

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–104423; File No. SR–NASDAQ–2025–103]

Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Nasdaq Options 9, Section 25 To Codify an Options Unbundling Rule

December 17, 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 December 11, 2025, The Nasdaq Stock Market LLC (“Nasdaq” 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 adopt Nasdaq Options 9, Section 25 to codify the Exchange’s longstanding guidance that the unbundling of orders for any purpose other than best execution is considered conduct inconsistent with just and equitable principles of trade.

The text of the proposed rule change is available on the Exchange’s website at <https://listingcenter.nasdaq.com/rulebook/nasdaq/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 Nasdaq Options 9 by adding a new Section 25 to codify its longstanding guidance that it shall be considered conduct inconsistent with just and equitable principles of trade for any member, member organization, or person associated with or employed by a member or member organization (collectively, “member” or “members”) to split an order into multiple smaller orders for any purpose other than seeking the best execution of the entire order. Members of the Exchange are not allowed to engage in conduct inconsistent with just and equitable principles of trade.³

“Unbundling,” also known as “trade shredding,” is the practice of breaking up an order into multiple smaller orders for some purpose other than the best execution of the order. The practice of unbundling has in the past been used for purposes such as improperly maximizing commissions and fees charged to customers, distorting trade data, or circumventing rules pertaining to maximum order size.⁴

The Exchange believes that the unbundling of orders generally serves no purpose to the customer that entered the order and may cause unnecessary delays in the execution of that order. This belief has been reflected in the Exchange’s longstanding regulatory guidance to its members.⁵

The impermissibility of unbundling is a well-established principle across the U.S. securities markets. Other options exchanges have anti-unbundling rules or rule interpretations that are similar to the rule being adopted by the Exchange.⁶ Additionally, other

exchanges have also issued regulatory guidance to their members warning them against the practice of unbundling.⁷ Finally, the Financial Industry Regulatory Authority (“FINRA”) also has its own anti-unbundling rule, FINRA Rule 5290, which specifies, in part, that “[n]o member . . . shall engage in conduct that has the intent or effect of splitting any order into multiple smaller orders for execution or any execution into multiple smaller executions for transaction reporting for the primary purpose of maximizing a monetary or in-kind amount to be received by the member . . . as a result of the execution of such orders or the transaction reporting of such executions.”

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ in particular, in that it is designed to promote just and equitable principles of trade, 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, by deterring and helping to prevent the distortive practice of unbundling.

The Exchange believes that the unbundling of orders generally serves no purpose to the customer that entered the order and may cause unnecessary delays in the execution of that order. Codifying its longstanding guidance in its rulebook that unbundling is conduct inconsistent with just and equitable principles of trade is thus designed to promote just and equitable principles of trade. Additionally, by defining unbundling as the practice of splitting an order into multiple smaller orders for any purpose other than seeking the best

to split an order into multiple smaller orders for any purpose other than seeking the best execution of the entire order.”), NYSE Arca Rule 11.2(g) (“An ETP Holder may not split any order into multiple orders for any purpose other than seeking the best execution of the entire order.”), and MIAx Chapter III, Rule 301, Interpretation .03 (“It shall be considered conduct inconsistent with just and equitable principles of trade and a violation of Rule 301 for a Member to split an order into multiple smaller orders for any purpose other than seeking the best execution of the entire order.”).

⁷ See, e.g., Cboe Regulatory Circular RG–15–011 (Sept. 23, 2015) (“Please note that unbundling of orders greater than 5 contracts into 1 to 5 lot increments for the purpose of achieving small order preference in favor of any [Designated Primary Market-Maker] or [Lead Market-Maker] may be a violation of CBOE Rule 4.1, Just and Equitable Principles of Trade”), available at <https://cdn.cboe.com/resources/regulation/circulars/regulatory/RG15-130.pdf>.

