



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103686; File No. SR-CBOE-2025-053]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Interpretation and Policy .06 of Rule 4.3 to Permit the Listing of Options on an Exchange-Traded Fund as Defined in Rule 6c-11 under the Investment Company Act of 1940

August 12, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 5, 2025, Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (“Cboe Options” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to amend Interpretation and Policy .06 of Rule 4.3 to permit the listing of options on an exchange-traded fund as defined in Rule 6c-11 under the Investment Company Act of 1940 (“Rule 6c-11”). The text of the proposed rule change is provided in Exhibit 5.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

The text of the proposed rule change is also available on the Exchange's website (<http://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>) and at the Exchange's Office of the Secretary.

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

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

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

1. Purpose

The Exchange proposes to amend Rule 4.3 (Criteria for Underlying Securities) to amend (1) Interpretation and Policy .06(a)(1) to Rule 4.3 to provide that securities deemed appropriate for options include Units⁵ that are listed pursuant to generic listing standards for an exchange-traded fund as defined in Rule 6c-11 under the Investment Company Act of 1940 ("ETF Shares"), portfolio depositary receipts, or index fund shares; and (2) Interpretation and Policy .06(c)(1) to Rule 4.3 to provide that the Units must be listed pursuant to generic listing standards for ETF Shares. Existing Interpretation and Policy .06(c)(1) to Rule 4.3 provides that Units must be listed pursuant to generic listing standards for portfolio depositary receipts and index fund shares based on international global indexes under which a comprehensive surveillance agreement ("CSSA") is not required. This proposal would amend Interpretation and Policy .06(c)(1) to add that the Units may also be listed pursuant to generic listing standards for ETF Shares.

⁵ The term "Unit" means 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 Exchange Rule 1.1

This proposal will enable the Exchange to list and trade options on generically listed exchange-traded funds that can rely on Rule 6c-11, provided that the ETF Shares are listed pursuant to Rule 19b-4(e) of the Exchange Act. Rule 19b-4(e) provides that the listing and trading of a new derivative securities product by a self-regulatory organization (“SRO”) shall not be deemed a proposed rule change, pursuant to paragraph (c)(1) of Rule 19b-4, if the Commission has approved, pursuant to Section 19(b) of the Exchange Act, the SRO's trading rules, procedures and listing standards for the product class that would include the new derivatives securities product, and the SRO has a surveillance program for the product class. In other words, the proposal will amend the listing standards to allow the Exchange to list and trade options on ETF Shares to a similar degree that they are allowed to be listed on index fund shares and portfolio depositary receipts. A series of index fund shares or portfolio depositary receipts may generically list as ETF Shares so long as the fund meets all listing requirements under the applicable ETF Shares listing rule.⁶ The proposal merely represents a natural progression from a previous approval order, which established the principle that options listing standards should align with the surveillance framework of their underlying securities.⁷ While the MIAX Approval Order was limited to portfolio depositary receipts and index fund shares based on international or global indexes, the Exchange believes the underlying regulatory logic (that adequate transparency and surveillance of the underlying security can support options listing without additional CSSA requirements) applies equally to ETF Shares listed under generic listing standards, and is further supported by the fact that index fund shares and portfolio depositary receipts are generally designed to meet the requirements of the ETF Shares listing standards.

The Exchange allows for the listing and trading of options on exchange-traded funds under Interpretation and Policy .06 to Rule 4.3. In particular, Interpretation and Policy .06(a)(1) provides

⁶ See e.g., Cboe BZX Exchange Rule 14.11(l) (ETF Shares).

⁷ See Securities Exchange Act No. 874509 (March 13, 2015) 80 FR 14425 (March 19, 2015) (SR-MIAX-2015-04) (Order Approving a Proposed Rule Change To Amend MIAX Rule 402) (the “MIAX Approval Order”).

that securities deemed appropriate for options trading include Units that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or certain financial instruments and money market instruments.⁸ The requirements of Interpretation and Policy .06(a)(1) are generally based on the generic listing standards⁹ for exchange-traded funds that predated the adoption of Rule 6c-11 (the “previous generic listing standards”). The Exchange proposes to eliminate the language from the rule text that specifies the securities and/or financial instruments that the entity holds and instead provide that the securities deemed appropriate for options trading include Units that are listed pursuant to generic listing standards for ETF Shares, portfolio depositary receipts, or index fund shares.

