



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103749; File No. SR-MIAX-2025-38]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC ; Notice of Filing and Immediate Effectiveness of Proposed Change to Amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits to Allow the Exchange to Increase the Position and Exercise Limits for Grayscale Bitcoin Trust ETF, Grayscale Bitcoin Mini Trust ETF, and the Bitwise Bitcoin ETF

August 20, 2025.

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on August 14, 2025, Miami International Securities Exchange, LLC (“MIAX” or the “Exchange”) 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 self-regulatory organization. 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 Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits to increase the position and exercise limits for for [sic] Grayscale Bitcoin Trust ETF (“GBTC”), Grayscale Bitcoin Mini Trust ETF (“BTC”), and the Bitwise Bitcoin ETF (“BITB”)(collectively, the “Bitcoin ETFs”).

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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

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 self-regulatory organization 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 those 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 parts of such statements.

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

1. Purpose

The Exchange proposes to amend Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits,⁴ to permit the Bitcoin ETFs to increase the position and exercise limits for options on each Bitcoin ETF from 25,000 contracts by removing each Bitcoin ETF from Interpretation and Policy .01 to Exchange Rule 307 and Interpretation and Policy .01 to Exchange Rule 309. This is a competitive filing based on similar proposals submitted by NYSE Arca Inc. (“NYSE Arca”), Cboe Exchange, Inc. (“Cboe”), and Nasdaq ISE, LLC (“ISE”) and approved by the Securities and Exchange Commission (“Commission”).⁵

Each Bitcoin ETF is an exchange-traded fund (“ETF”) that holds Bitcoin and is listed on

⁴ The Exchange notes that all the rules of Chapter III of MIAX, including Rules 307 and 309, are incorporated by reference into the rulebooks of MIAX Emerald, LLC, MIAX Pearl, LLC and MIAX Sapphire, LLC.

⁵ See Securities Exchange Act Release Nos. 103567 (July 29, 2025) 90 FR 36253 (August 1, 2025)(SR-NYSEArca-2025-07)(Self-Regulatory Organizations; NYSE Arca, Inc.; Order Approving a Proposed Rule Change, as Modified by Amendment No. 3, To Amend Rules Regarding Position and Exercise Limits for Options on the Grayscale Bitcoin Trust (“GBTC”) and To Permit Flexible Exchange Options on GBTC); 103587 (July 29, 2025) 90 FR 36238 (August 1, 2025)(SR-NYSEArca-2025-10)(collectively, the “NYSE Arca Approval Orders”); 103663 (August 8, 2025)(SR-CBOE-2025-056)(Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Rules Regarding the Position and Exercise Limits for Options on the iShares Bitcoin Trust ETF, Grayscale Bitcoin Trust ETF, Grayscale Bitcoin Mini Trust BTC, and the Bitwise Bitcoin ETF)(“Cboe Approval Order”); and 103643 (August 5, 2025) (SR-ISE-2025-22)(Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend FLEX, Position and Exercise Limit Rules for the Grayscale Bitcoin Mini Trust ETF, the Bitwise Bitcoin ETF, and the Grayscale Bitcoin Trust ETF)(“ISE Approval Order”).

a national equities exchange.⁶ In November 2024, the Exchange received approval to list options on GBTC, BTC, and BITB options.⁷ The position and exercise limits for each Bitcoin ETF options are 25,000 contracts as stated in Interpretation and Policy .01 to Exchange Rule 307, Position Limits, and Interpretation and Policy .01 to Exchange Rule 309, Exercise Limits the lowest limit available in options.⁸

Per the Commission “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”⁹ For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”¹⁰ Based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000 contract position limit for the Bitcoin ETF Options satisfied these objectives.¹¹

⁶ NYSE Arca received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in GBTC, BTC, and BITB pursuant to NYSE Arca Rule 8.201-E(c)(1). See Securities Exchange Act Release Nos. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to list and trade options on, among other ETFs, GBTC) (SR-NYSEARCA-2021-90); 100610 (July 26, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BTC, among other ETFs), 89 FR 62821 (August 1, 2024) (SR NYSEARCA-2023-45); and 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (order approving listing and trading of Commodity-Based Trust Shares of BITB, among other ETFs) (SR-NYSEARCA-2021-90).

