

request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. Hearing requests should be received by the Commission by 5:30 p.m. on December 16, 2025, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary at Secretarys-Office@sec.gov.

ADDRESSES: The Commission: Secretarys-Office@sec.gov. Applicants: Ryan C. Larrenaga, Esq. and Joseph D'Alessandro, Esq., Columbia Management Investment Advisers, LLC, ryan.c.larrenaga@columbiathreadneedle.com and joseph.l.dalessandro@ampf.com; and Brian D. McCabe, Esq., and Angela C. Jaimes, Esq., Ropes & Gray LLP, brian.mccabe@ropesgray.com and angela.jaimes@ropesgray.com.

FOR FURTHER INFORMATION CONTACT: Adam Large, Senior Special Counsel, Kris Easter Guidroz, Senior Counsel, or Daniele Marchesani, Assistant Chief Counsel, at (202) 551–6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' application, filed September 30, 2025, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC's EDGAR system. The SEC's EDGAR system may be searched at <https://www.sec.gov/edgar/searchedgar/companysearch.html>. You may also call the SEC's Office of Investor Education and Advocacy at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2025–21154 Filed 11–25–25; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35796; 812–15837]

Wilshire Private Assets Fund and Wilshire Advisors LLC

November 21, 2025.

AGENCY: Securities and Exchange Commission (“Commission” or “SEC”).

ACTION: Notice.

Notice of an application under section 6(c) of the Investment Company Act of 1940 (the “Act”) for an exemption from sections 18(a)(2), 18(c) and 18(i) of the Act, under sections 6(c) and 23(c) of the Act for an exemption from rule 23c–3 under the Act, and for an order pursuant to section 17(d) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain registered closed-end investment companies to issue multiple classes of shares and to impose early withdrawal charges and asset-based distribution and/or service fees.

APPLICANTS: Wilshire Private Assets Fund and Wilshire Advisors LLC.

FILING DATES: The application was filed on June 20, 2025, and amended on September 30, 2025.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at Secretarys-Office@sec.gov and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. Hearing requests should be received by the Commission by 5:30 p.m. on December 16, 2025, and should be accompanied by proof of service on the Applicants, in the form of an affidavit, or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary.

ADDRESSES: The Commission: Secretarys-Office@sec.gov. Applicants: Michael Beattie, c/o SEI Investments, One Freedom Drive, Oaks, Pennsylvania

19456, with copies to John J. O'Brien, Esq., Morgan Lewis and Bockius, LLP, 2222 Market Street, Philadelphia, Pennsylvania 19103.

FOR FURTHER INFORMATION CONTACT: Rachel Loko, Senior Special Counsel, at (202) 551–6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' application, dated September 30, 2025, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the Company name search field on the SEC's EDGAR system. The SEC's EDGAR system may be searched at <https://www.sec.gov/edgar/searchedgar/companysearch>. You may also call the SEC's Office of Investor Education and Advocacy at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2025–21153 Filed 11–25–25; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–104235; File No. SR–ISE–2025–26]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change To Amend the Position and Exercise Limits for IBIT Options and FLEX Trading

November 21, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b–4 thereunder,² notice is hereby given that on November 13, 2025, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “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

The Exchange proposes to amend Options 9, Sections 13 and 15 to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

propose an increase to the position and exercise limits for options on iShares Bitcoin Trust ETF (“IBIT”). The Exchange also proposes an amendment to Options 3A, Section 18, Position Limits, related to FLEX Trading in options on IBIT.

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/ise/rulefilings>, 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: (1) Options 9, Section 13, Position Limits, and Options 9, Section 15, Exercise Limits, to increase the position and exercise limits for options on IBIT; and (2) Options 3A, Section 18, Position Limits, related to FLEX Trading in options on IBIT. Each change will be discussed below.

IBIT is an Exchange-Traded Fund (“ETF”) that holds Bitcoin and is listed on The Nasdaq Stock Market LLC.³ On September 20, 2024, ISE received approval to list options on IBIT.⁴ The position and exercise limits for IBIT

options are currently set as stated in Options 9, Sections 13 and 15.⁵

Position and Exercise Limits

Position limits, and exercise limits, are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in ISE Options 9, Sections 13 and 15, are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, ISE proposes to increase the position limits and exercise limits for options on IBIT to 1,000,000 contracts by noting the proposed position limit in Supplementary Material .01 to Options 9, Section 13 and noting the proposed exercise limits in Supplementary Material .01 to Options 9, Section 15. The position limit for options on IBIT is currently set pursuant to ISE Options 9, Section 13(d) where the largest in capitalization and the most frequently traded stocks and ETFs have an option position limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization stocks and ETFs have position limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, recapitalizations, etc.) on the same side of the market. The Exchange notes that the proposed position limits and exercise limits for options on IBIT are consistent with existing position limits and exercise limits for options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

Composition and Growth Analysis for Underlying ETFs

As stated above, position (and exercise) limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate the underlying market so as to benefit options positions. The Commission has recognized that these limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market, as

well as serve to reduce the possibility for disruption of the options market itself, especially in illiquid classes.⁶

Per the Commission, “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”⁷ For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”⁸ The Exchange has observed an ongoing increase in demand in options on IBIT in 2025.⁹ The Exchange believes the current position limit and exercise limit of 250,000 contracts (the highest position limit available pursuant to Options 9, Section 13 and exercise limit pursuant to Options 9, Section 15) will impede trading activity and strategies of investors, such as use of effective hedging vehicles or income generating strategies (e.g., buy-write or put-write), and the ability of Market Makers to make liquid markets with tighter spreads in IBIT options.