Similarly, Interpretation and Policy .06(c)(1) to Rule 4.3 provides that Units must be listed pursuant to generic listing standards for series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required. Thus, the requirements of Interpretation and Policy .06(c)(1) to Rule 4.3 are also generally based on the previous generic listing standards. The Exchange proposes to amend Interpretation and Policy .06(c)(1) to Rule 4.3 to explicitly provide that the Units must be listed pursuant to the generic listing standards for ETF Shares, or series of portfolio depositary receipts and index fund shares based on international or global indexes under which a comprehensive surveillance agreement is not required.

⁸ Interpretation and Policy .06(a)(1) provides that such financial instruments include, but are not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse purchase agreements (the “Financial Instruments”). Such money market instruments, include, but are not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments).

⁹ See e.g., Cboe BZX Exchange Rules 14.11(c) (Index Fund Shares), 14.11(i) (Managed Fund Shares), and 14.11(b) (Portfolio Depositary Receipts).

In 2019, the Commission adopted Rule 6c-11 to permit exchange-traded funds that satisfy certain conditions to operate without obtaining an exemptive order from the Commission under the Investment Company Act of 1940.¹⁰ In 2020, the Commission approved generic listing standards pursuant to Rule 19b-4(e) of the Exchange Act for exchange-traded funds that meet the requirements of Rule 6c-11 (i.e., ETF Shares).¹¹ Such generic listing standards permit the listing and trading of ETF Shares that are permitted to operate in reliance on Rule 6c-11 to list and trade on an exchange without a prior Commission approval order or notice of effectiveness pursuant to Section 19(b) of the Act. Exchange-traded funds listed pursuant to the previous generic listing standards would generally meet the requirements of Rule 6c-11 and thus could list as ETF Shares on an equity exchange.

The ETF Shares generic listing standards did not include the quantitative standards applicable to a fund or an index that were included in the previous generic listing standards.¹² Ultimately, the Commission found that the ETF Shares generic listing standards are reasonably designed to help prevent fraudulent and manipulative acts and practices particularly because a central qualification for listing generically is ongoing compliance with Rule 6c-11, which requires, among other things, ETF Shares to prominently disclose the portfolio holdings that will form the basis for each calculation of net asset value per share. Because initial and ongoing compliance with Rule 6c-11 is a condition for listing and trading on the equity listing markets, Rule 6c-11 permits the equity exchanges to list and trade shares of an investment company with a fully transparent portfolio. The Commission stated that it believes that such portfolio transparency should help prevent manipulation of the price of ETF Shares.¹³

¹⁰ See Release Nos. 33-10695; IC-33646; File No. S7-15-18 (Exchange-Traded Funds) (September 25, 2019), 84 FR 57162 (October 24, 2019) (the “Rule 6c-11 Release”).

¹¹ See e.g., Securities Exchange Act Release No. 88566 (April 6, 2020) 85 FR 20312 (April 10, 2020) (SR-CboeBZX-2019-097) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, To Adopt BZX Rule 14.11(l) Governing the Listing and Trading of Exchange-Traded Fund Shares) (“BZX ETF Shares Approval Order”).

¹² Supra note 6.

¹³ See BZX ETF Shares Approval Order at 20320.

In approving the ETF Shares generic listing standards, the Commission thoroughly considered the structure of the ETF Shares, their usefulness to investors and to the markets, and SRO rules that govern their listing and trading. The Exchange believes that allowing the listing of options overlying ETF Shares that are listed pursuant to the generic listing standards on equities exchanges and applying Rule 19b-4(e)¹⁴ should fulfill the intended objective of that Rule by allowing options on those ETF Shares that have satisfied the generic listing standards to commence trading, without the need for the public comment period and Commission approval. The Exchange believes enabling the listing and trading of options on ETF Shares pursuant to this amended listing standard will benefit investors by providing them with valuable risk management tools, such as direct hedging tools, in a more timely manner. The proposed rule would allow the Exchange to quickly determine whether Units are appropriate for options trading under Interpretation and Policy .06 of Exchange Rule 4.3 and has the potential to reduce the time frame for bringing options on ETF Shares to market, thereby benefitting investors by timely providing increased trading and hedging opportunities. The failure of a particular exchange-traded fund to comply with the generic listing standards under Rule 19b-4(e)¹⁵ would not, however, preclude the Exchange from submitting a separate filing pursuant to Section 19(b)(2),¹⁶ requesting Commission approval to list and trade options on a particular exchange-traded fund.

