



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104458; File No. SR-PEARL-2025-49]

### **Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing of a Proposed Rule Change to Amend Exchange Rule 402, Criteria for Underlying Securities, to List and Trade Options on Commodity-Based Trust Shares**

December 18, 2025.

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 5, 2025, MIAX PEARL, LLC (“MIAX Pearl” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II below, which Items have been prepared by MIAX Pearl. 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 402, Criteria for Underlying Securities, to permit options on Commodity-Based Trust Shares. Specifically, the Exchange proposes to amend the rule to (1) redefine Commodity-Based Trust; (2) require additional qualifying criteria, based on the criteria outlined by the primary listing market to list options on a Commodity-Based Trust; and (3) require that the crypto asset held by the Commodity-Based Trust have a comprehensive surveillance sharing agreement. This filing also defines a crypto asset. Additionally, this filing proposes to amend Exchange Rule 403(g) to update the relevant citations to Exchange Rule 402, which are revised pursuant to this filing.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

In its filing with the Commission, MIAX Pearl 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. MIAX Pearl 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 its listing rules at Exchange Rule 402, Criteria for Underlying Securities.<sup>3</sup> Specifically, the Exchange proposes to amend the criteria for listing options on Exchange-Traded Fund Shares (“ETFs”) at Exchange Rule 402(i). This is a competitive filing substantively identical to the proposal submitted by Nasdaq ISE, LLC (“ISE”) to the Securities and Exchange Commission (the “Commission”), which was recently deemed approved.<sup>4</sup>

The Exchange initially filed SR-PEARL-2025-08, as Modified by Partial Amendment Nos. 1 and 2, a proposed rule change to amend its listing rules at Exchange Rule 402, Criteria for Underlying Securities, to allow the listing and trading of options on interests in a Commodity-

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<sup>3</sup> The Exchange notes that its affiliate options exchanges, Miami International Securities Exchange, LLC (“MIAX”) and MIAX Sapphire, LLC (“MIAX Sapphire”), submitted (or will submit) substantively similar proposals. The Exchange notes that the rules of Chapter IV of MIAX, including Exchange Rule 402, are incorporated by reference into the MIAX Emerald, LLC (“MIAX Emerald”) rulebook.

<sup>4</sup> See Securities Exchange Act Release No. 102465 (February 7, 2025), 90 FR 10740 (February 26, 2025) (SR-ISE-2025-08) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Adopt Listing Criteria for Options on a Commodity-Based Trust) [sic].

Based Trust on March 5, 2025, which was published in the Federal Registrar [sic] on March 19, 2025.<sup>5</sup> On April 25, 2025, the Commission issued a notice designating a longer period for Commission action, which designated June 17, 2025, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove the filing.<sup>6</sup> On June 17, 2025, the Commission issued an order instituting proceedings to determine whether to approve or disapprove the filing.<sup>7</sup> The Commission did not receive any comments on the proposed rule change. On September 8, 2025, the Commission extended the time period for approving or disapproving the proposed rule changes, as modified by the applicable Partial Amendments, for an additional 60 days, designating November 14, 2025 as the date by which the Commission will either approve or disapprove the proposed rule change, as modified by the applicable Partial Amendments.<sup>8</sup> The Commission did not act to either approve or disapprove the proposal on or before November 14, 2025, therefore the proposal, as published in the Federal Register on March 5, 2025, was deemed approved as of November 14, 2025.<sup>9</sup> On November 6,

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<sup>5</sup> See Securities Exchange Act Release No. 102659 (March 5, 2025), 90 FR 12876 (March 19, 2025) (SR-PEARL-2025-08) (Self-Regulatory Organizations; Notice of Filing of a Proposed Rule Change, as Modified by Partial Amendment Nos. 1 and 2, by MIAX PEARL, LLC To Amend Exchange Rule 402, Criteria for Underlying Securities, To List and Trade Options on Commodity-Based Trust Share).

<sup>6</sup> See Securities Exchange Act Release No. 102929 (April 25, 2025), 90 FR 18718 (May 1, 2025) (SR-PEARL-2025-08) (Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change, as Modified by Partial Amendment Nos. 1 and 2, To Amend Exchange Rule 402, Criteria for Underlying Securities, To List and Trade Options on Commodity-Based Trust Shares).

