

particular trading platforms and blockchain technologies that are not interoperable. In such scenarios, tokenized securities would not trade freely across markets as they do now or access better prices. Moreover, the markets could suffer to the extent that isolated liquidity no longer links to the national market system and contributes to the NBBO.

Because this proposal to trade tokenized securities on Nasdaq will require Nasdaq to change very little from its existing structure and practices, which the Commission has approved and oversees, this proposal should not be controversial or a cause of concern.

#### *B. Self-Regulatory Organization's Statement on Burden on Competition*

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange's proposal to trade tokenized securities on its market are neither intended to nor will they adversely impact competition. If anything, the Exchange expects that the proposed changes will promote competition by providing for the Nasdaq Stock Market to accommodate the demand for tokenized equity securities and ETPs among listed companies, market Participants, and investors. Nasdaq believes that its proposal will be particularly attractive because it will provide for the trading of tokenized equity securities in a manner that is familiar to market Participants and investors and which is consistent with existing laws and rules. Indeed, under Nasdaq's proposal, the extent to which market Participants (other than DTC) will need to modify their back-end systems and practices to accommodate tokenized securities trading should be minimal. Nasdaq notes that market Participants on the Exchange will remain free to trade, clear and settle securities in traditional form.

In any event, the Exchange operates in a highly competitive market in which market Participants can readily choose between competing venues if they deem participation in the Exchange's market to no longer be desirable or if they do not wish to trade tokenized securities. In such an environment, the Exchange must carefully consider the impact that any change it proposes may have on its Participants, understanding that it will likely lose Participants to the extent a change is viewed as unfavorable by them. Because competitors are free to modify the functionality and structure of their markets, including by availing themselves of the same capabilities that

are being developed to trade tokenized securities, the Exchange believes that the degree to which its proposal imposes any burden on competition is limited. Last, to the extent the proposed change is successful in attracting additional market Participants or additional activity by existing Participants, the Exchange also believes that the proposed change will promote competition among trading venues by making the Exchange a more attractive trading venue for Participants and investors.

#### *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 up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

- A. by order approve or disapprove such proposed rule change, or
- B. institute proceedings to determine whether the proposed rule change should be disapproved.

### **IV. Solicitation of Comments**

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

#### *Electronic Comments*

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-NASDAQ-2025-072 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-2025-072. 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-2025-072 and should be submitted on or before October 14, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2025-18305 Filed 9-19-25; 8:45 am]

BILLING CODE 8011-01-P

## **SECURITIES AND EXCHANGE COMMISSION**

[Release No. 34-103997; File No. SR-CBOE-2025-004]

### **Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Add P.M.-Settled Options on the Cboe Bitcoin U.S. ETF Index and the Mini-Cboe Bitcoin U.S. ETF Index With Third Friday Expirations, Nonstandard Expirations, and Quarterly Index Expirations**

September 17, 2025.

#### **I. Introduction**

On February 14, 2025, Cboe Exchange, Inc. ("Cboe" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to add p.m.-settled options on the Cboe Bitcoin U.S. ETF Index ("CBTX") and the Mini-Cboe Bitcoin U.S. ETF Index ("MBTX") with third Friday expirations, nonstandard expirations, and quarterly index expirations. The proposed rule change was published for comment in the **Federal Register** on March 5, 2025.<sup>3</sup> On

<sup>20</sup> 17 CFR 200.30-3(a)(12).

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

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

<sup>3</sup> See Securities Exchange Act Release No. 102502 (Feb. 27, 2025), 90 FR 11343 (Mar. 5, 2025). The

April 16, 2025, the Commission designated a longer period within which to take action on the proposed rule change.<sup>4</sup> On April 22, 2025, the Exchange filed Amendment No. 1 to the proposed rule change.<sup>5</sup> Amendment No. 1 superseded the original proposed rule change in its entirety. On June 2, 2025, the Commission published for comment the proposed rule change, as modified by Amendment No. 1, and instituted proceedings under Section 19(b)(2)(B) of the Act<sup>6</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.<sup>7</sup> On July 23, 2025, the Exchange filed Amendment No. 2 to the proposed rule change, which supersedes the proposed rule change, as modified by Amendment No. 1, in its entirety.<sup>8</sup> On August 28, 2025, the Commission designated a longer period for Commission action on the proposed rule change, as modified by Amendment No. 2.<sup>9</sup> The Commission is publishing this notice to solicit comments on Amendment No. 2 from interested persons, and is approving the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

