



**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-103376; File No. SR-MIAX-2025-27]**

**Self-Regulatory Organizations: Notice of Filing of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Certain of the Exchange’s Index Options Rules to Allow the Exchange to List and Trade Options on Micro Narrow-Based Indexes**

July 2, 2025.

Pursuant to the provisions of 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 June 25, 2025, Miami International Securities Exchange, LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a 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 amend certain of the Exchange’s Index Options Rules (Chapter XVIII) to: (1) adopt a new classification of narrow-based indexes, classified as “micro narrow-based” indexes; (2) establish the initial listing standards and maintenance standards for micro narrow-based indexes; and (3) adopt rules regarding position limits and exercise limits for micro narrow-based index options.

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/rule-filings>, at MIAX’s principal office, and at the Commission’s Public Reference Room.

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

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

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

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 adopt rules to allow the Exchange to list and trade options on micro narrow-based indexes. The proposed rules include the definition of a micro narrow-based index, listing and maintenance criteria for a micro narrow-based index, and position limits and exercise limits for micro narrow-based index options. All of the proposed rules and changes to existing Exchange Rules are based on the existing rules of other options exchanges. The proposed rule change is intended to expand the Exchange's capacity to introduce and trade new and innovative index option products on the Exchange System.<sup>3</sup>

Proposed Definition of Micro Narrow-Based Index

The Exchange proposes to amend Exchange Rule 1801(m) to add the definition of micro narrow-based index. The proposed definition of "micro narrow-based index" is an industry or narrow-based index that meets the specific criteria provided under proposed Exchange Rule 1802(f). The Exchange notes that other exchanges have the same definition of micro narrow-based index.<sup>4</sup> In addition, the Exchange proposes to make conforming changes to the hierarchical headings in Exchange Rule 1801. Specifically, subparagraphs (m) – (t) will be

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<sup>3</sup> The term "System" means the automated trading system used by the Exchange for the trading of securities. See Exchange Rule 100.

<sup>4</sup> See e.g., Cboe Exchange, Inc. ("Cboe") Rule 4.11, available at [https://cdn.cboe.com/resources/regulation/rule\\_book/C1\\_Exchange\\_Rule\\_Book.pdf](https://cdn.cboe.com/resources/regulation/rule_book/C1_Exchange_Rule_Book.pdf) (last visited June 9, 2025).

renumbered as (n) – (u). The purpose of the proposed changes is to provide consistency and clarity in the Rulebook regarding the definitions that are applicable to index options.

Proposed Micro Narrow-Based Index Initial Listing Criteria

Proposed Exchange Rule 1802(f) will describe the initial listing standards for a micro narrow-based index on which options may be traded on the Exchange. Pursuant to proposed Exchange Rule 1802(f), the Exchange may trade options on a micro narrow-based index pursuant to 19b-4(e) of the Act,<sup>5</sup> if each of the following conditions is satisfied:

(1) The index is a security index:

(i) that has nine or fewer component securities;

(ii) in which a component security comprises more than 30% of the index's weighting;

(iii) in which the five highest weighted component securities in the aggregate comprise more than 60% of the index's weighting; or

(iv) in which the lowest weighted component securities comprising, in the aggregate, 25% of the index's weighting have an aggregate dollar value of average daily trading volume of less than \$50,000,000 (or in the case of an index with 15 or more component securities, \$30,000,000) except that if there are two or more securities with equal weighting that could be included in the calculation of the lowest weighted component securities comprising, in the aggregate, 25% of the index's weighting, such securities shall be ranked from lowest to highest dollar value of average daily trading volume and shall be included in the calculation based on their ranking starting with the lowest ranked security;

(2) The index is capitalization-weighted, modified capitalization-weighted, price-weighted, share weighted, equal dollar-weighted, approximate equal-dollar weighted, or modified equal-dollar weighted;

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<sup>5</sup> 17 CFR 242.19b-4(e).