<sup>7</sup> See Securities Exchange Act Release No. 103283 (June 17, 2025), 90 FR 26634 (June 23, 2025) (SR-PEARL-2025-08) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; MIAX PEARL, LLC; MIAX Sapphire, LLC; Order Instituting Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Changes, as Modified by Partial Amendments Thereto, To Amend Rule 402, Criteria for Underlying Securities, To List and Trade Options on Commodity-Based Trust Shares).

<sup>8</sup> See Securities Exchange Act Release No. 103903 (September 8, 2025), 90 FR 44123 (September 11, 2025) (SR-PEARL-2025-08) (Self-Regulatory Organizations; Miami International Securities Exchange, LLC; MIAX PEARL, LLC; MIAX Sapphire, LLC; Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendments Thereto, To Amend Rule 402, Criteria for Underlying Securities, To List and Trade Options on Commodity-Based Trust Shares).

<sup>9</sup> See Securities Exchange Act Release No. 104210 (November 18, 2025), 90 FR 52727 (November 21, 2025) (SR-PEARL-2025-08) (Self-Regulatory Organizations; BOX Exchange LLC, Cboe Exchange, Inc., Cboe BYX Exchange, Inc., Cboe BZX Exchange, Inc., Cboe EDGX Exchange, Inc., Miami International Securities Exchange, LLC, MIAX PEARL, LLC, MIAX Sapphire, LLC, Nasdaq ISE, LLC, New York Stock Exchange LLC, NYSE American LLC, NYSE Arca, Inc., NYSE National, Inc., and NYSE Texas, Inc.; Notice of Deemed Approval of Various Proposed Rule Changes).

2025, during the government shutdown, the Exchange submitted Amendment 3 to SR-PEARL-2025-08. The Exchange is now proposing the current change to reiterate the changes proposed in Amendment 3 to SR-PEARL-2025-08 to codify the proposed rule text in the Exchange’s Rulebook.

The Exchange proposes to amend Rule 402 to adopt new listing criteria in subparagraph (i)(6) to permit the listing and trading of options on a Commodity-Based Trust that meets the generic listing standards for Commodity-Based Trust Shares of the applicable primary listing market, except that the Commodity-Based Trust holds a single crypto asset.<sup>10</sup>

On September 17, 2025, the Commission approved proposals by The Nasdaq Stock Market LLC, Cboe BZX Exchange, Inc. and NYSE Arca, Inc., to Adopt Generic Listing Standards for Commodity-Based Trusts.<sup>11</sup> In the approval order, the Commission noted that each of the exchanges proposed to adopt substantially identical “generic” listing standards for Commodity-Based Trusts. Those generic listing standards define the term shares of a “Commodity-Based Trust” as a security<sup>12</sup> that:

- (1) is issued by a trust, limited liability company, partnership, or other similar entity (“Trust”) that, if applicable, is operated by a registered commodity pool operator pursuant to the Commodity Exchange Act (“CEA”), and is not registered as an investment company pursuant to the Investment Company Act

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<sup>10</sup> For example, a multi-coin ETF would not be subject to Exchange Rule 402(i)(6). For purposes of this rule the term “crypto asset” means an asset that is generated, issued and/or transferred using a blockchain or similar distributive ledger technology network, including but not limited to, assets known as “tokens,” “digital assets,” “virtual currencies,” and “coins” and that relies on cryptographic protocols. See definition at proposed Exchange Rule 402(i)(6)(iii).

<sup>11</sup> See Securities Exchange Act Release No. 103995 (Sept. 17, 2025), 90 FR 45414 (Sept. 22, 2025) (Self-Regulatory Organizations; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; NYSE Arca, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To Adopt Generic Listing Standards for Commodity-Based Trust Shares)( SR-NASDAQ-2025-056; SR-CboeBZX-2025-104; SR-NYSEARCA-2025-54) (“Generic Listing Standards for Commodity-Based Trust Shares Approval”). The Exchange believes that it is appropriate to rely on the generic listing standards outlined by the primary listing market due to the potential proliferation of new primary listing markets and the Commission’s acknowledgment that the definition of shares of a Commodity-Based Trust across those primary listing markets is substantially identical.

