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Page 1 of * 52

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

File No. * SR 2026 - * 070
Amendment No. (req. for Amendments *)

Filing by Cboe Exchange, Inc.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☑ Section 19(b)(3)(A) * ☐ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

☐ 19b-4(f)(1) ☐ 19b-4(f)(4)
☐ 19b-4(f)(2) ☐ 19b-4(f)(5)
☐ 19b-4(f)(3) ☐ 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 Exchange Rules 4.21, 8.35, and 8.42.

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 * Tadtman

Title * Assistant General Counsel

E-mail * stadtman@cboe.com

Telephone * (913) 815-7203 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Cboe Exchange, Inc.
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 08/11/2026

By Laura G. Dickman (Name *)

(Title *) 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: 2026.08.11 14:23:18 -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 EFFS website.

Form 19b-4 Information *

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26-070 19b4 (Cash Settled SSO Flex

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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26-070 Exhibit 1 (Cash Settled SSO F

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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26-070 Exhibit 5 (Cash Settled SSO Fl

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) Pursuant to the provisions of Section 19(b)(1) under the Securities Exchange Act of 1934 ("Exchange Act" or the "Act"),[1] and Rule 19b-4 thereunder,[2] Cboe Exchange, Inc. ("C1" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend Exchange Rules 4.21, 8.35, and 8.42 to permit cash settlement as a settlement type for FLEX Equity Options overlying certain individual equity securities that satisfy specified liquidity thresholds, and to adopt corresponding position limit and exercise limit provisions for such cash-settled options. The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

Item 2. **Procedures of the Self-Regulatory Organization**

(a) The Exchange's President (or designee) pursuant to delegated authority approved the proposed rule change on August 11, 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 Tadtman, (913) 424-2970, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

Item 3. <u>Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change</u>

(a) <u>Purpose</u>

The Exchange proposes to amend Rules 4.21 (Series of FLEX Options), 8.35 (Position Limits for FLEX Options), and 8.42 (Exercise Limits) to permit cash settlement as a settlement type for FLEX Equity Options overlying certain individual equity securities (other than exchange-traded funds ("ETFs")) that satisfy specified average daily notional value and average daily trading volume thresholds, and to adopt corresponding position limit and exercise limit provisions for such cash-settled FLEX Equity Options.

<u>Background</u>

FLEX Options are customized equity or index contracts that allow investors to tailor contract terms for exchange-listed equity and index options. A "FLEX Equity Option" is an option on a specified underlying equity security. Generally, FLEX Equity Options are settled by physical delivery of the underlying security, while all FLEX Index Options are settled in cash. In 2023, however, the Exchange amended Rule 4.21 to permit cash settlement for up to 50 FLEX Equity Options with an underlying security that is an ETF meeting certain criteria: an average daily notional value of $500 million or more and a national average daily volume of 4,680,000 shares, measured over the prior six-month period. Where more than 50 ETFs qualify, the Exchange selects the 50 with the highest average daily trading volume. Cash settlement is not currently available for FLEX Equity Options overlying individual equity securities (other than ETFs).

The Exchange believes that expanding cash settlement to a select group of non-ETF equity options reflects changes in the marketplace since cash settlement was first expanded to options overlying ETFs. Specifically, in 2023, only 39 ETFs met the above-captioned criteria (i.e., average daily notional value of $500 million and average daily volume of 4,680,000 shares). For the period of January 1 through June 30, 2026, however, 169 individual equity securities met these same criteria. The Exchange believes the fact that a significant number of individual equity securities now satisfy both the notional value and volume thresholds — thresholds originally calibrated for, and previously applied to, ETFs — demonstrates that these securities exhibit a depth and breadth of trading activity comparable to, or exceeding, the ETF universe at the time cash settlement for ETFs was originally approved.

The Exchange believes it is appropriate to introduce cash settlement as an alternative contract term to this select group of non-ETF securities because they are among the most highly liquid and actively traded securities. As described more fully below, the Exchange believes that the deep liquidity and robust trading activity (in general and at the close) in the securities identified by the Exchange as meeting the criteria mitigate historic concerns regarding susceptibility to manipulation. Moreover, the Exchange believes that permitting cash settlement as a contract term for FLEX non-ETF Equity Options for the securities meeting the eligibility criteria would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the over-the-counter ("OTC") market for customized options, where settlement restrictions do not apply.

<u>Proposed Rule Change</u>

Cash Settlement for FLEX Equity Options on Individual Equity Securities

The Exchange proposes to amend Rule 4.21(b)(5)(A) to add new subparagraph (iii), which would permit cash settlement as a settlement type for FLEX Equity Options with an underlying security that is an individual equity security (other than an ETF) that has an average daily notional value of $500 million or more and a national average daily volume of at least 4,680,000 shares, measured over the prior six-month period. Such options may be settled by physical delivery of the underlying security or by delivery in cash. The proposed rule change would also re-designate current subparagraph (iii) (regarding the exercise by exception provisions of OCC Rule 805) as subparagraph (iv).

The Exchange believes that average daily notional value and national average daily volume are, collectively, an appropriate proxy for selecting underlying securities that are not readily susceptible to manipulation for purposes of establishing a settlement price. Average daily notional value considers both the trading activity and the price of an underlying security. As a general matter, the more expensive an underlying security's price, the less cost-effective manipulation could become. Further, manipulation of the price of a security encounters greater difficulty the more volume that is traded. Where more than 50 individual equity securities meet both thresholds, the Exchange would select the top 50 with the highest average daily notional value. The Exchange believes average daily notional value is the more appropriate selection criterion because it accounts for both trading activity and price, whereas average daily volume alone does not capture the economic significance of trading in the underlying security. In particular, average daily notional value reduces the potential of a low-priced underlying equity that is potentially more susceptible to manipulation from being eligible for participating in the program.

To calculate average daily notional value, the Exchange summed the notional value of each trade for each symbol (i.e., the number of shares multiplied by the execution price) and divided that total by the number of trading days in the six-month period reviewed

January 1 through June 30, 2026. To calculate national average daily volume, the Exchange summed the share volume of each trade for each symbol and divided that total by the number of trading days in the same six-month period. Based on these calculations, the Exchange identified 169 individual equity securities (other than ETFs) eligible for cash settlement of FLEX options overlying them. As noted in proposed Rule 4.21(b)(5)(A)(iii)(a), however, only the FLEX Equity Options overlying the top 50 individual equity securities with the highest average daily notional value would be eligible for cash settlement.

Symbol	**Name**	**National Average Daily Volume**	**National Average Daily Notional Value**	**Closing Auction Average Daily Volume**	**Closing Auction Average Daily Notional Value**
NVDA	NVIDIA Corporation	170,115,598	$33,094,378,633	15,893,885	$3,106,651,219
MU	Micron Technology, Inc.	45,805,165	$28,076,781,806	2,626,182	$1,755,318,796
TSLA	Tesla, Inc.	58,737,357	$23,746,052,019	3,102,555	$1,254,807,831
MSFT	Microsoft Corporation	37,875,652	$15,485,186,259	5,362,656	$2,187,016,640
SNDK	SanDisk Corporation	16,665,823	$15,095,725,239	555,599	$629,911,358
AAPL	Apple Inc.	50,540,349	$13,876,060,806	8,832,583	$2,431,160,049
AMZN	Amazon.com, Inc.	50,757,839	$11,860,370,955	6,425,396	$1,510,662,598
AMD	Advanced Micro Devices, Inc.	37,684,239	$11,597,767,772	2,765,310	$939,617,101
GOOGL	Alphabet Inc. (Class A)	32,998,061	$11,101,269,196	4,308,713	$1,457,751,675
META	Meta Platforms, Inc.	16,318,976	$10,193,743,728	1,851,796	$1,146,304,264

