

regulatory program.<sup>14</sup> Moreover, the Exchange notes that it has broad regulatory responsibilities with respect to its Member's activities, irrespective of where their transactions take place. Many of the Exchange's surveillance programs for customer trading activity may require the Exchange to look at activity across all markets, such as reviews related to position limit violations and manipulation. Indeed, the Exchange cannot effectively review for such conduct without looking at and evaluating activity regardless of where it transpires. In addition to its own surveillance programs, the Exchange also works with other SROs and exchanges on intermarket surveillance related issues. Through its participation in the Intermarket Surveillance Group ("ISG")<sup>15</sup> the Exchange shares information and coordinates inquiries and investigations with other exchanges designed to address potential intermarket manipulation and trading abuses. Accordingly, there is a strong nexus between the ORF and the Exchange's regulatory activities with respect to its Members' customer trading activity.

*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. This proposal does not create an unnecessary or inappropriate intramarket burden on competition because ORF applies to all customer activity, thereby raising regulatory revenue to offset regulatory expenses. It also supplements the regulatory revenue derived from non-customer activity. The Exchange notes, however, the proposed change is not designed to address any competitive issues. Indeed, this proposal does not create an unnecessary or inappropriate intermarket burden on competition because it is a regulatory fee that supports regulation in furtherance of the purposes of the Act. The Exchange is obligated to ensure that the amount of regulatory revenue collected from the

<sup>14</sup> If the Exchange changes its method of funding regulation or if circumstances otherwise change in the future, the Exchange may decide to modify the ORF or assess a separate regulatory fee on Member proprietary transactions if the Exchange deems it advisable.

<sup>15</sup> ISG is an industry organization formed in 1983 to coordinate intermarket surveillance among the SROs by cooperatively sharing regulatory information pursuant to a written agreement between the parties. The goal of the ISG's information sharing is to coordinate regulatory efforts to address potential intermarket trading abuses and manipulations.

ORF, in combination with its other regulatory fees and fines, does not exceed regulatory costs.

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

The Exchange neither solicited nor received written comments on the proposed rule change.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>16</sup> and paragraph (f) of Rule 19b-4<sup>17</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings to determine whether the proposed rule change should be approved or disapproved.

**IV. Solicitation of Comments**

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

*Electronic Comments*

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CboeEDGX-2025-085 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-CboeEDGX-2025-085. 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

<sup>16</sup> 15 U.S.C. 78s(b)(3)(A).

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

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-CboeEDGX-2025-085 and should be submitted on or before January 12, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>18</sup>

**Sherry R. Haywood,**  
*Assistant Secretary.*

[FR Doc. 2025-23519 Filed 12-19-25; 8:45 am]

**BILLING CODE 8011-01-P**

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-104439; File No. SR-CBOE-2025-069]**

**Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Instituting Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change To Amend Rule 5.4 to Change the Minimum Increment for Options on the Cboe Magnificent 10 Index**

December 17, 2025.

**I. Introduction**

On September 24, 2025, Cboe Exchange, Inc. ("Exchange" or "Cboe") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 ("Act")<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> a proposed rule change to amend Cboe Rule 5.4(a) to change the minimum increment for all series of options on the Cboe Magnificent 10 Index ("MGTN index," and options thereon, "MGTN index options") to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher. The proposed rule change was published for comment in the **Federal Register** on September 30, 2025.<sup>4</sup> On November 3, 2025, pursuant to Section 19(b)(2)(A)(ii)(I) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule change, disapprove

<sup>18</sup> 17 CFR 200.30-3(a)(12).

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 104076 (Sep. 25, 2025), 90 FR 47000 ("Notice").

<sup>5</sup> See 15 U.S.C. 78s(b)(2)(A)(ii)(I).

the proposed rule change, or institute proceedings to determine whether to approve or disapprove the proposed rule change.<sup>6</sup> The Commission has not received any comments on the proposal. Pursuant to Section 19(b)(2)(B) of the Act,<sup>7</sup> the Commission is hereby instituting proceedings to determine whether to approve or disapprove the proposed rule change.

