

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 2026 - \* 048

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"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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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) \*

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 8.30, Position Limits.

**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 \* Sarah Last Name \* Williams

Title \* Senior Counsel

E-mail \* swilliams@cboe.com

Telephone \* (224) 461-6793 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 05/20/2026 (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.

*Laura Dickman* Date: 2026.05.20  
08:22:29 -05'00'

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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26-048 (IBIT Position Limit) 19b4.docx

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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26-048 (IBIT Position Limit) Exhibit 1.c

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.

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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26-048 (IBIT Position Limit) Exhibit 5.d

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 Rule 8.30 (Position Limits), Interpretation and Policy .07 to increase the position and exercise limits<sup>1</sup> for options on iShares Bitcoin Trust ETF (“IBIT”). 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 (or designee) pursuant to delegated authority approved the proposed rule change on May 13, 2026.

(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 Sarah Williams, (224) 461-6793, 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 Rule 8.30 (Position Limits), Interpretation and Policy .07 to increase the position and exercise limits for options on IBIT.

IBIT is an Exchange-Traded Fund (“ETF”) that holds Bitcoin and is listed on The Nasdaq Stock Market LLC.<sup>2</sup> On November 22, 2024, the Securities and Exchange

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<sup>1</sup> Pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limit for options on IBIT will be equivalent to this proposed position limit.

<sup>2</sup> 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

Commission (the “Commission”) issued a notice of filing and immediate effectiveness of the Exchange’s proposed rule change to list and trade IBIT options.<sup>3</sup> The position and exercise limits for IBIT options are currently set as stated in Rule 8.30, Interpretation and Policy .07 and Rule 8.42.<sup>4</sup>

Position limits, 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 Rule 8.30, Interpretation and Policy .07 and Rule 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 increase the position and exercise limits for options on IBIT to 1,000,000 contracts by noting the proposed position limit in Rule 8.30, Interpretation and Policy .07. Additionally, pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limit for options on IBIT will be equivalent to this proposed position limit. This proposed rule change is based on a proposal submitted by the Nasdaq ISE, LLC (“ISE”), which was recently approved by the Commission.<sup>5</sup> In considering the appropriate

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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.

<sup>3</sup> See Securities Exchange Act Release No. 101711 (November 22, 2024), 89 FR 94846 (November 29, 2024) (SR-CBOE-2025-051) (“IBIT Approval Order”). Cboe began trading IBIT options on November 19, 2024.

<sup>4</sup> IBIT currently has a position limit of 250,000 contracts

<sup>5</sup> See Securities Exchange Act Release No. 105317 (April 27, 2026), 91 FR 23333 (April 30, 2026) (SR-ISE-2025-26) (“ISE Approval”).

position and exercise limits for IBIT, the Exchange reviewed the data presented by ISE in the ISE Approval.

The position limit for options on IBIT is currently set pursuant to Rule 8.30, Interpretation and Policy .07 where the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. The Exchange notes that the proposed position and exercise limits for options on IBIT are consistent with existing position limits and exercise limits for options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

#### Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.<sup>6</sup>

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

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<sup>6</sup> See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

manipulate or disrupt the underlying market so as to benefit the options positions.”<sup>7</sup> 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 average trading volume of the underlying security.”<sup>8</sup> The Exchange believes the current position limit and exercise limit of 250,000 contracts (the highest position limit available pursuant to Rule 8.30, Interpretation and Policy .07 (and exercise limit pursuant to Rule 8.42) will impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or put-write), and the ability of Market-Makers to make liquid markets with tighter spreads in IBIT options.

The Exchange believes that increasing the position limit (and exercise limit) for options on IBIT to 1,000,000 contracts would enable liquidity providers to provide additional liquidity to the Exchange, as well as other options exchange on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of IBIT options, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on IBIT for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

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<sup>7</sup> See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (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) (“ISE IBIT Approval Order”).

<sup>8</sup> See id.