AVGO	Broadcom Inc.	26,494,977	$9,671,341,272	3,902,104	$1,435,956,532
INTC	Intel Corporation	122,081,537	$9,466,945,009	8,810,803	$716,634,701
GOOG	Alphabet Inc. (Class C)	21,913,263	$7,357,076,855	3,091,287	$1,044,473,595
PLTR	Palantir Technologies Inc.	47,455,461	$6,829,788,948	3,265,874	$465,795,169
MRVL	Marvell Technology, Inc.	30,337,600	$5,740,376,892	3,609,034	$730,503,505
TSM	Taiwan Semiconductor Manufacturing Co. Ltd. (ADR)	13,909,772	$5,218,350,064	947,801	$364,949,606
ORCL	Oracle Corporation	27,640,989	$4,730,964,591	2,065,801	$350,431,607
LITE	Lumentum Holdings Inc.	5,995,136	$4,395,929,087	432,976	$327,640,490
NFLX	Netflix, Inc.	45,334,537	$3,984,361,613	4,958,863	$432,593,607
WDC	Western Digital Corporation	9,189,739	$3,460,654,418	792,838	$330,251,733
AMAT	Applied Materials, Inc.	8,167,267	$3,424,223,379	1,521,920	$643,842,395
SPCX	Space Exploration Technologies Corp (Class A)	18,891,075	$3,317,951,599	1,135,210	$194,101,640
WMT	Walmart Inc.	26,002,791	$3,186,290,407	5,528,357	$674,026,796
JPM	JPMorgan Chase & Co.	10,083,932	$3,095,504,506	2,102,857	$646,518,111
QCOM	QUALCOMM Incorporated	17,034,899	$3,055,092,519	2,706,701	$473,882,789

XOM	Exxon Mobil Corporation	20,533,771	$3,047,605,794	3,033,112	$447,733,547
MSTR	Strategy Inc.	21,632,522	$3,040,754,574	1,615,083	$225,099,703
LRCX	Lam Research Corporation	11,272,347	$2,995,762,882	2,035,516	$557,820,250
UNH	UnitedHealth Group Incorporated	8,723,393	$2,851,530,004	1,050,445	$352,408,619
CRWV	CoreWeave, Inc.	28,450,550	$2,824,862,342	1,509,012	$151,593,177
APP	AppLovin Corporation	5,518,415	$2,636,985,596	370,478	$178,115,778
CRM	Salesforce, Inc.	14,051,624	$2,634,039,711	1,651,970	$300,991,940
HOOD	Robinhood Markets, Inc.	30,374,393	$2,591,828,718	1,603,780	$138,362,487
V	Visa Inc.	8,004,862	$2,580,078,919	1,554,175	$500,454,923
NOW	ServiceNow, Inc.	24,138,213	$2,559,761,066	1,805,849	$193,041,994
NBIS	Nebius Group N.V.	16,226,426	$2,527,510,385	783,767	$137,212,159
BRK.B	Berkshire Hathaway Inc. (Class B)	5,016,271	$2,438,944,249	916,413	$445,479,711
BE	Bloom Energy Corporation	11,595,006	$2,348,970,724	862,336	$191,175,004
RKLB	Rocket Lab Corporation	25,088,846	$2,270,015,025	1,704,230	$157,027,287
CSCO	Cisco Systems, Inc.	24,084,674	$2,244,988,546	4,501,714	$422,677,398
CVX	Chevron Corporation	11,721,844	$2,163,337,481	1,746,014	$322,641,155
IREN	IREN Limited	41,908,603	$2,105,076,732	2,444,339	$121,671,147

GLW	Corning Incorporated	12,884,006	$2,067,059,202	1,287,076	$207,861,858
BAC	Bank of America Corporation	39,320,665	$2,055,007,214	7,160,833	$374,435,413
COIN	Coinbase Global, Inc.	10,960,667	$2,053,601,006	801,263	$148,303,757
TXN	Texas Instruments Incorporated	8,247,994	$2,029,693,412	1,765,142	$441,069,647
ARM	Arm Holdings plc (ADR)	9,002,081	$2,009,439,768	523,305	$127,285,176
DELL	Dell Technologies Inc. (Class C)	8,773,174	$1,999,825,707	673,620	$155,892,820
JNJ	Johnson & Johnson	8,503,542	$1,980,500,741	1,686,417	$394,118,347
COHR	Coherent Corp.	6,667,947	$1,936,606,389	695,772	$203,955,001

The cash settlement program established under proposed subparagraph (iii) would be separate from, and independent of, the existing cash settlement program for ETFs established under subparagraph (ii).

Equity options are generally settled physically at the Options Clearing Corporation ("OCC") (i.e., upon exercise, shares of the underlying security must be assumed or delivered). Physical settlement entails certain risks with respect to volatility and movement of the underlying security at expiration that market participants may need to hedge against. Cash settlement may be preferable to physical delivery in some circumstances as it does not present the same risk. If an issue with the delivery of the underlying security arises, it may become more expensive and time-consuming to reverse the delivery because the price of the underlying security would almost certainly have changed. Reversing a cash payment, on the other hand, would not involve any such issue because reversing a cash delivery would simply involve the exchange of cash. Additionally, with physical settlement, market participants that have a need to generate cash would have to sell the underlying security while incurring the costs associated with liquidating their position in the underlying security as well as the risk of an adverse movement in the price of the underlying security.

The Exchange notes that cash settlement for options is not a unique feature and other options exchanges have previously received approval that allow for the trading of cash-settled options and cash-settled FLEX ETF Options. In 2023, the Exchange itself adopted Rule 4.21(b)(5)(A)(ii), permitting cash settlement for FLEX ETF Options. The Exchange believes that the proposed expansion to individual equity securities (other than ETFs) is consistent with the approach taken in these prior programs, adapted to the most liquid single-name securities that satisfy the same notional value and volume thresholds previously applied to ETFs.[3]

The Exchange understands that cash-settled non-ETF equity options are currently traded in the OTC market by a variety of market participants (e.g., hedge funds, proprietary trading firms, and pension funds). The Exchange believes some of these market participants would prefer to trade these instruments on an exchange, where they would be cleared and settled through a regulated clearing agency. The Exchange expects that users of these OTC products would be among the primary users of exchange-traded cash-settled FLEX non-ETF Equity Options. The Exchange also believes that the trading of cash-settled FLEX non-ETF Equity Options would allow these same market participants to better

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[3] The Exchange notes that NYSE Arca has proposed a rule change similar to the Exchange's proposal herein. See Securities Exchange Act No. 205833 (July 1, 2026) 91 FR 41716 (July 7, 2026) (SR-NYSEARCA-2026-68).

manage the risk associated with the volatility of underlying equity positions given the enhanced liquidity that an exchange-traded product would bring.

Cash-settled FLEX non-ETF Equity Options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-traded contracts should develop more liquidity. Second, counter-party credit risk would be mitigated by the fact that the contracts are issued and guaranteed by OCC. Finally, the price discovery and dissemination provided by the Exchange and its Trading Permit Holders ("TPHs") would lead to more transparent markets. The Exchange believes that its ability to offer cash-settled FLEX non-ETF Equity Options would aid it in competing with the OTC market and, at the same time, expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

Eligibility Criteria and Bi-Annual Review

Under proposed subparagraph (iii)(a), the Exchange would determine bi-annually the underlying individual equity securities that satisfy the notional value and trading volume requirements by using trading statistics for the previous six-month period. The Exchange would permit cash settlement as a contract term on no more than 50 underlying individual equity securities that meet the criteria in proposed subparagraph (iii). The 50-security limit would be independent of, and would not reduce or otherwise affect, the number of underlying ETFs eligible for cash settlement under subparagraph (ii). If more than 50 individual equity securities satisfy the notional value and trading volume requirements, the Exchange would select the top 50 individual equity securities that have the highest average daily notional value.