(i) For the purposes of this Exchange Rule 1802(f), an approximate equal-dollar weighted index is composed of one or more securities in which each component security will be weighted equally based on its market price on the index's selection date and the index must be reconstituted and rebalanced if the notional value of the largest component is at least twice the notional volume of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the "notional value" is the market price of the component times the number of shares of the underlying component in the index. Reconstitution and rebalancing are also mandatory if the number of components in the index is greater than five at the time of rebalancing. The Exchange reserves the right to rebalance quarterly at its discretion.

(ii) For the purposes of this Exchange Rule 1802(f), a modified equal-dollar weighted index is an index in which each underlying component represents a pre-determined weighting percentage of the entire index. Each component is assigned a weight that takes into account the relative market capitalization of the securities comprising the index. A modified equal-dollar weighted index will be balanced quarterly.

(iii) For the purposes of this Exchange Rule 1802(f), a share-weighted index is calculated by multiplying the price of the component security by an adjustment factor. Adjustment factors are chosen to reflect the investment objective deemed appropriate by the designer of the index and will be published by the Exchange as part of the contract specifications. The value of the index is calculated by adding the weight of each component security and dividing the total by an index divisor, calculated to yield a benchmark index level as of a particular date. A share-weighted index is not adjusted to reflect changes in the number of outstanding shares of its components. A share-weighted micro narrow-based index will not be re-balanced. If a share-weighted micro narrow-based index fails to meet the maintenance listing standards under Exchange Rule 1802(g), the Exchange will restrict trading in existing option series to closing transactions and will not issue additional series for that index.

(iv) The Exchange may rebalance any micro narrow-based index on an interim basis if warranted as a result of extraordinary changes in the relative values of the component securities. To the extent investors with open positions must rely upon the continuity of the options contract on the index, outstanding contracts are unaffected by rebalancings.

(3) Each component security in the index has a minimum market capitalization of at least \$75 million, except that each of the lowest weighted securities in the index that in the aggregate account for no more than 10% of the weight of the index may have a minimum market capitalization of only \$50 million;

(4) The average daily trading volume in each of the preceding six months for each component security in the index is at least 45,500 shares, except that each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index may have an average daily trading volume of only 22,750 shares for each of the last six months;

(5) In a capitalization-weighted index, the lesser of: (i) the five highest weighted component securities in the index each have had an average daily trading volume of at least 90,000 shares over the past six months; or (ii) the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of component securities in the index each have had an average daily trading volume of at least 90,000 shares over the past six months;

(6) Subject to subparagraphs (4) and (5) above, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements of Exchange Rule 402 applicable to individual underlying securities;

(7)

(i) Each component security in the index is an “NMS Security” as defined in Rule 600 of Regulation NMS under the Exchange Act; and

(ii) Foreign securities or ADRs that are not subject to comprehensive surveillance sharing agreements do not represent more than 20% of the weight of the index;

(8) The current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange;

(9) An equal dollar-weighted index will be rebalanced at least once every quarter;

(10) If the underlying index is maintained by a broker-dealer, the index is calculated by a third party who is not a broker-dealer, and the broker-dealer has in place an information barrier around its personnel who have access to information concerning changes in and adjustments to the index;

(11) Each component security in the index is registered pursuant to Section 12 of the Exchange Act; and

(12) Cash settled index options are designated as A.M.-settled options.

The above initial listing standards are substantively similar as the initial listing standards currently in place on other exchanges.<sup>6</sup>

The Exchange also proposes to make conforming changes to Exchange Rule 1802(a) to add a cross reference to proposed new subparagraph (f) to the exceptions to the rule filing requirement applicable to the listing of a class of index option provided under Section 19(b) of the Act. Currently, Exchange Rule 1802(a) provides that except as set forth in subparagraph (b) and (d), which refer to initial listing standards for narrow-based indexes and broad-based indexes, the listing of a class of index options requires a proposed rule change to be approved by the Securities and Exchange Commission (the “Commission”) under Section 19(b) of the Exchange Act. Since the Exchange proposes to adopt rules to allow the Exchange to list and trade options on micro narrow-based indexes, in addition to narrow-based indexes and broad-