## II. Description of the Proposal, as Modified by Amendment No. 2<sup>10</sup>

The Exchange proposes to amend Rules 4.13 (Series of Index Options), 5.1 (Trading Days and Hours), and 8.32 (Position Limits for Industry Index Options). First, the Exchange proposes to amend Rule 4.13(e), which governs its Nonstandard Expirations Program, to permit p.m.-settled options on CBTX

Commission did not receive any comments on the proposal.

<sup>4</sup> See Securities Exchange Act Release No. 102870 (Apr. 16, 2025), 90 FR 16894 (Apr. 22, 2025).

<sup>5</sup> The full text of Amendment No. 1 is available on the Commission's website at <https://www.sec.gov/comments/sr-cboe-2025-004/sr-cboe2025004.htm>. Amendment No. 1 provided additional support for the proposal and did not change the proposed rules of the original filing.

<sup>6</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>7</sup> See Securities Exchange Act Release No. 103168 (June 2, 2025), 90 FR 24180 (June 6, 2025).

<sup>8</sup> Amendment No. 2 includes the changes made by Amendment No. 1 and also amends Rule 4.13, Interpretation and Policy .13, to add the defined term "P.M.-Settled Third Friday Index Options", and modifies Rule 8.32(f) to add that positions in QIXs (defined below) and P.M.-Settled Third Friday Index Options will also be aggregated with positions in options contracts in the same index class. Amendment No. 2 is available at: <https://www.sec.gov/comments/sr-cboe-2025-004/sr-cboe2025004-631167-1867334.pdf>.

<sup>9</sup> See Securities Exchange Act Release No. 103804 (Aug. 28, 2025), 90 FR 42645 (Sept. 3, 2025). The Commission designated October 31, 2025, as the date by which the Commission shall approve or disapprove the proposed rule change, as modified by Amendment No. 2.

<sup>10</sup> For a full description of the proposed rule change, refer to Amendment No. 2, *supra* note 8.

and MBTX, which are narrow-based index options, that expire on: (1) any Monday, Tuesday, Wednesday, Thursday, or Friday (other than the third Friday-of-the-month ("Expiration Friday") or on days that coincide with an end-of-month expiration) ("Weekly Expirations") and (2) the last trading day of the month ("EOMs"). The Exchange also proposes to amend Rule 4.13(c), which governs quarterly index expirations, to add CBTX and MBTX options to the list of options in Rule 4.13(c) that are eligible for quarterly index expirations ("QIXs"). Further, the Exchange proposes to amend Rule 4.13, Interpretation and Policy .13, to permit the listing of p.m.-settled CBTX and MBTX options that expire on Expiration Fridays.

In addition, the Exchange proposes to amend Rule 5.1(b)(2)(C) to provide that, on their last trading day, transactions in expiring CBTX and MBTX p.m.-settled options that expire on Expiration Fridays may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern Time.

Finally, the Exchange proposes to amend Rule 8.32(f) to provide that positions in Nonstandard Expirations Program series, QIXs, and p.m.-settled options listed pursuant to Rule 4.13, Interpretation and Policy .13 will be aggregated with other options contracts in the same index class for purposes of position limits.

### Amendments to Rule 4.13

Under the Exchange's Nonstandard Expirations Program, the Exchange can currently list p.m.-settled Weekly Expirations and EOM expirations on any broad-based index eligible for standard options trading.<sup>11</sup> New series in Weekly Expirations and EOM expirations may be added up to and including on the expiration date for expiring Weekly Expirations or EOM expirations.<sup>12</sup> The Exchange proposes to expand the availability of Weekly Expirations and EOM expirations to CBTX and MBTX options, which are narrow-based index options that are eligible for standard options trading.<sup>13</sup> The Exchange states that the Nonstandard Expirations Program will apply to CBTX and MBTX options in the same manner as it currently applies to broad-based index options.<sup>14</sup> Weekly

<sup>11</sup> See Amendment No. 2, *supra* note 8, at 4.

