

Required fields are shown with yellow backgrounds and asterisks.

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2025 - \* 034

Amendment No. (req. for Amendments \*)

Filing by Cboe BZX 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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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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 type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

The Exchange proposes to amend Rule 19.3 to permit the listing of options on Commodity Based Trust Shares.

**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 BZX Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 03/05/2025

(Title \*)

By Laura G. Dickman

VP, Associate General Counsel

(Name \*)

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.

*Laura Dickman* Date: 2025.03.05 11:06:33 -06'00'

Required fields are shown with yellow backgrounds and astericks.

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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25-034 19b-4 (BZX Commodity-Based

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 \***

Add Remove View

25-034 Exhibit 1 (BZX Commodity-Ba

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**

Add Remove View

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.

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.

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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25-034 Exhibit 5 (BZX Commodity-Bas

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 BZX Exchange, Inc. (the “Exchange” or “BZX Options”) proposes to amend Rule 19.3 to permit the listing of options on Commodity-Based Trust Shares (as defined below). 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 President (or designee) pursuant to delegated authority approved the proposed rule change on March 4, 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 BZX 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 Rules 19.3 regarding the criteria for underlying securities. Specifically, the Exchange proposes to amend Rule 19.3(i) to allow the Exchange to list and trade options on Fund Shares<sup>1</sup> that represent interests in

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<sup>1</sup> Rule 19.3(i) states that securities deemed appropriate for options trading shall include shares or other securities (“Fund Shares”), including but not limited to Partnership Units as defined in this Rule, that are principally traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that (1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities, and that hold portfolios of securities comprising or otherwise based on or representing investments in indexes or portfolios of securities (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities) (“Funds”) and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and

Commodity-Based Trusts. This is a competitive filing substantively identical to proposals submitted by other options exchanges that are currently pending with the Securities and Exchange Commission (the “Commission”).<sup>2</sup>

A Commodity-Based Trust is defined in Cboe BZX Exchange, Inc. 14.11(e)(4), NYSE Arca, Inc. Rule 8.201(c)(1), and The Nasdaq Stock Market LLC Rule 5711(d)(iv) as a security (a) that is issued by a trust (“Trust”) that holds (1) a specified commodity deposited with the Trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such Trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash. The Exchange proposes to amend Rule 19.3(i) to provide that securities deemed appropriate for options trading include Fund Shares that represent interests in a security (A) issued by a trust that holds (i) a

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floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) constituting or otherwise based on or representing an investment in an index or portfolio of securities and/or Financial Instruments and Money Market Instruments, or (2) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and /or non-U.S. currency (“Commodity Pool ETFs”) or (3) represent interests in a trust or similar entity that holds a specified non- U.S. currency or currencies deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”), or (4) represent interests in the SPDR Gold Trust or are issued by the iShares COMEX Gold Trust or iShares Silver Trust, or the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF.

<sup>2</sup> See Securities Exchange Act Release No. 102465 (February 20, 2025) (SR-ISE-2025-08); SR-NYSEArca-2025-16 (February 24, 2025); and SR-NYSEAmerican-2025-07 (February 24, 2025).

specified commodity deposited with the trust, or (ii) a specified commodity and, in addition to such specified commodity, cash; (B) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (C) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash ("Commodity-Based Trust Share"). The proposed rule change removes from that rule provision references to the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF, which are all Commodity-Based Trust Shares, thus making references to those trusts no longer necessary. As a result of this proposed rule change, the Exchange's listing criteria would allow any ETF approved to list on a primary equities market as a Commodity-Based Trust Share to qualify as an underlying for options traded on the Exchange, provided other listing criteria have been met.<sup>3</sup>

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<sup>3</sup> The Exchange believes this proposal is consistent with the Options Clearing Corporation ("OCC") recent amendment of "Fund Share" (which covers ETFs), as defined in OCC's By-Laws (including the Interpretation and Policy), to remove references to specific precious metal commodity-based ETFs as "no longer relevant or necessary." See Securities Exchange Act Release No. 102018 (December 20, 2024), 89 FR 106660 (December 30, 2024) (SR-OCC-2024-018). The impetus for this rule change was the staff advisory issued by the Commodity Futures Trading Commission ("CFTC") that deemed it "substantially likely" that spot commodity ETF shares would be held to be securities" which, in turn, resulted in the OCC's determination that "it no longer needs to seek product-by-product exemptive relief from the CFTC to clear spot commodity-based ETF products, including precious metals commodity-based ETFs." See *id.* at 106661; see also CFTC Staff Advisory Relating to the Clearing of Options on Spot Commodity

The Exchange's initial listing standards for Fund Shares on which options may be listed and traded on the Exchange will apply to Commodity-Based Trust Shares.

Pursuant to Rule 19.3(a), a security (which includes a Fund Share) on which options may be listed and traded on the Exchange must be duly registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, as amended (the "Act")), and be characterized by a substantial number of outstanding shares that are widely held and actively traded. Additionally, Rule 19.3(i) requires that Fund Shares must either (1) meet the criteria and standards set forth in Rule 19.3(a) and (b)<sup>4</sup> or (2) be available for creation or redemption each business day in cash or in kind from the investment company, commodity pool or other entity at a price related to net asset value, and the investment company, commodity pool or other entity is obligated to provide that Fund Shares may be created even if some or all of the securities and/or cash required to be deposited have not been received by the Fund, the unit investment trust or the management investment company, provided the authorized creation participant has undertaken to deliver the securities and/or cash as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the Fund, all as described in the Fund's or unit trust's prospectus.

