



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104268; File No. 4-443]

### **Joint Industry Plan; Notice of Filing of Proposed Amendment to Add Paragraph (c) to Section 6 of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options to Create a Forum for Discussion Concerning Plan Matters**

November 25, 2025.

Pursuant to Section 11A of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 608 thereunder,<sup>2</sup> notice is hereby given that on November 13, 2025, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., and Cboe Exchange, Inc., on behalf of the Sponsors<sup>3</sup> of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options Submitted Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934 (“Options Listing Procedures Plan,” “Plan,” or “OLPP”),<sup>4</sup> filed with the Securities and Exchange Commission (“Commission”) a proposed amendment to the OLPP (“Amendment”).<sup>5</sup> The Amendment proposes to add a provision to the OLPP authorizing the OLPP Sponsors to act jointly to discuss issues within the scope of the Plan, authority which is intended to facilitate both discussions among the Sponsors

<sup>1</sup> 15 U.S.C. 78k-1.

<sup>2</sup> 17 CFR 242.608.

<sup>3</sup> The Sponsors of the OLPP are: BOX Exchange LLC; Cboe BZX Exchange, Inc.; Cboe C2 Exchange, Inc.; Cboe EDGX Exchange, Inc.; Cboe Exchange, Inc.; MEMX LLC; Miami International Securities Exchange LLC; MIAX Emerald, LLC; MIAX Pearl, LLC; MIAX Sapphire, LLC; Nasdaq BX, Inc.; Nasdaq GEMX, LLC; Nasdaq ISE, LLC; Nasdaq MRX, LLC; Nasdaq PHLX LLC; The Nasdaq Stock Market LLC; NYSE American LLC; NYSE Arca, Inc.; and The Options Clearing Corporation.

<sup>4</sup> OLPP is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. See Securities Exchange Act Release No. 44521 (July 6, 2001), 66 FR 36809 (July 13, 2001). The full text of the OLPP is available at [https://www.theocc.com/getmedia/198bfc93-5d51-443c-9e5b-fd575a0a7d0f/options\\_listing\\_procedures\\_plan.pdf](https://www.theocc.com/getmedia/198bfc93-5d51-443c-9e5b-fd575a0a7d0f/options_listing_procedures_plan.pdf).

<sup>5</sup> The Sponsors previously filed an amendment on October 31, 2024. See Securities Exchange Act Release No. 101640 (Nov. 15, 2024), 89 FR 92238 (Nov. 21, 2024) (“Notice”). On February 19, 2025, the Sponsors withdrew that amendment.

and, as appropriate, discussions among the Sponsors and other industry participants, concerning ways to achieve and enhance a fair and orderly market for options trading. Examples of matters that are within the scope of the Plan, and which may be the subject of such discussions include, but are not limited to, procedures for the listing of standardized options; adjustments to the terms of options contracts; criteria related to permissible classes of options overlying equity securities and series' strike prices, expiration terms, and trading increments; and limiting or reducing the number of listed option series to mitigate quote message traffic, to enhance market quality, and to otherwise address capacity issues. As discussed below, the proposed Amendment also includes a number of provisions governing how the discussions that are the subject of the Amendment will take place, including a provision requiring that an observer from the Commission must be present during any discussions that take place pursuant to the Amendment.

The Commission is publishing this notice to solicit comments from interested persons on the proposed amendment. Set forth below in Section I, which is being published substantially as filed by the Sponsors, is the statement of the purpose and summary of the Amendment, along with information pursuant to Rule 608(a) under the Act.

## **I. Requirements Pursuant to Rule 608(a)**

### **1. Text of Amendment**

This Amendment proposes to add paragraph (c) to Section 6 of the Plan. The text of the proposed amendment is in Exhibit I, which is set forth in Section II, below.

### **2. Purpose of Amendment**

For many years, the Sponsors and industry members have recognized the need for a forum for discussions to take place among the Sponsors, and potentially with other industry participants, to identify issues facing the options trading industry and to explore possible solutions. The discussions that have taken place in the past have often been on an impromptu and such discussions may have involved one or more of the Sponsors, market maker members of the

national securities exchanges, the staff of the Commission, and the members of various industry working groups (such as the Listed Options Market Structure Working Group).