Under proposed subparagraph (iii)(b), if the Exchange determines pursuant to the bi-annual review that an underlying individual equity security ceases to satisfy the eligibility criteria, the Exchange would no longer permit cash settlement as a contract term for new FLEX Equity Option positions overlying such individual equity security. Any open cash-settled FLEX Equity Option positions overlying such individual equity security may continue to be maintained and may be traded to close the position.

Under proposed subparagraph (iii)(c), a FLEX Equity Option that is cash-settled pursuant to proposed subparagraph (iii) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same individual equity security. This restriction is designed to prevent duplication between cash-settled FLEX Equity Options and non-FLEX Equity Options on the same underlying individual equity security.

Position Limits and Exercise Limits

The Exchange also proposes to amend Rule 8.35(c)(1) to add new subparagraph (C), which would provide that position limits for FLEX Equity Options where the underlying security is an individual equity security (other than an ETF) that is settled in cash pursuant to Rule 4.21(b)(5)(A)(iii) shall be subject to the position limits set forth in Rule 8.30, and subject to the exercise limits set forth in Rule 8.42. Positions in such cash-settled FLEX Equity Options would be aggregated with positions in physically settled options on the same underlying individual equity security for the purpose of calculating the position limits set forth in Rule 8.30 and the exercise limits set forth in Rule 8.42.

Current subparagraph (C) (regarding position limits for FLEX Equity Options on certain Bitcoin-related ETFs) would be re-designated as subparagraph (D).

Given that each of the underlying securities that would currently be eligible to have cash-settlement as a contract term have established position and exercise limits applicable to physically-settled options, the Exchange believes it is appropriate for the same position and exercise limits to also apply to cash-settled options. Accordingly, of the 50 underlying securities that would currently be eligible to have cash settlement as a contract term, all 50 would have a position limit of 250,000 contracts pursuant to Rule 8.30, Interpretation and Policy .02(e)".

The Exchange further proposes to amend Rule 8.35(c)(1)(A) to update the cross-reference to include new subparagraph (D) (re-designated from current subparagraph (C)), and to amend Rule 8.35(d) to update the cross-reference to include new subparagraph (c)(1)(C).

Additionally, the Exchange proposes to amend Rule 8.42(g)(3) to add a cross-reference to Rule 8.35(c)(1)(C), so that FLEX Options subject to the position limits in new subparagraph (C) would also be taken into account when calculating exercise limits for non-FLEX Option contracts, consistent with the treatment of other FLEX Equity Options subject to position limits.

It is the Exchange's understanding that OCC intends to make a rule filing to allow it to clear and settle cash-settled non-ETF equity options. Cash-settled FLEX non-ETF Equity Options would not be available for trading until the OCC is fully able to clear and settle such options.

The Exchange has also analyzed its capacity and represents that it and The Options Price Reporting Authority (OPRA) have the necessary systems capacity to handle the additional traffic associated with the listing of cash-settled FLEX non-ETF Equity Options. The Exchange believes any additional traffic that would be generated from the introduction of cash-settled FLEX non-ETF Equity Options would be manageable. The Exchange represents that TPHs will not have a capacity issue as a result of this proposed rule change. The Exchange also represents that it does not believe this proposed rule change will cause fragmentation of liquidity. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

Surveillance

The Exchange does not believe that allowing cash settlement as a contract term would render the marketplace for equity options more susceptible to manipulative practices. The Exchange believes that manipulating the settlement price of cash-settled FLEX non-ETF Equity Options would be difficult based on the size of the market for the securities that are the subject of this proposed rule change.

The Exchange believes it has an adequate surveillance program in place for cash-settled FLEX non-ETF Equity Options and intends to apply the same program procedures that it applies to the Exchange's other options products. FLEX option products, including non-ETF equity options, and their respective symbols are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes. The Exchange believes that the existing surveillance procedures at the Exchange are capable of properly identifying unusual and/or illegal trading activity, which procedures the Exchange would utilize to surveil for aberrant trading in cash-settled FLEX non-ETF Equity Options. As a result, the Exchange believes it would be able to effectively regulate the trading of cash-settled FLEX non-ETF Equity Options using means that include its surveillance for manipulation.

With respect to regulatory scrutiny, the Exchange believes its existing surveillance technologies and procedures adequately address potential concerns regarding possible manipulation of the settlement value at or near the close of the market. The Exchange notes that the Exchange's Regulatory Division (which regulates the Exchange and its affiliated national securities exchanges) includes cross-market surveillance designed to identify manipulative and other improper trading, including spoofing, algorithm gaming, marking the close and open, as well as more general, abusive behavior related to front running, wash sales, quoting/routing, and Reg SHO violations, that may occur on the Exchange or other markets. These cross-market patterns incorporate relevant data from various markets beyond the Exchange and its affiliates and from markets not affiliated with the Exchange.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in the underlying equity securities and subsequent trading of options on those securities on the Exchange, including cash-settled FLEX non-ETF Equity Options. Additionally, for options, the Exchange utilizes an array of patterns that monitor manipulation of options, or manipulation of equity securities (regardless of venue) for the purpose of impacting options prices on the Exchange (i.e., mini-manipulation strategies). That surveillance coverage is initiated once options begin trading on the Exchange. Accordingly, the Exchange believes that the cross-market surveillance performed by

FINRA, on behalf of the Exchange, coupled with the Exchange's own monitoring for violative activity on the Exchange comprise a comprehensive surveillance program that is adequate to monitor for manipulation of the underlying security and overlying option.

In addition to the surveillance procedures and processes described above, improvements in audit trails (i.e., the Consolidated Audit Trail), recordkeeping practices, and inter-exchange cooperation over the last two decades have greatly increased the Exchange's ability to detect and punish attempted manipulative activities. In addition, the Exchange is a member of the Intermarket Surveillance Group ("ISG"). The ISG members work together to coordinate surveillance and investigative information sharing in the stock and options markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities.

The Exchange is confident that its existing surveillance procedures are sufficient for the cash settlement of FLEX non-ETF Equity Options and will monitor and adjust such procedures as needed. The Exchange notes that these same surveillance procedures have been applied to cash-settled FLEX ETF Options since their introduction in 2023, and the Exchange has not identified any manipulation concerns in connection with such trading. Additionally, the Exchange notes that each cash-settled FLEX non-ETF Equity Option that is subject to this proposed rule change is sufficiently active so as to alleviate concerns about potential manipulative activity. Further, in the Exchange's view, the vast liquidity of the underlying securities ensures a multitude of market participants at any given time. Given the high level of participation among market participants that enter quotes and/or orders in the options on these securities, the Exchange believes it would be very difficult for a single participant to alter the price of each of the underlying securities in any significant way without exposing the would-be manipulator to regulatory scrutiny. The Exchange further believes any attempt to manipulate the price of the underlying securities would also be cost prohibitive.

The Exchange therefore believes that the decision of whether or not to allow cash settlement as a contract term should rest on the ability of the Exchange to monitor and detect manipulative activity, not on any perceived threat of increased attempted manipulative activity.