<sup>12</sup> See *id.* at 5.

<sup>13</sup> See *id.* at 4. The Exchange states that these options are already eligible for the Monthly Options Series program pursuant to Rule 4.13(a)(2)(C), which permits p.m.-settled options that expire on the last trading day of the month (the same as EOM expirations). See *id.* at 4, n.3.

<sup>14</sup> See *id.* at 4.

Expirations and EOM expirations are subject to all provisions of Rule 4.13 and treated the same as options on the same underlying index that expire on Expiration Friday; provided, however, that Weekly Expirations and EOM expirations are p.m.-settled, and new series in Weekly Expirations and EOM expirations may be added up to and including on the expiration date for an expiring Weekly Expiration or EOM expiration.<sup>15</sup>

The maximum number of expirations that may be listed for each Weekly Expiration in a given class is the same as the maximum number of expirations permitted in Rule 4.13(a)(2) for standard options on the same index.<sup>16</sup> Weekly Expirations need not be for consecutive Monday, Tuesday, Wednesday, Thursday, or Friday expirations as applicable; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.<sup>17</sup> Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date.<sup>18</sup>

Similar to Weekly Expirations, the maximum number of expirations that may be listed in a given class for each EOM expiration is the same as the maximum number of expirations permitted in Rule 4.13(a)(2) for standard options on the same index.<sup>19</sup> EOM expirations need not be for consecutive end of month expirations; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.<sup>20</sup> EOM expirations that are first listed in a given class may expire up to four weeks from the actual listing date.<sup>21</sup> If the Exchange lists EOM expirations and Weekly Expirations in a given class, the Exchange will list an EOM instead of a Weekly Expiration that expires on the same day in such class.<sup>22</sup> Other

<sup>15</sup> See *id.* at 4–5.

<sup>16</sup> See *id.* at 5. Currently, under Rule 4.13(a)(2), the Exchange may list up to six standard monthly expirations on CBTX and MBTX. See Cboe Rule 4.13(a)(2). The Exchange also proposes to delete the phrase "broad-based" in several places in Rule 4.13(e), as the proposal would result in the provisions within that rule applying to indexes that are not broad-based. The Exchange states that it is not proposing to expand the Nonstandard Expirations Program to narrow-based indexes generally, but rather only to MBTX and CBTX options. See *id.* at 5, n.4.

<sup>17</sup> See *id.* at 5.

<sup>18</sup> See *id.*

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

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

<sup>21</sup> See *id.*

<sup>22</sup> See *id.* at 5–6.

expirations in the same class are not counted as part of the maximum number of Weekly Expirations or EOM expirations for an applicable index class.<sup>23</sup>

The Exchange also proposes to amend Rule 4.13(c) to add CBTX and MBTX options to the list of options in Rule 4.13(c) that are eligible for the QIX program.<sup>24</sup> The Exchange states that the QIX program will apply to CBTX and MBTX options in the same manner as it currently applies to the other options currently eligible for those expirations.<sup>25</sup> Under the QIX program, the Exchange may open up to eight near-term quarterly expirations in a class.<sup>26</sup> QIXs are subject to all provisions of Rule 4.13 and treated the same as options on the same underlying index that expire on Expiration Friday, except that QIXs are p.m.-settled.<sup>27</sup>

Additionally, the Exchange proposes to amend Rule 4.13, Interpretation and Policy .13, to permit the listing of p.m.-settled CBTX and MBTX options that expire on Expiration Fridays.<sup>28</sup> The Exchange states that CBTX and MBTX options that are p.m.-settled and expire on Expiration Fridays will be subject to all provisions of Rule 4.13 and treated the same as a.m.-settled CBTX and MBTX options, except that they would be p.m.-settled.<sup>29</sup> In combination with the proposed Weekly Expirations for CBTX and MBTX options, this proposed change would allow the Exchange to list p.m.-settled CBTX and MBTX options with expirations every day of the week.<sup>30</sup>