Additionally, Commodity-Based Trust Shares will also be subject to the Exchange's set forth in Rule 19.4(g) for Fund Shares deemed appropriate for options

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Exchange Traded Funds (ETFs), Letter No. 24-16 (Nov. 15, 2024), available at <https://www.cftc.gov/csl/24-16/download>.

<sup>4</sup> Rule 19.3(b) provides for guidelines to be followed by the Exchange when evaluating potential underlying securities for Exchange option transactions.

trading pursuant to Rule 19.3(i). Rule 19.4(g) provides that Fund Shares approved for options trading pursuant to Rule 19.3 will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Fund Shares if the security is delisted from trading as provided in Rule 19.4(b)(4) (i.e., the underlying security ceases to be an “NMS stock” as defined in Rule 600 of Regulation NMS under the Act). In addition, the Exchange shall consider suspension of opening transactions in any series of options of the class covering Fund Shares in any of the following circumstances: in the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(4)(A), in accordance with Rule 19.4(b)(1), (2), and (3); (2) in the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(4)(B), following the initial 12-month period beginning upon the commencement of trading in the Fund Shares on a national securities exchange and are defined as NMS stock under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Fund Shares for 30 consecutive days; (3) the value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or Financial Instruments or Money Market Instruments, or portfolio of securities on which the Fund Shares are based is no longer calculated or available; or (4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable. The Exchange notes that Fund Shares that hold financial instruments, money market instruments, precious metal commodities, or cryptocurrencies that are deemed commodities on which the Exchange may already list and trade options pursuant

to Rule 19.3(i) are trusts structured in substantially the same manner as options on a Commodity-Based Trust Share and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any Fund Share options, including Fund Shares that hold commodities (e.g., precious metals, cryptocurrencies) that it currently lists and trades on the Exchange.

Options on a Commodity-Based Fund Share will be physically settled contracts with American-style exercise.<sup>5</sup> Consistent with current Rule 19.6, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month and one series of options on a Commodity-Based Fund Share<sup>6</sup> at the commencement of trading on the Exchange and may also list series of options on a Commodity-Based Fund Share for trading on a

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<sup>5</sup> See Rule 19.2, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); and Equity Options Product Specifications January 3, 2024), available at [Equity Options Specifications \(cboe.com\)](https://www.cboe.com/equity/options/specifications); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

<sup>6</sup> See Rule 19.6(b) and (e). The monthly expirations are subject to certain listing criteria for underlying securities described within Rule 19.3. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Rule 19.6(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. New series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

weekly,<sup>7</sup> monthly,<sup>8</sup> or quarterly basis.<sup>9</sup> The Exchange may also list long-term options series that expire from 12 to 39 months from the time they are listed.<sup>10</sup>

Pursuant to Rule 19.6, Interpretation and Policy .01, which governs strike prices of series of options on Fund Shares, the interval of strike prices for series of options on Commodity-Based Fund Shares may be \$1 or greater where the strike price is \$200 or less or \$5 or greater where the strike price is over \$200.<sup>11</sup> Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,<sup>12</sup> the \$0.50 Strike Program,<sup>13</sup> the \$2.50 Strike Price Program,<sup>14</sup> and the \$5 Strike Program.<sup>15</sup>

Pursuant to Rule 21.5, where the price of a series of a Commodity-Based Fund Share option is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10.<sup>16</sup> Any and all new series of Commodity-Based Fund Share options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 19.6 and 21.5, as applicable.

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<sup>7</sup> See Rule 19.6, Interpretation and Policy .05.

<sup>8</sup> See Rule 19.6, Interpretation and Policy .08.

<sup>9</sup> See Rule 19.6, Interpretation and Policy .04.

<sup>10</sup> See Rule 19.8.

<sup>11</sup> The Exchange notes that for options listed pursuant to the Short Term Option Series Program, Rule 19.6, Interpretation and Policy .05 sets forth intervals between strike prices for Short Term Option Series.

<sup>12</sup> See Rule 19.6, Interpretations and Policies .01 and .02.

<sup>13</sup> See Rule 19.6, Interpretation and Policy .06.

<sup>14</sup> See Rule 19.6, Interpretation and Policy .03.

<sup>15</sup> See Rule 19.6(d)(5).

<sup>16</sup> If options on a Commodity-Based Fund Share are eligible to participate in the Penny Interval Program, the minimum increment will be \$0.01 for series with a price below \$3.00 and \$0.05 for series with a price at or above \$3.00. See 21.5(d) (which describes the requirements for the Penny Interval Program).

Options on a Commodity-Based Trust Share will trade in the same manner as options on other ETFs on the Exchange. The Exchange Rules that currently apply to the listing and trading of all Fund Share options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, position and exercise limits, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of options on Commodity-Based Trust Shares on the Exchange in the same manner as they apply to other options on all other Fund Shares that are listed and traded on the Exchange.