The proposed rule change is designed to allow investors seeking to effect cash-settled FLEX non-ETF Equity Options with the opportunity for a different method of settling option contracts at expiration if they choose to do so. As noted above, market participants may choose cash settlement because physical settlement possesses certain risks with respect to volatility and movement of the underlying security at expiration that market participants may need to hedge against. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to members' evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products for reasons that are generally debated in academic literature.

The Exchange believes that introducing cash-settled FLEX non-ETF Equity Options would further broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC markets for customized options, where settlement restrictions do not apply. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market onto the Exchange, which, the Exchange believes, will enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that this may open up cash-settled FLEX non-ETF Equity Options to more retail investors.

(b) Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[4] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[5] 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)[6] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that introducing cash-settled FLEX non-ETF Equity Options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk.

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4 15 U.S.C. 78f(b).

5 15 U.S.C. 78f(b)(5).

6 Id.

The Exchange believes that the proposal to permit cash settlement as a contract term for options on the specified group of non-ETF equity securities would remove impediments to and perfect the mechanism of a free and open market as cash-settled FLEX non-ETF Equity Options would enable market participants to receive cash in lieu of shares of the underlying security, which would, in turn, provide greater opportunities for market participants to manage risk through the use of a cash-settled product to the benefit of investors and the public interest.

The Exchange does not believe that allowing cash settlement as a contract term for options on the specified group of non-ETF equity securities would render the marketplace for equity options more susceptible to manipulative practices. As illustrated in the table above, each of the qualifying underlying securities is actively traded and highly liquid (in general and at the close) and, thus, would not be susceptible to manipulation because, over a six-month period, each security had an average daily notional value of at least $500 million and an ADV of at least 4,680,000 shares, which indicates that there is substantial liquidity present in the trading of these securities, and that there is significant depth and breadth of market participants providing liquidity and of investor interest.

The Exchange believes that the data provided by the Exchange supports the supposition that permitting cash settlement as a FLEX term for the 50 underlying securities that would currently qualify to have cash settlement as a contract term would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options, where settlement restrictions do not apply. The Exchange believes that the proposal to permit cash settlement would remove impediments to and perfect the mechanism of a free and open market because the proposed rule change would provide TPHs with enhanced methods to manage risk by receiving cash if they choose to do so instead of the underlying security. In addition, this proposal would promote just and equitable principles of trade and protect investors and the general public because cash settlement would provide investors with an additional tool to manage their risk.

Further, the Exchange notes that its proposal to introduce cash-settled FLEX non-ETF Equity Options is not novel in that other exchanges have previously received approval that allow for the trading of cash-settled options and cash-settled FLEX ETF Options. While those prior approvals involved ETF-based products rather than individual equity securities, the Exchange believes the analytical framework underlying those approvals — namely, that cash settlement is appropriate where the underlying security is highly liquid, actively traded, and subject to robust surveillance — applies with equal force to the individual equity securities that satisfy the same notional value and volume thresholds. The proposed rule change therefore should not raise issues for the Commission that have not been previously addressed in connection with the approval of cash-settled FLEX ETF Options.

The proposed rule change to permit cash settlement as a contract term for options on the 50 underlying securities is designed to promote just and equitable principles of trade in that the availability of cash settlement as a contract term would give market participants an alternative to trading similar products in the OTC market. By trading a product in an exchange-traded environment (that is currently traded in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of the proposed cash-settled options. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently available for trading only in the OTC market.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in cash-settled FLEX non-ETF Equity Options. Regarding the proposed cash settlement, the Exchange would use the same surveillance procedures currently utilized for the Exchange’s other FLEX Options. For surveillance purposes, the Exchange would have access to information regarding trading activity in the pertinent underlying securities. The Exchange believes that limiting cash settlement to options on 50 non-ETF underlying securities that would currently be eligible to have cash-settlement as a contract term would minimize the possibility of manipulation due to the robust liquidity in both the equities and options markets.

The Exchange also believes that the proposed rule change does not permit unfair discrimination between customers, issuers, brokers, or dealers because the proposed cash settlement program would be available to all market participants on an equal basis, subject to the same eligibility criteria and position limit requirements.

Item 4. <u>Self-Regulatory Organization's Statement on Burden on Competition</u>

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 that 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, as all FLEX Traders that are authorized to trade FLEX Equity Options, including non-ETF options, in accordance with the Exchange's Rules will be able to trade cash-settled FLEX non-ETF Equity Options in the same manner. This includes that, for all FLEX Equity Options, at least one of exercise style, expiration date, and exercise price must differ from options in the non-FLEX market. Additionally, positions in cash-settled FLEX non-ETF Equity Options of all TPHs will be subject to the same position limits, and such positions will be aggregated with positions in physically settled options on the same underlying in the same manner.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposal is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors because it is designed to provide investors seeking to transact in FLEX non-ETF Equity Options with the opportunity for an alternative method of settling their option contracts at expiration. The Exchange believes the proposed rule change will encourage competition, as it may broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options, where settlement restrictions do not apply. The proposed rule change would give market participants an alternative to trading similar products in the OTC market. By trading a product in an exchange-traded environment (that is currently traded in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change may increase competition as it may lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and thus increased price competition.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes the proposed rule change encourages competition amongst market participants to provide tailored cash-settled FLEX non-ETF Equity Option contracts.

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

The Exchange does not consent to an extension of the time period for Commission action on the proposed rule change specified in Section 19(b)(2) of the Act.[7]

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[7] 15 U.S.C. 78s(b)(2).

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

Not applicable.

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

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

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.

Exhibits 2-4. Not applicable.

Exhibit 5. Proposed rule text.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-CBOE-2026-070]

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Exchange Rules 4.21, 8.35, and 8.42

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on [insert date], Cboe Exchange, Inc. (the "Exchange" or "Cboe Options") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The 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. ("C1" or the "Exchange") is filing with the Securities and Exchange Commission ("Commission" or "SEC") a proposed rule change to amend Exchange Rules 4.21, 8.35, and 8.42 to permit cash settlement as a settlement type for FLEX Equity Options overlying certain individual equity securities that satisfy specified liquidity thresholds, and to adopt corresponding position limit and exercise limit provisions for such cash-settled options. The text of the proposed rule change is provided in Exhibit 5.

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

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

(https://www.cboe.com/us/options/regulation/rule_filings/cone/), 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 Rules 4.21 (Series of FLEX Options), 8.35 (Position Limits for FLEX Options), and 8.42 (Exercise Limits) to permit cash settlement as a settlement type for FLEX Equity Options overlying certain individual equity securities (other than exchange-traded funds ("ETFs")) that satisfy specified average daily notional value and average daily trading volume thresholds, and to adopt corresponding position limit and exercise limit provisions for such cash-settled FLEX Equity Options.

Background

FLEX Options are customized equity or index contracts that allow investors to tailor contract terms for exchange-listed equity and index options. A "FLEX Equity Option" is an option on a specified underlying equity security. Generally, FLEX Equity Options are settled by physical delivery of the underlying security, while all FLEX Index Options are settled in cash. In 2023, however, the Exchange amended Rule 4.21 to permit cash settlement for up to 50 FLEX Equity Options with an underlying security that is an

ETF meeting certain criteria: an average daily notional value of $500 million or more and a national average daily volume of 4,680,000 shares, measured over the prior six-month period. Where more than 50 ETFs qualify, the Exchange selects the 50 with the highest average daily trading volume. Cash settlement is not currently available for FLEX Equity Options overlying individual equity securities (other than ETFs).

