



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103241; File Nos. SR-CBOE-2025-014, SR-CboeBZX-2025-034, SR-CboeEDGX-2025-018]

**Self-Regulatory Organizations; Cboe Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc.; Order Instituting Proceedings to Determine Whether to Approve or Disapprove Proposed Rule Changes to Amend Rules to Permit the Listing of Options on Commodity-Based Trust Shares**

June 12, 2025.

I. Introduction

On March 5, 2025, Cboe Exchange, Inc. (“Cboe”), Cboe BZX Exchange, Inc. (“BZX”), and Cboe EDGX Exchange, Inc. (“EDGX”) (each an “Exchange”; collectively, the “Exchanges”) 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> proposed rule changes to amend their respective listing rules to allow the Exchange to list and trade options on Commodity-Based Trust Shares.<sup>3</sup> The proposed rule changes were published for comment in the Federal Register on March 19, 2025.<sup>4</sup> The Commission has not received any comments on the proposed rule changes.

On April 25, 2025, pursuant to Section 19(b)(2) of the Act,<sup>5</sup> the Commission designated a longer period within which to approve the proposed rule changes, disapprove the proposed rule

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

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

<sup>3</sup> See, infra, note 9 and accompanying text.

<sup>4</sup> See Securities Exchange Act Release No. 102647 (Mar. 13, 2025), 90 FR 12865 (“Cboe Notice”); Securities Exchange Act Release No. 102648 (March 13, 2025), 90 FR 12914 (“BZX Notice”); Securities Exchange Act Release No. 102649 (March 13, 2025), 90 FR 12838 (“EDGX Notice”) (collectively, “Notices”).

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

changes, or institute proceedings to determine whether to disapprove the proposed rule changes.<sup>6</sup>

This order institutes proceedings under Section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule changes.

## II. Description of the Proposed Rule Changes

As described more fully in the Notices, the Exchanges propose to amend their listing rules to allow the listing and trading of options on Units (or Fund Shares)<sup>8</sup> that represent interests in a trust that is a Commodity-Based Trust.<sup>9</sup>

Specifically, the Exchanges propose, in their rules relating to the criteria for underlying securities, to remove references to the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF, which are all Commodity-Based Trust Shares, and update the provision to state that securities deemed appropriate for options trading shall include Units (or Fund Shares) that represent interests in “a security (A) issued by a trust that holds (i) a specified commodity deposited with

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<sup>6</sup> See Securities Exchange Act Release No. 102935 (Apr. 25, 2025), 90 FR 18719 (May 1, 2025); Securities Exchange Act Release No. 102934 (Apr. 25, 2025) (SR-Cboe-2025-014), 90 FR 18717 (May 1, 2025) (SR-CboeBZX-2025-034); Securities Exchange Act Release No. 102933 (Apr. 25, 2025), 90 FR 18715 (May 1, 2025) (SR-CboeEDGX-2025-018) (all designating June 17, 2025, as the date by which the Commission shall either approve, 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> Cboe Rule 1.1 defines a “Unit” as “a share or other security traded on a national securities exchange and defined as an NMS stock as set forth in Rule 4.3.” See Cboe Notice, *supra* note 4, at 12865. The BZX Notice and EDGX Notice each refers to “Fund Shares” instead of “Units,” with Fund Shares defined in BZX Rule 19.3 and EDGX Rule 19.3, as certain shares or other securities deemed appropriate for options trading that are principally traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS. For purposes of this order, “Units” will apply to Cboe (SR-Cboe-2025-014) and “Fund Shares” will apply to BZX (SR-CboeBZX-2025-034) and EDGX (SR-CboeEDGX-2025-018).

