this analysis, the Exchange believes the proposed rule change that would result in a 250,000 contract position and exercise limit for IBIT is appropriate.

Second, ISE reviewed IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. Utilizing data as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.³¹ ISE took a price of \$94,830,³² which equates to a market capitalization of greater than \$1.876 trillion. If a position limit of 250,000 contracts were considered, the exercisable risk would represent only 2.89%³³ of the outstanding shares of IBIT. Since IBIT has a creation and redemption process managed through the issuer, the position limit sought to the total market capitalization of the entire Bitcoin market. In this case, the exercisable risk for options on IBIT would be less than 0.072% of the market capitalization of all outstanding Bitcoin.³⁴ Assuming a scenario where all options on IBIT shares were exercised given a 250,000 contract per same side position (and exercise) limit, this would have a virtually unnoticed impact on the entire Bitcoin market.

³⁰ ISE stated it utilized this formula to arrive at the number of contracts: $((46,783,380,800 \text{ mkt cap} * 0.0000002630 \text{ market cap coefficient}) + (39,421,877 \text{ ADV} * 0.0140402219 \text{ ADV coefficient}))$.

³¹ See <https://www.coingecko.com/en/coins/bitcoin>.

³² This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

³³ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 866,040,000 \text{ shares outstanding})$.

³⁴ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$54.02 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

This ISE analysis demonstrates that a position (and exercise) limit of 250,000 same side contracts for IBIT is appropriate for IBIT options given its liquidity.

Third, ISE reviewed a position (and exercise) limit of 250,000 contracts for IBIT options by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission (“CFTC”). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent Bitcoin futures position limits. In particular, ISE looked at the CME Bitcoin futures contract that has a position limit of 2,000 futures.³⁵ On October 22, 2024, CME Bitcoin futures settled at \$94,945.³⁶ On October 22, 2024, IBIT settled at \$54.02, which would equate to greater than 17,557,898 shares of IBIT if the CME notional position limit was utilized. Since substantial portions of any distributed options portfolio is likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).³⁷ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME

³⁵ See CME Rulebook Chapter 350 (description of CME Bitcoin Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Bitcoin futures contract is valued at five Bitcoins as defined by the CME CF Bitcoin Reference Rate (“BRR”). See CME Rule 35001.

³⁶ 2,000 futures at a 5 Bitcoin multiplier (per the contract specifications) equates to \$949,450,000 (2000 contracts * 5 Bitcoin per contract * \$94,945 price of November Bitcoin future) of notional value.

³⁷ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁸ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned ISE analysis, the Exchange believes that the proposed 250,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position and exercise limit of 250,000 for IBIT options against other options on ETFs with an underlying commodity, namely SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and ProShares Bitcoin ETF ("BITO").³⁹ GLD has a float of 306.1 million shares⁴⁰ and a position limit of 250,000 contract. SLV has a float of 520.7 million shares⁴¹ and a position limit of 250,000 contract. Finally, BITO has 107.65 million shares outstanding⁴² and a position limit of 250,000 contract. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 8.17% of the float of GLD; a position limit exercise in SLV would represent 4.8% of the float of

³⁸ Id.

³⁹ GLD, SLV and BITO each hold one asset in trust similar to IBIT.

⁴⁰ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

⁴¹ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

⁴² See <https://www.marketwatch.com/investing/fund/bit0>.

SLV, and a position limit exercise of BITO would represent 23.22% of the float of BITO. In comparison, a 250,000 contract position limit in IBIT would represent 2.89% of the float of IBIT. Consequently, a 250,000 position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and thus appropriate.

Fifth, ISE noted that IBIT options began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.⁴³ The Commission noted that evidence contained in both the Exchanges' Report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.⁴⁴ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests). As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class that experience a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁴⁵ IBIT options are among a select group of

⁴³ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Rule 5.4(d). The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Rule 5.4(d). See Rule 5.4(d).

⁴⁴ See Securities Exchange Act Release No. 88532 (April 1, 2020), 67 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) ("Penny Approval Order").

⁴⁵ Id. at 19548.

products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments. Failing to increase position and exercise limits for IBIT options, now that it is trading in finer increments, may artificially inhibit liquidity and create price inefficiency.

With respect to GBTC, BTC, and BITB, the Exchange reviewed data presented by NYSE Arca, Inc. (“NYSE Arca”) in its filings to amend the position and exercise limits for GBTC, BTC, and BITB options.⁴⁶ First, the Exchange reviewed NYSE Arca’s comparison of the market capitalization of each of these three Bitcoin ETFs relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. As noted above, as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.⁴⁷ At a price of \$94,830 per Bitcoin,⁴⁸ that equates to a market capitalization of greater than \$1.876 trillion. If a position (and exercise) limit of 250,000 contracts were considered, the exercisable risk would represent 9.13%,⁴⁹ 30.14%,⁵⁰ and 31.27%⁵¹ of GBTC, BTC, and BITB shares outstanding, respectively. Since each of GBTC, BTC, and BITB has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create shares of each such Bitcoin ETF), the position and exercise limit can be compared to the total market capitalization of the entire Bitcoin market, and in that case, the exercisable

⁴⁶ See Securities Exchange Act Release Nos. 102402 (February 11, 2025), 90 FR 9765, 9767 (SR-NYSEArca-2025-07) (notice of filing regarding position and exercise limits for GBTC options); and 102441 (February 18, 2025), 90 FR 10518, 10520 – 10521 (notice of filing regarding position and exercise limits for BTC and BITB options).