Position and exercise limits for options, including options on a Commodity-Based Trust Share, are determined pursuant to Rules 18.7 and 18.9, respectively, which refer to position and exercise limits fixed by Cboe Exchange, Inc. (“Cboe Options”).<sup>17</sup> Pursuant to Cboe Options Rule 8.30 and 8.42, position and exercise limits for options on ETFs vary according to the number of outstanding shares and the trading volumes of the underlying security over the past six months, where the largest in capitalization and the most frequently traded funds have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization funds have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market.<sup>18</sup> Further, the Exchange notes that Rule 28.3, which governs margin requirements applicable to the trading of all options on the Exchange, including

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<sup>17</sup> Cboe Options submitted a separate substantively identical proposal to list options on Commodity-Based Trust Shares.

<sup>18</sup> See Cboe Options Rule 8.30, Interpretation and Policy .02.

options on ETFs, will also apply to the trading of options on a Commodity-Based Trust Share

The Exchange represents it has an adequate surveillance program in place for options and intends to apply those same program procedures to options on Commodity-Based Fund Shares that it applies to the Exchange's other options products.<sup>19</sup> The Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on Commodity-Based Trust Shares. 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. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority ("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.<sup>20</sup> Further,

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<sup>19</sup> 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).

<sup>20</sup> 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.

the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on Commodity-Based Fund Shares.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of new series of ETFs, including on Commodity-Based Trust Shares, up to the number of expirations currently permissible under the Rules. The Exchange believes any additional traffic generated from the trading of options on Commodity-Based Trust Shares would be manageable. The Exchange represents that Exchange members will not have a capacity issue as a result of this proposed rule change.

Further, quotation and last sale information for Commodity-Based Trust Shares is available via the Consolidated Tape Association (“CTA”) high speed line. Quotation and last sale information for such securities is also available from the exchange on which such securities are listed. Quotation and last sale information for options on Commodity-Based Fund Shares will be available via OPRA<sup>21</sup> and major market data vendors.

The Exchange notes that the Commission has previously approved generic listing standards pursuant to Rule 19b-4(e) of the Act<sup>22</sup> for ETFs based on indexes that consist of stocks listed on U.S. exchanges.<sup>23</sup> In addition, the Commission has previously

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<sup>21</sup> Last sale reports and quotations are the core of the information that OPRA disseminates. OPRA also disseminates certain other types of information with respect to the trading of options on the markets of the OPRA participants, such as the number of options contracts traded, open interest and end of day summaries. OPRA also disseminates certain kinds of administrative messages.

<sup>22</sup> 17 CFR 240.19b-4(e).

<sup>23</sup> See Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66993 (November 17, 2006) (SR-AMEX-2006-78) (approval order relating to generic listing standards for ETFs based on international or global indexes).

approved proposals for the listing and trading of options on ETFs based on international indexes as well as global indexes (e.g., based on non-U.S. and U.S. component stocks).<sup>24</sup>

In approving Commodity-Based Trust Shares for equities exchange trading, the Commission thoroughly considered the structure of the Commodity-Based Trust Shares, their usefulness to investors and to the markets, and self-regulatory organization rules that govern their trading. The Exchange believes that allowing the listing of options overlying Commodity-Based Trust Shares that are listed pursuant to Commission approval on equities exchanges and applying Rule 19b-4(e)<sup>25</sup> should fulfill the intended objective of that rule by allowing options on those Commodity-Based Trust Shares that have satisfied the generic listing standards to commence trading, without the need for the public comment period and Commission approval. The proposed rule change has the potential to significantly reduce the time and costs associated with bringing options on Commodity-Based Trust Shares to market, thereby reducing the burden on issuers and other market participants, while also promoting competition among options exchanges, to the benefit of the investing public. The failure of a particular Commodity-Based Trust Share to comply with the generic listing standards under Rule 19b-4(e)<sup>26</sup> would not, however, preclude the Exchange from submitting a separate filing pursuant to Section

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<sup>24</sup> See, e.g., Securities Exchange Act Release Nos. 56778 (November 9, 2007), 72 FR 65113 (November 19, 2007) (SR-AMEX-2007-100) (approval order to list and trade options on iShares MSCI Mexico Index Fund); and 55648 (April 19, 2007), 72 FR 20902 (April 26, 2007) (SR-AMEX-2007-09) (approval order to list and trade options on Vanguard Emerging Markets ETF); see also Securities Exchange Act Release Nos. 50189 (August 12, 2004), 69 FR 51723 (August 20, 2004) (SR-AMEX-2001-05) (approving the listing and trading of certain Vanguard International Equity Index Funds); and 44700 (August 14, 2001), 66 FR 43927 (August 21, 2001) (SR-2001-34) (approving the listing and trading of series of the iShares Trust based on foreign stock indexes).

<sup>25</sup> 17 CFR 240.19b-4(e).

<sup>26</sup> Id.

19(b)(2)<sup>27</sup> requesting Commission approval to list and trade options on a particular Commodity-Based Trust Share.

(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.<sup>28</sup>

Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>29</sup> 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)<sup>30</sup> 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 proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system because it would allow the Exchange to immediately list and trade options on Commodity-Based Trust Shares, provided the initial listing criteria has been met, without requiring

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<sup>27</sup> 15 U.S.C. 78s(b)(2).

<sup>28</sup> 15 U.S.C. 78f(b).

<sup>29</sup> 15 U.S.C. 78f(b)(5).

