



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104283; File No. SR-BOX-2025-30]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Proposed Rule Change to amend BOX Rule 5055 (FLEX Equity Options) to permit FLEX Equity Options on the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF

December 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 17, 2025, BOX Exchange LLC (“Exchange”) filed with the Securities and Exchange Commission (“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 from interested persons.

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

The Exchange proposes to amend BOX Rule 5055 (FLEX Equity Options) to permit FLEX Equity Options on the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <https://rules.boxexchange.com/rulefilings>.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 BOX Rule 5055 (FLEX Equity Options) to permit the Grayscale Bitcoin Trust (“GBTC”), the Grayscale Bitcoin Mini Trust ETF (“BTC”), and the Bitwise Bitcoin ETF (“BITB”) (each a “Fund” and, collectively, the “Funds”) to trade as FLEX Equity Options and to require the aggregation of any FLEX and non-FLEX positions on the same underlying ETF for purposes of calculating position and exercise limits as set forth in Rules 3120 and 3140.³ This is a competitive filing that is based on a proposal recently submitted by NYSE American LLC (“NYSE American”) and approved by the Commission.⁴

Background

Each Fund is an ETF that holds bitcoin and is listed on NYSE Arca, Inc. (“NYSE Arca”).⁵ Recently, the Commission approved options trading on the Funds.⁶ For each Fund,

³ FLEX Equity Options are customized equity contracts that allow investors to tailor contract terms for exchange-listed equity options. See generally BOX Rule 5055 (FLEX Equity Options).

⁴ See Securities Exchange Act Release No. 103566 (July 29, 2025), 90 FR 36250 (August 1, 2025) (SR-NYSEAMER-2024-78) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Trading of FLEX Options on Shares of the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust ETF, and the Bitwise Bitcoin ETF).

⁵ 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) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to list and trade options in GBTC and BITB), 89 FR 3008 (January 17, 2024) (SR-NYSEARCA-2021-90); 100610 (July 26, 2024) (Order Granting Approval of Proposed Rule Changes, as Modified by Amendment No. 1, to permit the listing and trading of options on BTC), 89 FR 62821 (August 1, 2024) (SR-NYSEARCA-2023-45)[sic].

⁶ See Securities Exchange Act Release No. 101386 (October 18, 2024), 89 FR 84960 (October 24, 2024) (SR-NYSEAMER-2024-49) (Order approving the listing and trading of options on GBTC, BTC, and BITB, pursuant to Rule 915, Commentary .10(a) (the “Fund Options Approval Order”).

the position and exercise limits are determined pursuant to Rules 3120 and 3140.⁷ FLEX Equity Options are not generally subject to position or exercise limits.⁸ Today, pursuant to Rule 5055(e), Fund options are not approved for FLEX trading.⁹ Therefore, the position and exercise limits applicable to options on each Fund currently apply solely to non-FLEX Fund options.

Proposal

The Exchange proposes to permit options on each Fund to trade as FLEX Equity Options and would require the aggregation of any FLEX and non-FLEX positions in the same underlying Fund for purposes of calculating the position and exercise limits applicable to each Fund.¹⁰ Thus, for example, assuming a 250,000-contract position limit for options on BTC, the Exchange would restrict a market participant from holding positions that could result in the receipt of more than 250,000,000 shares (if that market participant exercised all its BTC options). Further, the Exchange believes that the share creation and redemption process unique to ETFs would mitigate any potential risk of manipulation in FLEX Fund Options. The creation and redemption process available to each ETF is designed to ensure that an ETF's price closely tracks the value of its underlying asset(s). For example, if a market participant exercised a long call position for 25,000 contracts and purchased 2,500,000 shares of GBTC and this purchase resulted in the value of GBTC shares to trade at a premium to the value of the (underlying) bitcoin held by GBTC, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short GBTC shares while concurrently purchasing bitcoin. Those market participants (arbitrageurs) would then deliver cash to GBTC and receive shares of GBTC, which would be used to close out any

⁷ Per Rule 3140, the exercise limit for options on each Fund is the same as the position limit for that Fund as determined by Rule 3120. See BOX Rules 3120 and 3140.

⁸ See BOX Rule 5055(i).

⁹ Rule 5055(e) also does not permit FLEX trading on options on FBTC and ARKB.

¹⁰ See proposed Rules 5055(e) and (i).

previously established short position in GBTC. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of shares in each Fund and the value of bitcoin holdings.

The Exchange understands that FLEX options on ETFs are currently traded in the over-the-counter (“OTC”) market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds, to name a few. The Exchange believes there is room for significant growth if a comparable product were introduced for trading on a regulated market. The Exchange expects that users of these OTC products would be among the primary users of FLEX Fund Options. The Exchange also believes that the trading of FLEX Fund Options would allow these same market participants to better manage the risk associated with the volatility of positions in the underlying ETF (i.e., GBTC, BTC, or BITB) given the enhanced liquidity that an exchange-traded product would bring. Additionally, the Exchange believes that FLEX Fund Options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-traded contracts should develop more liquidity. Second, counter-party credit risk would be mitigated by the fact that the contracts are issued and guaranteed by The Options Clearing Corporation (“OCC”). Finally, the price discovery and dissemination provided by the Exchange and its members would lead to more transparent markets. The Exchange believes that its ability to offer FLEX Fund Options would aid it in competing with the OTC market and at the same time expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

The Exchange has analyzed its capacity and represents that it and The Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of FLEX Fund Options. The Exchange believes any

additional traffic that would be generated from the trading of FLEX Fund Options would be manageable. The Exchange believes Participants will not have a capacity issue as a result of this proposed rule change. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on the capacity of the Exchange's automated systems.