⁷ See Securities Exchange Act Release No. 101716 (November 21, 2024), 89 FR 94856 (November 29, 2024) (SR-MIAX-2024-42) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits To Allow the Exchange To List and Trade Options on the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF)(“Bitcoin ETF Options Notice”).

⁸ See Interpretation and Policy .01 to Exchange Rule 307 and Interpretation and Policy .01 to Exchange Rule 309.

⁹ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942, 78946 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Options Approval Order”).

¹⁰ See id.

¹¹ See id.; Securities Exchange Act Release Nos. 101386 (October 18, 2024), 89 FR 84960 (October 24, 2024) (SR-NYSEAMER-2024-49) (the “GBTC, BTC, and BITB Options Approval Order”).

While the Exchange proposed an aggregated 25,000 contract position limit for each Bitcoin ETF option in its rule filings to list and trade these options, it nonetheless believed that evidence existed to support a much higher position limit. Specifically, the Commission has considered and reviewed the Exchange's analysis and NYSE Arca's analysis as it was presented by the Exchange in the Bitcoin ETF Options Notice that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.9% of the outstanding shares of GBTC; 0.7% of the outstanding shares of BTC; and 3.6% of the outstanding shares of BITB.¹² The Commission also has considered and reviewed the Exchange's statement in its Bitcoin ETF Options Notice that with a position limit of 25,000 contracts on the same side of the market for each Bitcoin ETF option: (1) with 284,570,100 shares of GBTC outstanding, 114 market participants would have to simultaneously exercise their positions to place GBTC under stress; (2) with 366,950,100 shares of BTC outstanding, 147 market participants would have to simultaneously exercise their positions to place BTC under stress; and (3) with 68,690,000 shares of BITB outstanding, 27 market participants would have to simultaneously exercise their positions to place BITB under stress.¹³ Based on the Commission's review of this information and analysis, the Commission concluded that the proposed position and exercise limits of 25,000 contracts for each of GBTC, BTC, and BITB options were designed to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.¹⁴

Each Bitcoin ETF option would qualify for a 250,000 contract position limit pursuant to

¹² See GBTC, BTC, and BITB Options Approval Order, at 84970 (data as of August 30, 2024).

¹³ See GBTC, BTC, and BITB Options Approval Order, at 84971 (data as of August 30, 2024).

¹⁴ See IBIT Options Approval Order, at 78946; and GBTC, BTC, and BITB Options Approval Order, at 84971.

the criteria in Exchange Rule 307(d)(5), which requires that, for the most recent six-month period, trading volume for the underlying security be at least 100 million shares.¹⁵ As of November 25, 2024, the market capitalization and average daily volume (“ADV”), for the preceding three months,¹⁶ for each Bitcoin ETF was:

Bitcoin ETF	Market Capitalization	Three-Month ADV
GBTC	\$20,661,316,542	3,829,597 shares
BTC	\$3,496,748,882	2,036,369 shares
BITB	\$4,095,157,000	2,480,478 shares

Therefore, each Bitcoin ETF is well-above the requisite 100,000,000 shares necessary to qualify for the 250,000,000 contract position and exercise limit. Also, as of November 25, 2024, there are 19,787,762 bitcoins in circulation.¹⁷ At a price of \$94,830,¹⁸ that equates to a market capitalization of greater than \$1.876 trillion US. If a position limit of 250,000 contracts were considered, the exercisable risk would represent 9.13%.¹⁹ 30.14%,²⁰ and 31.27%²¹ of GBTC, BTC, and BITB shares outstanding, respectively. Given each Bitcoin ETF’s liquidity, the current 25,000 position limit is extremely conservative.

Position limits, and exercise limits, are designed to limit the number of options contracts

¹⁵ Exchange Rule 307, Position Limits, provides at subparagraph (d)(5) that to be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six (6) month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

¹⁶ The market capitalization for each Bitcoin ETF was determined by multiplying a settlement price (\$75.42 – GBTC, \$42.16 – BTC, \$51.70 – BITB) by the number of shares outstanding (GBTC – 273,950,100, BTC – 82,939,964, BITB – 79,950,100). GBTC, BTC, and BITB data acquired from FactSet.