<sup>30</sup> Id.

additional approvals from the Commission.<sup>31</sup> Commodity-Based Trust Shares are securities approved for trading by the Commission. The Exchange believes that allowing options on qualifying Commodity-Based Trust Shares soon after the listing of such underlying security in the primary market will benefit investors and the public interest as it will afford market participants the opportunity to hedge their positions in the underlying ETF in a timely manner. Given the potential to reduce the time to market for options on Commodity-Based Trust Shares, the proposed rule change will also reduce the burdens on issuers and other market participants, while also promoting competition among options exchanges to the benefit of the investing public. This proposal will enable the listing of options on Commodity-Based Trust Shares in the same manner as other securities listed and traded on the Exchange. The Exchange notes that most ETFs are eligible for options trading without the need for additional approvals, provided the ETFs meet the initial listing criteria. Accordingly, the proposed rule change would align the treatment of Commodity-Based Trust Shares with other ETFs for purposes of options trading, which would add internal consistency to Exchange rules.

The Exchange believes that the proposed rule change will facilitate the listing and trading of options on additional ETFs that will enhance competition among market participants, to the benefit of investors and the marketplace. Like options on any other securities, options on Commodity-Based Trust Shares will provide investors with the ability to hedge exposure to the underlying security. The Exchange believes that offering options on Commodity-Based Trust Shares will benefit investors by providing them with

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<sup>31</sup> As noted herein, the Exchange believes this proposal is consistent with the OCC's determination that, based on a staff advisory from the CFTC, the "it no longer needs to seek product-by-product exemptive relief from the CFTC to clear spot commodity-based ETF products." See supra note 3.

a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risk in their portfolios more easily in connection with exposure to the price of a commodity. Additionally, the Exchange's offering of options on Commodity-Based Trust Shares will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated over-the-counter market, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors.

As noted herein, the Exchange already lists options on other commodity-based ETFs,<sup>32</sup> which are trusts structured in substantially the same manner as Commodity-Based Trust Shares. The Exchange has not identified any issues with the continued listing and trading of options on Commodity-Based Trust Shares. The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules previously filed with the Commission. Options on Commodity-Based Trust Shares must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all ETFs, including ETFs that hold other commodities already deemed appropriate for options trading on the Exchange.<sup>33</sup> Options on Commodity-Based Trust Shares will trade in the same manner as any other ETF options — the same Exchange Rules that currently govern the listing and trading of options, including permissible expirations, strike prices

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<sup>32</sup> See Rule 19.3(i).

<sup>33</sup> See id.

minimum increments, position and exercise limits, and margin requirements, will govern the listing and trading of options on Commodity-Based Trust Shares in the same manner.

The Exchange believes the proposed rule change will result in increased competition as other exchanges will likely adopt an identical rule to the one proposed by the Exchange that would allow the listing and trading of options on Commodity-Based Trust Shares that are approved for trading on those other markets.<sup>34</sup> Multiple listing of ETFs, options and other securities and competition are some of the central features of the national market system. The Exchange believes that the proposal would encourage a more open market and national market system based on competition and multiple listing. The Exchange represents that it has the necessary systems capacity to support the listing and trading of options on Commodity-Based Trust Shares as the Exchange lists these products today, except that it requires additional approvals prior to listing. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading of options on Commodity-Based Trust Shares.

**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. To the contrary, the Exchange believes that the proposal is pro-competitive and is a competitive response to the Exchange's inability to list options on Commodity-Based Trust Shares without submitting a separate proposed rule change. The Exchange believes the proposed rule change will result in additional investment options and

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<sup>34</sup> See supra note 2.

opportunities to achieve the investment objectives of market participants seeking efficient trading and hedging vehicles, to the benefit of investors, market participants, and the marketplace in general. Competition is one of the principal features of the national market system. The Exchange believes that this proposal will expand competitive opportunities to list and trade products on the Exchange as noted.

The Exchange does not believe the proposal will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because Commodity-Based Trust Shares, like any other ETF, would have to satisfy the Exchange's initial listing standards to be eligible for options trading. Additionally, the proposed rule change would apply to all market participants in the same manner as options on Commodity-Based Trust Shares will be equally available to all market participants who wish to trade such options.

The Exchange does not believe the proposal will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as nothing prevents the other options exchanges from proposing similar rules to list and trade options on Commodity-Based Trust Shares. As noted herein, other options exchanges have submitted proposed rule changes to adopt identical rules to permit the listing and trading of options on Commodity-Based Trust Shares without submitting a separate proposed rule change.<sup>35</sup> Furthermore, the Exchange notes that listing and trading options on a Commodity-Based Trust Share on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market. The Exchange believes

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<sup>35</sup> See id.

that the proposed rule change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios in a timely manner.

**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**

The Exchange does not consent to an extension of the time period for Commission action on the proposed rule change specified in Section 19(b)(2) of the Act.<sup>36</sup>

**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)**

Not applicable.

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

The proposed rule change is substantively identical to proposed rule changes of Nasdaq ISE, LLC; NYSE American LLC; and NYSE Arca, Inc..<sup>37</sup>

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

Not applicable.

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<sup>36</sup> 15 U.S.C. 78s(b)(2).

<sup>37</sup> See supra note 2.