IBIT currently qualifies for a 250,000 contract position limit pursuant to the criteria in Rule 8.30, Interpretation and Policy .07, which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.<sup>9</sup> As of February 11, 2026, the market capitalization for IBIT was 52,661,063,818<sup>10</sup> with an average daily volume (“ADV”) for the preceding 6 months prior to February 11, 2026 of 61,803,035 shares. By comparison on the same day, the iShares MSCI Emerging Markets (“EEM”) had an ADV of 29,459,889 shares and an AUM of 27,761,941,292, the iShares China Large-Cap ETF (“FXI”) had an ADV 31,656,532 and an AUM of 6,594,337,253, and the iShares MSCI EAFE ETF (“EFA”) had an ADV of 17,215,037 shares and an AUM of 76,788,457,200.<sup>11</sup>

In addition to IBIT’s Rule 8.30, Interpretation and Policy .07 eligibility for 1,000,000 contracts, the Exchange reviewed the data presented by ISE in the ISE Approval. First, ISE considered IBIT’s market capitalization and ADV, and prospective position limit in relation to other securities. 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”).<sup>12</sup> This pool of data took into consideration 3,797 options on single stock securities, excluding broad based ETFs.<sup>13</sup> Next, the data was

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<sup>9</sup> Rule 8.30, Interpretation and Policy .02(e) provides that to be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

<sup>10</sup> The market capitalization was determined by multiplying a Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000. This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

<sup>11</sup> These figures are from February 11, 2026.

<sup>12</sup> These computations were based on OCC data from February 11, 2026. ISE represented data displaying zero values in market capitalization or ADV were removed.

<sup>13</sup> IBIT has one asset and therefore is not comparable to a broad-based ETF where there are typically multiple components.

aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation<sup>14</sup> above the mean for each position limit category (i.e. 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).<sup>15</sup> This exercise was performed to demonstrate IBIT's position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$52,661,063,818<sup>16</sup> with an ADV, for the preceding 180 days prior to February 11, 2026, of 61,803,035 shares.

Based on ISE's data analysis, if IBIT were compared to the 10 stocks that have position limits of 750,000 contracts to 1.25 million contracts it would rank in the 45th percentile for market capitalization and the 89th percentile for ADV.

ISE also analyzed the position limits for IBIT by regressing the median elements from each bucket of market capitalization and 180-day ADV of all non-ETF equities, against their respective position limit figures. From this regression, ISE was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.<sup>17</sup> ISE

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<sup>14</sup> The standard deviation added limited utility to the analysis given the heavily skewed distribution of market capitalizations in the single stock securities.

<sup>15</sup> These buckets were based on OCC's current positions limits. See <https://www.theocc.com/marketdata/market-data-reports/series-and-trading-data/position-limits>. Rule 8.30, Interpretation and Policy .02 sets out position limits for various contracts. For example, a 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.

<sup>16</sup> Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000 This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust-etf>.

<sup>17</sup> ISE utilized Excel's Data Analysis Package to model the position limit.

utilized a linear model approach which incorporated the median metric from each bucket given the data at both the lower end of each position limit bucket and the higher end of each position limit bucket could be considered significant outliers, thereby skewing the results. The Exchange reviewed ISE's analysis which set forth various linear models utilizing market capitalization and ADV as well as a two-factor model to determine the appropriate coefficients when both metrics are incorporated into the same model.<sup>18</sup>

ISE's analysis utilized IBIT's market capitalization of 52,661,063,818 to arrive at a modeled position limit of 1,707,654, and utilized IBIT's ADV of 61,803,035 to arrive at a modeled position limit of 5,672,081. Based on the aforementioned analysis, the Exchange believes that the proposed 1,000,000 contracts position and exercise limit is appropriate. Finally, ISE's analysis illustrated the results when constructing a two-factor model employing both metrics (180-day ADV and market capitalization); the result is a modeled position limit of 4,952,107.<sup>19</sup>

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. As set forth in the ISE Approval, as of February 11, 2026, there were approximately 20.5 million Bitcoins in circulation.<sup>20</sup> At a price of \$66,938,<sup>21</sup> that equates to a market capitalization of greater than \$1.374 trillion US. If a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%<sup>22</sup> of the outstanding shares outstanding of IBIT. Since IBIT has

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<sup>18</sup> See id.

<sup>19</sup> See id.

<sup>20</sup> See <https://www.coingecko.com/en/coins/Bitcoin>.

<sup>21</sup> This is the approximate price of Bitcoin from February 11, 2026.

<sup>22</sup> This percentage is arrived at with this equation: (1,000,000 contract limit \* 100 share per option / 1,337,920,000 shares outstanding).

a creation and redemption process managed through the issuer, the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent 0.278% of all Bitcoin outstanding.<sup>23</sup> Assuming a scenario where all options on IBIT shares were exercised given the proposed 1,000,000-contract position limit (and exercise limit), this would have a virtually unnoticed impact on the entire Bitcoin market. This analysis demonstrates that the proposed 1,000,000 per same side position and exercise limit is appropriate for options on IBIT given its liquidity.