¹⁷ See <https://www.coingecko.com/en/coins/bitcoin>.

¹⁸ This is the approximate price of bitcoin from 4:00pm ET on November 25, 2024.

¹⁹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 273,950.100 shares outstanding).

²⁰ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 82,939,964 BTC shares outstanding).

²¹ This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 79,950,100 BITB shares outstanding).

traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in Exchange Rules 307 and 309, are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

To achieve this balance, the Exchange proposes to remove each Bitcoin ETF from the table of position limits in Interpretation and Policy .01 to Exchange Rule 307 as well as the table of exercise limits in Interpretation and Policy .01 to Exchange Rule 309 so that options on each Bitcoin ETF may trade similar to all other options for which the Exchange has not filed to otherwise increase the position limits to levels outside of the limits of Exchange Rule 307(d). As a result of removing each Bitcoin ETF from the aforementioned tables, it would increase the position and exercise limits for options on each Bitcoin ETF from 25,000 to 250,000 contracts based on the parameters of Exchange Rule 307(d). By removing each Bitcoin ETF from the aforementioned tables, each Bitcoin ETF would be subject to subsequent six (6) month reviews to determine future position and exercise limits similar to all other options subject to Exchange Rules 307 and 309.

With respect to GBTC, BTC, and BITB, the Exchange reviewed data presented by NYSE Arca in its filings to amend the position and exercise limits for GBTC, BTC, and BITB options. First, the Exchange reviewed NYSE Arca's comparison of the market capitalization of each of these three Bitcoin ETFs relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. As noted above, as of November 25, 2024, there were 19,787,762 Bitcoins in circulation.²² At a price of \$94,830 per Bitcoin,²³ that equates

²² See <https://www.coingecko.com/en/coins/bitcoin>.

²³ This is the approximate price of Bitcoin from 4:00pm ET on November 25, 2024.

to a market capitalization of greater than \$1.876 trillion. If a position (and exercise) limit of 250,000 contracts were considered, the exercisable risk would represent 9.13%,²⁴ 30.14%,²⁵ and 31.27%²⁶ of GBTC, BTC, and BITB shares outstanding, respectively. Since each of GBTC, BTC, and BITB has a creation and redemption process managed through the issuer (whereby Bitcoin is used to create shares of each such Bitcoin ETF), the position and exercise limit can be compared to the total market capitalization of the entire Bitcoin market, and in that case, the exercisable risk for options on GBTC, BTC, and BITB would represent less than 0.10%,²⁷ 0.06%,²⁸ and 0.07%,²⁹ respectively, of all Bitcoin outstanding. The Exchange notes that if each of GBTC, BTC, and BITB options were subject to a 250,000-contract position and exercise limit (based on each ETF's trading volume), and if all options on GBTC, BTC, or BITB shares were exercised at once, this occurrence would have a virtually unnoticed impact on the entire Bitcoin market. This NYSE Arca analysis demonstrates that a 250,000-contract position (and exercise) limit for each of GBTC, BTC, and BITB options would be appropriate given each of these Bitcoin ETF's liquidity.

Additionally, NYSE Arca reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), NYSE Arca examined equivalent bitcoin futures position limits. In particular, NYSE Arca looked at the CME

²⁴ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 273,950,100 \text{ shares outstanding})$.

²⁵ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 82,939,964 \text{ shares outstanding})$.

²⁶ This percentage is arrived at with this equation: $(250,000 \text{ contract limit} * 100 \text{ shares per option} / 79,950,100 \text{ BITB shares outstanding})$.

²⁷ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$75.42 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

²⁸ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$42.16 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

²⁹ This number was arrived at with this calculation: $((250,000 \text{ limit} * 100 \text{ shares per option} * \$51.70 \text{ settle}) / (19,787,762 \text{ Bitcoin outstanding} * \$94,830 \text{ Bitcoin price}))$.

bitcoin futures contract³⁰ that has a position limit of 2,000 futures.³¹ On October 22, 2024, CME bitcoin futures settled at \$94,945.³² On October 22, 2024, GBTC settled at \$53.64, BTC settled at \$29.90, and BITB settled at \$36.74, which would equate to greater than 17,700,410 shares of GBTC, 31,754,180 shares of BTC, and 25,842,406 shares of BITB, if the CME notional position limit was utilized.³³ Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 175,578 limit.

Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).³⁴ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁵ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned

³⁰ CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

³¹ See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

³² 2,000 futures at a 5 bitcoin multiplier (per the contract specifications) equates to \$949,450,000 (2000 contracts * 5 BTC per contract * \$94,945 price of November BTC future) of notional value.

³³ Id.

³⁴ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/positionlimits-aggregation-of-contracts-and-table.htm>.

³⁵ Id.

analysis, the Exchange believes that the proposed 250,000 contracts for position and exercise limits is appropriate.

Finally, NYSE Arca also compared a position and exercise limit of 250,000 contracts for GBTC, BTC, and BITB against the position and exercise limits for GLD and SLV options. GLD has a float of 306.1 million shares³⁶ and a position limit of 250,000 contract. SLV has a float of 520.7 million shares,³⁷ and a position limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 8.17% of the float of GLD; and a position limit exercise in SLV would represent 4.8% of the float of SLV. In comparison, a 250,000 contract position limit would represent 9.13% of the GBTC float, 30.14% of the BTC float, and 31.27% of the BITB float. A 250,000 contract position and exercise limit for each of GBTC, BTC, and BITB is comparable with the standard applied to GLD and SLV and is therefore appropriate.

The Exchange believes the above information demonstrates that each Bitcoin ETF option has more than sufficient liquidity to garner an increased position and exercise limit of 250,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in each Bitcoin ETF. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption. Additionally, the Exchange believes the proposed rule change would lead to a more liquid and competitive market environment for the Bitcoin ETF options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each member organization that maintains positions in impacted

³⁶ See <https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld>.

³⁷ See <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market-Makers³⁸ would continue to be exempt from this reporting requirement, however, the Exchange may access Market-Maker position information.³⁹ Moreover, the Exchange's requirement that member organizations file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.⁴⁰

The Exchange also has no reason to believe that the growth in trading volume in Bitcoin ETF options will not continue. Rather, the Exchange expects continued options volume growth in the Bitcoin ETF options as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits applicable to the Bitcoin ETF options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for the Bitcoin ETF options, market participants will find the 25,000 contract position limit an impediment to their business and investment

³⁸ Market Makers refers to "Lead Market Makers," "Primary Lead Market Makers," and "Registered Market Makers" collectively. See Exchanged Rule 100.

³⁹ The Options Clearing Corporation ("OCC") through the Large option Position Reporting ("LOPR") system acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member or Member organization, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as Financial Industry Regulatory Authority, Inc. ("FINRA"), acting as its agent pursuant to a regulatory services agreement ("RSA"). 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 Exchanged Rule 100.

⁴⁰ See Exchange Rule 310.

objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes that each Bitcoin ETF options position limits would be reviewed on a six month basis, pursuant to Exchange Rule 307(d), similar to other options.

The Exchange represents that the same surveillance procedures applicable to all other options on other ETFs currently listed and traded on the Exchange will apply to options on each Bitcoin ETF options. Also the Exchange represents that it has the necessary systems capacity to support the new option series. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading options on ETFs, including the Bitcoin ETF options.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,⁴¹ which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current

⁴¹ 17 CFR 240.13d-1.

margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a member organization must maintain for a large position held by itself or by its customer.⁴² In addition, Rule 15c3-1⁴³ imposes a capital charge on member organizations to the extent of any margin deficiency resulting from the higher margin requirement.

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.⁴⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴⁵ 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. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)⁴⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that removing each Bitcoin ETF options from the table of position limits in Interpretation and Policy .01 to Exchange Rule 307 and the table of exercise limits in Interpretation and Policy .01 to Exchange Rule 309, so their position limit would be reviewed similar to all other options for which the Exchange has not filed to otherwise establish

⁴² See Exchange Rules, Chapter 15, Margins.

⁴³ 17 CFR 240.15c3-1.

⁴⁴ 15 U.S.C. 78f(b).