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

³ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units). IBIT started trading on January 11, 2024.

⁴ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Approval Order”). ISE began trading IBIT options on November 19, 2024.

⁵ IBIT currently has a position limit of 250,000 contracts.

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

⁷ See *supra* note 4, IBIT Approval Order, 89 FR 78946.

⁸ See *id.*

⁹ In 2024, the Exchange filed a rule proposal, which was later approved in 2025, to eliminate the 25,000 contract position and exercise limits for IBIT options and apply the position and exercise limits in ISE Options 9, Sections 13 and 15 to IBIT options utilizing November 25, 2024 data. See Securities Exchange Act Release No. 103564 (July 29, 2025), 90 FR 36229 (August 1, 2025) (SR-ISE-2024-62) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, Regarding Position and Exercise Limits for Options on the iShares Bitcoin Trust ETF) (“SR-ISE-2024-62”).

compels an increase in position limits (and corresponding exercise limits).

IBIT currently qualifies for a 250,000 contract position limit pursuant to the criteria in Options 9, Section 13(d), which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.¹⁰ As of September 22, 2025, the market capitalization for IBIT was 86,243,795,200¹¹ with an average daily volume (“ADV”), for the preceding 6 months prior to September 22, 2025 of 44,590,758 shares. By comparison on the same day, the iShares MSCI Emerging Markets (“EEM”) has an ADV of 25,951,152 shares and an AUM of 15,253,164 the iShares China Large-Cap ETF (“FXI”) has an ADV [sic] 37,112,065 and an

AUM of 6,641,144,520, and the iShares MSCI EAFE ETF (“EFA”) has an ADV of 15,253,164 shares and an AUM of 65,309,708,400.¹²

In addition to IBIT’s Options 9, Section 13(d) eligibility for 1,000,000 contracts, the Exchange performed additional analysis with respect to IBIT. First, ISE considered IBIT’s market capitalization and ADV, and prospective position limit in relation to other securities. In measuring IBIT against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations (“OCC”).¹³ This pool of data took into consideration 3,837 options on single stock securities, excluding broad based ETFs.¹⁴ Next, the

data was aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation¹⁵ above the mean for each position limit category (*i.e.* 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).¹⁶ This exercise was performed to demonstrate IBIT’s position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for IBIT was \$86,243,795,200¹⁷ with an ADV, for the preceding 180 days prior to September 22, 2025 of 44,590,758 shares.

ADV data	25k	50k–52K	75k	200K	250k–375K	450K–650K	750K–1.25mm	>2mm
# of observations ...	461	416	618	242	2053	30	10	7
Average	132321.57	235163.6226	509734.18	841918.72	4775653.48	5642930.33	10635080.6	50205543
Median	82871	226666.5	460291.5	725930	2034164	3885309	6796056.5	24579479
Min	3680	13899	40749	216929	19490	831836	2978671	11619600
Max	17814711	603967	17482329	12254148	201249138	17984949	29325815	2.13E+08
standard deviation	828,042	84,111	710,041	1,051,555	10,159,806	4,633,053	7,932,019	67,295,249
IBIT rank	1	1	1	1	28	1	1	2
IBIT % rank ...	99.78%	99.76%	99.84%	99.59%	98.64%	96.77%	90.91%	75.00%

¹⁰ Options 9, Section 13(d), Equity Option Position Limits, provides at subparagraph (5) that to be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totalled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

¹¹ The market capitalization was determined by multiplying a Net Asset Value of \$63.82 by the number of shares outstanding 1,351,360,000 This figure was acquired as of September 22, 2025. See

<https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

¹² These figures are from September 22, 2025.

¹³ The computations are based on OCC data from September 22, 2025. Data displaying zero values in market capitalization or ADV were removed.

¹⁴ IBIT has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

¹⁵ The standard deviation added limited utility to the analysis given the heavily skewed distribution of market capitalizations in the single stock securities.

¹⁶ These buckets are based on OCC’s current positions limits. See <https://www.theocc.com/>

[market-data/market-data-reports/series-and-trading-data/position-limits](https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf). ISE Options 9, Section 13(d) sets out position limits for various contracts. For example, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split.

¹⁷ Net Asset Value of \$63.82 by the number of shares outstanding 1,351,360,000 This figure was acquired as of September 22, 2025. See <https://www.ishares.com/us/products/333011/ishares-Bitcoin-trust-etf>.