Third, ISE reviewed the proposed position limit 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 to the CME bitcoin futures contract<sup>24</sup> that has a position limit of 2,000 futures.<sup>25</sup> On February 11, 2026, CME bitcoin futures settled at \$67,71570,406.33.<sup>26</sup> On February 11, 2026, IBIT settled at \$38.29, which would equate to greater than 17,684,774 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  $\leq 1.00$ ) should be a bit higher than the

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<sup>23</sup> This number was arrived at with this calculation:  $(1,000,000 \text{ limit} * 100 \text{ shares per option} * \$38.29 \text{ IBIT NAV}) / (20,528,687 \text{ BTC outstanding} * \$66,938 \text{ BTC price})$ .

<sup>24</sup> CME Bitcoin Futures are described in Chapter 350 of CME’s Rulebook.

<sup>25</sup> See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME’s Rulebook.

<sup>26</sup> 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$677,150,000 (2,000 contracts \* 5 BTC per contract \* \$67,715 price of February BTC future) of notional value.

CME implied 176,848 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).<sup>27</sup> 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.<sup>28</sup> 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 analysis, the Exchange believes that the proposed 1,000,000 contracts position and exercise limit is appropriate.

Fourth, ISE analyzed a position limit and exercise limit of 1,000,000 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").<sup>29</sup> Per the analysis, GLD has a float of 377 million shares<sup>30</sup> and a position limit of 250,000 contract. SLV has a float of 552 million shares,<sup>31</sup> and a position limit of 250,000 contracts. Finally,

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<sup>27</sup> See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

<sup>28</sup> Id.

<sup>29</sup> GLD, SLV and BITO each hold one asset in trust similar to IBIT.

<sup>30</sup> See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

<sup>31</sup> See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

BITO has 200.89 million shares outstanding<sup>32</sup> and a position limit of 250,000 contracts. As previously noted, position limits 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 6.63% of the float of GLD; a position limit exercise in SLV would represent 4.53% of the float of SLV, and a position limit exercise of BITO would represent 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%<sup>33</sup> of the float of IBIT. Consequently, the 1,000,000 proposed IBIT options position and exercise limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

Fifth, ISE noted that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.<sup>34</sup> The Commission noted that evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefited investors and other market participants in the form of narrower spreads.<sup>35</sup> The most actively traded

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<sup>32</sup> See <https://www.marketwatch.com/investing/fund/bit0>

<sup>33</sup> This percentage is arrived at with this equation:  $(1,000,000 \text{ contract limit} * 100 \text{ share per option} / 1,337,920,000 \text{ shares outstanding})$ . This information was captured on February 11, 2026.

<sup>34</sup> 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).

<sup>35</sup> See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the

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 experienced 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.<sup>36</sup> IBIT options is 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. The Exchange notes that options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

The Exchange believes that IBIT options have more than sufficient liquidity to garner an increased position and exercise limit of 1,000,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in IBIT. 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 that increasing the position (and exercise) limits for IBIT options would lead to a more liquid and competitive market environment for IBIT 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 Trading

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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”)

<sup>36</sup> Id. at 19548.

Permit Holder (“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.<sup>37</sup> 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.<sup>38</sup>

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

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<sup>37</sup> OCC through the Large Option Position Reporting (“LOPR”) system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member’s report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. (“FINRA”), acting as its agent pursuant to a regulatory services agreement (“RSA”).

<sup>38</sup> See Rule 8.43(a).

limits for IBIT options, market participants will find the 250,000-contract position 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.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,<sup>39</sup> which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.<sup>40</sup> In addition,

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<sup>39</sup> 17 CFR 240.13d-1.

<sup>40</sup> See Chapter 10 of the Exchange's rulebook, including Rule 10.3, for a description of margin requirements.

Rule 15c3-1<sup>41</sup> imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

(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>42</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>43</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>44</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that increasing the position limit and exercise limit for options on IBIT to 1,000,000 contracts is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will

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<sup>41</sup> 17 CFR 240.15c3-1.

<sup>42</sup> 15 U.S.C. 78f(b).

<sup>43</sup> 15 U.S.C. 78f(b)(5).

<sup>44</sup> Id.