The Exchange believes that expanding cash settlement to a select group of non-ETF equity options reflects changes in the marketplace since cash settlement was first expanded to options overlying ETFs. Specifically, in 2023, only 39 ETFs met the above-captioned criteria (i.e., average daily notional value of $500 million and average daily volume of 4,680,000 shares). For the period of January 1 through June 30, 2026, however, 169 individual equity securities met these same criteria. The Exchange believes the fact that a significant number of individual equity securities now satisfy both the notional value and volume thresholds — thresholds originally calibrated for, and previously applied to, ETFs — demonstrates that these securities exhibit a depth and breadth of trading activity comparable to, or exceeding, the ETF universe at the time cash settlement for ETFs was originally approved.

The Exchange believes it is appropriate to introduce cash settlement as an alternative contract term to this select group of non-ETF securities because they are among the most highly liquid and actively traded securities. As described more fully below, the Exchange believes that the deep liquidity and robust trading activity (in general and at the close) in the securities identified by the Exchange as meeting the criteria mitigate historic concerns regarding susceptibility to manipulation. Moreover, the Exchange believes that permitting cash settlement as a contract term for FLEX non-ETF Equity Options for the securities meeting the eligibility criteria would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the over-the-counter ("OTC") market for customized options, where settlement restrictions do not apply.

<u>Proposed Rule Change</u>

Cash Settlement for FLEX Equity Options on Individual Equity Securities

The Exchange proposes to amend Rule 4.21(b)(5)(A) to add new subparagraph (iii), which would permit cash settlement as a settlement type for FLEX Equity Options with an underlying security that is an individual equity security (other than an ETF) that has an average daily notional value of $500 million or more and a national average daily volume of at least 4,680,000 shares, measured over the prior six-month period. Such options may be settled by physical delivery of the underlying security or by delivery in cash. The proposed rule change would also re-designate current subparagraph (iii) (regarding the exercise by exception provisions of OCC Rule 805) as subparagraph (iv).

The Exchange believes that average daily notional value and national average daily volume are, collectively, an appropriate proxy for selecting underlying securities that are not readily susceptible to manipulation for purposes of establishing a settlement price. Average daily notional value considers both the trading activity and the price of an underlying security. As a general matter, the more expensive an underlying security's price, the less cost-effective manipulation could become. Further, manipulation of the price of a security encounters greater difficulty the more volume that is traded. Where more than 50 individual equity securities meet both thresholds, the Exchange would select the top 50 with the highest average daily notional value. The Exchange believes average daily notional value is the more appropriate selection criterion because it accounts for both trading activity and price, whereas average daily volume alone does not capture the economic significance of trading in the underlying security. In particular, average daily notional value reduces the potential of a low-priced underlying equity that is potentially more susceptible to manipulation from being eligible for participating in the program.

To calculate average daily notional value, the Exchange summed the notional value of each trade for each symbol (i.e., the number of shares multiplied by the execution price) and divided that total by the number of trading days in the six-month period reviewed January 1 through June 30, 2026. To calculate national average daily volume, the Exchange summed the share volume of each trade for each symbol and divided that total by the number of trading days in the same six-month period. Based on these calculations, the Exchange identified 169 individual equity securities (other than ETFs) eligible for cash settlement of FLEX options overlying them. As noted in proposed Rule 4.21(b)(5)(A)(iii)(a), however, only the FLEX Equity Options overlying the top 50 individual equity securities with the highest average daily notional value would be eligible for cash settlement.

Symbol	**Name**	**National Average Daily Volume**	**National Average Daily Notional Value**	**Closing Auction Average Daily Volume**	**Closing Auction Average Daily Notional Value**
NVDA	NVIDIA Corporation	170,115,598	$33,094,378,633	15,893,885	$3,106,651,219
MU	Micron Technology, Inc.	45,805,165	$28,076,781,806	2,626,182	$1,755,318,796
TSLA	Tesla, Inc.	58,737,357	$23,746,052,019	3,102,555	$1,254,807,831
MSFT	Microsoft Corporation	37,875,652	$15,485,186,259	5,362,656	$2,187,016,640

SNDK	SanDisk Corporation	16,665,823	$15,095,725,239	555,599	$629,911,358
AAPL	Apple Inc.	50,540,349	$13,876,060,806	8,832,583	$2,431,160,049
AMZN	Amazon.com, Inc.	50,757,839	$11,860,370,955	6,425,396	$1,510,662,598
AMD	Advanced Micro Devices, Inc.	37,684,239	$11,597,767,772	2,765,310	$939,617,101
GOOGL	Alphabet Inc. (Class A)	32,998,061	$11,101,269,196	4,308,713	$1,457,751,675
META	Meta Platforms, Inc.	16,318,976	$10,193,743,728	1,851,796	$1,146,304,264
AVGO	Broadcom Inc.	26,494,977	$9,671,341,272	3,902,104	$1,435,956,532
INTC	Intel Corporation	122,081,537	$9,466,945,009	8,810,803	$716,634,701
GOOG	Alphabet Inc. (Class C)	21,913,263	$7,357,076,855	3,091,287	$1,044,473,595
PLTR	Palantir Technologies Inc.	47,455,461	$6,829,788,948	3,265,874	$465,795,169
MRVL	Marvell Technology, Inc.	30,337,600	$5,740,376,892	3,609,034	$730,503,505
TSM	Taiwan Semiconductor Manufacturing Co. Ltd. (ADR)	13,909,772	$5,218,350,064	947,801	$364,949,606
ORCL	Oracle Corporation	27,640,989	$4,730,964,591	2,065,801	$350,431,607
LITE	Lumentum Holdings Inc.	5,995,136	$4,395,929,087	432,976	$327,640,490
NFLX	Netflix, Inc.	45,334,537	$3,984,361,613	4,958,863	$432,593,607
WDC	Western Digital Corporation	9,189,739	$3,460,654,418	792,838	$330,251,733

AMAT	Applied Materials, Inc.	8,167,267	$3,424,223,379	1,521,920	$643,842,395
SPCX	Space Exploration Technologies Corp (Class A)	18,891,075	$3,317,951,599	1,135,210	$194,101,640
WMT	Walmart Inc.	26,002,791	$3,186,290,407	5,528,357	$674,026,796
JPM	JPMorgan Chase & Co.	10,083,932	$3,095,504,506	2,102,857	$646,518,111
QCOM	QUALCOMM Incorporated	17,034,899	$3,055,092,519	2,706,701	$473,882,789
XOM	Exxon Mobil Corporation	20,533,771	$3,047,605,794	3,033,112	$447,733,547
MSTR	Strategy Inc.	21,632,522	$3,040,754,574	1,615,083	$225,099,703
LRCX	Lam Research Corporation	11,272,347	$2,995,762,882	2,035,516	$557,820,250
UNH	UnitedHealth Group Incorporated	8,723,393	$2,851,530,004	1,050,445	$352,408,619
CRWV	CoreWeave, Inc.	28,450,550	$2,824,862,342	1,509,012	$151,593,177
APP	AppLovin Corporation	5,518,415	$2,636,985,596	370,478	$178,115,778
CRM	Salesforce, Inc.	14,051,624	$2,634,039,711	1,651,970	$300,991,940
HOOD	Robinhood Markets, Inc.	30,374,393	$2,591,828,718	1,603,780	$138,362,487
V	Visa Inc.	8,004,862	$2,580,078,919	1,554,175	$500,454,923
NOW	ServiceNow, Inc.	24,138,213	$2,559,761,066	1,805,849	$193,041,994
NBIS	Nebius Group N.V.	16,226,426	$2,527,510,385	783,767	$137,212,159
BRK.B	Berkshire Hathaway	5,016,271	$2,438,944,249	916,413	$445,479,711