**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.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CboeBZX-2025-034]

[Insert date]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rule 19.3 to Permit the Listing of Options on Commodity-Based Trust Shares

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on [insert date], Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 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 BZX Exchange, Inc. (the “Exchange” or “BZX Options”) proposes to amend Rule 19.3 to permit the listing of options on Commodity-Based Trust Shares. 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://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

## **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 Rules 19.3 regarding the criteria for underlying securities. Specifically, the Exchange proposes to amend Rule 19.3(i) to allow the Exchange to list and trade options on Fund Shares<sup>3</sup> that represent interests in

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<sup>3</sup> Rule 19.3(i) states that securities deemed appropriate for options trading shall include shares or other securities (“Fund Shares”), including but not limited to Partnership Units as defined in this Rule, that are principally traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that (1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities, and that hold portfolios of securities comprising or otherwise based on or representing investments in indexes or portfolios of securities (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities) (“Funds”) and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) constituting or otherwise based on or representing an investment in an index or portfolio of securities and/or Financial Instruments and Money Market Instruments, or (2) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”) or (3) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”), or (4) represent interests in the SPDR Gold Trust or are issued by the iShares COMEX Gold Trust or iShares Silver Trust, or the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale

Commodity-Based Trusts. This is a competitive filing substantively identical to proposals submitted by other options exchanges that are currently pending with the Securities and Exchange Commission (the “Commission”).<sup>4</sup>

A Commodity-Based Trust is defined in Cboe BZX Exchange, Inc. 14.11(e)(4), NYSE Arca, Inc. Rule 8.201(c)(1), and The Nasdaq Stock Market LLC Rule 5711(d)(iv) as a security (a) that is issued by a trust (“Trust”) that holds (1) a specified commodity deposited with the Trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such Trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such Trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash. The Exchange proposes to amend Rule 19.3(i) to provide that securities deemed appropriate for options trading include Fund Shares that represent interests in a security (A) issued by a trust that holds (i) a specified commodity deposited with the trust, or (ii) a specified commodity and, in addition to such specified commodity, cash; (B) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (C) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash (“Commodity-Based Trust Share”). The proposed rule change removes from that rule provision

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Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF.

<sup>4</sup> See Securities Exchange Act Release No. 102465 (February 20, 2025) (SR-ISE-2025-08); SR-NYSEArca-2025-16 (February 24, 2025); and SR-NYSEAmerican-2025-07 (February 24, 2025).

references to the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF, which are all Commodity-Based Trust Shares, thus making references to those trusts no longer necessary. As a result of this proposed rule change, the Exchange's listing criteria would allow any ETF approved to list on a primary equities market as a Commodity-Based Trust Share to qualify as an underlying for options traded on the Exchange, provided other listing criteria have been met.<sup>5</sup>

The Exchange's initial listing standards for Fund Shares on which options may be listed and traded on the Exchange will apply to Commodity-Based Trust Shares. Pursuant to Rule 19.3(a), a security (which includes a Fund Share) on which options may be listed and traded on the Exchange must be duly registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, as amended (the "Act")), and be characterized by a substantial

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<sup>5</sup> The Exchange believes this proposal is consistent with the Options Clearing Corporation ("OCC") recent amendment of "Fund Share" (which covers ETFs), as defined in OCC's By-Laws (including the Interpretation and Policy), to remove references to specific precious metal commodity-based ETFs as "no longer relevant or necessary." See Securities Exchange Act Release No. 102018 (December 20, 2024), 89 FR 106660 (December 30, 2024) (SR-OCC-2024-018). The impetus for this rule change was the staff advisory issued by the Commodity Futures Trading Commission ("CFTC") that deemed it "substantially likely" that spot commodity ETF shares would be held to be securities" which, in turn, resulted in the OCC's determination that "it no longer needs to seek product-by-product exemptive relief from the CFTC to clear spot commodity-based ETF products, including precious metals commodity-based ETFs." See *id.* at 106661; see also CFTC Staff Advisory Relating to the Clearing of Options on Spot Commodity Exchange Traded Funds (ETFs), Letter No. 24-16 (Nov. 15, 2024), [available at https://www.cftc.gov/csl/24-16/download](https://www.cftc.gov/csl/24-16/download).

number of outstanding shares that are widely held and actively traded. Additionally, Rule 19.3(i) requires that Fund Shares must either (1) meet the criteria and standards set forth in Rule 19.3(a) and (b)<sup>6</sup> or (2) be available for creation or redemption each business day in cash or in kind from the investment company, commodity pool or other entity at a price related to net asset value, and the investment company, commodity pool or other entity is obligated to provide that Fund Shares may be created even if some or all of the securities and/or cash required to be deposited have not been received by the Fund, the unit investment trust or the management investment company, provided the authorized creation participant has undertaken to deliver the securities and/or cash as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the Fund, all as described in the Fund's or unit trust's prospectus.