One example of the type of issue that the Sponsors might discuss among themselves, and perhaps with other industry participants, are the “quote mitigation” concerns that have been voiced by industry participants, including concerns about proliferation of listed options strike prices and the resulting potential negative effects on investors and on the market makers that are obligated to quote in all of the listed series. In particular, industry participants have raised concerns about the proper balance between the need to provide investors with a sufficient number of strikes to meet their investment purposes, while also ensuring that the number of listed strikes does not become so large that market makers, who are required to quote continuously in a significant number of existing strikes, are unduly burdened by having to expend significant amounts of their finite capital to continuously quote strikes for which there is minimal or no investor interest in trading. Indeed, while investors need to have a choice of appropriately granular strikes to satisfy their investment needs, some industry participants have questioned whether the increase in the number of strikes might harm investors, particularly in series with lower investor interest in trading, because those investors might become confused about the differences in investment characteristics between the various strikes and ultimately could be unable to close out positions in illiquid series in an effective manner. Finally, industry participants also have questioned whether the proliferation of strikes might harm overall market quality and widen spreads because market makers are forced to deploy their limited capital in a less efficient manner due to the fact that they have to expend some of their capital to fulfill their obligation to continuously quote strikes for which there is minimal or no investor interest in trading. Rather than address the quote mitigation issues in a wholistic manner and engaging in the types of discussions that are the subject of the proposed Amendment, some of the quote mitigation issues have been addressed in a piecemeal fashion through a number of amendments to both the Plan and to the rules of the Sponsors. For example, in 2009, the Sponsors proposed a

“quote mitigation strategy” amendment to the Plan, with a goal of reducing the amount of quote traffic that had resulted from the Penny Pilot Program that is in the Plan. See Joint Industry Plan; Notice of Filing of Amendment No. 3 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options, Release No. 34-60362, 74 Fed. Reg. 37266 (July 22, 2009). When proposing that amendment, the Sponsors highlighted that the Penny Pilot Program resulted “in an explosion of quote traffic” and that the proposed “uniform listing standards to the range of options series exercise (or strike) prices available for trading” was a quote mitigation strategy designed to “reduce the number of options series available for trading, which will in turn lessen the rate of increase in quote traffic.” Id., 74 Fed. Reg. at 37266 and n.4.

When it approved the 2009 amendment to the Plan, the Commission concluded that the amendment “should reduce the number of options series available for trading, and thus should reduce increases in the options quote message traffic because market participants will not be submitting quotes in those series.” See Joint Industry Plan, Order Approving Amendment No. 3 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options, Release No. 34-60531, entered on August 19, 2009, 74 Fed. Reg. 43173, 43174 (Aug. 26, 2009).

Another example of an effort by a Sponsor to address a quote mitigation issue occurred in 2020, when Nasdaq BX, Inc. (“BX”) proposed a rule that sought to limit “Short Term Options Series” intervals between strikes which are available for quoting and trading on that exchange. See Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing of Proposed Rule Change To Amend Options 4, Section 5, To Limit Short Term Options Series Intervals Between Strikes Which are Available for Quoting and Trading on BX, Release No. 34-90384, 85 Fed. Reg. 73113 (Nov. 9, 2020). In its filing, BX noted that its proposal “to reduce the number of strikes in the furthest weeklies, where there exist wider markets and therefore lower market quality” was an “initial attempt at reducing strikes and [that BX] anticipates filing additional proposals to

continue reducing strikes.” Id., 85 Fed. Reg. at 73117 and n.23. BX also noted that reducing the number of listed weekly options would encourage market makers to deploy their capital more efficiently and improve displayed market quality. Id. at 73119. Finally, BX represented that (1) its proposal was a reaction to comments that it received from industry members “with respect to the increasing number of strikes that are required to be quoted by market makers in the options industry” and (2) reducing the number of strikes would “allow Lead Market Makers and Market Makers to expend their capital in the options market in a more efficient manner” because, as the number of strikes listed across options exchanges increases, market makers “must expend [more] capital to ensure that they have the appropriate infrastructure to meet their quoting obligations on all options markets in which they are assigned in options series.” Id.

When it approved BX’s 2020 rule filing, the Commission noted that it had received several comments expressing support for the proposed rule change. See Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Amend Options<sup>4</sup>, Section 5, To Limit Short Term Options Series Intervals Between Strikes That Are Available for Quoting and Trading on BX, Release No. 34-91125, entered February 12, 2021, 86 Fed. Reg. 10375, 10376 (Feb. 19, 2021). The Commission also found that:

More efficient and better calibrated strike increment rules can have a positive impact on options markets, as it can provide certainty, minimize confusion, and promote more efficient use of resources among market makers that are obligated to continuously quote such series, all while still offering customers the choice to meet their investment needs.