Market cap statistics		25k	50k-52K	75k	200K	250k-375K	450K-650K	750K-1.25mm	>2mm
# of observations	.....	461	416	618	242	2053	30	10	7
Average	.....	1,007,520,531	2,464,343,468	3,992,511,695	5,171,751,213	28,688,338,310	37,742,244,761	179,955,279,374	915,980,231,570
Median	.....	339,106,498	769,523,459	1,217,087,833	1,968,792,306	3,608,694,412	18,460,292,643	59,294,185,791	88,656,192,303
Min	.....	6,795,099	9,793,046	8,429,118	1,344,717	2,606,704	1,800,390,060	1,699,688,247	19,015,094,513
Max	.....	68,939,030,394	72,989,960,658	176,864,955,730	96,272,102,932	3,823,992,443,677	319,121,188,080	819,768,552,364	4,461,723,000,000
Standard deviation	.....	3,801,401,188	6,060,205,416	10,906,688,857	11,243,106,431	155,720,555,229	61,397,662,386	252,788,200,396	1,540,543,863,123
IBIT rank	.....	1	1	3	3	127	4	6	5
IBIT % rank	.....	99.78%	99.76%	99.52%	98.77%	93.82%	87.10%	45.45%	37.50%

Based on the above table, if IBIT were compared to the 10 stocks that have position limits of 750,000 contracts to 1.25 million contracts it would rank in the 45th percentile for market capitalization and the 91st percentile for ADV.

The Exchange also analyzed the position limits for IBIT by regressing the median elements from each bucket of market capitalization and 180-day ADV

of all non-ETF equities, against their respective position limit figures. From this regression, the Exchange was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.¹⁸ The Exchange utilized a linear model approach which incorporated the median metric from each bucket given the data at both the lower end of each position limit bucket and the higher end

of each position limit bucket could be considered significant outliers, thereby skewing the results. Below are various linear models utilizing market capitalization and ADV as well as a two factor model to determine the appropriate coefficients when both metrics are incorporated into the same model.¹⁹

Figure 1

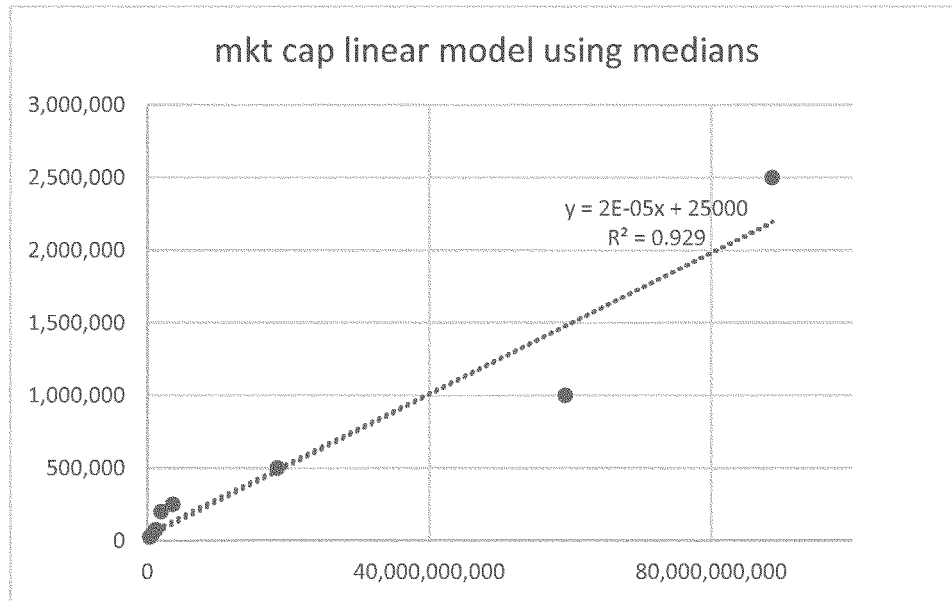
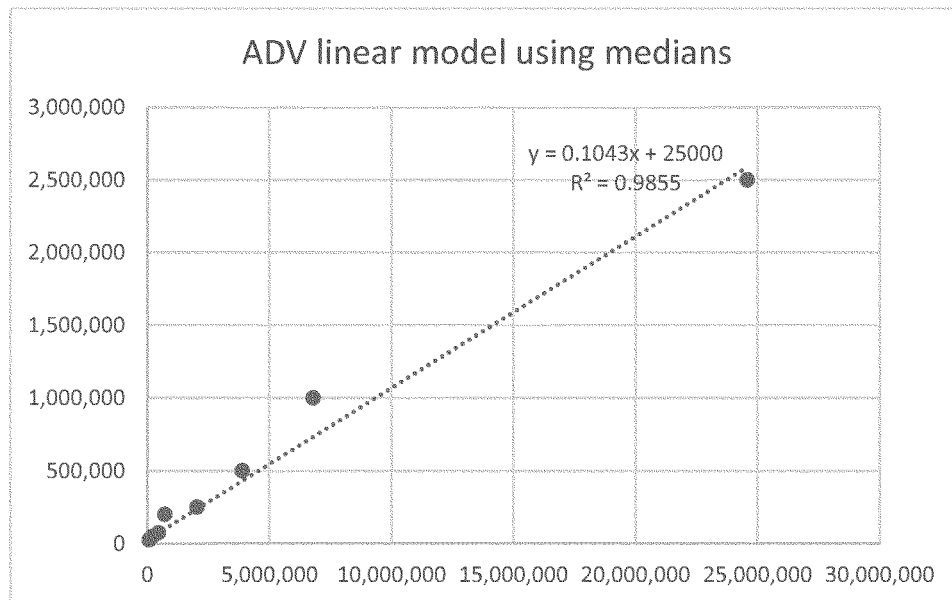


Figure 1 utilizes IBIT's market capitalization of 86,243,795,200 to

arrive at a modeled position limit of 1,749,876 .