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<sup>6</sup> See e.g., Cboe Rule 4.10(c), available at [https://cdn.cboe.com/resources/regulation/rule\\_book/C1\\_Exchange\\_Rule\\_Book.pdf](https://cdn.cboe.com/resources/regulation/rule_book/C1_Exchange_Rule_Book.pdf) (last visited June 9, 2025); see also MEMX Rule 29.6(d), available at <https://info.memxtrading.com/wp-content/uploads/2025/05/MEMX-Rulebook-5.14.25-clean.pdf> (last visited June 9, 2025).

based indexes, the Exchange proposes to amend Exchange Rule 1802(a) to add a cross reference to proposed new subparagraph (f) (Micro Narrow-Based Index Initial Listing Criteria) to the exceptions to the rule filing requirement applicable to the listing of a class of index options pursuant to Section 19(b) of the Act. This is to allow the Exchange to trade options on micro narrow-based indexes pursuant to Rule 19b-4(e) of the Act, without filing of a proposed rule change to be approved by the Commission, if each of the initial listing standards is satisfied.

Proposed Micro Narrow-Based Index Maintenance Listing Criteria

In addition to the initial listing standards, certain maintenance listing standards, listed below, will apply to each class of index options originally listed pursuant to proposed Exchange Rule 1802(f). Specifically, in order for an index to remain listed on the Exchange, pursuant to proposed Exchange Rule 1802(g), the following maintenance listing standards shall be satisfied:

- (1) The index meets the criteria of subparagraph (f)(1) of this Rule;
- (2) Subject to subparagraphs (g)(9) and (10) below, the component securities that account for at least 90% of the total index weight and at least 80% of the total number of component securities in the index must meet the requirements of Exchange Rule 402;
- (3) Each component security in the index has a market capitalization of at least \$75 million, except that each of the lowest weighted component securities that in the aggregate account for no more than 10% of the weight of the index may have a market capitalization of only \$50 million;
- (4) Each component security in the index is an “NMS Security” as defined in Rule 600 of Regulation NMS under the Exchange Act;
- (5) Foreign securities or ADRs thereon that are not subject to comprehensive surveillance sharing agreements do not represent more than 20% of the weight of the index;
- (6) The current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange;
- (7) If the underlying index is maintained by a broker-dealer, the index is calculated by a third party who is not a broker-dealer, and the broker-dealer has in place an information barrier

around its personnel who have access to information concerning changes in and adjustments to the index;

(8) The total number of component securities in the index may not increase or decrease by more than 33 1/3% from the number of component securities in the index at the time of its initial listing;

(9) Trading volume of each component security in the index must be at least 500,000 shares for each of the last six months, except that for each of the lowest weighted component securities in the index that in the aggregate account for no more than 10% of the weight of the index, trading volume must be at least 400,000 shares for each of the last six months;

(10) In a capitalization-weighted index and a modified capitalization weighted index, the lesser of the five highest weighted component securities in the index or the highest weighted component securities in the index that in the aggregate represent at least 30% of the total number of stocks in the index each have had an average monthly trading volume of at least 1,000,000 shares over the past six months;

(11) Each component security in the index is registered pursuant to Section 12 of the Exchange Act;

(12) In an approximate equal-dollar weighted index, the index must be reconstituted and rebalanced if the notional value of the largest component is at least twice the notional volume of the smallest component for 50% or more of the trading days in the three months prior to December 31 of each year. For purposes of this provision the “notional value” is the market price of the component times the number of shares of the underlying component in the index. Reconstitution and rebalancing are also mandatory if the number of components in the index is greater than five at the time of rebalancing. The Exchange reserves the right to rebalance quarterly at its discretion;

(13) In a modified equal-dollar weighted index the Exchange will re-balance the index quarterly;

(14) In a share-weighted index, if a share-weighted micro narrow-based index fails to meet the maintenance listing standards under Exchange Rule 1802(g), the Exchange will not re-balance the index, will restrict trading in existing option series to closing transactions, and will not issue additional series for that index; and

(15) In the event a class of index options listed on the Exchange fails to satisfy the maintenance listing standards set forth herein, the Exchange shall not open for trading any additional series of options of that class unless such failure is determined by the Exchange not to be significant and the Commission concurs in that determination, or unless the continued listing of that class of index options has been approved by the Commission under Section 19(b)(2) of the Exchange Act.