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 IBIT options may allow Market-Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in IBIT options. The increased position and exercise limits 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. Further, the proposed change would allow institutional investors to utilize IBIT options for prudent risk management purposes.

In addition, the Exchange believes that the current liquidity in IBIT will continue to mitigate concerns regarding potential manipulation of IBIT options and/or disruption of IBIT upon amending the table of position limits in Rule 8.30, Interpretation and Policy .07 and amending the exercise limits via Rule 8.42, Interpretation and Policy .02.

In reviewing ISE's comparison of IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%<sup>45</sup> of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create IBIT shares), the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk

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<sup>45</sup> This percentage is arrived at with this equation:  $(1,000,000 \text{ contract limit} * 100 \text{ share per option} / 1,337,920,000 \text{ shares outstanding})$ . This information was captured on February 11, 2026.

for options on IBIT would represent less than 0.278% of all Bitcoin outstanding.<sup>46</sup> This analysis demonstrated that a 1,000,000 contracts position and exercise limits would be appropriate.

As noted above, comparing a position limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely GLD, SLV and BITO, a position limit exercise in GLD represents 6.63% of the float of GLD, a position limit exercise in SLV represents 4.53% of the float of SLV, and a position limit exercise of BITO represents 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%<sup>47</sup> of the float of IBIT. Consequently, a 1,000,000 IBIT options position limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

Also as noted above, IBIT began trading in penny increments on January 2, 2025 pursuant to the Penny Interval Program.<sup>48</sup> The Commission noted that evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefitted

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<sup>46</sup> This number was arrived at with this calculation:  $(1,000,000 \text{ limit} * 100 \text{ shares per option} * \$38.29 \text{ IBIT NAV}) / (20,528,687 \text{ BTC outstanding} * \$66,938 \text{ BTC price})$ .

<sup>47</sup> This percentage is arrived at with this equation:  $(1,000,000 \text{ contract limit} * 100 \text{ share per option} / 1,337,920,000 \text{ shares outstanding})$ . This information was captured on February 11, 2026.

<sup>48</sup> 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).

investors and other market participants in the form of narrower spreads.<sup>49</sup> The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests).<sup>50</sup> 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.<sup>51</sup> 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 pursuant to the Penny Interval Program. Failing to permit IBIT options to potentially increase position and exercise limits given the trading in finer increments, may artificially inhibit liquidity and create price inefficiency for IBIT options.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

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<sup>49</sup> See Penny Approval Order.

<sup>50</sup> Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

<sup>51</sup> Id. at 19548.

**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 IBIT options, 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 to the proposed rule change of at least one other options exchange recently approved by the Commission.<sup>52</sup> 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 IBIT 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 comments on the proposed rule change.

**Item 6. Extension of Time Period for Commission Action**

Not applicable.

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<sup>52</sup> See ISE Approval.

**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 Act<sup>53</sup> and Rule 19b-4(f)(6)<sup>54</sup> 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 change of ISE recently approved by the Commission.<sup>55</sup> The Exchange believes that this 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 proposal. Therefore, the Exchange believes that the proposed rule change is well-suited for, and

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<sup>53</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>54</sup> 17 CFR 240.19b-4(f)(6).

<sup>55</sup> See ISE Approval.

meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act<sup>56</sup> and Rule 19b-4(f)(6) thereunder.<sup>57</sup>

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 IBIT 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 IBIT options. As noted above, the proposed rule change is substantively identical to proposed rule changes of one other options market the Commission recently approved.<sup>58</sup> Therefore, the substance of the proposed rule change has already undergone notice and comment periods and raises no novel investor protection concerns.

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<sup>56</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>57</sup> 17 CFR 240.19b-4(f)(6).

<sup>58</sup> See ISE Approval.

(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 is based on the ISE Approval.<sup>59</sup>

**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.

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<sup>59</sup> See ISE Approval.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34- ; File No. SR-CBOE-2026-048]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rule 8.30 (Position Limits), Interpretation and Policy .07 to Increase the Position and Exercise Limits for Options on iShares Bitcoin Trust ETF (“IBIT”)

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 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 Act<sup>3</sup> and Rule 19b-4(f)(6) thereunder.<sup>4</sup> 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 Rule 8.30 (Position Limits), Interpretation and Policy .07 to increase the position and exercise limits<sup>5</sup> for options on iShares Bitcoin Trust ETF (“IBIT”). The text of the proposed rule change is provided in Exhibit 5.