Figure 2



¹⁸ The Exchange utilized Excel's Data Analysis Package to model the position limit.

¹⁹ See *id.*

Figure 2 utilizes IBIT's ADV of 44,590,758 to arrive at a modeled position limit of 4,675,816. Based on the aforementioned analysis, the Exchange believes that the proposed 1,000,000 contracts for position and exercise limits is appropriate.

FIGURE 3—TWO FACTOR MODEL SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.999028761
R Square	0.998058465

FIGURE 3—TWO FACTOR MODEL SUMMARY OUTPUT—Continued

Adjusted R Square	0.997281851
Standard Error	43913.88857
Observations	8

ANOVA

	df	SS	MS	F	Significance F
Regression	2	4.96E+12	2.48E+12	1285.141	1.66E-07
Residual	5	9.64E+09	1.93E+09		
Total	7	4.97E+12			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	59926.4823	18894.26	3.171677	0.024768	11357.24	108495.7	11357.24	108495.7
ADV median of bucket	0.072164134	0.005413	13.33234	4.25E-05	0.05825	0.086078	0.05825	0.086078
market cap median of bucket	7.57992E-06	1.33E-06	5.681216	0.002354	4.15E-06	1.1E-05	4.15E-06	1.1E-05

Figure 3 shows the results when constructing a two-factor model employing both metrics (180-day ADV and market capitalization). The result is a modeled position limit of 3,871,575.²⁰

Second, ISE reviewed IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. Also, as of September 22, 2025, there were approximately 19,923,945 Bitcoins in circulation.²¹ At a price of \$112,748,²² that equates to a market capitalization of greater than \$2.246 trillion US. If a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.39995%²³ of the outstanding shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer, the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent 0.284% of all Bitcoin outstanding.²⁴ Assuming a scenario where all options on IBIT shares were exercised given the proposed 1,000,000 contract position limit (and exercise limit), this would have a virtually unnoticed impact on the entire Bitcoin market. This analysis demonstrates that the proposed 1,000,000 per same side position and exercise limit is

appropriate for options on IBIT given its liquidity.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent bitcoin futures position limits. In particular, ISE looked to the CME bitcoin futures contract²⁵ that has a position limit of 2,000 futures.²⁶ On September 5, 2025, CME bitcoin futures settled at \$94,945.²⁷ On September 22, 2025, IBIT settled at \$54.02, which would equate to greater than 17,557,898 shares of IBIT if the CME notional position limit was utilized. Since substantial portions of any distributed options portfolio is likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an

aggregation ratio(s).²⁸ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.²⁹ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned analysis, the Exchange believes that the proposed 1,000,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position limit and exercise limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and ProShares Bitcoin ETF ("BITO").³⁰ GLD has a float of 342 million shares³¹ and a position limit of 250,000 contract [sic]. SLV has

²⁰ See *id.*

²¹ See <https://www.coingecko.com/en/coins/bitcoin>.

²² This is the approximate price of Bitcoin from September 22, 2025.

²³ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option / 1,351,360,000 shares outstanding).

²⁴ This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$63.82 IBIT NAV) / (19,923,945 BTC outstanding * \$112,748 BTC price).

²⁵ CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

²⁶ See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

²⁷ 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$949,450,000 (2000 contracts * 5 BTC per contract * \$94,945 price of November BTC future) of notional value.

²⁸ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm>.

²⁹ *Id.*

³⁰ GLD, SLV and BITO each hold one asset in trust similar to IBIT.

³¹ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

a float of 536 million shares,³² and a position limit of 250,000 contracts. Finally, BITO has 142.79 million shares outstanding³³ and a position limit of 250,000 contracts. As previously noted, position limits and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 7.31% of the float of GLD; a position limit exercise in SLV would represent 4.66% of the float of SLV, and a position limit exercise of BITO would represent 17.51% of the float of BITO. In comparison, a 1,000,000 contract position limit in IBIT would represent 7.56% of the float of IBIT. Consequently, the 1,000,000 proposed IBIT options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

Fifth, ISE notes that IBIT began trading in penny increments as of January 2, 2025 pursuant to the Penny Interval Program.³⁴ The Commission noted that evidence contained in both the Exchanges' Report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.³⁵ The most

actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume thresholds and initial price tests). As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class experienced a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.³⁶ IBIT options is among a select group of products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments. Failing to increase position and exercise limits for IBIT options, now that it is trading in finer increments, may artificially inhibit liquidity and create price inefficiency. The Exchange notes that options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

The Exchange believes that IBIT options has [sic] demonstrated that it [sic] has [sic] more than sufficient liquidity to garner an increased position and exercise limit of 1,000,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in IBIT. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

The Exchange believes that increasing the position (and exercise) limits for IBIT options would lead to a more liquid and competitive market environment for IBIT options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each Member that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' [sic] positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.³⁷

Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.³⁸

The Exchange also has no reason to believe that the growth in trading volume in IBIT will not continue. Rather, the Exchange expects continued options volume growth in IBIT as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in IBIT options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for IBIT options, market participants will find the 250,000 contract position limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes that IBIT's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the

service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA").