<sup>12</sup> Shares of the applicable Commodity-Based Trust trade as equity securities. See Securities Exchange Act Release No. 50603 (Oct. 28, 2004), 69 FR 64614, 64619 (Nov. 5, 2004) (SR-NYSE-2004-22) (approving the listing and trading of streetTRACKS Gold Shares) (“Spot Gold Approval Order”) and ETP Request for Comments, *infra* note 20, at 34731. See also Nasdaq Rule 5711(d)(ii); proposed BZX Rule 14.11(e)(4)(B); proposed NYSE Arca Rule 8.201-E(b) (Generic) (stating that Commodity-Based Trust Shares are included within the definition of a “security” as such term is used in the Exchanges’ rules and are subject to the Exchanges’ existing rules governing the trading of equity securities).

- of 1940, or series or class thereof;
- (2) is designed to reflect the performance of one or more reference assets or an index of reference assets;
  - (3) in order to reflect the performance, is issued by a Trust that holds (a) one or more commodities or commodity-based assets, and (b) in addition to such commodities or commodity-based assets, may hold securities, cash, and cash equivalents;
  - (4) is issued by such Trust in a specified aggregate minimum number in return for a deposit of (a) a specified quantity of the underlying commodities, commodity-based assets, securities, cash, and/or cash equivalents or (b) a cash amount with a value based on the next determined net asset value per Trust share; and
  - (5) when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust which will deliver to the redeeming holder (a) the specified quantity of the underlying commodities, commodity-based assets, securities, cash, and/or cash equivalents or (b) a cash amount with a value based on the next determined net asset value per Trust share.

The Exchange proposes to amend Exchange Rule 402(i) to create a new subparagraph

(6)(iii) that states,<sup>13</sup>

Additionally, with respect to a Commodity-Based Trust that meets the requirements of Exchange Rule 402(i)(6), the following requirements are satisfied: (A) the total global supply of the underlying crypto asset held by the Commodity-Based Trust has an average daily market value of at least \$700 million over the last 12 months; and (B) the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the Intermarket Surveillance Group. For purposes of this rule the term “crypto asset” means an asset that is generated, issued and/or transferred using a blockchain or similar distributive ledger technology network, including but not limited to, assets known as “tokens,” “digital assets,” “virtual currencies,” and “coins” and that relies on cryptographic protocols.

The proposed additional criteria would require a Commodity-Based Trust to: (1) meet the generic criteria for Commodity-Based Trust Shares of the applicable primary listing market and hold only a single crypto asset; (2) meet the criteria and guidelines set forth in Exchange Rule

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<sup>13</sup> The Exchange proposes to renumber current Exchange Rules 402(i)(5)(i) and 402(i)(5)(ii) to Exchange Rules 402(i)(6)(i) and 402(i)(6)(ii) for ease of reference, clarity, and consistency of the Rulebook.

402(a)<sup>14</sup> and (b),<sup>15</sup> or Exchange Rule 402(i)(6)(i)(B);<sup>16</sup> and meet the requirements in 402(i)(6)(iii) prior to listing options on the Commodity-Based Trust.

As proposed, Exchange Rule 402(i)(6)(iii) requires Commodity-Based Trust that meets the requirements of 402(i)(6) to also satisfy the following requirements: (A) the total global supply of the underlying crypto asset held by the Commodity-Based Trust has an average daily market value of at least \$700 million over the last 12 months; and (B) the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the Intermarket Surveillance Group (“ISG”).

The Exchange defines a “crypto asset” at Exchange Rule 402(i)(6)(iii) to mean, for purposes of this rule, an asset that is generated, issued and/or transferred using a blockchain or similar distributive ledger technology network, including but not limited to, assets known as “tokens,” “digital assets,” “virtual currencies,” and “coins” and that relies on cryptographic protocols.

The market value of the underlying crypto asset will be calculated by taking the total global supply of the particular crypto asset multiplied by the token price.<sup>17</sup> Total supply of crypto

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<sup>14</sup> Exchange Rule 402(a) provides that a security (which includes an ETF) on which options may be listed and traded on the Exchange must be a security registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Act), and the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded.