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

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

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>4</sup> 17 CFR 240.19b-4(f)(6).

<sup>5</sup> Pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limit for options on IBIT will be

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website ([https://www.cboe.com/us/options/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/options/regulation/rule_filings/bzx/)), and at the principal office of the Exchange.

## **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 Rule 8.30 (Position Limits), Interpretation and Policy .07 to increase the position and exercise limits for options on IBIT.

IBIT is an Exchange-Traded Fund (“ETF”) that holds Bitcoin and is listed on The Nasdaq Stock Market LLC.<sup>6</sup> On November 22, 2024, the Securities and Exchange Commission (the “Commission”) issued a notice of filing and immediate effectiveness of the

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equivalent to this proposed position limit.

<sup>6</sup> 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.

Exchange's proposed rule change to list and trade IBIT options.<sup>7</sup> The position and exercise limits for IBIT options are currently set as stated in Rule 8.30, Interpretation and Policy .07 and Rule 8.42.<sup>8</sup>

Position limits, 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 Rule 8.30, Interpretation and Policy .07 and Rule 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 increase the position and exercise limits for options on IBIT to 1,000,000 contracts by noting the proposed position limit in Rule 8.30, Interpretation and Policy .07. Additionally, pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limit for options on IBIT will be equivalent to this proposed position limit. This proposed rule change is based on a proposal submitted by the Nasdaq ISE, LLC ("ISE"), which was recently approved by the Commission.<sup>9</sup> In considering the appropriate position and exercise limits for IBIT, the Exchange reviewed the data presented by ISE in the ISE Approval.

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<sup>7</sup> See Securities Exchange Act Release No. 101711 (November 22, 2024), 89 FR 94846 (November 29, 2024) (SR-CBOE-2025-051) ("IBIT Approval Order"). Cboe began trading IBIT options on November 19, 2024.

<sup>8</sup> IBIT currently has a position limit of 250,000 contracts

<sup>9</sup> See Securities Exchange Act Release No. 105317 (April 27, 2026), 91 FR 23333 (April 30, 2026) (SR-ISE-2025-26) ("ISE Approval").

The position limit for options on IBIT is currently set pursuant to Rule 8.30, Interpretation and Policy .07 where the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. The Exchange notes that the proposed position and exercise limits for options on IBIT are consistent with existing position limits and exercise limits for options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

#### Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.<sup>10</sup>

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.”<sup>11</sup> For this

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<sup>10</sup> See Securities Exchange Act Release No. 67672 (August 15, 2012), 77 FR 50750 (August 22, 2012) (SR-NYSEAmex-2012-29).

<sup>11</sup> See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (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) (“ISE IBIT Approval 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.”<sup>12</sup> The Exchange believes the current position limit and exercise limit of 250,000 contracts (the highest position limit available pursuant to Rule 8.30, Interpretation and Policy .07 (and exercise limit pursuant to Rule 8.42) will impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or put-write), and the ability of Market-Makers to make liquid markets with tighter spreads in IBIT options.

The Exchange believes that increasing the position limit (and exercise limit) for options on IBIT to 1,000,000 contracts would enable liquidity providers to provide additional liquidity to the Exchange, as well as other options exchange on which they participate. As described in further detail below, the Exchange believes that the continuously increasing market capitalization of IBIT options, as well as the highly liquid markets for those securities, reduces the concerns for potential market manipulation and/or disruption in the underlying markets upon increasing position limits, while the rising demand for trading options on IBIT for legitimate economic purposes compels an increase in position limits (and corresponding exercise limits).

IBIT currently qualifies for a 250,000 contract position limit pursuant to the criteria in Rule 8.30, Interpretation and Policy .07, which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.<sup>13</sup> As of

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<sup>12</sup> See id.