³⁸ See Options 9, Section 16.

³² See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

³³ See <https://www.marketwatch.com/investing/fund/bit0>.

³⁴ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Supplementary Material .01(b) to Options 3, Section 3. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Supplementary Material .01(b) to Options 3, Section 3. See Supplementary Material .01 to ISE Options 3, Section 3.

³⁵ See Securities Exchange Act Release No. 88532 (April 1, 2020), 67 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) ("Penny Approval Order").

³⁶ *Id.* at 19548.

³⁷ OCC through the Large Option Position Reporting ("LOPR") system acts as a centralized

Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,³⁹ which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.⁴⁰ In addition, Rule 15c3-1⁴¹ imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

FLEX Trading

Today, IBIT options are approved for FLEX trading. Options 3A, Section 18(b)(1)(A) provides that there shall be no position limits for FLEX Equity Options, other than as set forth in subparagraphs (b)(1)(B) and (C) and Options 3A, Section 18(c).⁴² Further, Options 3A, Section 18(c) currently provides that FLEX Option positions shall not be aggregated with positions in non-FLEX Options other than as provided below and in subparagraphs (b)(1)(B) and (C) to Options 3A, Section

18. Pursuant to Options 3A, Section 18(b)(1)(C), the position limit for FLEX equity options on IBIT are subject to the position limits set forth in Options 9, Section 13, and subject to the exercise limits set forth in Options 9, Section 15 and are to be aggregated with positions on the same non-FLEX underlying ETF for the purpose of calculating the position limits set forth in Options 9, Section 13, and the exercise limits set forth in Options 9, Section 15.

The current 250,000 contract position limit in Options 9, Section 13 and exercise limit in Options 9, Section 15 for IBIT options currently applies [sic] to non-FLEX IBIT options and FLEX Equity Options, regardless of whether the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii) or physically-settled pursuant to Options 3A, Section 3(c)(5)(A)(i). Also, IBIT is one of the fifty (50) ETFs that qualify for FLEX Equity Options to be cash-settled on the ETF pursuant to Options 3A, Section 3(c)(5)(A)(ii).

Today, the majority of options on an ETF are subject to position limits for FLEX Equity Option pursuant to Options 3A, Section 18(b)(1)(A), unless those ETFs qualify for cash-settlement pursuant to Options 3A, Section 3(c)(5)(A)(ii) in which case, the positions are aggregated with positions in physically settled options on the same underlying ETF pursuant to Options 3A, Section 18(b)(1)(B). IBIT is unreasonably constrained as compared to other ETFs with respect to positions in physically settled FLEX Equity Options.

At this time, the Exchange proposes to remove the current constraint on IBIT FLEX Equity Options that are physically-settled in Options 3A, Section 18(b)(1)(C) so that IBIT FLEX Equity Options would have no position and exercise limits similar to the vast majority of options on ETFs. The Exchange notes that options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF are subject to a position limit and exercise limit of 1,000,000 contracts for FLEX Equity Options, which limits are aggregated for cash-settled options on these ETFs with those limits, identical to options on IBIT. However, options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF are not subject to position limits for FLEX Equity Options when those FLEX Equity Options are physically delivered, unlike options on IBIT. The Exchange also notes that other ETFs that hold commodities such as GLD, SLV, and BITO are also not subject to position

limits for FLEX Equity Options when those FLEX Equity Options are physically delivered.

As proposed, similar to all other ETFs that may also settle in cash, FLEX Equity Options on IBIT would continue to be aggregated with respect to the position limits and exercise limits applicable to non-FLEX IBIT options and FLEX Equity Options where the underlying security is an ETF that is settled in cash, pursuant to Section 3(c)(5)(A)(ii). The Exchange believes that it is consistent with the Act to allow IBIT options to transact in FLEX in the same manner FLEX trading is permitted today for other ETFs overlying other commodities GLD, SLV and BITO.

Further, the Exchange believes that the share creation and redemption process unique to ETFs would continue to mitigate any potential risk of manipulation in FLEX trading in IBIT options. The creation and redemption process is designed to ensure that an ETF's price closely tracks the value of its underlying asset(s). For example, if a market participant exercised a long call position for 25,000 contracts and purchased 2,500,000 shares of IBIT and this purchase resulted in the value of IBIT shares to trade [sic] at a premium to the value of the (underlying) Bitcoin held by IBIT, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short IBIT shares while concurrently purchasing Bitcoin. Those market participants (arbitrageurs) would then deliver cash to IBIT and receive shares of IBIT, which would be used to close out any previously established short position in IBIT. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of IBIT shares and the value of Bitcoin holdings. The Exchange understands that FLEX Options on ETFs 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 that the trading of FLEX IBIT options on exchange would allow these same market participants⁴³ to better manage the risk associated with the volatility of IBIT (the underlying ETF) positions given the enhanced liquidity that an exchange-traded product would bring.

Allowing IBIT FLEX Equity Options that are physically-settled to have no position (and exercise limits) would allow additional IBIT FLEX Equity

³⁹ 17 CFR 240.13d-1.

⁴⁰ See Options 9, Section 3 regarding margin requirements.

⁴¹ 17 CFR 240.15c3-1.