Additionally, Commodity-Based Trust Shares will also be subject to the Exchange's set forth in Rule 19.4(g) for Fund Shares deemed appropriate for options trading pursuant to Rule 19.3(i). Rule 19.4(g) provides that Fund Shares approved for options trading pursuant to Rule 19.3 will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Fund Shares if the security is delisted from trading as provided in Rule 19.4(b)(4) (i.e., the underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Act). In addition, the Exchange shall consider suspension of opening transactions in any series of options of

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<sup>6</sup> Rule 19.3(b) provides for guidelines to be followed by the Exchange when evaluating potential underlying securities for Exchange option transactions.

the class covering Fund Shares in any of the following circumstances: in the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(4)(A), in accordance with Rule 19.4(b)(1), (2), and (3); (2) in the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(4)(B), following the initial 12-month period beginning upon the commencement of trading in the Fund Shares on a national securities exchange and are defined as NMS stock under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Fund Shares for 30 consecutive days; (3) the value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or Financial Instruments or Money Market Instruments, or portfolio of securities on which the Fund Shares are based is no longer calculated or available; or (4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable. The Exchange notes that Fund Shares that hold financial instruments, money market instruments, precious metal commodities, or cryptocurrencies that are deemed commodities on which the Exchange may already list and trade options pursuant to Rule 19.3(i) are trusts structured in substantially the same manner as options on a Commodity-Based Trust Share and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any Fund Share options, including Fund Shares that hold commodities (e.g., precious metals, cryptocurrencies) that it currently lists and trades on the Exchange.

Options on a Commodity-Based Fund Share will be physically settled contracts with American-style exercise.<sup>7</sup> Consistent with current Rule 19.6, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month and one series of options on a Commodity-Based Fund Share<sup>8</sup> at the commencement of trading on the Exchange and may also list series of options on a Commodity-Based Fund Share for trading on a weekly,<sup>9</sup> monthly,<sup>10</sup> or quarterly basis.<sup>11</sup> The Exchange may also list long-term options series that expire from 12 to 39 months from the time they are listed.<sup>12</sup>

Pursuant to Rule 19.6, Interpretation and Policy .01, which governs strike prices of series of options on Fund Shares, the interval of strike prices for series of options on Commodity-Based Fund Shares may be \$1 or greater where the strike price is \$200 or

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<sup>7</sup> See Rule 19.2, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); and Equity Options Product Specifications January 3, 2024), available at [Equity Options Specifications \(cboe.com\)](https://www.cboe.com/equity/options/specifications); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

<sup>8</sup> See Rule 19.6(b) and (c). The monthly expirations are subject to certain listing criteria for underlying securities described within Rule 19.3. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Rule 19.6(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. New series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

<sup>9</sup> See Rule 19.6, Interpretation and Policy .05.

<sup>10</sup> See Rule 19.6, Interpretation and Policy .08.

<sup>11</sup> See Rule 19.6, Interpretation and Policy .04.

<sup>12</sup> See Rule 19.8.

less or \$5 or greater where the strike price is over \$200.<sup>13</sup> Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,<sup>14</sup> the \$0.50 Strike Program,<sup>15</sup> the \$2.50 Strike Price Program,<sup>16</sup> and the \$5 Strike Program.<sup>17</sup>

Pursuant to Rule 21.5, where the price of a series of a Commodity-Based Fund Share option is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10.<sup>18</sup> Any and all new series of Commodity-Based Fund Share options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 19.6 and 21.5, as applicable.

Options on a Commodity-Based Trust Share will trade in the same manner as options on other ETFs on the Exchange. The Exchange Rules that currently apply to the listing and trading of all Fund Share options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, position and exercise limits, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of options on Commodity-Based Trust Shares on the Exchange in the same manner as they apply to other options on all other Fund Shares that are listed and traded on the Exchange.

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<sup>13</sup> The Exchange notes that for options listed pursuant to the Short Term Option Series Program, Rule 19.6, Interpretation and Policy .05 sets forth intervals between strike prices for Short Term Option Series.

<sup>14</sup> See Rule 19.6, Interpretations and Policies .01 and .02.

<sup>15</sup> See Rule 19.6, Interpretation and Policy .06.

<sup>16</sup> See Rule 19.6, Interpretation and Policy .03.

<sup>17</sup> See Rule 19.6(d)(5).

<sup>18</sup> If options on a Commodity-Based Fund Share are eligible to participate in the Penny Interval Program, the minimum increment will be \$0.01 for series with a price below \$3.00 and \$0.05 for series with a price at or above \$3.00. See 21.5(d) (which describes the requirements for the Penny Interval Program).

Position and exercise limits for options, including options on a Commodity-Based Trust Share, are determined pursuant to Rules 18.7 and 18.9, respectively, which refer to position and exercise limits fixed by Cboe Exchange, Inc. (“Cboe Options”).<sup>19</sup> Pursuant to Cboe Options Rule 8.30 and 8.42, position and exercise limits for options on ETFs vary according to the number of outstanding shares and the trading volumes of the underlying security over the past six months, where the largest in capitalization and the most frequently traded funds have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization funds have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market.<sup>20</sup> Further, the Exchange notes that Rule 28.3, which governs margin requirements applicable to the trading of all options on the Exchange, including options on ETFs, will also apply to the trading of options on a Commodity-Based Trust Share

The Exchange represents it has an adequate surveillance program in place for options and intends to apply those same program procedures to options on Commodity-Based Fund Shares that it applies to the Exchange’s other options products.<sup>21</sup> The Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on Commodity-Based Trust Shares. Additionally, the Exchange is a

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<sup>19</sup> Cboe Options submitted a separate substantively identical proposal to list options on Commodity-Based Trust Shares.