Options on ETF Shares listed pursuant to the proposed generic listing standards would be traded, in all other respects, under the Exchange's existing trading rules and procedures that apply to options on exchange-traded funds and would be covered under the Exchange's surveillance program for options on Units.¹⁷

The Exchange believes this proposed listing standard for options on ETF Shares is reasonable and will result in options that are not readily susceptible to manipulation in light of

¹⁴ 17 CFR 240.19b-4(e).

¹⁵ Id.

¹⁶ 15 U.S.C. 78s(b)(2).

¹⁷ E.g., Units will continue to be subject to the position limits set forth in Exchange Rule 8.30.

existing Rule 6c-11 transparency requirements and options listing requirements.¹⁸ The Commission has determined that portfolio transparency is central to preventing manipulation of ETF Share prices and serves as the primary qualification for generic listing of ETF Shares.¹⁹ The Exchange believes this same transparency rationale supports the generic listing of options on ETF Shares by aligning the options generic listing standards with the ETF Shares generic listing standards. Where ETF Shares have been deemed sufficiently transparent to warrant generic listing, the Exchange believes the manipulation risks for both the underlying shares and overlying options are adequately mitigated through this transparency framework as options manipulation is typically achieved through manipulation of the underlying security. This proposal simply creates a streamlined pathway for listing options on qualifying ETF Shares that meet the enhanced transparency standards under Rule 6c-11.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.²⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)²¹ requirements that the rules of an exchange be 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 mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

¹⁸ See Interpretation and Policy .06(b) to Exchange Rule 4.3.

¹⁹ See BZX ETF Shares Approval Order at 20320.

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

In particular, the Exchange believes enabling the listing and trading of options on ETF Shares pursuant to this amended listing standard will benefit investors by providing them with valuable risk management tools, such as direct hedging tools, in a more timely manner. The proposed rule would allow the Exchange to quickly determine whether Units are appropriate for options trading under Interpretation and Policy .06 of Exchange Rule 4.3 and has the potential to reduce the time frame for bringing options on ETF Shares to market, thereby benefitting investors by timely providing increased trading and hedging opportunities.. The proposed rule streamlines the listing mechanism²² for certain qualifying options on ETF Shares to be listed on the Exchange in a manner that 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 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. Specifically, where ETF Shares have been deemed sufficiently transparent to warrant generic listing, the Exchange believes the manipulation risks for both the underlying shares and overlying options are adequately mitigated through this transparency framework as options manipulation is typically achieved through manipulation of the underlying security.

The Exchange believes that the proposal is similar to previous proposals that have sought to establish parallel listing standards for options as the underlying exchange-traded fund.²³ Specifically, in 2015 the Miami International Securities Exchange LLC (“MIAX”) submitted a proposed rule filing that would allow it to list and trade options on certain exchange-traded funds

²² ETF Shares, which generally include index fund shares and portfolio depositary receipts, may list under the applicable ETF Shares listing rule, provided they meet all specified requirements. The proposal clarifies Exchange Rules to explicitly confirm that such ETF Shares fall within the scope of Interpretation and Policy .06 to Rule 4.3.