<sup>9</sup> See Notices, *supra* note 4. See also proposed Cboe Rule 4.3(a)(4); proposed BZX Rule 19.3(i); proposed EDGX Rule 19.3(i).

the trust, or (ii) a specified commodity and, in addition to such specified commodity, cash; (B) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (C) that, when aggregated in the same specified minimum number, may be redeemed at a holder's request by such trust which will deliver to the redeeming holder the quantity of the underlying commodity and/or cash ('Commodity-Based Trust Share')."<sup>10</sup>

As a result of these proposed rule changes, the Exchanges' listing criteria would allow any exchange-traded fund ("ETF") approved to list on a primary equities market as a Commodity-Based Trust Share to qualify as an underlying for options traded on the Exchanges, provided other listing criteria have been met, without requiring additional approvals from the Commission. The Exchanges state that offering options on Commodity-Based Trust Shares provides investors with the ability to hedge exposure to the underlying security. Additionally, the Exchanges state that options on a Commodity-Based Trust Share provide investors with the ability to transact in such options in a listed market environment, which would increase market transparency and enhance the process of price discovery conducted on the Exchanges through increased order flow to the benefit of all investors.<sup>11</sup>

The Exchanges state that options on a Commodity-Based Trust Share will trade in the same manner as options on other ETFs on the Exchanges.<sup>12</sup> The Exchanges' rules that currently apply to the listing and trading of all Unit (or Fund Share) options on each Exchange, including,

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<sup>10</sup> See Cboe Notice, supra note 4, at 12865; BZX Notice, supra note 4, at 12915; EDGX Notice, supra note 4, at 12839. See also proposed Cboe Rule 4.3(a)(4); proposed BZX Rule 19.3(i); proposed EDGX Rule 19.3(i).

<sup>11</sup> See Cboe Notice, supra note 4, at 12868; BZX Notice, supra note 4, at 12918; EDGX Notice, supra note 4, at 12842.

<sup>12</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12918; EDGX Notice, supra note 4, at 12842.

for example, rules that govern listing criteria,<sup>13</sup> including continued listing standards,<sup>14</sup> expirations,<sup>15</sup> exercise/strike prices,<sup>16</sup> minimum increments,<sup>17</sup> position and exercise limits,<sup>18</sup> margin requirements,<sup>19</sup> customer accounts,<sup>20</sup> and trading halt procedures<sup>21</sup> will apply to the listing and trading of options on Commodity-Based Trust Shares on the Exchanges in the same manner as they apply to other options on all other Units (or Fund Shares) that are listed and traded on the Exchanges.

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<sup>13</sup> See Cboe Notice, supra note 4, at 12866; BZX Notice, supra note 4, at 12915; EDGX Notice, supra note 4, at 12839. See also Cboe Rule 4.3; BZX Rule 19.3; EDGX Rule 19.3.

<sup>14</sup> See Cboe Notice, supra note 4, at 12866; BZX Notice, supra note 4, at 12915; EDGX Notice, supra note 4, at 12839-40. The Exchanges state that Units (or Fund Shares) that were initially approved for options trading shall be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of options contracts of the class covering such Units (or Fund Shares), if the Units (or Fund Shares) cease to be an NMS stock or the Units (or Fund Shares) are halted from trading in their primary market. Id. Additionally, options on Units (or Fund Shares) may be subject to the suspension of opening transactions in certain other circumstances pursuant to Exchange rules. Id.

<sup>15</sup> See Cboe Notice, supra note 4, at 12866; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840. The Exchanges state that each Exchange will open at least one expiration month for options on a Commodity-Based Trust Share at the commencement of trading on the Exchange and may also list series of options on a Commodity-Based Trust Share for trading on a weekly, monthly, or quarterly basis. Id. Cboe states that it may also list long-term equity option series (“LEAPS”) that expire from 12 to 180 (or 12 months from the time they are listed). See Cboe Notice, supra note 4, at 12866. BZX and EDGX state that the Exchanges may also list long-term options series that expire from 12 to 39 months from the time they are listed. See BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840.

<sup>16</sup> See Cboe Notice, supra note 4, at 12866-67; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840. See also Cboe Rule 4.5, Interpretation and Policy .07 (relating to strike prices of series of options on Units); BZX Rule 19.6, Interpretation and Policy .01 (relating to strike prices of series of options on Fund Shares); EDGX Rule 19.6, Interpretation and Policy .01 (relating to strike prices of series of options on Fund Shares).

<sup>17</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840. See also Cboe Rule 5.4; BZX Rule 21.5; EDGX Rule 21.5.