## II. Description of the Proposed Rule Change

Recently, the Exchange amended its rules in connection with plans to list and trade MGTN index options.<sup>8</sup> MGTN index options are cash-settled, European-style options based on the MGTN index, an equal-weighted benchmark composed of 10 large-cap U.S.-listed technology and growth-oriented companies with listed options.<sup>9</sup> Constituents include companies such as Apple, Microsoft, Nvidia, and Tesla, and are fixed unless adjusted due to corporate actions.<sup>10</sup> Replacements are selected from a reserve list based on market capitalization, trading volume, and classification under the technology sector.<sup>11</sup> The MGTN index is reviewed quarterly for reserve list updates and rebalanced monthly.<sup>12</sup>

The Exchange now proposes to amend Cboe Rule 5.4(a) to change the minimum increment for all series of MGTN index options to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher.<sup>13</sup> The Exchange believes market demand supports a lower trading increment for MGTN index options.<sup>14</sup> The Exchange states that the options overlying the components of the MGTN index, as well as the underlying stocks, are among the most actively traded options and stocks,

respectively, which, according to the Exchange, supports its view that there will be market demand for the proposed trading increments for MGTN index options.<sup>15</sup> The Exchange states that it expects the proposal to lead to narrowing of the bid-ask spread for MGTN index options, which the Exchange believes will increase order flow in MGTN index options.<sup>16</sup>

The Exchange also states that options overlying the individual component stocks of the MGTN index are competitive with MGTN index options<sup>17</sup> and that the options overlying the MGTN index components are currently eligible for the Penny Interval Program.<sup>18</sup> The Exchange states that permitting it to price MGTN index options at that minimum increment, as is proposed herein, would allow competitor products to be priced with the same granularity.<sup>19</sup> The Exchange further states that market participants may use options overlying each component of the MGTN index to hedge MGTN index options or as part of other investment strategies involving MGTN index options.<sup>20</sup> According to the Exchange, aligning the pricing increment for MGTN index options with options overlying MGTN index components will permit investors to trade related products at more granular prices that may be more aligned with their investment objectives.<sup>21</sup> In addition, the Exchange represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle any potential additional traffic associated with this proposal.<sup>22</sup>

## III. Proceedings To Determine Whether To Approve or Disapprove the Proposed Rule Change

The Commission hereby institutes proceedings pursuant to Section 19(b)(2)(B) of the Act<sup>23</sup> to determine whether the Exchange's proposed rule change should be approved or disapproved. Institution of proceedings

does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, the Commission seeks and encourages interested persons to provide additional comment on the proposed rule change to inform the Commission's analysis of whether to approve or disapprove the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,<sup>24</sup> the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of, and input from commenters with respect to, the consistency of the proposed rule change with the Act and, in particular, Section 6(b)(5) of the Act,<sup>25</sup> which requires that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, 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, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Under the Commission's Rules of Practice, the "burden to demonstrate that a proposed rule change is consistent with the [Act] and the rules and regulations issued thereunder . . . is on the self-regulatory organization that proposed the rule change."<sup>26</sup> The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,<sup>27</sup> and any failure of a self-regulatory organization to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Act and the applicable rules and regulations.<sup>28</sup>

As discussed above, the Exchange proposes to reduce the minimum trading increment for all series of MGTN index options to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher. The Commission is concerned that the proposal does not provide an adequate basis, at this time, for the Commission

<sup>6</sup> See Securities Exchange Act Release No.

104173, 90 FR 51424 (Nov. 17, 2025). The Commission designated December 29, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>8</sup> See Securities Exchange Act Release No. 104010 (Sep. 22, 2025), 90 FR 46297 (Sep. 25, 2025) (SR-CBOE-2025-067).

<sup>9</sup> See <https://cdn.cboe.com/resources/membership/Cboe-Magnificent-10-Index-Options-FS.pdf> (last visited December 2025).