The proposed maintenance listing standards are substantively similar to the maintenance standards currently in place on other exchanges.<sup>7</sup>

The Exchange believes that the requirements in the proposed listing standards regarding, among other things, the minimum market capitalization, trading volume, and relative weightings of an underlying index's component stocks are designed to ensure that the markets for the index's component stocks are adequately capitalized and sufficiently liquid, and that no one stock dominates the index. The Exchange believes that these requirements minimize the potential for manipulating the underlying index.

The Exchange further believes that the requirement in proposed Exchange Rule 1802(f)(8) that the current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange, and the requirement in proposed Exchange Rule 1802(g)(6) that the current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange should provide

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<sup>7</sup> See e.g., Cboe Rule 4.10(d), available at [https://cdn.cboe.com/resources/regulation/rule\\_book/C1\\_Exchange\\_Rule\\_Book.pdf](https://cdn.cboe.com/resources/regulation/rule_book/C1_Exchange_Rule_Book.pdf) (last visited June 9, 2025); see also MEMX Rule 29.6(e), available at <https://info.memxtrading.com/wp-content/uploads/2025/02/MEMX-Rulebook-2.5.25.pdf> (last visited June 9, 2025).

transparency with respect to current index values and contribute to the transparency of the market for micro narrow-based index options. In addition, the Exchange believes that the requirement in proposed Exchange Rule 1802(f)(12) that cash settled index options are designated as A.M.-settled, rather than on closing prices, should help to reduce the potential impact of expiring index options on the market for the index's component securities.

#### Proposed Position Limits for Micro Narrow-Based Index Options

The Exchange proposes to adopt Exchange Rule 1805B relating to position limits for micro narrow-based index options by incorporating by referencing the applicable rules of Cboe. Specifically, proposed Exchange Rule 1805B(a) states that Members<sup>8</sup> shall comply with the applicable rules of the Cboe with respect to position limits for micro-narrow based index options traded on the Exchange and also on Cboe, or with the applicable rules of the Exchange for industry index options traded on the Exchange but not traded on Cboe.<sup>9</sup> Proposed Exchange Rule 1805B(b) states that index options contracts shall not be aggregated with options contracts on any stocks whose prices are the basis for calculation of the index. Proposed Exchange Rule 1805B(c) states that positions in reduced-value index options shall be aggregated with positions in full-value index options. For such purposes, ten (10) reduced-value options shall equal one (1) full-value contract. The Exchange notes that other options exchanges have substantively similar rules relating to position limits for micro narrow-based index options.<sup>10</sup>

The Exchange proposes to incorporate by reference as MIAX rules certain rules of the Cboe. Specifically, MIAX Rule 1805B proposes to incorporate by reference the applicable rules of Cboe with respect to position limits for micro narrow-based index options traded on the

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<sup>8</sup> The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>9</sup> See Exchange Rule 1805.

<sup>10</sup> See MEMX Rule 29.7, available at <https://info.memxtrading.com/wp-content/uploads/2025/05/MEMX-Rulebook-5.14.25-clean.pdf> (last visited June 9, 2025); see also the Nasdaq Stock Market LLC ("Nasdaq") rules, Options 4A, Section 7, available at <https://listingcenter.nasdaq.com/rulebook/nasdaq/rules/Nasdaq%20Options%204A> (last visited June 9, 2025).