<sup>15</sup> Exchange Rule 402(b) provides criteria and guidelines when evaluating potential underlying securities for the listing of options.

<sup>16</sup> Exchange Rule 402(i)(6)(i)(B) provides that the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares' prospectus.

<sup>17</sup> The market supply information can be obtained from publicly available sources such as [coingecko.com](https://www.coingecko.com) or [coinmarketcap.com](https://www.coinmarketcap.com).

assets includes all crypto assets currently issued and does not include unissued crypto assets.<sup>18</sup>

Further, the Exchange has specified in proposed Exchange Rule 402(i)(6)(iii) that the crypto asset held by the Commodity-Based Trust must underlie a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in ISG.<sup>19</sup> The Exchange will be required to ensure that this requirement is met prior to listing options on a Commodity-Based Trust pursuant to proposed Exchange Rule 402(i)(6).

As a result of this filing, the proposed listing criteria would permit a Commodity Based Trust that is generically listed on the applicable primary listing market and holds a single crypto asset to qualify for the listing of options on that ETF, provided Exchange Rule 402(i)(6)(iii) has also been met, as well as the listing criteria in Exchange Rule 402(a) and (b), or Exchange Rule 402(i)(6)(i)(B).

Similar to options on any ETF, an option on a Commodity-Based Trust that meets the requirements of Exchange Rule 402(i)(6) would also be subject to the Exchange's continued listing standards for options on ETFs set forth in Exchange Rule 403(g). Pursuant to Exchange Rule 403(g), ETFs approved for options trading pursuant to Exchange Rule 402(i) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering that such ETFs, if the ETFs are delisted from trading pursuant to Exchange Rule 403(b)(4),<sup>20</sup> are halted or suspended from

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<sup>18</sup> For example, if Bitcoin were the underlying crypto asset, the Exchange would consider the total supply of all Bitcoin currently issued instead of the maximum supply, which would be currently issued as well as unmined Bitcoin. As of September 12, 2025, Bitcoin's total supply was 19,919,915 (the maximum supply was 21,000,000). See <https://www.coingecko.com/en/coins/bitcoin>. The Exchange would calculate market value by utilizing the total supply number multiplied by the Bitcoin price on that day.

<sup>19</sup> For a list of the current members and affiliate members [sic] of ISG, see <https://isgportal.org/publicmembers>.

<sup>20</sup> Exchange Rule 403(b)(5) provides, if an underlying security is approved for options listing and trading under the provisions of Rule 402(c), the trading volume of the Original Equity Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of subparagraph (3) is satisfied.

trading in their primary market.<sup>21</sup> Additionally, options on ETFs may be subject to the suspension of opening transactions in any of the following circumstances:<sup>22</sup>

(1) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(6)(i)(A), in accordance with the terms of paragraphs (b)(1), (2), and (3) of Exchange Rule 403;<sup>23</sup>

(2) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(6)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the ETFs on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such ETFs for 30 or more consecutive trading days;

(3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the ETFs are based is no longer calculated or available; or

(4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

Consistent with current Exchange Rule 404, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month<sup>24</sup> for options on a Commodity-Based Trust that are approved subject to Exchange Rule 402(i)(6) and may also list series of options on Commodity-Based Trust Share

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<sup>21</sup> See Exchange Rule 403(g). With this filing the Exchange is also proposing to amend Exchange Rule 403(g) to reflect the changes in numbering proposed herein for Exchange Rule 402(i).

<sup>22</sup> See *id.*

<sup>23</sup> Exchange Rule 403(b)(1) through (3) provides, if: (1) there are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Act, (2) there are fewer than 1,600 holders of the underlying security, (3) the trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months.

<sup>24</sup> See Exchange Rule 404(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Exchange Rule 404 and its Interpretations and Policies. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Exchange Rule 404(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. Pursuant to Exchange Rule 404(e), new series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

for trading on a weekly,<sup>25</sup> monthly,<sup>26</sup> or quarterly<sup>27</sup> basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 39 months from the time they are listed.<sup>28</sup>

Pursuant to Exchange Rule 404, Interpretation and Policy .06, which governs strike prices of series of options on ETFs, the interval between strike prices of series of options on ETFs approved for options trading pursuant to Exchange Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange. With respect to the Short Term Options Series or Weekly Program, during the month prior to expiration of an option class that is selected for the Short Term Option Series Program, the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option.<sup>29</sup> Specifically, the Exchange may open for trading Short Term Option Series at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.<sup>30</sup> Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,<sup>31</sup> the \$0.50 Strike Program,<sup>32</sup> and the \$2.50 Strike Price

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<sup>25</sup> See Exchange Rule 404, Interpretation and Policy .02.