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

³ See Nasdaq General 9, Section 1(a) (“A member, in the conduct of its business, shall observe high standards of commercial honor and just and equitable principles of trade.”).

⁴ See, e.g., Securities Exchange Act Release No. 62667 (Aug. 9, 2010), 75 FR 50013 (Aug. 16, 2010) (File No. SR–NYSEAmex–2010–77) (Self-Regulatory Organizations; NYSE Amex, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Amending Rule 995NY).

⁵ See Options Regulatory Alert #2025–34 (Aug. 29, 2025), available at <https://www.nasdaqtrader.com/MicroNews.aspx?id=ORA2025-34>; Options Regulatory Alert #2016–6 (Feb. 17, 2016), available at <https://www.nasdaqtrader.com/MicroNews.aspx?id=ORA2016-6>; and Options Regulatory Alert #2016–4 (Jan. 22, 2016), available at <https://www.nasdaqtrader.com/MicroNews.aspx?id=ORA2016-4>.

⁶ See, e.g., NYSE American Rule 995NY(d) (“It shall be considered conduct inconsistent with just and equitable principles of trade for an ATP Holder

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b–4.

execution of the entire order, the proposal is designed to promote best execution and thus protect investors and the public interest.

Additionally, the Exchange reiterates that the proposed rule is substantively identical to NYSE American Rule 995NY(d) and it is consistent with the rules and regulatory guidance of other exchanges, as well as FINRA Rule 5290.

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 not necessary or appropriate in furtherance of the purposes of the Act. In terms of intra-market competition, the Exchange notes that the proposed rule will apply equally to all members of the Exchange. Additionally, in terms of intermarket competition, the Exchange notes that the proposed rule is consistent with the rules of other exchanges, as well as the rules of FINRA.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁰ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹¹

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings

to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NASDAQ-2025-103 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-NASDAQ-2025-103. 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-NASDAQ-2025-103 and should be submitted on or before January 12, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-23521 Filed 12-19-25; 8:45 am]

BILLING CODE 8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35834]

Multi-Class ETF Fund Exemptive Relief Under the Investment Company Act of 1940

December 17, 2025.

AGENCY: Securities and Exchange Commission ("Commission" or "SEC").

ACTION: Notice.

Notice of applications under section 6(c) of the Investment Company Act of 1940 ("Act"), each for an exemption from sections 2(a)(32), 5(a)(1), 18(f)(1), 18(i), 22(d) and 22(e) of the Act and rule 22c-1 under the Act and under sections 6(c) and 17(b) of the Act for an exemption from sections 17(a)(1) and 17(a)(2) of the Act.

SUMMARY OF THE APPLICATIONS: In each case, the Applicants (specified below) listed in the relevant paragraph below request an order ("Order") that would permit a registered open-end management investment company to offer one class of exchange-traded shares that operates as an exchange-traded fund (an "ETF Class," and such shares, "ETF Shares") and one or more classes of shares that are not exchange-traded (each such class, a "Mutual Fund Class," and such shares, "Mutual Fund Shares," and each such fund, a "Multi-Class ETF Fund"). Each Order would provide Multi-Class ETF Funds with two broad categories of relief: (i) the relief necessary to permit standard exchange-traded fund ("ETF") operations consistent with Rule 6c-11 under the Act ("ETF Operational Relief") and (ii) the relief necessary for a fund to offer an ETF Class and one or more Mutual Fund Classes ("ETF Class Relief").

HEARING OR NOTIFICATION OF HEARING:

An order granting the relevant application referenced below will be issued unless the SEC orders a hearing on that application. Interested persons may request a hearing on any application by emailing the SEC's Secretary at Secretarys-Office@sec.gov and serving the relevant applicant 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 SEC by 5:30 p.m. on January 12, 2026, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to Rule 0-5 under the

¹⁰ 15 U.S.C. 78s(b)(3)(A)(iii).

¹¹ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

¹² 17 CFR 200.30-3(a)(12).