Exchange and also on Cboe. Thus, if approved, for certain MIAX rules, Members will comply with the MIAX rules by complying with the Cboe rules referenced. Using its authority under Section 36 of the Act, the Commission has previously exempted certain self-regulatory organizations (“SROs”) from the requirement to file proposed rule changes under Section 19(b) of the Act when incorporating another SRO’s rules by reference.<sup>11</sup> Each such exempt SRO has agreed to be governed by the incorporated rules, as amended from time to time, but, has not been required to file a separate proposed rule change with the Commission each time the SRO whose rules are incorporated by reference seeks to modify its rules. In addition, each SRO incorporated by reference only regulatory rules (e.g., margin, suitability, arbitration), not trading rules, and incorporated by reference whole categories of rules (i.e., did not “cherry-pick” certain individual rules within a category). Last, each exempt SRO had reasonable procedures in place to provide written notice to its members each time a change is proposed to the incorporated rules of another SRO in order to provide its members with notice of a proposed rule change that affects their interests, so that they would have an opportunity to comment on it.

In connection with this proposal, the Exchange respectfully requests, pursuant to Rule 240.0-12 under the Act,<sup>12</sup> an exemption under Section 36 of the Act from the rule filing requirements of Section 19(b) of the Act for changes to those MIAX rules that are effected solely by virtue of a change to cross-referenced Cboe rules with respect to position limits on micro narrow-based index options. The Exchange proposes to incorporate by reference categories of rules (rather than individual rules within a category) that are not trading rules. The Exchange also agrees to provide written notice to Members of the specific Cboe rules

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<sup>11</sup> See, e.g., Securities Exchange Act Release No. 49260 (February 17, 2004), 69 FR 8500 (February 24, 2004). See also Securities Exchange Act Release Nos. 57478 (March 12, 2008), 73 FR 14521, 14539-40 (March 18, 2008) (order approving SR-NASDAQ-2007-004 and SR-NASDAQ-2007-080) and 53128 (January 13, 2006), 71 FR 3550, 3565-66 (January 23, 2006) (File No. 10-131) (approving NASDAQ’s application for registration as a national securities exchange). See also Securities Exchange Act Release No. 95445 (August 8, 2022), 87 FR 49894 (August 12, 2022) (SR-MEMX-2022-10) (approving MEMX to adopt rules to govern the trading of options on the Exchange for a new facility called MEMX Options).

<sup>12</sup> 17 CFR 240.0-12.

that it will incorporate by reference. In addition, the Exchange will notify Members whenever Cboe proposes a change to the cross-referenced Cboe rules with respect to position limits for micro narrow-based index options.<sup>13</sup> For the foregoing reasons, the Exchange believes that its request for exemptive relief is consistent with prior requests for, and provision of, similar exemptive relief. The Exchange notes that other options exchanges were approved by the Commission to incorporate by reference the applicable rules of Cboe with respect to position limits for micro narrow-based index options.<sup>14</sup>

#### Proposed Exercise Limits for Micro Narrow-Based Index Options

The Exchange proposes to amend Exchange Rule 1807(a) to provide that exercise limits for micro narrow-based index options shall be equivalent to the position limits prescribed for micro narrow-based index options with the nearest expiration date in proposed Exchange Rule 1805B. The Exchange notes that this approach to the proposed exercise limits for micro narrow-based index options is consistent with determining exercise limits for broad-based index options, industry index options, and foreign currency index options, which are equivalent to the corresponding position limits prescribed for the above options contracts with the nearest expiration date in Exchange Rules 1804, 1805, and 1805A respectively. The Exchange also notes that other options exchanges have similar rules regarding exercise limits for micro narrow-based index options.<sup>15</sup>

The Exchange represents that it has in place adequate surveillance procedures to monitor trading in micro narrow-based index options in order to ensure the maintenance of fair and

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<sup>13</sup> The Exchange will provide such notice through a Regulatory Circular posted on the Exchange's website.

<sup>14</sup> See Securities Exchange Act Release No. 95445 (August 8, 2022), 87 FR 49894 (August 22, 2022) (SR-MEMX-2022-10) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Adopt Rules To Govern the Trading of Options on the Exchange for a New Facility Called MEMX Options).