⁴² Subparagraph (b)(1)(B) to Options 3A, Section 18 currently provides that position limits for FLEX Equity Options where the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii) above shall be subject to the position limits set forth in Options 9, Section 13, and subject to the exercise limits set forth in Options 9, Section 15. Positions in such cash-settled FLEX Equity Options shall be aggregated with positions in physically settled options on the same underlying ETF for the purpose of calculating the position limits set forth in Options 9, Section 13 and the exercise limits set forth in Options 9, Section 15. Paragraph (c) to Options 3A, Section 18 currently describes the aggregation of FLEX positions and states that for purposes of the position limits and reporting requirements set forth in this Section 18, FLEX Option positions shall not be aggregated with positions in non-FLEX Options other than as provided below and in subparagraph (b)(1)(B) 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.

⁴³ FLEX trading is mostly utilized by institutional investors and hedge funds.

Options to transact on ISE, leading to greater liquidity in IBIT FLEX Equity Options. There are advantages to having a greater number of IBIT FLEX Equity Options trade on ISE. Trading a greater number of IBIT FLEX contracts on exchange would allow them to be closed with a liquidating transaction as compared to OTC FLEX contracts which must be held until expiration. Counterparty credit risk would be mitigated for the FLEX exchange-traded contracts which are issued and guaranteed by OCC, thereby it is advantageous to have a greater number of FLEX contracts in IBIT trade on exchange. Finally, the price discovery and dissemination provided by the Exchange and its Members would lead to more transparent markets in IBIT if a greater number of IBIT FLEX Option traded on exchange.

Of note, FLEX options serve two primary client types in the capital markets: (1) ETF and structured return issuers who seek European-style⁴⁴ options with bespoke strike and expirations, such that they can tailor their returns more precisely than they could with standard American-style options;⁴⁵ and (2) with respect to stock lending, certain investors (*e.g.* banks and hedge funds) may seek to align their contract durations for calls and puts, and thereby prefer European-style exercise, which can be exercised only on its expiration date, as compared to American-style, which can be exercised on any business day prior to its expiration date and on its expiration date.

The Exchange has 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 FLEX IBIT options. The Exchange believes any additional traffic that would be generated from the trading of FLEX IBIT options would be manageable. The Exchange believes Members 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 continue to 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. The Exchange represents that the same surveillance procedures applicable to the Exchange’s other options products listed and traded on the Exchange, including non-FLEX IBIT options, will continue to apply to FLEX IBIT options, and that it has the necessary systems capacity to support such options. FLEX options products (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’s market surveillance staff (including staff of the Financial Industry Regulatory Authority (“FINRA”) who perform surveillance and investigative work on behalf of the Exchange pursuant to a regulatory services agreement) conducts surveillances with respect to IBIT (the underlying ETF) and, as appropriate, would continue to review activity in IBIT when conducting surveillances for market abuse or manipulation in IBIT options.⁴⁶ The Exchange does not believe that allowing FLEX IBIT options to trade subject to the proposed position limits (and exercise limits) would render the marketplace for non-FLEX IBIT options, or equity options in general, more susceptible to manipulative practices.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in IBIT (as well as FLEX IBIT) on the Exchange. Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities. In addition, and as referenced above, the Exchange has a regulatory services agreement with FINRA, pursuant to which FINRA conducts certain surveillances on behalf of the Exchange. Further, pursuant to a multi-party 17d–2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-

related market surveillances.⁴⁷ The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of IBIT options.

The proposed rule change is designed to allow investors seeking to trade options on IBIT to utilize FLEX IBIT options. 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 amending their product offerings. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market on the Exchange, which, it believes, will enhance the process of price discovery conducted on the Exchange through increased order flow.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁴⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁴⁹ in particular, in that it is 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)⁵⁰ requirement that the rules of an exchange not be designed

⁴⁴ The term “European-style option” means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date. *See* Options 1, Section 1(a)(15).

⁴⁵ The term “American-style option” means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. Today, non-FLEX equity options settle American-style. *See* Options 1, Section 1(a)(3).

⁴⁶ *See* IBIT Approval Order, 90 FR at 15761.

⁴⁷ Section 19(g)(1) of the Act, among other things, requires every SRO registered as a national securities exchange or national securities association to comply with the Act, the rules, and regulations thereunder, and the SRO’s own rules, and, absent reasonable justification or excuse enforce compliance by its members and persons associated with its members. *See* 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d–2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO. Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

⁴⁸ 15 U.S.C. 78f(b).

⁴⁹ 15 U.S.C. 78f(b)(5).

⁵⁰ 15 U.S.C. 78(f)(b)(5).

to permit unfair discrimination between customers, issuers, brokers, or dealers.

Position and Exercise Limits

The Exchange believes that increasing the position limit and exercise limit for options on IBIT to 1,000,000 contracts is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for IBIT options may allow Market Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in IBIT options. The increased position and exercise limits may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this amendment would allow institutional investors to utilize IBIT options for prudent risk management purposes. The Exchange notes that IBIT's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

In addition, the Exchange believes that the current liquidity in IBIT will continue to mitigate concerns regarding potential manipulation of IBIT options and/or disruption of IBIT upon amending the table of position limits in Supplementary Material .01 to Options 9, Section 13 and the table of exercise limits in Supplementary Material .01 to Options 9, Section 15.