<sup>10</sup> See *id.*

<sup>11</sup> See *id.*

<sup>12</sup> See *id.*

<sup>13</sup> See proposed Rule 5.4(a). The Commission notes that, currently, pursuant to Rule 5.4(a), the minimum increment for bids and offers on simple orders for MGTN index options is \$0.05 for series trading lower than \$3.00 and \$0.10 for series trading at \$3.00 or higher. See Rule 5.4(a).

<sup>14</sup> See Notice, *supra* note 4, at 47000; see also generally Notice, *supra* note 4, for the entirety of the Exchange's statements in support of its proposal.

<sup>15</sup> See *id.*

<sup>16</sup> See *id.*

<sup>17</sup> See *id.* at 47001.

<sup>18</sup> See *id.* at 47001 n.8. The minimum increment for classes participating in the Penny Interval Program is \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 and higher. See Cboe Rule 5.4(a).

<sup>19</sup> See *id.* at 47001.

<sup>20</sup> See *id.*

<sup>21</sup> See *id.* The Exchange also states that MGTN index options will be eligible for complex order trading, which permits the legs to execute in penny increments, and the automated improvement mechanism ("AIM") auction for simple orders, which also permits penny executions. See *id.*

<sup>22</sup> See *id.* at 47000.

<sup>23</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>24</sup> *Id.*

<sup>25</sup> 15 U.S.C. 78f(b)(5).

<sup>26</sup> Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

to conclude that the proposed minimum trading increment for MGTN index options would be consistent with the Act. The Exchange states that its view that market demand supports the proposed minimum increment for MGTN index options is supported by highly active trading in the stock components of the MGTN index and options on those components.<sup>29</sup> But MGTN index options had not yet begun trading at the time of the filing of the proposal, so the proposal does not (and could not) set forth trading data demonstrating actual market demand for MGTN index options. In addition, the Exchange states that the proposal would align the minimum increment for MGTN index options with related, competitor products—namely, options on the individual stock components of the MGTN index—that also may be used to hedge MGTN index option positions.<sup>30</sup> But the Commission is concerned that the proposal does not provide an adequate basis to conclude that MGTN index options would be a competitive alternative to options on individual stock components of the MGTN index. The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, which are set forth in the Notice, in addition to any other comments they may wish to submit about the proposed rule change.

Accordingly, the Commission is instituting proceedings to allow for additional consideration and comment on the issues raised herein, including as to whether the proposal is consistent with the Act.<sup>31</sup>

#### IV. Commission's Solicitation of Comments

The Commission requests written views, data, and arguments with respect to the concerns identified above as well as any other relevant concerns. Such comments should be submitted by January 12, 2026. Rebuttal comments should be submitted by January 26, 2026. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.<sup>32</sup>

<sup>29</sup> See Notice, *supra* note 4, at 47000.

<sup>30</sup> See *id.* at 47001.

<sup>31</sup> See 15 U.S.C. 78f(b)(5) and (8).

<sup>32</sup> 15 U.S.C. 78s(b)(2). Section 19(b)(2) of the Act grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by an SRO. See Securities Acts Amendments of 1975,

The Commission asks that commenters address the sufficiency and merit of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change.

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

##### Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CBOE-2025-069 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-2025-069. 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-2025-069 and should be submitted on or before January 12, 2026. Rebuttal comments should be submitted by January 26, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>33</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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Report of the Senate Committee on Banking, Housing and Urban Affairs to Accompany S. 249, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

<sup>33</sup> 17 CFR 200.30-3(a)(57).

#### SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104417; File No. SR-CBOE-2025-086]

#### Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt a New Methodology for Assessment and Collection of the Options Regulatory Fee (ORF)

December 17, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 12, 2025, 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. (the "Exchange" or "Cboe Options") proposes to amend its Fees Schedule relating to the Options Regulatory Fee ("ORF") to adopt a new methodology for assessment and collection of ORF for transactions that occur on the Exchange ("On-Exchange ORF"). 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 ([https://www.cboe.com/us/options/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/options/regulation/rule_filings/bzx/)), and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

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