#### *Amendment to Rule 5.1*

The Exchange proposes to amend Rule 5.1(b)(2)(C) in conjunction with the proposed addition of CBTX and MBTX options that are p.m.-settled and expire

on Expiration Friday.<sup>31</sup> The Exchange states that Rule 5.1(b)(2)(C) provides that on their last trading day, transactions in index options with Nonstandard Expirations, QIXs, as well as expiring p.m.-settled SPX, XSP, RUT, and MRUT options, may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern Time.<sup>32</sup> The proposed rule change amends Rule 5.1(b)(2)(C) to apply the provision to p.m.-settled CBTX and MBTX options that expire on Expiration Fridays.<sup>33</sup>

#### *Amendment to Rule 8.32*

The Exchange proposes to amend Rule 8.32(f) to provide that positions in the Nonstandard Expirations Program series, QIXs, and P.M.-Settled Third Friday Index Options will be aggregated with positions in options contracts in the same index class.<sup>34</sup> For purposes of position limits, this proposed change would aggregate CBTX and MBTX options positions in the Nonstandard Expirations Program, QIX program, and with p.m.-settled Expiration Friday expirations with positions in CBTX and MBTX options, respectively, that have other expirations.<sup>35</sup> This would be consistent with the treatment of positions for purposes of position limits for other classes that participate in the Nonstandard Expirations Program, QIX program, and with p.m.-settled Expiration Friday expirations.<sup>36</sup> The Exchange adds that the exercise limits for index options (including CBTX and MBTX options) are equivalent to the position limits that are set forth in Rule 8.32.<sup>37</sup> Therefore, the current position and exercise limits for CBTX and MBTX options are 24,000 contracts (and may not be more than 31,500 without rule changes).<sup>38</sup>

In support of its proposal to amend the Nonstandard Expirations Program to expand the availability of Weekly Expirations to options on CBTX and MBTX, the Exchange states that it is currently permitted to list Weekly Expirations on options on any broad-based index that are eligible for standard trading under the Nonstandard Expirations Program and that the Nonstandard Expirations Program will

apply to CBTX and MBTX options in the same manner.<sup>39</sup> In support of its proposal to permit the listing of p.m.-settled CBTX and MBTX options that expire on Expiration Friday, the Exchange states that it currently lists Expiration Friday p.m.-settled options on broad-based indexes SPX, XSP, RUT and MRUT, and that p.m.-settled CBTX and MBTX options that expire on Expiration Fridays would be subject to all provisions of Rule 4.13 and would be treated the same as a.m.-settled CBTX and MBTX options except for being p.m.-settled.<sup>40</sup> The Exchange states that the addition of Weekly Expirations and p.m.-settled Expiration Friday expirations for CBTX and MBTX options would allow market participants “to purchase an option based on their needed timing and allow them to tailor their investment or hedging needs more effectively”<sup>41</sup> as well as “more effectively manage overnight risk and trade out of their positions up until the contract settles.”<sup>42</sup> Additionally, the Exchange states that there is sufficient investor interest and demand for these Weekly Expirations and Expiration Friday expirations.<sup>43</sup>

The Exchange explains that its proposal to amend its Nonstandard Expirations Program to expand the availability of EOM expirations to options on CBTX and MBTX would be consistent with the Exchange’s Monthly Options Series program, which already permits the listing of p.m.-settled options on CBTX and MBTX that expire on the last trading day of the month.<sup>44</sup> Similarly, the Exchange proposes to make CBTX and MBTX options eligible for the QIX program and states that p.m.-settled CBTX and MBTX options with expiration on the last trading day of the quarter are already permitted under its Quarterly Options Series program.<sup>45</sup>

### **III. Discussion and Commission Findings**

After careful review, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>46</sup> In

<sup>23</sup> See *id.* at 6.

<sup>24</sup> See *id.* QIXs are currently available for options on the S&P 100 Index, S&P 500 Index (“SPX options”), Mini-S&P 500 Index (“XSP options”), the Russell 2000 Index (“RUT options”), and Mini-Russell 2000 Index (“MRUT options”). *Id.*

<sup>25</sup> See *id.* at 6–7.

<sup>26</sup> See *id.* at 6.

<sup>27</sup> See *id.* at 7. The Exchange states that CBTX and MBTX options are currently eligible for the Quarterly Options Series program which permits p.m.-settled options that expire on the last trading day of the quarter (the same as QIXs). See *id.* at 6, n.5.