<sup>20</sup> See Cboe Options Rule 8.30, Interpretation and Policy .02.

<sup>21</sup> 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).

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. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“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.<sup>22</sup> Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on Commodity-Based Fund Shares.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of new series of ETFs, including on Commodity-Based Trust Shares, up to the number of expirations currently permissible under the Rules. The Exchange believes any additional traffic generated from the trading of options on Commodity-Based Trust Shares would be manageable. The Exchange represents that Exchange members will not have a capacity issue as a result of this proposed rule change.

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<sup>22</sup> 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.

Further, quotation and last sale information for Commodity-Based Trust Shares is available via the Consolidated Tape Association (“CTA”) high speed line. Quotation and last sale information for such securities is also available from the exchange on which such securities are listed. Quotation and last sale information for options on Commodity-Based Fund Shares will be available via OPRA<sup>23</sup> and major market data vendors.

The Exchange notes that the Commission has previously approved generic listing standards pursuant to Rule 19b-4(e) of the Act<sup>24</sup> for ETFs based on indexes that consist of stocks listed on U.S. exchanges.<sup>25</sup> In addition, the Commission has previously approved proposals for the listing and trading of options on ETFs based on international indexes as well as global indexes (e.g., based on non-U.S. and U.S. component stocks).<sup>26</sup>

In approving Commodity-Based Trust Shares for equities exchange trading, the Commission thoroughly considered the structure of the Commodity-Based Trust Shares, their usefulness to investors and to the markets, and self-regulatory organization rules that govern their trading. The Exchange believes that allowing the listing of options overlying Commodity-Based Trust Shares that are listed pursuant to Commission

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<sup>23</sup> Last sale reports and quotations are the core of the information that OPRA disseminates. OPRA also disseminates certain other types of information with respect to the trading of options on the markets of the OPRA participants, such as the number of options contracts traded, open interest and end of day summaries. OPRA also disseminates certain kinds of administrative messages.

<sup>24</sup> 17 CFR 240.19b-4(e).

<sup>25</sup> See Securities Exchange Act Release No. 54739 (November 9, 2006), 71 FR 66993 (November 17, 2006) (SR-AMEX-2006-78) (approval order relating to generic listing standards for ETFs based on international or global indexes).

<sup>26</sup> See, e.g., Securities Exchange Act Release Nos. 56778 (November 9, 2007), 72 FR 65113 (November 19, 2007) (SR-AMEX-2007-100) (approval order to list and trade options on iShares MSCI Mexico Index Fund); and 55648 (April 19, 2007), 72 FR 20902 (April 26, 2007) (SR-AMEX-2007-09) (approval order to list and trade options on Vanguard Emerging Markets ETF); see also Securities Exchange Act Release Nos. 50189 (August 12, 2004), 69 FR 51723 (August 20, 2004) (SR-AMEX-2001-05) (approving the listing and trading of certain Vanguard International Equity Index Funds); and 44700 (August 14, 2001), 66 FR 43927 (August 21, 2001) (SR-2001-34) (approving the listing and trading of series of the iShares Trust based on foreign stock indexes).

approval on equities exchanges and applying Rule 19b-4(e)<sup>27</sup> should fulfill the intended objective of that rule by allowing options on those Commodity-Based Trust Shares that have satisfied the generic listing standards to commence trading, without the need for the public comment period and Commission approval. The proposed rule change has the potential to significantly reduce the time and costs associated with bringing options on Commodity-Based Trust Shares to market, thereby reducing the burden on issuers and other market participants, while also promoting competition among options exchanges, to the benefit of the investing public. The failure of a particular Commodity-Based Trust Share to comply with the generic listing standards under Rule 19b-4(e)<sup>28</sup> would not, however, preclude the Exchange from submitting a separate filing pursuant to Section 19(b)(2)<sup>29</sup> requesting Commission approval to list and trade options on a particular Commodity-Based Trust Share.

## 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.<sup>30</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>31</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles

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<sup>27</sup> 17 CFR 240.19b-4(e).

<sup>28</sup> Id.

<sup>29</sup> 15 U.S.C. 78s(b)(2).

<sup>30</sup> 15 U.S.C. 78f(b).

<sup>31</sup> 15 U.S.C. 78f(b)(5).

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)<sup>32</sup> 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 proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system because it would allow the Exchange to immediately list and trade options on Commodity-Based Trust Shares, provided the initial listing criteria has been met, without requiring additional approvals from the Commission.<sup>33</sup> Commodity-Based Trust Shares are securities approved for trading by the Commission. The Exchange believes that allowing options on qualifying Commodity-Based Trust Shares soon after the listing of such underlying security in the primary market will benefit investors and the public interest as it will afford market participants the opportunity to hedge their positions in the underlying ETF in a timely manner. Given the potential to reduce the time to market for options on Commodity-Based Trust Shares, the proposed rule change will also reduce the burdens on issuers and other market participants, while also promoting competition among options exchanges to the benefit of the investing public. This proposal will enable

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<sup>32</sup> Id.