⁴⁷ See <https://www.coingecko.com/en/coins/bitcoin>.

⁴⁸ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

⁴⁹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 273,950,100 shares outstanding).

⁵⁰ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 82,939,964 shares outstanding).

⁵¹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 79,950,100 BITB shares outstanding).

risk for options on GBTC, BTC, and BITB would represent less than 0.10%,⁵² 0.06%,⁵³ and 0.07%,⁵⁴ respectively, of all Bitcoin outstanding. The Exchange notes that if each of GBTC, BTC, and BITB options were subject to a 250,000-contract position and exercise limit (based on each ETF's trading volume), and if all options on GBTC, BTC, or BITB shares were exercised at once, this occurrence would have a virtually unnoticed impact on the entire Bitcoin market. This NYSE Arca analysis demonstrates that a 250,000-contract position (and exercise) limit for each of GBTC, BTC, and BITB options would be appropriate given each of these Bitcoin ETF's liquidity.

As ISE did with respect to IBIT options, NYSE Arca compared a position and exercise limit of 250,000 contracts to the position limit of CME Bitcoin futures, which as noted above, have a position limit of 2,000 futures. On October 22, 2024, CME Bitcoin futures settled at \$94,945. On October 22, 2024, GBTC settled at \$53.64, BTC settled at \$29.90, and BITB settled at \$36.74, which would equate to greater than 17,700,410 shares of GBTC, 31,754,180 shares of BTC, and 25,842,406 shares of BITB, if the CME notional position limit was utilized.⁵⁵ Since substantial portions of any distributed options portfolio are likely to be out of the money at expiration, an options position limit equivalent to the CME position limit for Bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit.

⁵² This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$75.42 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

⁵³ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$42.16 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

⁵⁴ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$51.70 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

⁵⁵ 2,000 futures at a 5-Bitcoin multiplier (per the contract specifications) equates to \$949,450,000 (2000 contracts * 5 Bitcoin per contract * \$94,945 price of November Bitcoin future) of notional value.

The Exchange notes, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).⁵⁶ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.⁵⁷ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for Bitcoin, the Exchange believes that the proposed position and exercise limits for GBTC, BTC, and BITB options are appropriate.

Finally, as ISE did, NYSE Arca also compared a position and exercise limit of 250,000 contracts for GBTC, BTC, and BITB against the position and exercise limits for GLD and SLV options. GLD has a float of 306.1 million shares⁵⁸ and a position and exercise limit of 250,000 contract. SLV has a float of 520.7 million shares⁵⁹ and a position and exercise limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an

⁵⁶ See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

⁵⁷ Id.

⁵⁸ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

⁵⁹ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 8.17% of the float of GLD; and a position limit exercise in SLV would represent 4.8% of the float of SLV. In comparison, a 250,000-contract position limit would represent 9.13% of the GBTC float, 30.14% of the BTC float, and 31.27% of the BITB float. A 250,000 contract position and exercise limit for each of GBTC, BTC, and BITB is comparable with the standard applied to GLD and SLV and is therefore appropriate.

The Exchange believes the above information demonstrates that each Bitcoin ETF option has more than sufficient liquidity to garner an increased position and exercise limit of 250,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in each Bitcoin ETF. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

The Exchange believes the proposed rule change would lead to a more liquid and competitive market environment for the Bitcoin ETF options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each TPH organization that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market-Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market-Maker position information.⁶⁰ Moreover, the Exchange's requirement that TPH organizations file reports

⁶⁰ OCC through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Trading Permit Holder ("TPH") compliance with position reporting requirements by

with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.⁶¹

The Exchange also has no reason to believe that the growth in trading volume in Bitcoin ETF options will not continue. Rather, the Exchange expects continued options volume growth in the Bitcoin ETFs as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits applicable to the Bitcoin ETF options are restrictive and may hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for Bitcoin ETF options, market participants will find the 25,000 contract position and exercise limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes each Bitcoin ETF option's position (and exercise)

collecting data from each TPH or TPH organization, consolidating the information, and ultimately providing detailed listings of each TPHs report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

⁶¹ See Rule 8.43(a).

limits would be reviewed on a six-month basis, pursuant to Rule 8.30, Interpretation and Policy .02, similar to other options.

Today, the Exchange has an adequate surveillance program in place for options.⁶² Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, Cboe has an RSA with FINRA for certain market surveillance, investigation and examinations functions. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁶³ The Exchange also has reviews in place to identify continued compliance with the Exchange’s listing standards.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁶⁴ Specifically,

⁶² The surveillance program includes surveillance patterns for price and volume movements as well as patterns for potential manipulation (e.g., spoofing and marking the close).