<sup>15</sup> See MEMX Rule 29.9(a), available at <https://info.memxtrading.com/wp-content/uploads/2025/05/MEMX-Rulebook-5.14.25-clean.pdf> (last visited June 9, 2025); see also Cboe BZX Exchange, Inc. ("BZX") Rule 29.9, available at [https://cdn.cboe.com/resources/regulation/rule\\_book/BZX\\_Exchange\\_Rulebook.pdf?\\_gl=1\\*\\_com45o\\*\\_up\\*\\_MQ\\*\\_ga\\*MjYxODk3MjQ1LjE3NDk0ODk5NTI\\*\\_ga\\_5Q99WB9X71\\*\\_czE3NDk0ODk5NTEkbzEkZzAkdDE3NDk0ODk5NTEkajYwJGwwJGgw](https://cdn.cboe.com/resources/regulation/rule_book/BZX_Exchange_Rulebook.pdf?_gl=1*_com45o*_up*_MQ*_ga*MjYxODk3MjQ1LjE3NDk0ODk5NTI*_ga_5Q99WB9X71*_czE3NDk0ODk5NTEkbzEkZzAkdDE3NDk0ODk5NTEkajYwJGwwJGgw) (last visited June 9, 2025).

orderly markets. The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, pinging, and phishing). The Exchange will apply those same program procedures to trading in micro narrow-based index options. The Exchange will review activities in the underlying components of the micro narrow-based indexes when conducting surveillances for market abuse or manipulation in the options on micro narrow-based indexes. Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining surveillance data from the Exchange’s affiliates, MIAX PEARL, LLC (“MIAX Pearl”), MIAX Emerald, LLC (“MIAX Emerald”), and MIAX Sapphire, LLC (“MIAX Sapphire”), the Exchange will be able to obtain information from Cboe, NYSE American LLC (“NYSE American”), and other markets through ISG. The Exchange also has a Regulatory Services Agreement with Financial Industry Regulatory Authority (“FINRA”). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.

## 2. Statutory Basis

The Exchange believes that the proposed changes are consistent with Section 6(b) of the Act<sup>16</sup> in general, and further the objectives of Section 6(b)(5) of the Act,<sup>17</sup> in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest.

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<sup>16</sup> 15 U.S.C. 78f(b).

<sup>17</sup> 15 U.S.C. 78f(b)(5).

The Exchange believes that the proposal to adopt the definition and listing and maintenance criteria for micro narrow-based indexes expand the Exchange's capability to introduce and trade both existing and new and innovative index products on the Exchange System. The added capability is consistent with the Act in that it should foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, specifically options on micro narrow-based indexes. The Exchange believes that there may be unmet market demand on the Exchange for exchange-listed options on micro narrow-based indexes and the listing and trading of options on micro narrow-based indexes on the Exchange is designed to attract both liquidity and order flow to the Exchange, all to the benefit of the marketplace as a whole.

The Exchange believes that the requirements in the proposed listing standards regarding, among other things, the minimum market capitalization, trading volume, and relative weightings of an underlying index's component stocks are designed to ensure that the markets for the index's component stocks are adequately capitalized and sufficiently liquid, and that no one stock dominates the index. These requirements are designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, by ensuring that unusual or extreme volatility in any single component of an index could not cause the entire index to become so volatile that it puts investors at undue and unplanned risk. These requirements also minimize the potential for manipulating the underlying index, which protects investors and the public interest.

The Exchange further believes that the requirement in proposed Exchange Rule 1802(f)(8) that the current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange, and the requirement in proposed Rule 1802(g)(6) that the current underlying index value will be reported at least once every 15 seconds during the time the index options are traded on the Exchange removes impediments to the perfects the mechanisms of a free and open market and a national market system by

providing transparency with respect to current index values and by contributing to the overall transparency of the market for index options. In addition, the Exchange believes that the requirement in proposed Rule 1802(f)(12) that cash settled index options are designated as A.M.-settled, rather than based on closing prices, should help to reduce the potential impact of expiring index options on the market for an index's component securities.