Id., 86 Fed. Reg. at 10377. Finally, the Commission noted that the approved rule “may serve as a starting point to a broader initiative to revisit, harmonize, and update the panoply of strike listing rules more broadly.” Id.

Following the Commission’s approval of BX’s 2020 rule filing, other exchanges, including Cboe Exchange, Inc. (“Cboe”), followed suit by promulgating similar amendments to their rules. See, e.g., Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 4.5 (Series of Option Contracts Open for Trading) in Connection With Limiting the Number of Strikes Listed for Short Term Option Series Which Are Available for Quoting and Trading on the Exchange, Release No. 34-91456, 86 Fed. Reg. 18090 (April 1, 2021). In its filing, Cboe noted that limiting the number of weekly strikes in which market makers are required to quote would allow those market makers to expend their capital in the options market in a more efficient manner, which could improve overall market quality, while still providing market participants with access to sufficient strike intervals to meet their investment objectives. Id., 86 Fed. Reg. at 18093-94. Cboe also noted that the removal of strikes found in clusters whose characteristics closely resemble one another would protect the investors and the general public by removing unnecessary choices of an options series, which could result in improved market quality. Id. at 18094.

In 2024, one of the Sponsors, Cboe, compiled statistics related to a quote mitigation issue by comparing the increase in the average number of multiple listed options series listed per day in the months of June 2020 and June 2024. Cboe also examined the reduction in the average percentage of series traded per day during those two months and the reduction in average percentage of series with open interest per day. That analysis suggests that there are still significant quote mitigation issues in the options markets that could be the subject of the type of discussions that the proposed Amendment would authorize.

Specifically, Cboe’s analysis revealed that the average series listed per day increased by 27% in June 2024, when compared to June 2020, with an average of 1,406,632 series listed per day in 2024 and 1,107,980 series listed per day in June 2020. Cboe’s analysis also revealed, however, that the average percentage of series that traded per day decreased from 18% in June 2020 to 10% in June 2024 and that the average percentage of series with open interest per day

decreased from 53% to 47% during those same comparison months. In other words, as the average number of series listed per day continues to increase, more series appear to have minimal or no investor interest in trading and therefore are less liquid – a dynamic that the Sponsors believe may worsen quote quality because market makers are required to expend their capital to quote in the expanding number of series that are listed.

The quote mitigation issues discussed above are one example of the types of issues that have led the Sponsors to conclude that the options industry would benefit from the Plan being amended to explicitly authorize the Sponsors to act jointly to discuss matters that fall within the scope of the Plan, including discussions that could take place at industry group meetings where industry participants could provide their views, with a goal of identifying existing issues that fall within the scope of the Plan and potential solutions to those issues. The proposed Amendment is consistent with Rule 608(a)(3)(A) of Regulation National Market System, which authorizes self-regulatory organizations (like the Sponsors) to act jointly in preparing and filing any amendment to a national market system plan. 17 C.F.R. § 242.608(a)(3)(A). If, as a result of their discussions, the Sponsors determine that it is appropriate to address an issue within the scope of the Plan by proposing one or more amendments to the Plan, the Amendment would authorize the Sponsors to act jointly to prepare and file such an amendment with the Commission pursuant to Rule 608(b) of Regulation NMS. 17 C.F.R. § 608(b). In addition, if the Sponsors determine to address any identified issues by amending their rules, the Amendment would authorize the Sponsors to act jointly to make one or more rule filings pursuant to Section 19(b) of the Exchange Act and Rule 19b-4 thereunder. 15 U.S.C. § 78s(b); 17 C.F.R. § 240.19b-4.

To provide appropriate levels of transparency about discussions that might take place pursuant to the proposed Amendment and Commission participation, the Amendment also includes a number of subsections governing (1) when the discussions will take place, (2) who can and who must be present during any discussions, (3) the agenda for any discussions, and (4)

a requirement that minutes be prepared. In particular, the Amendment would allow the Sponsors to hold discussions as frequently as they deem appropriate, with the requirement that an agenda be prepared prior to a discussion taking place. If any Sponsor objects to the inclusion of a discussion item on an agenda, that item would be removed from the agenda and it would not be discussed.