<sup>26</sup> See Exchange Rule 404, Interpretation and Policy .13.

<sup>27</sup> See Exchange Rule 404, Interpretation and Policy .03.

<sup>28</sup> See Exchange Rule 406.

<sup>29</sup> See Exchange Rule 404, Interpretation and Policy .02(e).

<sup>30</sup> Id.

<sup>31</sup> See Exchange Rule 404, Interpretation and Policy .01.

<sup>32</sup> See Exchange Rule 404, Interpretation and Policy .04.

Program.<sup>33</sup> Pursuant to Exchange Rule 510, where the price of a series of options on a Commodity-Based Trust is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10<sup>34</sup> consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of a [sic] Commodity-Based Trust options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 404 and 510, as applicable.

Further, options on a [sic] Commodity-Based Trusts that are approved subject to Exchange Rule 402(i)(6) would trade in the same manner as options on other ETFs on the Exchange. The Exchange Rules that currently apply to the listing and trading of all options on ETFs on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, position and exercise limits, margin requirements, customer accounts and trading halt procedures would apply to the listing and trading of options on Commodity-Based Trusts that are approved subject to Exchange Rule 402(i)(6) in the same manner.

Position and exercise limits for options on Commodity-Based Trusts that are approved pursuant to Exchange Rule 402(i)(6) would be determined pursuant to Exchange Rules 307 and 309, respectively, as is the case for other options on other ETFs. Position and exercise limits for options on ETF vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six months, where the largest in capitalization and the most frequently traded ETFs have an option position and exercise limits of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization ETFs have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. Further, Exchange Rule 1502, which governs margin requirements applicable to trading on the

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<sup>33</sup> See Exchange Rule 404(f).

<sup>34</sup> See Exchange Rule 510.

Exchange, including options on ETFs, will also apply to the trading of options on a [sic] Commodity-Based Trusts listed pursuant to Exchange Rule 402(i)(6).

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 the trading of options on Commodity-Based Trusts that are approved subject to Exchange Rule 402(i)(6).<sup>35</sup> 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 listing of options on Commodity-Based Trusts that are approved subject to Exchange Rule 402(i)(6). Also, the Exchange may obtain information from designated contract markets that are members of the ISG related to a financial instrument that is based, in whole or in part, upon an interest in or performance of a crypto asset, as applicable. The Exchange has specified in proposed Exchange Rule 402(i)(6) that the crypto asset held by the Commodity-Based Trust must underlie a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in ISG.<sup>36</sup> The Exchange will be required to ensure that this requirement is met prior to listing options on a Commodity- Based Trust listed pursuant to proposed Exchange Rule 402(i)(6).

Additionally, the Exchange has also analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority or “OPRA” have the necessary systems capacity to handle the additional traffic associated with the listing of new series of ETFs, including options on a [sic] Commodity-Based Trusts, that are approved subject to Exchange

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<sup>35</sup> The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, pinging, phishing).

<sup>36</sup> There are a number of futures contracts on digital asset commodities that are listed and trading on the CME and Coinbase Derivatives, both of which are ISG members. *See* <https://www.cmegroup.com/markets/cryptocurrencies.html#products>. *See also* <https://www.coinbase.com/derivatives>.

Rule 402(i)(6), up to the number of expirations currently permissible under the Exchange Rules.

Finally, today, the Exchange lists and trades options on ETFs that would qualify for listing as an option on a Commodity-Based Trust under proposed Exchange Rule 402(i)(6),<sup>37</sup> and it has not identified any issues with the listing and trading of options on those ETFs.