	Inc. (Class B)				
BE	Bloom Energy Corporation	11,595,006	$2,348,970,724	862,336	$191,175,004
RKLB	Rocket Lab Corporation	25,088,846	$2,270,015,025	1,704,230	$157,027,287
CSCO	Cisco Systems, Inc.	24,084,674	$2,244,988,546	4,501,714	$422,677,398
CVX	Chevron Corporation	11,721,844	$2,163,337,481	1,746,014	$322,641,155
IREN	IREN Limited	41,908,603	$2,105,076,732	2,444,339	$121,671,147
GLW	Corning Incorporated	12,884,006	$2,067,059,202	1,287,076	$207,861,858
BAC	Bank of America Corporation	39,320,665	$2,055,007,214	7,160,833	$374,435,413
COIN	Coinbase Global, Inc.	10,960,667	$2,053,601,006	801,263	$148,303,757
TXN	Texas Instruments Incorporated	8,247,994	$2,029,693,412	1,765,142	$441,069,647
ARM	Arm Holdings plc (ADR)	9,002,081	$2,009,439,768	523,305	$127,285,176
DELL	Dell Technologies Inc. (Class C)	8,773,174	$1,999,825,707	673,620	$155,892,820
JNJ	Johnson & Johnson	8,503,542	$1,980,500,741	1,686,417	$394,118,347
COHR	Coherent Corp.	6,667,947	$1,936,606,389	695,772	$203,955,001

The cash settlement program established under proposed subparagraph (iii) would be separate from, and independent of, the existing cash settlement program for ETFs established under subparagraph (ii).

Equity options are generally settled physically at the Options Clearing Corporation ("OCC") (i.e., upon exercise, shares of the underlying security must be assumed or delivered). Physical settlement entails certain risks with respect to volatility and movement of the underlying security at expiration that market participants may need to hedge against. Cash settlement may be preferable to physical delivery in some circumstances as it does not present the same risk. If an issue with the delivery of the underlying security arises, it may become more expensive and time-consuming to reverse the delivery because the price of the underlying security would almost certainly have changed. Reversing a cash payment, on the other hand, would not involve any such issue because reversing a cash delivery would simply involve the exchange of cash. Additionally, with physical settlement, market participants that have a need to generate cash would have to sell the underlying security while incurring the costs associated with liquidating their position in the underlying security as well as the risk of an adverse movement in the price of the underlying security.

The Exchange notes that cash settlement for options is not a unique feature and other options exchanges have previously received approval that allow for the trading of cash-settled options and cash-settled FLEX ETF Options. In 2023, the Exchange itself adopted Rule 4.21(b)(5)(A)(ii), permitting cash settlement for FLEX ETF Options. The Exchange believes that the proposed expansion to individual equity securities (other than ETFs) is consistent with the approach taken in these prior programs, adapted to the most liquid single-name securities that satisfy the same notional value and volume thresholds previously applied to ETFs.[3]

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[3] The Exchange notes that NYSE Arca has proposed a rule change similar to the Exchange's proposal herein. See Securities Exchange Act No. 205833 (July 1, 2026) 91 FR 41716 (July 7, 2026) (SR-NYSEARCA-2026-68).

The Exchange understands that cash-settled non-ETF equity options are currently traded in the OTC market by a variety of market participants (e.g., hedge funds, proprietary trading firms, and pension funds). The Exchange believes some of these market participants would prefer to trade these instruments on an exchange, where they would be cleared and settled through a regulated clearing agency. The Exchange expects that users of these OTC products would be among the primary users of exchange-traded cash-settled FLEX non-ETF Equity Options. The Exchange also believes that the trading of cash-settled FLEX non-ETF Equity Options would allow these same market participants to better manage the risk associated with the volatility of underlying equity positions given the enhanced liquidity that an exchange-traded product would bring.

Cash-settled FLEX non-ETF Equity Options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-traded contracts should develop more liquidity. Second, counter-party credit risk would be mitigated by the fact that the contracts are issued and guaranteed by OCC. Finally, the price discovery and dissemination provided by the Exchange and its Trading Permit Holders ("TPHs") would lead to more transparent markets. The Exchange believes that its ability to offer cash-settled FLEX non-ETF Equity Options would aid it in competing with the OTC market and, at the same time, expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

Eligibility Criteria and Bi-Annual Review

Under proposed subparagraph (iii)(a), the Exchange would determine bi-annually the underlying individual equity securities that satisfy the notional value and trading volume requirements by using trading statistics for the previous six-month period. The Exchange would permit cash settlement as a contract term on no more than 50 underlying individual equity securities that meet the criteria in proposed subparagraph (iii). The 50-security limit would be independent of, and would not reduce or otherwise affect, the number of underlying ETFs eligible for cash settlement under subparagraph (ii). If more than 50 individual equity securities satisfy the notional value and trading volume requirements, the Exchange would select the top 50 individual equity securities that have the highest average daily notional value.

Under proposed subparagraph (iii)(b), if the Exchange determines pursuant to the bi-annual review that an underlying individual equity security ceases to satisfy the eligibility criteria, the Exchange would no longer permit cash settlement as a contract term for new FLEX Equity Option positions overlying such individual equity security. Any open cash-settled FLEX Equity Option positions overlying such individual equity security may continue to be maintained and may be traded to close the position.

Under proposed subparagraph (iii)(c), a FLEX Equity Option that is cash-settled pursuant to proposed subparagraph (iii) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same individual equity security. This restriction is designed to prevent duplication between cash-settled FLEX Equity Options and non-FLEX Equity Options on the same underlying individual equity security.

Position Limits and Exercise Limits

The Exchange also proposes to amend Rule 8.35(c)(1) to add new subparagraph (C), which would provide that position limits for FLEX Equity Options where the underlying security is an individual equity security (other than an ETF) that is settled in cash pursuant to Rule 4.21(b)(5)(A)(iii) shall be subject to the position limits set forth in Rule 8.30, and subject to the exercise limits set forth in Rule 8.42. Positions in such cash-settled FLEX Equity Options would be aggregated with positions in physically settled options on the same underlying individual equity security for the purpose of calculating the position limits set forth in Rule 8.30 and the exercise limits set forth in Rule 8.42. Current subparagraph (C) (regarding position limits for FLEX Equity Options on certain Bitcoin-related ETFs) would be re-designated as subparagraph (D).

Given that each of the underlying securities that would currently be eligible to have cash-settlement as a contract term have established position and exercise limits applicable to physically-settled options, the Exchange believes it is appropriate for the same position and exercise limits to also apply to cash-settled options. Accordingly, of the 50 underlying securities that would currently be eligible to have cash settlement as a contract term, all 50 would have a position limit of 250,000 contracts pursuant to Rule 8.30, Interpretation and Policy .02(e)".

The Exchange further proposes to amend Rule 8.35(c)(1)(A) to update the cross-reference to include new subparagraph (D) (re-designated from current subparagraph (C)), and to amend Rule 8.35(d) to update the cross-reference to include new subparagraph (c)(1)(C).

Additionally, the Exchange proposes to amend Rule 8.42(g)(3) to add a cross-reference to Rule 8.35(c)(1)(C), so that FLEX Options subject to the position limits in new subparagraph (C) would also be taken into account when calculating exercise limits for non-FLEX Option contracts, consistent with the treatment of other FLEX Equity Options subject to position limits.

It is the Exchange's understanding that OCC intends to make a rule filing to allow it to clear and settle cash-settled non-ETF equity options. Cash-settled FLEX non-ETF Equity Options would not be available for trading until the OCC is fully able to clear and settle such options.