<sup>28</sup> See *id.* at 7. Pursuant to Rule 4.13, Interpretation and Policy .13, the Exchange is permitted to list p.m.-settled SPX options, XSP options, RUT options, and MRUT options that expire on Expiration Fridays. Amendment No. 2 amends Interpretation and Policy .13, to define these expirations, as well as p.m.-settled CBTX and MBTX that expire on Expiration Fridays, as proposed, as “P.M.-Settled Third Friday Index Options.”

<sup>29</sup> See *id.* at 7.

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

<sup>31</sup> See *id.*

<sup>32</sup> Regular trading hours for non-expiring options are 9:30 a.m. to 4:15 p.m. See *id.* at 7–8.

<sup>33</sup> See *id.* at 8.

<sup>34</sup> See *id.* at 12, n.13. Amendment No. 2 adds QIX and P.M.-Settled Third Friday Index Options to Rule 8.32(f). The Exchange explains that these series were inadvertently omitted from the rule text. See *id.* at 3, 12, n.13.

<sup>35</sup> See *id.* at 12, n.13.

<sup>36</sup> See *id.* See also Choe Rule 8.31(b).

<sup>37</sup> See Amendment No. 2, *supra* note 8, at 12, n.13.

<sup>38</sup> See *id.* See also Choe Rules 8.32(a) and 8.42(b).

<sup>39</sup> See Amendment No. 2, *supra* note 8, at 4.

<sup>40</sup> See *id.* at 7.

<sup>41</sup> See *id.* at 10.

<sup>42</sup> See *id.*

<sup>43</sup> See *id.* at 11.

<sup>44</sup> See *id.* at 3, n.3.

<sup>45</sup> See *id.* at 4, n.5 and accompanying text.

<sup>46</sup> In approving this proposed rule change, as modified by Amendment No. 2, the Commission has considered the proposed rule’s impact on

particular, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act,<sup>47</sup> which requires, among other things, that the Exchange's rules 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.

In evaluating whether this proposal is consistent with Section 6(b)(5), and, in particular, whether it is designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest, the Commission considered the potential impacts of p.m.-settled, cash-settled options on the underlying cash equities markets, and in particular, the potential for added market volatility and sharp price movements near the close on expiration days. The Commission has had concerns about the adverse effects and impact of p.m.-settlement upon market volatility and the operation of fair and orderly markets on the underlying cash market at or near the close of trading on expiration days.<sup>48</sup> However, the Commission approved proposals from several exchanges, including the Exchange, to permanently establish programs permitting the listing and trading of certain p.m.-settled broad-based index options.<sup>49</sup> In approving these proposals, the Commission reviewed data provided by the exchanges in their filings, the

efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

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

<sup>48</sup> *See* Securities Exchange Act Release No. 65256 (Sept. 2, 2011), 76 FR 55969, at 55972 (Sept. 9, 2011) (SR-C2-2011-008) (Order approving proposed rule change to establish a pilot program to list and trade SPXPM options on the C2 Options Exchange, Inc.).

<sup>49</sup> *See e.g.*, Securities Exchange Act Release Nos. 98454 (Sept. 20, 2023), 88 FR 66103 (Sept. 26, 2023) (SR-CBOE-2023-005) ("SPXPM Permanent Approval Order"); and 98455 (Sept. 20, 2023), 88 FR 66073 (Sept. 26, 2023) (SR-CBOE-2023-019) ("XSPPM and MRUTPM Permanent Approval Order"). *See also* Securities Exchange Act Release Nos. 98450 (Sept. 20, 2023), 88 FR 66111 (Sept. 26, 2023) (SR-ISE-2023-08) (Order Granting Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Make Permanent Certain P.M.-Settled Pilots) ("ISE Pilots Permanent Approval Order"); and 98451 (Sept. 20, 2023), 88 FR 66088 (Sept. 26, 2023) (SR-PHLX-2023-07) (Order approving a nonstandard expirations pilot program and p.m.-settled XND options) ("Phlx Pilots Permanent Approval Order"). *See also* Securities Exchange Act Release Nos. 98935 (Nov. 14, 2023), 88 FR 80792 (Nov. 20, 2023) (SR-ISE-2023-20) (Order approving the listing and trading of p.m.-settled Nasdaq-100 Index Options with a third Friday-of-the-month expiration) ("NDXPM Approval Order").