The Exchange's proposal to adopt Exchange Rule 1805B relating to position limits for micro narrow-based index options is designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, by limiting investors' levels of concentration in a single index position. Not only would an investor be at undue risk by assuming such a position, but the market for the affected index option could be disproportionately affected by the trading activities of that single investor with an unusually large long or short position. The Exchange proposes to mitigate this risk by incorporating by reference the applicable rules of Cboe with respect to position limits for micro narrow-based index options traded on the Exchange and also on Cboe, which rules are designed for the protection of investors and the public interest. The Exchange notes that the proposed rule change is substantively similar to other option exchanges' rules regarding position limits for micro narrow-based index options.<sup>18</sup>

The Exchange's proposal to amend Exchange Rule 1807 relating to exercise limits for micro narrow-based index options is designed to remove impediments to and perfect the mechanisms of a free and open market and a national market system and, in general, to protect investors and the public interest, by imposing limits on the aggregate number of options contracts that a Member could exercise. This is to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes. The

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See supra note 10.

Exchange also notes that other options exchanges have similar rules regarding exercise limits for micro narrow-based index options.<sup>19</sup>

The Exchange believes that the proposed changes to the hierarchical headings in the Exchange Rule 1801 and the cross reference in Exchange Rule 1802(a) will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because the proposed rule changes will provide consistency and clarity in the Rulebook regarding the definitions and rule filing requirements that are applicable to index options. It is in the public interest for the Exchange's Rulebook to accurate.

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Intra-Market Competition

The Exchange believes the proposed change will not impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act as the proposed rule change is substantively similar to rules already in place governing the listing and trading of options on micro narrow-based indexes at other exchanges.<sup>20</sup> Further, any micro narrow-based index options that the Exchange would list would be available to all market participants. The proposed rule changes will provide all investors that participate in the micro narrow-based index options market greater trading and hedging opportunities and flexibility to meet their investment and hedging needs. The proposed rule changes will facilitate the listing and trading of new index option products that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange further believes that the proposed rule changes will enhance intra-market competition, as more varied index products

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<sup>19</sup> See supra note 15.

<sup>20</sup> See supra notes 6, 7, 10 and 15.

become available for trading on the Exchange, which should encourage a greater number of Market Makers<sup>21</sup> to trade options on micro narrow-based indexes, resulting in greater liquidity and more competitive quoting on the Exchange.

#### Inter-Market Competition

The Exchange does not believe the proposal will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act as the Exchange believes that the proposed rule change will enable the Exchange to compete for order flow in options on micro narrow-based indexes with other exchanges that currently have rules and functionality in place to list and trade options on micro narrow-based indexes. The proposal would enhance competition by providing investors with additional investment vehicles, in a fully-electronic trading environment, through which investors can gain and hedge exposure to micro narrow-based indexes. The Exchange notes that other options exchanges provide similar requirements for options on a micro narrow-based index.<sup>22</sup>

The Exchange does not believe that the proposed changes to the hierarchical headings in Exchange Rule 1801 and the cross reference in Exchange Rule 1802(a) will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. Specifically, the Exchange believes the proposed changes will not impose any burden on intra-market because the rules of the Exchange apply to all Members equally. The proposed rule changes to the hierarchical headings and the cross reference will have no impact on inter-market competition as they are not designed to address any competitive issue but rather are designed to provide added clarity to the Rulebook regarding the definitions and rule filing requirements that are applicable to index options.

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

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<sup>21</sup> The term "Market Makers" refers to "Lead Market Makers," "Primary Lead Market Makers," and "Registered Market Makers" collectively. See Exchange Rule 100.

<sup>22</sup> See supra notes 6, 7, 10, and 15.

Written comments were neither solicited nor 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 e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-MIAX-2025-27 on the subject line.

Paper comments:

- Send paper comments in triplicate to Vanessa Countryman, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-MIAX-2025-27. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications

relating to the proposed rule change 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 filing also 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-MIAX-2025-27 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>23</sup>

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

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