<sup>13</sup> Rule 8.30, Interpretation and Policy .02(e) provides that to be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must

February 11, 2026, the market capitalization for IBIT was 52,661,063,818<sup>14</sup> with an average daily volume (“ADV”) for the preceding 6 months prior to February 11, 2026 of 61,803,035 shares. By comparison on the same day, the iShares MSCI Emerging Markets (“EEM”) had an ADV of 29,459,889 shares and an AUM of 27,761,941,292, the iShares China Large-Cap ETF (“FXI”) had an ADV 31,656,532 and an AUM of 6,594,337,253, and the iShares MSCI EAFE ETF (“EFA”) had an ADV of 17,215,037 shares and an AUM of 76,788,457,200.<sup>15</sup>

In addition to IBIT’s Rule 8.30, Interpretation and Policy .07 eligibility for 1,000,000 contracts, the Exchange reviewed the data presented by ISE in the ISE Approval. First, ISE considered IBIT’s market capitalization and ADV, and prospective position limit in relation to other securities. 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”).<sup>16</sup> This pool of data took into consideration 3,797 options on single stock securities, excluding broad based ETFs.<sup>17</sup> Next, the data was aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation<sup>18</sup> above the mean for each position limit

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have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

<sup>14</sup> The market capitalization was determined by multiplying a Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000. This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

<sup>15</sup> These figures are from February 11, 2026.

<sup>16</sup> These computations were based on OCC data from February 11, 2026. ISE represented data displaying zero values in market capitalization or ADV were removed.

<sup>17</sup> IBIT has one asset and therefore is not comparable to a broad-based ETF where there are typically multiple components.

<sup>18</sup> The standard deviation added limited utility to the analysis given the heavily skewed distribution of market capitalizations in the single stock securities.

category (i.e. 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).<sup>19</sup> This exercise was performed to demonstrate IBIT's position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$52,661,063,818<sup>20</sup> with an ADV, for the preceding 180 days prior to February 11, 2026, of 61,803,035 shares.

Based on ISE's data analysis, if IBIT were compared to the 10 stocks that have position limits of 750,000 contracts to 1.25 million contracts it would rank in the 45th percentile for market capitalization and the 89th percentile for ADV.

ISE also analyzed the position limits for IBIT by regressing the median elements from each bucket of market capitalization and 180-day ADV of all non-ETF equities, against their respective position limit figures. From this regression, ISE was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.<sup>21</sup> ISE utilized a linear model approach which incorporated the median metric from each bucket given the data at both the lower end of each position limit bucket and the higher end of each position limit bucket could be considered significant outliers, thereby skewing the results. The Exchange reviewed ISE's analysis which set forth various linear models utilizing market

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<sup>19</sup> These buckets were based on OCC's current positions limits. See <https://www.theocc.com/marketdata/market-data-reports/series-and-trading-data/position-limits>. Rule 8.30, Interpretation and Policy .02 sets out position limits for various contracts. For example, a 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.

<sup>20</sup> Net Asset Value of \$38.29 by the number of shares outstanding 1,337,920,000 This figure was acquired as of February 11, 2026. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

<sup>21</sup> ISE utilized Excel's Data Analysis Package to model the position limit.

capitalization and ADV as well as a two-factor model to determine the appropriate coefficients when both metrics are incorporated into the same model.<sup>22</sup>

ISE's analysis utilized IBIT's market capitalization of 52,661,063,818 to arrive at a modeled position limit of 1,707,654, and utilized IBIT's ADV of 61,803,035 to arrive at a modeled position limit of 5,672,081. Based on the aforementioned analysis, the Exchange believes that the proposed 1,000,000 contracts position and exercise limit is appropriate. Finally, ISE's analysis illustrated the results when constructing a two-factor model employing both metrics (180-day ADV and market capitalization); the result is a modeled position limit of 4,952,107.<sup>23</sup>

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. As set forth in the ISE Approval, as of February 11, 2026, there were approximately 20.5 million Bitcoins in circulation.<sup>24</sup> At a price of \$66,938,<sup>25</sup> that equates to a market capitalization of greater than \$1.374 trillion US. If a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%<sup>26</sup> of the outstanding shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer, the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent 0.278% of all Bitcoin outstanding.<sup>27</sup>

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<sup>22</sup> See id.

<sup>23</sup> See id.

<sup>24</sup> See <https://www.coingecko.com/en/coins/Bitcoin>.

<sup>25</sup> This is the approximate price of Bitcoin from February 11, 2026.

<sup>26</sup> This percentage is arrived at with this equation: (1,000,000 contract limit \* 100 share per option / 1,337,920,000 shares outstanding).

<sup>27</sup> This number was arrived at with this calculation: (1,000,000 limit \* 100 shares per option \* \$38.29 IBIT NAV) / (20,528,687 BTC outstanding \* \$66,938 BTC price).