exchanges' pilot data and reports, as well as an analysis conducted at the direction of Staff from the Commission's Division of Economic and Risk Analysis and concluded that analysis of the pilot data did not identify any significant economic impact on the underlying component securities surrounding the close as a result of expiring p.m.-settled options nor did it indicate a deterioration in market quality for an existing product when a new p.m.-settled expiration was introduced.<sup>50</sup> Further, the Commission stated that significant changes in closing procedures in the decades since index options moved to a.m.-settlement may also serve to mitigate the potential impact of p.m.-settled index options on the underlying cash markets.<sup>51</sup>

In support of its proposal, the Exchange states that it does not believe its proposal would adversely impact fair and orderly markets on expiration days.<sup>52</sup> The Exchange explains that it has not experienced any meaningful regulatory concerns, nor adverse impact on fair and orderly markets, in connection with its Nonstandard Expirations Program, Expiration Friday expirations, or QIX program, nor with the listing of p.m.-settled CBTX and MBTX options in the Quarterly Options Series and the Monthly Options Series, which, like the proposed QIXs and EOM expirations, are p.m.-settled and expire on the last trading day of the quarter and month, respectively.<sup>53</sup>

Additionally, the Exchange states that p.m.-settlement is appropriate for CBTX and MBTX options for several reasons. According to the Exchange, the size of the markets of the underlying components,<sup>54</sup> the weighting of the components, and the high correlation of these components make it unlikely the proposal would result in material impact on the component markets, the index value, or the broader market.<sup>55</sup> Further, the Exchange states that CBTX and MBTX options trade within a complex where there are multiple other highly correlated instruments that all

<sup>50</sup> *See e.g.*, XSPPM and MRUTPM Permanent Approval Order, 88 FR at 66075-76.

<sup>51</sup> *See id.*

<sup>52</sup> *See* Amendment No. 2, *supra* note 8, at 14.

<sup>53</sup> *See id.*

<sup>54</sup> According to the Exchange, as of April 15, 2025, the assets under management of the index components range from \$130 million to \$48 billion. *See id.* at 17, n.22. Further, according to the Exchange, the indexes underlying CBTX and MBTX options satisfy the generic listing criteria for narrow-based index options in Rule 4.10(b), which are designed to ensure that the trading markets for the components are adequately capitalized and sufficiently liquid, and that no one component dominates the index, thus minimizing the potential for manipulation. *See id.* at 19.

<sup>55</sup> *See id.* at 17.

hold bitcoin available for hedging—such as options on the underlying components, shares of other exchange traded products that hold bitcoin, and bitcoin futures, in addition to the underlying components—and that this reduces the risk that listing these options would strain liquidity providers or materially impact the component markets, the index value, or the broader market.<sup>56</sup>

The proposals approved by the Commission permitted the listing and trading of certain p.m.-settled broad-based index options.<sup>57</sup> This proposed rule change, as modified by Amendment No. 2, would permit the listing and trading of p.m.-settled index options for CBTX and MBTX. In evaluating the proposals permitting the listing and trading of other p.m.-settled index options, the Commission evaluated the potential for negative impacts on the underlying component securities of the indexes and options market quality.<sup>58</sup> As noted above, the index components for CBTX and MBTX trade within a complex with multiple highly correlated instruments available for hedging, including the index components, options on the components, shares of other exchange-traded products holding spot bitcoin, and bitcoin futures. Further, the underlying components of the indexes are generally highly liquid and closely correlated with one another. As a result, it would be unlikely for p.m.-settled options on CBTX and MBTX to increase market and price volatility in the underlying index components or in the CBTX and MBTX options market.