<sup>18</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840-41. The Exchanges state that position and exercise limits for options on a Commodity-Based Trust Share would be determined pursuant to Exchange rules, and that position and exercise limits for options on ETFs vary according to the number of outstanding shares and the trading volumes of the underlying security over the past six months, where the largest in capitalization and the most frequently traded funds have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization funds have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. Id. For BZX and EDGX the relevant rules refer to position and exercise limits fixed by Cboe. See BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12840.

<sup>19</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12816; EDGX Notice, supra note 4, at 12841. See also Cboe Rule 10.3; BZX Rule 28.3; EDGX Rule 28.3.

<sup>20</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12816; EDGX Notice, supra note 4, at 12840.

<sup>21</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12816; EDGX Notice, supra note 4, at 12840.

In addition, the Exchanges state that they have an adequate surveillance program in place for options and intend to apply those same program procedures to options on Commodity-Based Fund Shares that they apply to the Exchanges' other options products, and that the Exchanges and the Options Price Reporting Authority (or "OPRA") have the necessary systems capacity to handle the additional traffic associated with the listing of new series of ETFs, including on Commodity-Based Trust Shares, up to the number of expirations currently permissible under the Exchanges' rules.<sup>22</sup> Also, the Exchanges state that they are members of the Intermarket Surveillance Group ("ISG") and that ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets.<sup>23</sup> The Exchanges also state that they have a Regulatory Services Agreement with the Financial Industry Regulatory Authority for certain market surveillance, investigation and examinations functions.<sup>24</sup> The Exchanges state that they have not identified any issues with the continued listing and trading of any ETF options, including ETFs that hold commodities (i.e., precious metals and cryptocurrencies) that they currently list and trade.<sup>25</sup>

III. Proceedings to Determine Whether to Approve or Disapprove SR-CBOE-2025-014, CboeBZX-2025-034, and CboeEDGX-2025-018 and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act<sup>26</sup> to determine whether the proposed rule changes should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule changes. Institution of proceedings does not indicate that the Commission has

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<sup>22</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12916-17; EDGX Notice, supra note 4, at 12841.

<sup>23</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12841.

<sup>24</sup> See Cboe Notice, supra note 4, at 12867; BZX Notice, supra note 4, at 12916; EDGX Notice, supra note 4, at 12841.

<sup>25</sup> See Cboe Notice, supra note 4, at 12868; BZX Notice, supra note 4, at 12918; EDGX Notice, supra note 4, at 12842.

<sup>26</sup> 15 U.S.C. 78s(b)(2)(B).

reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule changes.

Pursuant to Section 19(b)(2)(B) of the Act,<sup>27</sup> the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule changes' consistency with Section 6(b)(5) of the Act,<sup>28</sup> which requires, among other things, 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 protect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

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>29</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>30</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>31</sup> The Commission is instituting proceedings to allow for additional consideration and comment on the issues raised herein, including as to whether the proposals are consistent with the Act. In particular, the Commission asks commenters to address the potential market impacts of allowing the listing and trading of options on Commodity-Based Trust Shares.

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<sup>27</sup> See id.

<sup>28</sup> 15 U.S.C. 78f(b)(5).

<sup>29</sup> 17 CFR 201.700(b)(3).

<sup>30</sup> See id.

<sup>31</sup> See id.

#### IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposals. In particular, the Commission invites the written views of interested persons concerning whether the proposals are consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. 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 under the Act,<sup>32</sup> any request for an opportunity to make an oral presentation.<sup>33</sup>

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule changes should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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 numbers SR-CBOE-2025-014, CboeBZX-2025-034, and CboeEDGX-2025-018 on the subject line.

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<sup>32</sup> 17 CFR 240.19b-4.

<sup>33</sup> Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), 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 a self-regulatory organization. See Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

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 numbers SR-CBOE-2025-014, CboeBZX-2025-034, and CboeEDGX-2025-018. These file numbers 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 submission, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filings also will be available for inspection and copying at the principal office of the Exchanges. 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 numbers SR-CBOE-2025-014, CboeBZX-2025-034, and CboeEDGX-2025-018 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>34</sup>

**Vanessa A. Countryman,**

*Secretary.*

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