²³ See Securities Exchange Act Nos. 874509 (March 13, 2015) 80 FR 14425 (March 19, 2015) (SR-MIAX-2015-04) (Order Approving a Proposed Rule Change To Amend MIAX Rule 402); 75296 (June 25, 2015) 80 FR 37692 (July 1, 2015) (SR-CBOE-2015-052) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 5.3.06) (collectively, the “Prior Options ETF Amendments”).

without a CSSA provided that such exchange-traded funds that underlie options are listed on an equities exchange pursuant to certain generic listing standards under which a CSSA is not required. In the MIAX Approval Order, the Commission stated that it “believes that it is consistent with the Act for the Exchange to list and trade options that overlie ETFs, provided such ETFs are listed pursuant to generic listing standards on equities exchanges for portfolio depository receipts and index fund shares based on international or global indexes under which a CSSA with a foreign market is not required”.²⁴

The Exchange believes this proposal represents a natural progression from the MIAX Approval Order, which established the principle that options listing standards should align with the surveillance framework of their underlying securities. While the MIAX Approval Order was limited to portfolio depository receipts and index fund shares based on international or global indexes, the Exchange believes the underlying regulatory logic (that adequate transparency and surveillance of the underlying security can support options listing without additional CSSA requirements) applies equally to ETF Shares listed under generic listing standards. This is further supported by the fact that Exchange-traded funds listed pursuant to the previous generic listing standards would generally meet the requirements of Rule 6c-11 and thus could list as ETF Shares. The Commission's determination that Rule 6c-11 ETF Shares can be listed generically without CSSA requirements due to their transparency should logically extend to options overlying these same transparent products. Specifically, the Exchange believes Rule 6c-11's portfolio transparency requirements provide an even stronger foundation for surveillance than the CSSA requirement contemplated in the MIAX Approval Order. The Commission has determined that portfolio transparency is central to preventing manipulation of ETF Share prices and serves as the primary qualification for generic listing of ETF Shares.²⁵ The Exchange

²⁴ Supra note 6 at 14426.

²⁵ See BZX ETF Shares Approval Order at 20320.

believes this same transparency rationale supports the generic listing of options on ETF Shares by aligning the options generic listing standards with the ETF Shares generic listing standards. Where ETF Shares have been deemed sufficiently transparent to warrant generic listing, the Exchange believes the manipulation risks for both the underlying shares and overlying options are adequately mitigated through this transparency framework as options manipulation is typically achieved through manipulation of the underlying security. As such, the Exchange believes that the proposal furthers the protection of investors and the public interest by applying established regulatory principles to the evolved ETF landscape created by Rule 6c-11, while maintaining appropriate surveillance safeguards through the underlying securities' transparency requirements.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because ETF Shares, like any other exchange-traded funds, would have to satisfy the Exchange's initial listing standards to be eligible for options trading.²⁶ Additionally, the proposed rule change would apply to all market participants in the same manner as options on index fund shares and portfolio depositary receipts and generically listed options on ETF Shares would be equally available to all market participants who wish to trade such options.

The Exchange does not believe that the proposal will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that aligning the options generic listing standards with the ETF Shares generic listing standards may make the Exchange a more attractive marketplace to market participants at other

²⁶ See Interpretation and Policy .06 to Exchange Rule 4.3.

exchanges, such market participants are free to elect to become market participants on the Exchange.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act²⁷ and Rule 19b-4(f)(6) thereunder.²⁸ Because the proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act²⁹ and Rule 19b-4(f)(6)(iii) thereunder.³⁰

A proposed rule change filed under Rule 19b-4(f)(6)³¹ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),³² the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Exchange states that waiver of the operative delay would add immediate clarity to the Exchange’s rulebook by aligning its options listing requirements with

²⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁸ 17 CFR 240.19b-4(f)(6).

²⁹ 15 U.S.C. 78s(b)(3)(A).

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

³¹ 17 CFR 240.19b-4(f)(6).

³² 17 CFR 240.19b-4(f)(6)(iii).

the underlying generic ETF Shares listing standards. Specifically, the proposed rule change would explicitly confirm that such ETF shares fall within the scope of Interpretation and Policy .06 to Exchange Rule 4.3. In addition, the Exchange believes that the proposed rule change may result in more timely investment options and opportunities for market participants seeking efficient trading and hedging vehicles to achieve their investment objectives. For the foregoing reasons, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.³³

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings under Section 19(b)(2)(B)³⁴ of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2025-053 on the subject line.

³³ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See U.S.C. 78c(f).

³⁴ 15 U.S.C. 78s(b)(2)(B).

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-2025-053. 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-2025-053 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.³⁵

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-15523 Filed: 8/14/2025 8:45 am; Publication Date: 8/15/2025]