<sup>33</sup> As noted herein, the Exchange believes this proposal is consistent with the OCC's determination that, based on a staff advisory from the CFTC, the "it no longer needs to seek product-by-product exemptive relief from the CFTC to clear spot commodity-based ETF products." See supra note 5.

the listing of options on Commodity-Based Trust Shares in the same manner as other securities listed and traded on the Exchange. The Exchange notes that most ETFs are eligible for options trading without the need for additional approvals, provided the ETFs meet the initial listing criteria. Accordingly, the proposed rule change would align the treatment of Commodity-Based Trust Shares with other ETFs for purposes of options trading, which would add internal consistency to Exchange rules.

The Exchange believes that the proposed rule change will facilitate the listing and trading of options on additional ETFs that will enhance competition among market participants, to the benefit of investors and the marketplace. Like options on any other securities, options on Commodity-Based Trust Shares will provide investors with the ability to hedge exposure to the underlying security. The Exchange believes that offering options on Commodity-Based Trust Shares will benefit investors by providing them with a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risk in their portfolios more easily in connection with exposure to the price of a commodity. Additionally, the Exchange's offering of options on Commodity-Based Trust Shares will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated over-the-counter market, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors.

As noted herein, the Exchange already lists options on other commodity-based ETFs,<sup>34</sup> which are trusts structured in substantially the same manner as Commodity-

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<sup>34</sup> See Rule 19.3(i).

Based Trust Shares. The Exchange has not identified any issues with the continued listing and trading of options on Commodity-Based Trust Shares. The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules previously filed with the Commission. Options on Commodity-Based Trust Shares must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all ETFs, including ETFs that hold other commodities already deemed appropriate for options trading on the Exchange.<sup>35</sup> Options on Commodity-Based Trust Shares will trade in the same manner as any other ETF options — the same Exchange Rules that currently govern the listing and trading of options, including permissible expirations, strike prices minimum increments, position and exercise limits, and margin requirements, will govern the listing and trading of options on Commodity-Based Trust Shares in the same manner.

The Exchange believes the proposed rule change will result in increased competition as other exchanges will likely adopt an identical rule to the one proposed by the Exchange that would allow the listing and trading of options on Commodity-Based Trust Shares that are approved for trading on those other markets.<sup>36</sup> Multiple listing of ETFs, options and other securities and competition are some of the central features of the national market system. The Exchange believes that the proposal would encourage a more open market and national market system based on competition and multiple listing. The Exchange represents that it has the necessary systems capacity to support the listing

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<sup>35</sup> See id.

<sup>36</sup> See supra note 4.

and trading of options on Commodity-Based Trust Shares as the Exchange lists these products today, except that it requires additional approvals prior to listing. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading of options on Commodity-Based Trust Shares.

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 of the Act. To the contrary, the Exchange believes that the proposal is pro-competitive and is a competitive response to the Exchange's inability to list options on Commodity-Based Trust Shares without submitting a separate proposed rule change. The Exchange believes the proposed rule change will result in additional investment options and opportunities to achieve the investment objectives of market participants seeking efficient trading and hedging vehicles, to the benefit of investors, market participants, and the marketplace in general. Competition is one of the principal features of the national market system. The Exchange believes that this proposal will expand competitive opportunities to list and trade products on the Exchange as noted.

The Exchange does not believe the proposal will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because Commodity-Based Trust Shares, like any other ETF, would have to satisfy the Exchange's initial listing standards to be eligible for options trading. Additionally, the proposed rule change would apply to all market participants in the same manner as options on Commodity-Based Trust Shares will be equally available to all market participants who wish to trade such options.

The Exchange does not believe the proposal will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as nothing prevents the other options exchanges from proposing similar rules to list and trade options on Commodity-Based Trust Shares. As noted herein, other options exchanges have submitted proposed rule changes to adopt identical rules to permit the listing and trading of options on Commodity-Based Trust Shares without submitting a separate proposed rule change.<sup>37</sup> Furthermore, the Exchange notes that listing and trading options on a Commodity-Based Trust Share on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market. The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios in a timely manner.

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**

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds

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<sup>37</sup> See id.

such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be 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](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-034 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-CboeBZX-2025-034. This file number should be included on the subject line if email is used. To help the Commission process 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed

with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also 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-CboeBZX-2025-034 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.<sup>38</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>38</sup> 17 CFR 200.30-3(a)(12).

## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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## Rules of Cboe BZX Exchange, Inc.

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## Rule 19.3. Criteria for Underlying Securities

(a) – (h) No change.

(i) Securities deemed appropriate for options trading shall include shares or other securities (“Fund Shares”), including but not limited to Partnership Units as defined in this Rule, that are principally traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that (1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities, and that hold portfolios of securities comprising or otherwise based on or representing investments in indexes or portfolios of securities (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities) (“Funds”) and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) constituting or otherwise based on or representing an investment in an index or portfolio of securities and/or Financial Instruments and Money Market Instruments, or (2) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and /or non- U.S. currency (“Commodity Pool ETFs”) or (3) represent interests in a trust or similar entity that holds a specified non- U.S. currency or currencies deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”), or (4) represent interests in a security (A) issued by a trust that holds (i) a specified commodity deposited with the trust, or (ii) a specified commodity and, in addition to such specified commodity, cash; (B) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (C) that, when aggregated in the same specified minimum number, may be redeemed at a holder’s request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash (“Commodity-Based Trust Share”) [the SPDR Gold Trust or are issued by the iShares COMEX Gold Trust or iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs

Physical Gold ETF, or the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF]; provided that all of the following conditions are met:

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