Comparing IBIT's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 1,000,000 contracts were considered, the exercisable risk would represent 7.39995%⁵¹ of the shares outstanding of IBIT. Since IBIT has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create IBIT shares), the position limit can be compared to the total market capitalization of the entire Bitcoin market and in that case, the exercisable risk for options on IBIT would represent less than 0.284% of all

Bitcoin outstanding.⁵² This analysis demonstrated that a 1,000,000 contracts position and exercise limits would be appropriate.

Comparing a position limit of 1,000,000 for IBIT options against other options on ETFs with an underlying commodity, namely GLD, SLV and BITO, a position limit exercise in GLD represents 7.31% of the float of GLD, a position limit exercise in SLV represents 4.66% of the float of SLV, and a position limit exercise of BITO represents 17.51% of the float of BITO. In comparison, a 1,000,000 contract position limit in IBIT options would represent 7.56% of the float of IBIT. Consequently, a 1,000,000 IBIT options position limit is generally aligned with the standards applied to GLD, SLV and BITO, and appropriate.

ISE notes that IBIT began trading in penny increments on January 2, 2025 pursuant to the Penny Interval Program.⁵³ The Commission noted that evidence contained in both the Exchanges' report and the Cornerstone analysis demonstrates that the Penny Pilot has benefitted investors and other market participants in the form of narrower spreads.⁵⁴ The most actively traded options classes are included in the Penny Program based on certain objective criteria (trading volume

⁵² This number was arrived at with this calculation: (1,000,000 limit * 100 shares per option * \$63.82 IBIT NAV)/(19,923,945 BTC outstanding * \$112,748 BTC price).

⁵³ The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review described in Supplementary Material .01(b) to Options 3, Section 3. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below \$200 or the underlying index is at an index level below \$200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review as described in Supplementary Material .01(b) to Options 3, Section 3. See Supplementary Material .01 to ISE Options 3, Section 3.

⁵⁴ See Securities Exchange Act Release No. 88532 (April 1, 2020), 85 FR 19545, 19548 (April 7, 2020) (File No. 4-443) (Joint Industry Plan; Order Approving Amendment No. 5 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options To Adopt a Penny Interval Program) ("Penny Approval Order").

thresholds and initial price tests).⁵⁵ As noted in the Penny Approval Order, the Penny Program reflects a certain level of trading interest (either because the class is newly listed or a class that experience a significant growth in investor interest) to quote in finer trading increments, which in turn should benefit market participants by reducing the cost of trading such options.⁵⁶ IBIT options are among a select group of products that have achieved a certain level of liquidity that have garnered it the ability to trade in finer increments pursuant to the Penny Interval Program. Failing to permit IBIT options to potentially increase position and exercise limits given the trading in finer increments, may artificially inhibit liquidity and create price inefficiency for IBIT options.

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

FLEX Trading

The Exchange believes that permitting IBIT options to trade physically-settled FLEX Equity Options in the same manner as a majority of other options on an ETF would remove impediments to and perfect the mechanism of a free and open market by allowing IBIT to continue to grow as product. The removal of the current constraint with respect to IBIT's position limits and exercise limits for physically-delivered ETF options will increase IBIT's liquidity. The Exchange believes that the additional liquidity will serve as a deterrent to potential manipulation as options that are very liquid are more difficult to manipulate.

This proposal would allow a greater number of IBIT FLEX Equity Options to trade on ISE allowing it to compete more effectively with the OTC market.⁵⁷

⁵⁵ Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF also trade in penny increments based on their liquidity.

⁵⁶ *Id.* at 19548.

⁵⁷ OTC markets do not constrain trading of products in the same manner as exchange rules.

⁵¹ This percentage is arrived at with this equation: (1,000,000 contract limit * 100 share per option/ 1,351,360,000 shares outstanding).

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 and enhance the process of price discovery conducted on the Exchange through increased order flow. Further, the proposed rule change would result in increased competition by permitting the Exchange to trade an additional number of IBIT FLEX Equity Options in a manner that is more competitive, while retaining the regulatory constraints applicable to the majority of options on ETFs.

The purpose of position limits is to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Today, the vast majority of ETFs are permitted to trade FLEX as proposed herein. Specifically, options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF are able to transact FLEX Equity Options as proposed, namely that there are no position limits (and exercise limits) for physically-settled FLEX Equity Options on iShares MSCI Emerging Markets, iShares China Large-Cap ETF and iShares MSCI EAFE ETF.

A robust and competitive market requires that exchanges respond to evolving needs in the market by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options in a manner that would unnaturally restrain an offering from gaining additional liquidity. The Exchange does not believe that allowing FLEX IBIT options the additional proposed flexibility would render the marketplace for equity options more susceptible to manipulative practices.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in FLEX IBIT options. Regarding the proposed FLEX IBIT options, the Exchange applies the same surveillance procedures currently utilized for FLEX Options listed on the Exchange (as well as for non-FLEX IBIT options). For surveillance purposes, the Exchange

would have access to information regarding trading activity in IBIT (the underlying ETF).⁵⁸ In light of surveillance measures related to both options and IBIT (the underlying ETF), the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed FLEX IBIT options.

