



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104157; File No. SR-CBOE-2025-075]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rule 5.4

September 30, 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 September 30, 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, II, and III 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 Rule 5.4(a) to change the minimum increment for all series of options on the Cboe Mini Bitcoin U.S. ETF Index (“MBTX options”) to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website (https://www.cboe.com/us/options/regulation/rule_filings/), and at the principal office of the Exchange.

¹ 15 U.S.C. 78s(b)(1).

² 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 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 5.4(a) to change the minimum increment for all series of options on the Cboe Mini Bitcoin U.S. ETF Index (“MBTX options”) to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher. The Exchange believes market demand (including by retail investors, who generally prefer lower trading increments) supports a lower trading increment for MBTX options. Options overlying the components of the Cboe Mini Bitcoin U.S. ETF Index (and the underlying exchange-traded funds (“ETFs”)³) are actively traded. The Exchange expects this more granular pricing to lead to narrowing of the bid-ask spread for these options and increase the possible number of price points available to investors for these series. The Exchange believes tighter spreads will increase order flow in MBTX options, which additional liquidity ultimately benefits all investors. Finer increments also permit more precise pricing in line with the theoretical value of these options.

With regard to the impact of this proposed rule change on system capacity, the Exchange has analyzed its capacity and represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle any potential additional traffic associated with this proposal.

³ See https://cdn.cboe.com/api/global/us_indices/governance/Cboe_Bitcoin_US ETF_Index_Methodology.pdf (which requires each constituent to have monthly consolidated trading volume of at least 500,000 shares for each month within the immediately preceding six-month period, an average consolidated trading volume of at least 1,000,000 shares over the immediately preceding six months, and a market capitalization of at least \$75 million).

The Exchange does not believe any potential increased traffic will become unmanageable since this proposed rule change with respect to minimum trading increments is limited to a single class of options.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁴ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵ 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)⁶ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes the proposed rule change will protect investors and the public interest. As discussed above, the Exchange believes market demand (including by retail investors, who generally prefer lower trading increments) supports a lower trading increment for MBTX options. Options overlying the components of the Cboe Magnificent 10 Index are among the most actively traded options (as are the underlying stocks), the most actively traded of which (iShares Bitcoin Trust (“IBIT”)) is eligible for a lower trading increment, supporting the view that there will be market demand for the proposed trading increments for MBTX options. The proposed

⁴ 15 U.S.C. 78f(b).

⁵ 15 U.S.C. 78f(b)(5).

⁶ Id.

rule change will permit more granular pricing in MBTX options, which may lead to narrower bid-ask spreads for these options and increase the possible number of price points available to investors for these series, which ultimately increases liquidity to the benefit of all investors. The Exchange believes tighter spreads will also increase order flow in MBTX options, which additional liquidity ultimately benefits all investors. Further, finer increments also permit more precise pricing in line with the theoretical value of these options.

Additionally, the Exchange believes the proposed rule change 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 it will permit MBTX options to trade at the same level of granularity as permitted for IBIT options, which is the primary competitive product for MBTX options.⁷ As a result, the Exchange believes MBTX options should be eligible for the same pricing increments for competitive reasons to allow the Exchange to price these weekly options at the same level of granularity as permitted for competitor products.⁸ Market participants may also use IBIT options to hedge MBTX options or as part of other investment strategies involving IBIT options. Therefore, having the pricing increments for MBTX options aligned with these related products will permit investors to trade related products at more granular prices that may be more aligned with their investment objectives. The Exchange notes that MBTX options are eligible for complex order trading, which permits the legs to execute in penny increments, and the automated improvement mechanism (“AIM”) auction for simple orders, which also permits penny executions.⁹ Therefore, current rules already allow MBTX options to trade in penny increments in certain situations.

⁷ IBIT is a component of the underlying index, and those options qualify for the Penny Interval Program under Rule 5.4(a) and is the 13th most actively traded equity option (based on six-month trading volume as of September 19, 2025).

⁸ The Exchange notes that other index options that trade on the Exchange are currently permitted to trade in smaller increments because competitive products are able to trade in those smaller increments. See Rule 5.4 (the minimum for XSP options is \$0.01 because that is the minimum increment for SPY options, and the minimum increment for DJX options is \$0.01 for series below \$3 and \$0.05 for series \$3 and above because that is the minimum increment for DIA options).

⁹ See Rule 5.37(a)(4).

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 proposed rule change will not impose any burden on intramarket competition that is not necessary or appropriate, because all Trading Permit Holders will be able to trade MBTX options in the proposed minimum trading increments. The proposed rule change will not impose any burden on intermarket competition that is not necessary or appropriate, because it will permit MBTX options to have pricing consistent with the pricing of its largest competitor product (IBIT options), which is part of the Penny Interval Program and may currently trade in increments of \$0.01 or \$0.05. Additionally, the proposed rule change to permit MBTX options to be listed in penny and nickel increments may relieve any burden on, or otherwise promote, competition, as it will allow market participants to trade these options at the same level of granularity as permitted for competitor products, as discussed above. The Exchange also expects the more granular pricing to lead to narrowing of the bid-ask spread for these options, which the Exchange believes will increase order flow and price competition in MBTX options.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission will:

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

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-CBOE-2025-075 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-CBOE-2025-075. 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-2025-075 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.¹⁰

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025-19444 Filed: 10/2/2025 8:45 am; Publication Date: 10/3/2025]

¹⁰ 17 CFR 200.30-3(a)(12).