## 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.<sup>38</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>39</sup> 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)<sup>40</sup> 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 that its proposal to establish new listing criteria at Exchange Rule 402(i)(6) with respect to options on Commodity-Based Trusts, without the need for additional approvals, will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because it would

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<sup>37</sup> The following ETFs currently have options listed on them on the Exchange: iShares Bitcoin Trust, the Fidelity Wise Origin Bitcoin Fund, the ARK21Shares Bitcoin ETF, the Grayscale Bitcoin Trust (BTC), the Grayscale Bitcoin Mini Trust BTC, and the Bitwise Bitcoin ETF. See Exchange Rule 402(i)(4). The Exchange filed rule proposals and received the appropriate regulatory notice or approval to list the aforementioned options on the ETFs.

<sup>38</sup> 15 U.S.C. 78f(b).

<sup>39</sup> 15 U.S.C. 78f(b)(5).

<sup>40</sup> Id.

allow the Exchange to immediately list and trade qualifying options on Commodity-Based Trusts, provided the initial listing criteria has been met, without any additional approvals from the Commission.

Specifically, the Exchange's proposal to adopt Exchange Rule 402(i)(6) to allow the listing and trading of options on units that represent interests in Commodity- Based Trusts that meet the generic listing standards for Commodity-Based Trust Shares of the applicable primary listing market,<sup>41</sup> and hold a single crypto asset, is consistent with the Act because it will permit the Exchange to offer options on Commodity-Based Trusts soon after the listing of the ETF on the primary listing market, provided that all the generic listing standards for that Commodity-Based Trust on that primary listing market have been met. Listing these options will avail market participants of the opportunity to hedge their positions in the Commodity-Based Trusts in a timely manner, thereby providing investors with the ability to hedge their exposure to the underlying Commodity-Based Trust. Options on Commodity-Based Trusts benefits investors, similar to the listing of any other option on an ETF, by providing investors with a relatively lower-cost risk management tool to manage their positions and associated risk in their portfolios more easily in connection with exposure to the price of a crypto asset. Additionally, listing options on Commodity-Based Trusts provides investors with the ability to transact in such options on a listed market as opposed to the OTC options market, which increases market transparency and enhances the process of price discovery to the benefit of all investors.

Also, this proposal would permit options on Commodity-Based Trusts to be listed on the Exchange in the same manner as all other securities that are subject to the current listing criteria in Exchange Rule 402. The Exchange notes that the majority of ETFs are able to list and trade options once the initial listing criteria have been met without the need for additional approvals. The proposed rule change would allow options on certain Commodity-Based Trusts to likewise list and trade options once the initial listing criteria on the primary listing market have been met

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<sup>41</sup> See supra note 11.

without the need for additional approvals.

As proposed, the Exchange would list options in a Commodity-Based Trust that met the generic criteria of the applicable primary listing market, provided the Commodity-Based Trust held only a single crypto asset. Further, these options on Commodity-Based Trusts would also be required to satisfy the conditions in proposed Exchange Rule 402(i)(6)(iii). Specifically, a Commodity-Based Trust that met the requirements of proposed Exchange Rule 402(i)(6) would also have to satisfy the following requirements in proposed Exchange Rule 402(i)(6)(iii): (A) the total global supply of the underlying crypto asset held by the Commodity-Based Trust has an average daily market value of at least \$700 million over the last 12 months; and (B) the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the ISG.

These requirements are consistent with the Act and the protection of investors as they should ensure that the underlying ETF has sufficient liquidity prior to listing options, which will serve to prevent disruption to the underlying market. The Exchange believes that market supply serves as a good measure of liquidity to prevent the addition of options trading on the Commodity-Based Trust from disrupting the market for the underlying security. Requiring the underlying crypto asset to have a requisite amount of deliverable supply, in addition to all the other criteria the ETF is required to have under the applicable primary listing market rules, should ensure adequate liquidity prior to listing. Further, ensuring the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the ISG, will provide the Exchange with information to adequately surveil options on qualifying Commodity-Based Trusts. Today, the Exchange has a comprehensive surveillance sharing agreement in place with both the CME and Coinbase Derivatives through its common membership in ISG. This facilitates the sharing of information

that is available to the CME and Coinbase Derivatives through their surveillance of their respective markets, including their surveillance of their respective digital asset futures markets.