The Exchange's proposal to expand the Nonstandard Expirations Program and the QIX program to CBTX and MBTX options, and make the options eligible for p.m.-settled Expiration Friday expirations, is a reasonably designed expansion of existing p.m.-settled index option programs that may provide the investing public and other market participants more flexible trading and hedging opportunities. Further, the proposed change to Rule 8.32(f) would aggregate positions in CBTX and MBTX options across expirations in the same class, which could reduce the potential incentives to manipulate or disrupt the underlying market to benefit the options position and would not allow the maintenance of

<sup>56</sup> *See id.*

<sup>57</sup> *See e.g.*, SPXPM Permanent Approval Order; XSPPM and MRUTPM Permanent Approval Order; ISE Pilots Permanent Approval Order; and Phlx Pilots Permanent Approval Order. *See also* NDXPM Approval Order.

<sup>58</sup> *See e.g.*, SPXPM Permanent Approval Order, 88 FR at 66106.

significant open interest in the options.<sup>59</sup> The Exchange also has a surveillance program in place to monitor trading in the proposed p.m.-settled options on CBTX and MBTX and systems capacity to support the proposed new options series.<sup>60</sup> The Commission expects the Exchange to continue to monitor any potential risks from large p.m.-settled positions and take appropriate action on a timely basis if warranted.

For these reasons, the Commission finds that the proposed rule change, as modified by Amendment No. 2, is consistent with Section 6(b)(5) of the Act<sup>61</sup> and the rules and regulations thereunder applicable to a national securities exchange.

#### IV. Solicitation of Comments on Amendment No. 2 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 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-2025-004 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-2025-004. 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-2025-004 and

should be submitted on or before October 14, 2025.

#### V. Accelerated Approval of the Proposed Rule Change, as Modified by Amendment No. 2

The Commission finds good cause to approve the proposed rule change, as modified by Amendment No. 2, prior to the thirtieth day after the date of publication of notice of the filing of Amendment No. 2 in the **Federal Register**. In Amendment No. 2, the Exchange amends Rule 4.13, Interpretation and Policy .13, to add the defined term "P.M.-Settled Third Friday Index Options", modifies Rule 8.32(f) to add that positions in QIXs and P.M.-Settled Third Friday Index Options (which include CBTX and MBTX) will be aggregated with positions in options contracts in the same index class, and provides additional support for the proposal. The changes to the proposal in Amendment No. 2 ensure consistent treatment of positions in the proposed CBTX and MBTX QIXs and p.m.-settled Expiration Friday options with other options in the same index class and assist the Commission in evaluating the Exchange's proposal and in determining that it is consistent with the Act. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>62</sup> to approve the proposed rule change, as modified by Amendment No. 2, on an accelerated basis.

#### VI. Conclusion

*It is therefore ordered*, pursuant to Section 19(b)(2) of the Act,<sup>63</sup> that the proposed rule change (SR-CBOE-2025-004), as modified by Amendment No. 2, be and hereby is, approved on an accelerated basis.

By the Commission.

**Stephanie J. Fouse,**

*Assistant Secretary.*

[FR Doc. 2025-18259 Filed 9-19-25; 8:45 am]

**BILLING CODE 8011-01-P**

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103991; File No. SR-ISE-2025-25]

### Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Lower the Options Regulatory Fee (ORF)

September 17, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934

("Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 5, 2025, Nasdaq ISE, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II 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 decrease ISE's Options Regulatory Fee or "ORF."

While the changes proposed herein are effective upon filing, the Exchange has designated the amendments become operative on October 1, 2025.

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

ISE proposes to decrease its ORF at Options 7, Section 9C from \$0.0013 to \$0.0003 per contract side effective October 1, 2025.

###### Background on Current ORF

Today, ISE assesses its ORF for each Customer option transaction that is either: (1) executed by a Member<sup>3</sup> on ISE; or (2) cleared by an ISE Member at OCC in the Customer range, even if the transaction was executed by a non-

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

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

<sup>3</sup> The term "Member" means an organization that has been approved to exercise trading rights associated with Exchange Rights. See General 1, Section 1(a)(13).

<sup>59</sup> See Amendment No. 2, *supra* note 8, at 12, n.13.

<sup>60</sup> See *id.* at 11.

<sup>61</sup> 15 U.S.C. 78f(b)(5).

<sup>62</sup> 15 U.S.C. 78s(b)(2).

<sup>63</sup> *Id.*