⁴⁵ 15 U.S.C. 78f(b)(5).

⁴⁶ Id.

the position limits to levels outside of the position limits of Exchange Rule 307(d) is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for each of the Bitcoin ETF options may allow Market-Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in the Bitcoin ETF options. Subjecting options on each Bitcoin ETF to the position limits in Exchange Rule 307(d) and corresponding exercise limits in Exchange Rule 309 may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this proposed change would allow institutional investors to utilize the Bitcoin ETF options for prudent risk management purposes. The Exchange notes that each of the Bitcoin ETF position limits would be reviewed on a six month basis, pursuant to Exchange Rule 307(d), similar to other options.

In addition, the Exchange believes that the current liquidity in each Bitcoin ETF will mitigate concerns regarding potential manipulation of each Bitcoin ETF options and/or disruption of each Bitcoin ETF upon amending the table of position limits in Interpretation and Policy .01 to Exchange Rule 307 and the table of exercise limits in Interpretation and Policy .01 to Exchange Rule 309.

In support of the proposed rule change, the Exchange cites the in-depth analysis NYSE Arca did in its filings, as noted above, NYSE Arca considered, among other things: (1) applicable Bitcoin ETF's market capitalization and ADV, and a 250,000 contract position and exercise limit in relation to the position limits of options on other securities; (2) market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables; and (3) comparing a 250,000 contract position limit to position limits for derivative

products regulated by the CFTC. Based on the Exchange's review of these analyses, the Exchange believes that subjecting the Bitcoin ETF options to the position (and exercise) limits set forth in Interpretation and Policy .01 to Exchange Rule 307 and the table of exercise limits in Interpretation and Policy .01 to Exchange Rule 309 is more than appropriate. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁴⁷

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

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. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to filings submitted by NYSE Arca, Cboe and ISE.⁴⁸

The Exchange's proposal does not burden intra-market competition because all Members would be subject to the position limits in Exchange Rule 307(d) and corresponding exercise

⁴⁷ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998)(SR-CBOE-1997-11).

⁴⁸ See supra note 4.

limits in Exchange Rule 309. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for Bitcoin ETF options on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁴⁹ and Rule 19b-4(f)(6) thereunder.⁵⁰ 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 Act⁵¹ and Rule 19b-4(f)(6)(iii) thereunder.⁵²

A proposed rule change filed under Rule 19b-4(f)(6)⁵³ under the Act does not normally

⁴⁹ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵⁰ 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 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 the pre-filing requirement.

⁵¹ 17 CFR 240.19b-4(f)(6).

⁵² 15 U.S.C. 78s(b)(3)(A)(iii).

⁵³ 17 CFR 240.19b-4(f)(6).

become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b4(f)(6)(iii),⁵⁴ 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 waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission previously approved the removal of the 25,000 contract position and exercise limits for Bitcoin ETF options, such that those funds will be subject to the position and exercise limits as determined for equity options for which no set limit has been otherwise established on that exchange.⁵⁵ The Exchange is proposing similarly to remove of the 25,000 contract position and exercise limit for Bitcoin ETF options, such that those funds will be subject to the position and exercise limits as determined by the position limit rules at Rule 307. The Exchange has provided information regarding Bitcoin ETF options, including, among other things, information regarding trading volume, and the market capitalization of Bitcoin ETF options and surveillance procedures that will apply. The Commission notes that the proposal raises no new or novel legal issues and would simply provide an additional venue for trading Bitcoin ETF options with position and exercise limits that may be higher than 25,000 contracts. Therefore, 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 as operative upon filing.⁵⁶

At any time within 60 days of the filing of such 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

⁵⁴ 17 CFR 240.19b-4(f)(6)(iii).

⁵⁵ See *supra* Note 4.

⁵⁶ 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 15 U.S.C. 78c(f).

Commission shall institute proceedings under Section 19(b)(2)(B)⁵⁷ 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-MIAX-2025-38 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-MIAX-2025-38. 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

⁵⁷ 15 U.S.C. 78s(b)(2)(B).

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-2025-38 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.⁵⁸

Sherry R. Haywood,

Assistant Secretary.

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