The Exchange represents that the same surveillance procedures applicable to the Exchange's other options products listed and traded on the Exchange, including non-FLEX options in each Fund, will apply to FLEX Fund Options, and that it has the necessary systems capacity to support such options. The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of options on the Funds and to deter and detect violations of Exchange rules. FLEX options products (and their respective symbols) are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes. The Exchange does not believe that allowing FLEX Fund Options would render the marketplace for non-FLEX options in any of the Funds, or equity options in general, more susceptible to manipulative practices.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in GBTC, BTC, and BITB, as well as any subsequent trading of FLEX Fund Options on the Exchange. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in GBTC, BTC, and BITB and in other pertinent underlying securities on other exchanges through ISG. In addition, the Exchange has a regulatory services agreement with the Financial Industry Regulatory Authority ("FINRA"), pursuant to which FINRA conducts certain surveillances on behalf of the Exchange. Further, pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory

responsibilities to FINRA to conduct certain options-related market surveillances.¹¹ The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of FLEX Fund Options.

The proposed rule change is designed to allow investors seeking to trade options on the Funds to utilize FLEX Fund Options. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to participants' evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX Fund Options. The Exchange believes that introducing FLEX Fund Options would further broaden the base of investors that use FLEX Equity Options (and options on the Funds in general) to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market to the Exchange, which, it believes, will enhance the process of price discovery conducted on the Exchange through increased order flow.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),¹² in general, and Section 6(b)(5) of the Act,¹³ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and

¹¹ Section 19(g)(1) of the Act, among other things, requires every SRO registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO. Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

¹² 15 U.S.C. 78f(b).

¹³ 15 U.S.C. 78f(b)(5).

coordination with persons engaged in 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. Specifically, the Exchange believes that introducing FLEX Fund Options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk. The proposed rule change is designed to allow investors seeking to trade options on any of the Funds to utilize FLEX Fund Options. The Exchange believes that the proposal to permit FLEX Fund Options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX Fund Options and to require aggregation of any FLEX and non-FLEX positions in the same underlying ETF for the Funds for the purposes of calculating position and exercise limits will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of bitcoin and provide a hedging vehicle to meet their investment needs in connection with a bitcoin-related product. Moreover, the proposal would broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. By trading a product in an exchange-traded environment (that is currently being used in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading on the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that offering FLEX Fund Options may appeal to retail investors interested in options trading (both FLEX and non-FLEX) on GBTC, BTC, and BITB.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX Fund Options. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently used in the OTC market.

The Exchange believes that offering innovative products benefits the investing public. A robust and competitive market requires that exchanges respond to the evolving needs of their members by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX Fund Options. The Exchange does not believe that allowing FLEX Fund Options would render the marketplace for equity options more susceptible to manipulative practices.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in FLEX Fund Options. Regarding the proposed FLEX Fund Options, the Exchange would use the same surveillance procedures utilized for FLEX Equity Options currently listed on the Exchange (as well as for non-FLEX options on each Fund). In light of surveillance measures related to both options and the underlying Funds,¹⁴ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed FLEX Fund Options.

¹⁴ See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008, 3009 (January 17, 2024) (File Nos. SR-NYSEArca-2021-90; SR-NYSEArca-2023-44; SR-NYSEArca-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SRCboeBZX-2023-044; and SR-CboeBZX-2023-072) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units).

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 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 a filing submitted by NYSE American that was recently approved by the Commission.¹⁵

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as all market participants would have the option of utilizing the FLEX Fund Options. The proposed rule change is designed to allow investors seeking option exposure to bitcoin to trade FLEX Fund Options. Moreover, the Exchange believes that the proposal to permit FLEX Fund Options would broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options.

The Exchange does not believe that its proposed rule change will impose any burden on intermarket competition as all market participants would have the option of utilizing the FLEX Fund Options. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues. The proposed rule change would support that intermarket competition by allowing the Exchange to offer additional functionality to Participants. The Exchange believes that the proposed FLEX Fund Options will increase the variety of options products available for trading in general and bitcoin-related products in particular and, as such, will provide a valuable tool for investors to manage risk. As such, the Exchange believes that this proposal does not create an undue burden on intermarket competition. Rather, the Exchange believes that the proposed rule would bolster intermarket competition by promoting fair competition among individual

markets. The Exchange notes that competing options exchanges are free to file similar proposals for FLEX Fund Options.

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

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

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

Pursuant to Section 19(b)(3)(A) of the Act¹⁶ and Rule 19b-4(f)(6)¹⁷ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange has requested that the Commission waive the 30-day operative delay period. The Exchange stated that waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among the exchanges by allowing the Exchange to offer FLEX Fund Options, without delay, to investors seeking customized options.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal does not raise any novel regulatory issues and waiver will allow the Exchange to offer FLEX trading on GBTC, BTC, and BITB options, without delay, to investors seeking a customized option. Therefore, the

¹⁶ 15 U.S.C. 78s(b)(3)(A).

¹⁷ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6)(iii) 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.

Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.¹⁸

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 shall institute proceedings to determine whether the proposed rule 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-BOX-2025-30 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-BOX-2025-30. 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

¹⁸ 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).

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-BOX-2025-30 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.¹⁹

Sherry R. Haywood,
Assistant Secretary.

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¹⁹ 17 CFR 200.30-3(a)(12), (59).