Finally, the Exchange believes that it is consistent with the Act to allow physically-delivered FLEX Equity Options in IBIT with no position or exercise limits given FLEX trading is permitted today in the same manner in other ETFs overlying a commodity such as GLD, SLV and BITO.

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 inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Position and Exercise Limits

The Exchange's proposal does not burden intra-market competition because all Members would be subject to the position limits in Options 9, Sections 13 and corresponding exercise limits in Options 9, Section 15. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for equity options on the Exchange.

FLEX Trading

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as all market participants would be able to transact IBIT FLEX Equity Options that are physically-settled similar to the manner in which the vast majority of ETF FLEX Equity Options trade today. For example, today, FLEX trading is permitted in the same manner in other

ETFs overlying a commodity such as GLD, SLV and BITO.

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

No written comments were either solicited or received.

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 (i) as the Commission may designate up to 90 days of such date 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 shall: (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-ISE-2025-26 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-ISE-2025-26. 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

There is no centralized authority that would place similar position and exercise limits on IBIT options, although risk parameters are set by counterparties to specific transactions.

⁵⁸ See IBIT Approval Order, 90 FR at 15761.

to file number SR-ISE-2025-26 and should be submitted on or before December 17, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁵⁹

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-21123 Filed 11-25-25; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104237; File No. SR-NYSEARCA-2025-75]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the NYSE Arca Equities Fees and Charges

November 21, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on September 30, 2025, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (“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

The Exchange proposes to amend the NYSE Arca Equities Fees and Charges (“Fee Schedule”) with respect to Retail Tiers. The Exchange proposes to implement the fee changes effective October 1, 2025. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization 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 those 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend the Fee Schedule with respect to Retail Tiers. More specifically, the Exchange proposes to amend the fee for Retail Orders³ with a time-in-force of Day that remove liquidity and to remove a modifier for certain Retail Orders that are executed against other Retail Orders.

The proposed change responds to the current competitive environment where ETP Holders have a choice among both exchange and off-exchange venues of where to route marketable retail order flow.

The Exchange proposes to implement the fee changes effective October 1, 2025.

Background

The Exchange operates in a highly competitive market. The Commission has repeatedly expressed its preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system “has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies.”⁴

While Regulation NMS has enhanced competition, it has also fostered a “fragmented” market structure where trading in a single stock can occur across multiple trading centers. When multiple trading centers compete for order flow in the same stock, the Commission has recognized that “such competition can lead to the fragmentation of order flow in that

stock.”⁵ Indeed, equity trading is currently dispersed across 16 exchanges,⁶ numerous alternative trading systems,⁷ and broker-dealer internalizers and wholesalers, all competing for order flow. Based on publicly available information, no single exchange currently has more than 17% market share.⁸ Therefore, no exchange possesses significant pricing power in the execution of equity order flow. More specifically, the Exchange currently has less than 10% market share of executed volume of equities trading.⁹

The Exchange believes that the ever-shifting market share among the exchanges from month to month demonstrates that market participants can move order flow, or discontinue or reduce use of certain categories of products. While it is not possible to know a firm’s reason for shifting order flow, the Exchange believes that one such reason is because of fee changes at any of the registered exchanges or non-exchange venues to which a firm routes order flow. The competition for Retail Orders is even more stark, particularly as it relates to exchange versus off-exchange venues.

The Exchange thus needs to compete in the first instance with non-exchange venues for Retail Order flow, and with the 15 other exchange venues for that Retail Order flow that is not directed off-exchange. Accordingly, competitive forces compel the Exchange to use exchange transaction fees and credits, particularly as they relate to competing for Retail Order flow, because market participants can readily trade on competing venues if they deem pricing levels at those other venues to be more favorable.

To respond to this competitive environment, the Exchange has established a number of Retail Tiers, e.g., Retail Tier 1, Retail Tier 2, Retail Tier 3, Retail Tier 4 and Retail Step-Up Tier, which are designed to provide an incentive for ETP Holders to route Retail Orders to the Exchange by providing higher credits for adding liquidity

⁵ See Securities Exchange Act Release No. 61358, 75 FR 3594, 3597 (January 21, 2010) (File No. S7-02-10) (Concept Release on Equity Market Structure).

⁶ See Cboe U.S. Equities Market Volume Summary, available at https://markets.cboe.com/us/equities/market_share. See generally <https://www.sec.gov/fast-answers/divisionsmarketregmrexchangesshtml.html>.

⁷ See FINRA ATS Transparency Data, available at <https://otctransparency.finra.org/otctransparency/AtsIssueData>. A list of alternative trading systems registered with the Commission is available at <https://www.sec.gov/foia/docs/atlist.htm>.

⁸ See Cboe Global Markets U.S. Equities Market Volume Summary, available at http://markets.cboe.com/us/equities/market_share/.

⁹ See id.

⁵⁹ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A Retail Order is an agency order that originates from a natural person and is submitted to the Exchange by an ETP Holder, provided that no change is made to the terms of the order to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Securities Exchange Act Release No. 67540 (July 30, 2012), 77 FR 46539 (August 3, 2012) (SR-NYSEArca-2012-77).

⁴ See Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) (File No. S7-10-04) (Final Rule) (“Regulation NMS”).