Assuming a scenario where all options on IBIT shares were exercised given the proposed 1,000,000-contract position limit (and exercise limit), this would have a virtually unnoticed impact on the entire Bitcoin market. This analysis demonstrates that the proposed 1,000,000 per same side position and exercise limit is appropriate for options on IBIT given its liquidity.

Third, ISE reviewed the proposed position limit 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 to the CME bitcoin futures contract<sup>28</sup> that has a position limit of 2,000 futures.<sup>29</sup> On February 11, 2026, CME bitcoin futures settled at \$67,71570,406.33.<sup>30</sup> On February 11, 2026, IBIT settled at \$38.29, which would equate to greater than 17,684,774 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  $\leq 1.00$ ) should be a bit higher than the CME implied 176,848 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).<sup>31</sup> Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the

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<sup>28</sup> CME Bitcoin Futures are described in Chapter 350 of CME’s Rulebook.

<sup>29</sup> See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME’s Rulebook.

<sup>30</sup> 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$677,150,000 (2,000 contracts \* 5 BTC per contract \* \$67,715 price of February BTC future) of notional value.

<sup>31</sup> See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

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.<sup>32</sup> 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 analysis, the Exchange believes that the proposed 1,000,000 contracts position and exercise limit is appropriate.

Fourth, ISE analyzed a position limit and exercise limit of 1,000,000 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").<sup>33</sup> Per the analysis, GLD has a float of 377 million shares<sup>34</sup> and a position limit of 250,000 contract. SLV has a float of 552 million shares,<sup>35</sup> and a position limit of 250,000 contracts. Finally, BITO has 200.89 million shares outstanding<sup>36</sup> and a position limit of 250,000 contracts. As previously noted, position limits 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

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<sup>32</sup> Id.

<sup>33</sup> GLD, SLV and BITO each hold one asset in trust similar to IBIT.

<sup>34</sup> See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

<sup>35</sup> See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

<sup>36</sup> See <https://www.marketwatch.com/investing/fund/bito>

GLD would represent 6.63% of the float of GLD; a position limit exercise in SLV would represent 4.53% of the float of SLV, and a position limit exercise of BITO would represent 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%<sup>37</sup> of the float of IBIT. Consequently, the 1,000,000 proposed IBIT options position and exercise limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

Fifth, ISE noted that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.<sup>38</sup> The Commission noted that evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefited investors and other market participants in the form of narrower spreads.<sup>39</sup> 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 experienced a significant growth in investor interest) to quote in finer trading

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<sup>37</sup> This percentage is arrived at with this equation: (1,000,000 contract limit \* 100 share per option / 1,337,920,000 shares outstanding). This information was captured on February 11, 2026.

<sup>38</sup> 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).

<sup>39</sup> See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 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”)

increments, which in turn should benefit market participants by reducing the cost of trading such options.<sup>40</sup> IBIT options is 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. The Exchange notes that options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

The Exchange believes that IBIT options have more than sufficient liquidity to garner an increased position and exercise limit of 1,000,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in IBIT. 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 that increasing the position (and exercise) limits for IBIT options would lead to a more liquid and competitive market environment for IBIT 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 Trading Permit Holder (“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

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<sup>40</sup> Id. at 19548.

Exchange may access Market-Maker position information.<sup>41</sup> 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.<sup>42</sup>

The Exchange also has no reason to believe that the growth in trading volume in IBIT will not continue. Rather, the Exchange expects continued options volume growth in IBIT as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in IBIT options are restrictive and will 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 IBIT options, market participants will find the 250,000-contract position 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.

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<sup>41</sup> OCC through the Large Option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

<sup>42</sup> See Rule 8.43(a).

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,<sup>43</sup> which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.<sup>44</sup> In addition, Rule 15c3-1<sup>45</sup> imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

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<sup>43</sup> 17 CFR 240.13d-1.

<sup>44</sup> See Chapter 10 of the Exchange's rulebook, including Rule 10.3, for a description of margin requirements.

<sup>45</sup> 17 CFR 240.15c3-1.

## 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>46</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>47</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>48</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that increasing the position limit and exercise limit for options on IBIT to 1,000,000 contracts is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a 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 IBIT options may allow Market-Makers to maintain their

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<sup>46</sup> 15 U.S.C. 78f(b).

<sup>47</sup> 15 U.S.C. 78f(b)(5).

<sup>48</sup> Id.

liquidity in these options in amounts commensurate with the continued high consumer demand in IBIT options. The increased position and exercise limits 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. Further, the proposed change would allow institutional investors to utilize IBIT options for prudent risk management purposes.