The Exchange has also analyzed its capacity and represents that it and The Options Price Reporting Authority (OPRA) have the necessary systems capacity to handle the additional traffic associated with the listing of cash-settled FLEX non-ETF Equity Options. The Exchange believes any additional traffic that would be generated from the introduction of cash-settled FLEX non-ETF Equity Options would be manageable. The Exchange represents that TPHs will not have a capacity issue as a result of this proposed rule change. The Exchange also represents that it does not believe this proposed rule change will cause fragmentation of liquidity. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

Surveillance

The Exchange does not believe that allowing cash settlement as a contract term would render the marketplace for equity options more susceptible to manipulative practices. The Exchange believes that manipulating the settlement price of cash-settled

FLEX non-ETF Equity Options would be difficult based on the size of the market for the securities that are the subject of this proposed rule change.

The Exchange believes it has an adequate surveillance program in place for cash-settled FLEX non-ETF Equity Options and intends to apply the same program procedures that it applies to the Exchange's other options products. FLEX option products, including non-ETF equity options, and their respective symbols are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes. The Exchange believes that the existing surveillance procedures at the Exchange are capable of properly identifying unusual and/or illegal trading activity, which procedures the Exchange would utilize to surveil for aberrant trading in cash-settled FLEX non-ETF Equity Options. As a result, the Exchange believes it would be able to effectively regulate the trading of cash-settled FLEX non-ETF Equity Options using means that include its surveillance for manipulation.

With respect to regulatory scrutiny, the Exchange believes its existing surveillance technologies and procedures adequately address potential concerns regarding possible manipulation of the settlement value at or near the close of the market. The Exchange notes that the Exchange's Regulatory Division (which regulates the Exchange and its affiliated national securities exchanges) includes cross-market surveillance designed to identify manipulative and other improper trading, including spoofing, algorithm gaming, marking the close and open, as well as more general, abusive behavior related to front running, wash sales, quoting/routing, and Reg SHO violations, that may occur on the Exchange or other markets. These cross-market patterns incorporate relevant data from various markets beyond the Exchange and its affiliates and from markets not affiliated with the Exchange.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in the underlying equity securities and subsequent trading of options on those securities on the Exchange, including cash-settled FLEX non-ETF Equity Options. Additionally, for options, the Exchange utilizes an array of patterns that monitor manipulation of options, or manipulation of equity securities (regardless of venue) for the purpose of impacting options prices on the Exchange (i.e., mini-manipulation strategies). That surveillance coverage is initiated once options begin trading on the Exchange. Accordingly, the Exchange believes that the cross-market surveillance performed by FINRA, on behalf of the Exchange, coupled with the Exchange's own monitoring for violative activity on the Exchange comprise a comprehensive surveillance program that is adequate to monitor for manipulation of the underlying security and overlying option.

In addition to the surveillance procedures and processes described above, improvements in audit trails (i.e., the Consolidated Audit Trail), recordkeeping practices, and inter-exchange cooperation over the last two decades have greatly increased the Exchange's ability to detect and punish attempted manipulative activities. In addition, the Exchange is a member of the Intermarket Surveillance Group ("ISG"). The ISG members work together to coordinate surveillance and investigative information sharing in the stock and options markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities.

The Exchange is confident that its existing surveillance procedures are sufficient for the cash settlement of FLEX non-ETF Equity Options and will monitor and adjust such procedures as needed. The Exchange notes that these same surveillance procedures have been applied to cash-settled FLEX ETF Options since their introduction in 2023, and the

Exchange has not identified any manipulation concerns in connection with such trading. Additionally, the Exchange notes that each cash-settled FLEX non-ETF Equity Option that is subject to this proposed rule change is sufficiently active so as to alleviate concerns about potential manipulative activity. Further, in the Exchange's view, the vast liquidity of the underlying securities ensures a multitude of market participants at any given time. Given the high level of participation among market participants that enter quotes and/or orders in the options on these securities, the Exchange believes it would be very difficult for a single participant to alter the price of each of the underlying securities in any significant way without exposing the would-be manipulator to regulatory scrutiny. The Exchange further believes any attempt to manipulate the price of the underlying securities would also be cost prohibitive.

The Exchange therefore believes that the decision of whether or not to allow cash settlement as a contract term should rest on the ability of the Exchange to monitor and detect manipulative activity, not on any perceived threat of increased attempted manipulative activity.

The proposed rule change is designed to allow investors seeking to effect cash-settled FLEX non-ETF Equity Options with the opportunity for a different method of settling option contracts at expiration if they choose to do so. As noted above, market participants may choose cash settlement because physical settlement possesses certain risks with respect to volatility and movement of the underlying security at expiration that market participants may need to hedge against. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to members' evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products for reasons that are generally debated in academic literature.

The Exchange believes that introducing cash-settled FLEX non-ETF Equity Options would further broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC markets for customized options, where settlement restrictions do not apply. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market onto the Exchange, which, the Exchange believes, will enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that this may open up cash-settled FLEX non-ETF Equity Options to more retail investors.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.[4] Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[5] 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

[4] 15 U.S.C. 78f(b).

[5] 15 U.S.C. 78f(b)(5).

and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)[6] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Specifically, the Exchange believes that introducing cash-settled FLEX non-ETF Equity Options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk.

The Exchange believes that the proposal to permit cash settlement as a contract term for options on the specified group of non-ETF equity securities would remove impediments to and perfect the mechanism of a free and open market as cash-settled FLEX non-ETF Equity Options would enable market participants to receive cash in lieu of shares of the underlying security, which would, in turn, provide greater opportunities for market participants to manage risk through the use of a cash-settled product to the benefit of investors and the public interest.

The Exchange does not believe that allowing cash settlement as a contract term for options on the specified group of non-ETF equity securities would render the marketplace for equity options more susceptible to manipulative practices. As illustrated in the table above, each of the qualifying underlying securities is actively traded and highly liquid (in general and at the close) and, thus, would not be susceptible to manipulation because, over a six-month period, each security had an average daily notional value of at least $500 million and an ADV of at least 4,680,000 shares, which indicates that there is substantial liquidity present in the trading of these securities, and that there is significant depth and breadth of market participants providing liquidity and of investor interest.

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6 Id.

The Exchange believes that the data provided by the Exchange supports the supposition that permitting cash settlement as a FLEX term for the 50 underlying securities that would currently qualify to have cash settlement as a contract term would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options, where settlement restrictions do not apply. The Exchange believes that the proposal to permit cash settlement would remove impediments to and perfect the mechanism of a free and open market because the proposed rule change would provide TPHs with enhanced methods to manage risk by receiving cash if they choose to do so instead of the underlying security. In addition, this proposal would promote just and equitable principles of trade and protect investors and the general public because cash settlement would provide investors with an additional tool to manage their risk.

Further, the Exchange notes that its proposal to introduce cash-settled FLEX non-ETF Equity Options is not novel in that other exchanges have previously received approval that allow for the trading of cash-settled options and cash-settled FLEX ETF Options. While those prior approvals involved ETF-based products rather than individual equity securities, the Exchange believes the analytical framework underlying those approvals — namely, that cash settlement is appropriate where the underlying security is highly liquid, actively traded, and subject to robust surveillance — applies with equal force to the individual equity securities that satisfy the same notional value and volume thresholds. The proposed rule change therefore should not raise issues for the Commission that have not been previously addressed in connection with the approval of cash-settled FLEX ETF Options.