When a discussion takes place, the Amendment requires that (1) one or more representatives of each Sponsor must attend, (2) legal counsel for each Sponsor must attend (who may also serve as the Sponsor's representative), and (3) one or more Commission staff observers must attend. The Amendment also provides that the discussions may be held as part of a broader industry group meeting and that the Sponsors may invite additional observers to attend, provided, however, that if a Sponsor objects to an invitation of an additional observer, that observer would not be permitted to attend the discussion. Finally, as noted above, minutes must be taken with respect to each discussion and each Sponsor would have the opportunity to review and approve those minutes.

3. Manner of Implementation of Amendment

The proposed amendment will be added to the Plan following Commission approval of the amendment pursuant to Rule 608(b)(1) and (b)(2) of Regulation NMS.

4. Phases of Development and Implementation

Not applicable.

5. Impact on Competition

The Sponsors believe that the proposed amendment will impose no burdens on competition that are not necessary or appropriate in furtherance of the Act.

6. Written Understandings or Agreements Among Plan Members

Not applicable.

7. Approval of Proposed Amendment

Each Sponsor approved the submission of the Amendment and has executed a signed copy of the Amendment.

8. Exhibits

I. Proposed amendments to Section 6 of the Plan.

9. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

10. Terms and Conditions of Access

Not applicable.

11. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

12. Method and Frequency of Processor Evaluation

Not applicable.

13. Dispute Resolution

The Plan does not include provisions regarding the method by which disputes arising in connection with the operation of the plan will be resolved.

**II. Text of the Proposed Amendment to the OLPP (Exhibit I)**

Language proposed to be added to Section 6 of the Plan as new Section 6(c):

(c) The Plan Sponsors are authorized to act jointly to discuss matters within the scope of the Plan for the purpose of considering whether to file proposed Plan amendments or rule filings to promote uniform procedures and standards related to multiply listed options overlying equity securities to facilitate their continued effective trading on multiple exchanges. Matters within the scope of the Plan that may be the subject of such discussions include, but are not limited to: procedures for the listing of standardized options; options adjustments; criteria related to permissible classes of options overlying equity securities and series' strikes, expirations, and trading increments; and the reduction of the number of listed option series to mitigate quote message traffic and otherwise address capacity issues. Such discussions will be subject to the following:

(1) The Sponsors may hold discussions pursuant to this paragraph (c) as frequently as they deem necessary and appropriate. Any Sponsor may request such discussions be held, and the Sponsors may determine to hold such discussions as part of broader industry group meetings.

(2) An agenda regarding any discussions held pursuant to this paragraph (c) must be prepared and distributed at least two business days in advance of such discussions to all persons specified in subparagraph (3) below. Any Sponsor may object to the inclusion of any proposed agenda item, in which case that item would be removed from the agenda.

(3)

(A) The following persons must be present during any discussions held pursuant to this paragraph (c):

- (i) one or more representatives of each Sponsor;
- (ii) legal counsel for each exchange Sponsor (who may also serve as the representative required in subparagraph (i) above); and
- (iii) one or more Commission staff observers.

(B) The Sponsors may invite additional observers, including representatives of industry members and/or industry groups, to attend such discussions (or portions thereof) if the Sponsors deem appropriate for certain agenda items. Any Sponsor may object to the invitation of any additional observer, in which case that observer would not be permitted to attend such discussions.

(4) One Sponsor representative must take minutes of any discussions held pursuant to this paragraph (c) and provide each Sponsor with an opportunity to review and approve such minutes.

(5) Following any discussions held pursuant to this paragraph (c), the Sponsors are authorized to act jointly for purposes of determining whether to file with the Commission one or more proposed amendments to the Plan or one or more rule filings pursuant to

Rule 19b-4 under the Exchange Act for the purposes set forth in the introductory language of this paragraph (c).

### **III. Solicitation of Comments**

The Commission seeks comment on the Amendment. Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed amendment is necessary or appropriate in the public interest, for the protection of investors and the maintenance of fair and orderly markets, to remove impediments to, and perfect the mechanisms of, a national market system, or otherwise in furtherance of the purposes of 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](mailto:rule-comments@sec.gov). Please include file number 4-443 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 submission should refer to file number 4-443. 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 offices of the Sponsors. 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 4-443 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>6</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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