⁶³ Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization (“SRO”) registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO’s own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO (“common members”). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

⁶⁴ 15 U.S.C. 78f(b).

the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶⁵ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁶⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for each Bitcoin ETF option may allow Market-Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in each Bitcoin ETF option. Subjecting the Bitcoin ETF options to the position limits in Rule 8.30, Interpretation and Policy .02 and corresponding exercise limits in Rule 8.42 may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price

⁶⁵ 15 U.S.C. 78f(b)(5).

⁶⁶ Id.

discovery conducted on the Exchange through increased order flow. The Exchange notes the proposed rule change would further allow institutional investors to utilize Bitcoin ETF options for prudent risk management purposes.

In support of the proposed rule change, the Exchange cites the in-depth analysis of each of ISE and NYSE Arca did in their respective filings, as noted above, each of ISE and NYSE Arca considered, among other things: (1) applicable Bitcoin ETF's market capitalization and ADV, and a 250,000 contract position and exercise limit in relation to the position limits of options on other securities; (2) market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables; and (3) comparing a 250,000 contract position limit to position limits for derivative products regulated by the CFTC. Based on the Exchange's review of these analyses, the Exchange believes that subjecting the Bitcoin ETF options to the position (and exercise) limits set forth in Rule 8.30, Interpretation and Policy .02 (which may go up to 250,000 contracts) is more than appropriate. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁶⁷

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes

⁶⁷ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

of the Act. The Exchange does not believe the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because all TPHs would be subject to the same position and exercise limit for each Bitcoin ETF option, as set by Rules 8.30, Interpretation and Policy .02 and 8.42. The Exchange does not believe the proposed rule change will impose any burden on intermarket competition, and may benefit competition, as the proposed rule change is identical proposed rule changes of other options exchanges recently approved by the Commission.⁶⁸ The Exchange believes that the proposed rule change may provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for the Bitcoin ETF options.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

The Exchange neither solicited nor received written comments on the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not:

- A. significantly affect the protection of investors or the public interest;
- B. impose any significant burden on competition; and
- C. become operative for 30 days from the date on which it was filed, or such

shorter time as the Commission may designate, it has become effective pursuant to Section

⁶⁸ See Securities Exchange Act Release Nos. 103564 (July 29, 2025) (SR-ISE-2024-62) (order approving ISE proposed rule change to amend position and exercise limits for IBIT options); 103567 (July 29, 2025) (SR-NYSEARCA-2025-07) (order approving NYSE Arca proposed rule change to amend position and exercise limits for GBTC options); and 103568 (July 29, 2025) (SR-NYSEARCA-2025-10) (order approving NYSE Arca proposed rule change to amend position and exercise limits for BTC and BITB options).

19(b)(3)(A) of the Act⁶⁹ and Rule 19b-4(f)(6)⁷⁰ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2025-056 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-CBOE-2025-056. This file number should be included on the subject line if email is used. To help the Commission process

⁶⁹ 15 U.S.C. 78s(b)(3)(A).

⁷⁰ 17 CFR 240.19b-4(f)(6).

and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-CBOE-2025-056 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁷¹

Sherry R. Haywood,

Assistant Secretary.

Secretary

⁷¹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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Rules of Cboe Exchange, Inc.

* * * * *

Rule 8.30. Position Limits

Except with the prior permission of the President or his designee, to be confirmed in writing, no Trading Permit Holder shall make, for any account in which it has an interest or for the account of any customer, an opening transaction on any exchange if the Trading Permit Holder has reason to believe that as a result of such transaction the Trading Permit Holder or its customer would, acting alone or in concert with others, directly or indirectly, (a) control an aggregate position in an option contract dealt in on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts (whether long or short) of the put type and the call type on the same side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of option contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options, or (b) exceed the applicable position limit fixed from time to time by another exchange for an option contract not dealt in on the Exchange, when the Trading Permit Holder is not a member of the other exchange on which the transaction was effected. In addition, should a Trading Permit Holder have reason to believe that a position in any account in which it has an interest or for the account of any customer is in excess of the applicable limit, such Trading Permit Holder shall promptly take the action necessary to bring the position into compliance. Reasonable notice shall be given of each new position limit fixed by the Exchange, by publicly posting notice thereof. Limits shall be determined in the manner described in Interpretations and Policies below.

Interpretations and Policies

.01 – .09 No change.

.10 *Interests in Commodities-Based Trusts.* The position limits under this Rule 8.30 applicable to options on shares or other securities that represent interests in commodities-based trusts that satisfy the criteria set forth in Rule 4.3.06(a)(4) shall be the same as the position limits applicable to equity options under this Rule 8.30 and Interpretations and Policies thereunder, except that the position limits under this Rule 8.30 applicable to option contracts on the securities listed in the below chart are as follows:

Commodities-Based Trust Underlying Option	Position Limit
* * * * *	

[iShares Bitcoin Trust]	[25,000]
[Grayscale Bitcoin Trust]	[25,000]
[Grayscale Bitcoin Mini Trust]	[25,000]
[Bitwise Bitcoin ETF]	[25,000]

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