The proposed rule change to permit cash settlement as a contract term for options on the 50 underlying securities is designed to promote just and equitable principles of trade in that the availability of cash settlement as a contract term would give market participants an alternative to trading similar products in the OTC market. By trading a product in an exchange-traded environment (that is currently traded in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of the proposed cash-settled options. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently available for trading only in the OTC market.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in cash-settled FLEX non-ETF Equity Options. Regarding the proposed cash settlement, the Exchange would use the same surveillance procedures currently utilized for the Exchange's other FLEX Options. For surveillance purposes, the Exchange would have access to information regarding trading activity in the pertinent underlying securities. The Exchange believes that limiting cash settlement to options on 50 non-ETF underlying securities that would currently be eligible to have cash-settlement as a contract term would minimize the possibility of manipulation due to the robust liquidity in both the equities and options markets.

The Exchange also believes that the proposed rule change does not permit unfair discrimination between customers, issuers, brokers, or dealers because the proposed cash settlement program would be available to all market participants on an equal basis, subject to the same eligibility criteria and position limit requirements.

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 that 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, as all FLEX Traders that are authorized to trade FLEX Equity Options, including non-ETF options, in accordance with the Exchange's Rules will be able to trade cash-settled FLEX non-ETF Equity Options in the same manner. This includes that, for all FLEX Equity Options, at least one of exercise style, expiration date, and exercise price must differ from options in the non-FLEX market. Additionally, positions in cash-settled FLEX non-ETF Equity Options of all TPHs will be subject to the same position limits, and such positions will be aggregated with positions in physically settled options on the same underlying in the same manner.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as the proposal is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors because it is designed to provide investors seeking to transact in FLEX non-ETF Equity Options with the opportunity for an alternative method of settling their option contracts at expiration. The Exchange believes the proposed rule change will encourage competition, as it may broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options, where settlement restrictions do not apply. The proposed rule change would give market participants an alternative to trading similar products in the OTC market. By trading a product in an exchange-traded environment (that is currently traded in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change may increase competition as it may lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and thus increased price competition.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar functionality. The Exchange believes the proposed rule change encourages competition amongst market participants to provide tailored cash-settled FLEX non-ETF Equity Option contracts.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

A. by order approve or disapprove such proposed rule change, or

B. institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2026-070 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-2026-070. 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-2026-070 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.[7]

Sherry R. Haywood,

Assistant Secretary.

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[7] 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 4.21. Series of FLEX Options

(a) No change.

(b) *Terms*. When submitting a FLEX Order for a FLEX Option series to the System, the submitting FLEX Trader must include one of each of the following terms in the FLEX Order (all other terms of a FLEX Option series are the same as those that apply to non-FLEX Options), provided that a FLEX Index Option with an index multiplier of one may not be the same type (put or call) and may not have the same exercise style, expiration date, settlement type, and exercise price as a non-FLEX Index Option overlying the same index listed for trading (regardless of the index multiplier of the non-FLEX Index Option) and further provided that a FLEX Equity Option overlying an ETF or an individual stock (cash- or physically settled) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same ETF or individual stock, as applicable, which terms constitute the FLEX Option series:

(1)-(4) No change.

(5) settlement type:

(A) *FLEX Equity Options*.

(i) FLEX Equity Options, other than as permitted in subparagraphs (ii), (iii), and (iv)[(iii)] below, are settled with physical delivery of the underlying security.

(ii) No change.

(iii) For FLEX Equity Options with an underlying security that is an individual stock that has an average daily notional value of $500 million or more and a national average daily volume of at least 4,680,000 shares, measured over the prior six-month period, by physical delivery of the underlying security or by delivery in cash.

(a) The Exchange will determine bi-annually the underlying individual stocks that satisfy the notional value and trading volume requirements in this subparagraph (iii) by using trading statistics for the previous six-month period. The Exchange will permit cash settlement as a contract term on no more than 50 underlying individual stocks that meet the criteria in this subparagraph (iii). If more than 50 individual stocks satisfy the notional value and trading volume requirements, the Exchange will select the top 50 individual stocks that have the highest average daily notional value.

(b) If the Exchange determines pursuant to the review conducted under subparagraph (iii)(a) above that an underlying individual stock ceases to satisfy the criteria in this subparagraph (iii), the Exchange will no longer permit cash settlement as a contract term for new FLEX Equity Option positions overlying such individual stock. Any open cash-settled FLEX Equity Option positions overlying such individual stockmay continue to be maintained and may be traded to close the position.

(c) A FLEX Equity Option that is cash-settled pursuant to this subparagraph (iii) may not be the same type (put or call) and may not have the same exercise style, expiration date, and exercise price as a non-FLEX Equity Option overlying the same individual stock.

[(iii)](iv) FLEX Equity Options are subject to the exercise by exception provisions of OCC Rule 805.

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Rule 8.35. Position Limits for FLEX Options

(a)-(b) No change.

(c) FLEX Equity Options.

(1) Position Limits.

(A) There shall be no position limits for FLEX Equity Options, other than as set forth in subparagraphs (B), (C), and (D) [(C)] and paragraph (d) below.

(B) No change.

(C) Position limits for FLEX Equity Options where the underlying security is an individual stock that is settled in cash pursuant to Rule 4.21(b)(5)(A)(iii) shall be subject to the position limits set forth in Rule 8.30, and subject to the exercise limits set forth in Rule 8.42. Positions in such cash-settled FLEX Equity Options shall be aggregated with positions in physically settled options on the same underlying individual stock for the purpose of calculating the position limits set forth in Rule 8.30 and the exercise limits set forth in Rule 8.42.

[(C)](D) Position limits for FLEX Equity Options on iShares Bitcoin Trust, Grayscale Bitcoin Trust, Grayscale Bitcoin Mini Trust, and Bitwise Bitcoin ETF will be the same as Non-FLEX Options on iShares Bitcoin Trust, Grayscale Bitcoin Trust, Grayscale Bitcoin Mini Trust, and Bitwise Bitcoin ETF pursuant to Rule 8.30, except that positions in FLEX Equity Options on iShares Bitcoin Trust, Grayscale Bitcoin Trust, Grayscale Bitcoin Mini Trust, and Bitwise Bitcoin ETF will be aggregated with positions in Non-FLEX Options on the same underlying ETF for the purpose of calculating position limits.

(2)-(3) No change.

(d) Aggregation of FLEX Positions. For purposes of the position limits and reporting requirements set forth in this Rule 8.35, FLEX Option positions shall not be aggregated with positions in Non-FLEX Options other than as provided below and in subparagraphs (c)(1)(B) and (C) above, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

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Rule 8.42. Exercise Limits

(a)-(f) No change.

(g) *FLEX Options.* Exercise limits for FLEX Index and FLEX Individual Stock or ETF Based Volatility Index Options shall be equivalent to the FLEX position limits prescribed in Rule 8.35. There shall be no exercise limits for broad-based FLEX Index Options (including reduced-value option contracts and FLEX Index Option contracts with a multiplier of one) on BXM (1/10th value), DJX, NDX, XND, OEX, RUT, S&P 500 Dividend Index, SPX, SPEQF, SPEQX, VIX, VXN, VXD, Cboe S&P 500 AM/PM Basis, Cboe S&P 500 Three-Month Realized Variance, Cboe S&P 500 Three-Month Realized Volatility and XEO. For purposes of determining compliance with the exercise limits under this paragraph (g), 100 FLEX Index Option contracts with a multiplier of 1 equal one FLEX Index Option contract with a multiplier of 100 with the same underlying index.

(1)-(2) No change.

(3) Except as provided in Rule 8.35(d)(3),[and] (c)(1)(B), and (c)(1)(C) FLEX Options shall not be taken into account when calculating exercise limits for Non-FLEX Option contracts.

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