In addition, the Exchange believes that the current liquidity in IBIT will continue to mitigate concerns regarding potential manipulation of IBIT options and/or disruption of IBIT upon amending the table of position limits in Rule 8.30, Interpretation and Policy .07 and amending the exercise limits via Rule 8.42, Interpretation and Policy .02.

In reviewing ISE's comparison of IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.474%<sup>49</sup> of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create IBIT shares), the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent less than 0.278% of all Bitcoin outstanding.<sup>50</sup> This analysis demonstrated that a 1,000,000 contracts position and exercise limits would be appropriate.

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<sup>49</sup> This percentage is arrived at with this equation:  $(1,000,000 \text{ contract limit} * 100 \text{ share per option} / 1,337,920,000 \text{ shares outstanding})$ . This information was captured on February 11, 2026.

<sup>50</sup> This number was arrived at with this calculation:  $(1,000,000 \text{ limit} * 100 \text{ shares per option} * \$38.29 \text{ IBIT NAV}) / (20,528,687 \text{ BTC outstanding} * \$66,938 \text{ BTC price})$ .

As noted above, comparing a position limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely GLD, SLV and BITO, a position limit exercise in GLD represents 6.63% of the float of GLD, a position limit exercise in SLV represents 4.53% of the float of SLV, and a position limit exercise of BITO represents 12.44% of the float of BITO. In comparison, a 1,000,000-contract position limit in IBIT options would represent 7.474%<sup>51</sup> of the float of IBIT. Consequently, a 1,000,000 IBIT options position limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

Also as noted above, IBIT began trading in penny increments on January 2, 2025 pursuant to the Penny Interval Program.<sup>52</sup> The Commission noted that evidence and analysis provided in connection with the Penny Pilot demonstrated that the Pilot benefitted investors and other market participants in the form of narrower spreads.<sup>53</sup> The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests).<sup>54</sup> As noted in the Penny Approval Order,

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<sup>51</sup> This percentage is arrived at with this equation:  $(1,000,000 \text{ contract limit} * 100 \text{ share per option} / 1,337,920,000 \text{ shares outstanding})$ . This information was captured on February 11, 2026.

<sup>52</sup> 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).

<sup>53</sup> See Penny Approval Order.

<sup>54</sup> Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

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.<sup>55</sup> 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 pursuant to the Penny Interval Program. Failing to permit IBIT options to potentially increase position and exercise limits given the trading in finer increments, may artificially inhibit liquidity and create price inefficiency for IBIT options.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

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. 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 IBIT options, as set by Rules 8.30, Interpretation and Policy .02 and 8.42. The

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<sup>55</sup> Id. at 19548.

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 to the proposed rule change of at least one other options exchange recently approved by the Commission.<sup>56</sup> 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 IBIT 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 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 19(b)(3)(A) of the Act<sup>57</sup> and Rule 19b-4(f)(6)<sup>58</sup> 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

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<sup>56</sup> See ISE Approval.

<sup>57</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>58</sup> 17 CFR 240.19b-4(f)(6).

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](mailto:rule-comments@sec.gov). Please include file number SR-CBOE-2026-048 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-2026-048. 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 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-2026-048 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>59</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

Secretary

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<sup>59</sup> 17 CFR 200.30-3(a)(12).

EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Rules of Cboe Exchange, Inc.**

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**Rule 8.30. Position Limits**

\* \* \* \* \*

*Interpretations and Policies*

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.07 Interests in Registered Investment Companies. The position limits under this Rule 8.30 applicable to options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open- end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Rule 4.3.06 shall be the same as the position limits applicable to equity options under Rule this 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:

<b>Security Underlying Option</b>	<b>Position Limit</b>
SPDR® Dow Jones® Industrial Average ETF Trust (DIA)	300,000 contracts
The Standard and Poor’s Depository Receipts Trust (SPY)	3,600,000 contracts
The iShares Russell 2000 ETF (IWM)	1,000,000 contracts
Invesco QQQ Trust (QQQ)	1,800,000 contracts
The iShares MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
iShares China Large-Cap ETF (“FXI”)	1,000,000 contracts
iShares MSCI EAFE ETF (“EFA”)	1,000,000 contracts
<u>iShares Bitcoin Trust ETF (“IBIT”)</u>	<u>1,000,000 contracts</u>
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