The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules, previously filed with the Commission. Options on qualifying Commodity-Based Trusts must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all ETFs, including ETFs that hold other crypto assets already deemed appropriate for options trading on the Exchange in addition to the proposed criteria. Options on qualifying Commodity-Based Trusts would trade in the same manner as any other ETF options — the same Exchange Rules that currently govern the listing and trading of all ETF options, including permissible expirations, strike prices and minimum increments, and applicable position and exercise limits and margin requirements, will govern the listing and trading of options on qualifying Commodity-Based Trusts.

The Exchange represents that it has the necessary systems capacity to support the listing and trading of options on qualifying Commodity-Based Trusts. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading of these options on Commodity-Based Trust, particularly in light of the additional requirement that the crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in ISG.

Finally, today, the Exchange lists and trades options on ETFs that would qualify for listing as an option on a Commodity-Based Trust under proposed Exchange Rule 402(i)(6),<sup>42</sup> and

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<sup>42</sup> The following ETFs currently have options listed on them on the Exchange: iShares Bitcoin Trust, the Fidelity Wise Origin Bitcoin Fund, the ARK21Shares Bitcoin ETF, the Grayscale Bitcoin Trust (BTC), the Grayscale Bitcoin Mini Trust BTC, and the Bitwise Bitcoin ETF. See Exchange Rule 402(i)(4). The

it has not identified any issues with the listing and trading of options on those ETFs.

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 the filing submitted by ISE.<sup>43</sup>

The Exchange does not believe that the proposal to amend the listing criteria at Exchange Rule 402(i)(6), with respect to ETFs, to adopt new criteria to permit the listing and trading of options on certain Commodity-Based Trusts that hold a single crypto asset and that were listed pursuant to the generic listing standards for Commodity-Based Trust Shares of the applicable primary listing market, without the need for additional approvals, will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Options on qualifying Commodity-Based Trusts would need to satisfy the initial listing standards set forth in the Exchange Rules in the same manner as any other ETF before the Exchange could list options on them. Additionally, options on qualifying Commodity-Based Trusts will be equally available to all market participants who wish to trade such options. The Exchange Rules currently applicable to the listing and trading of options on ETFs on the Exchange will apply in the same manner to the listing and trading of all options on qualifying Commodity-Based Trusts.

Additionally, the Exchange notes that listing and trading options on qualifying Commodity-Based Trusts on the Exchange will subject such options to transparent exchange based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market. The Exchange believes that the proposed rule change may relieve

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Exchange filed rule proposals and received the appropriate regulatory notice or approval to list the aforementioned options on the ETFs.

<sup>43</sup> See supra note 4.

any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios in a timely manner.

The Exchange does not believe that the proposal to adopt new listing criteria at Exchange Rule 402(i)(6) to permit the listing and trading of certain options on a Commodity-Based Trust, without the need for additional approvals, will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Other options exchanges are free to amend their applicable rules to permit them to list and trade options on Commodity-Based Trusts.

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

Written comments were neither solicited nor received.

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

Because the foregoing 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 for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>44</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>45</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>46</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>47</sup> the Commission may designate a shorter time if such action is consistent with protection of investors and the public interest. The Exchange has asked the Commission to

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<sup>44</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>45</sup> 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 Commission is waiving this requirement.

<sup>46</sup> 17 CFR 240.19b-4(f)(6).

<sup>47</sup> 17 CFR 240.19b-4(f)(6)(iii).

waive the 30-day operative delay so that the proposed rule change may become operative immediately upon filing. The Commission believes that waiving 30-day operative delay is consistent with the protection of investors and the public interest because the proposal seeks to amend the Exchange's rules to be consistent with an amendment filed by the Exchange during a government shutdown, and which would have replaced the proposed rule change that did become effective if the Commission could have received amendments during the pendency of the government shutdown.<sup>48</sup> The proposal also aligns the rule text relating to Commodity-Based Trust Shares with the rule text of other exchanges and does not introduce any novel regulatory issues.<sup>49</sup> Accordingly, the Commission designates the proposed rule change to be operative upon filing.<sup>50</sup>

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

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<sup>48</sup> See *supra* Section II.A.1.

<sup>49</sup> See e.g., Nasdaq ISE, LLC, Options Rules, Options 4, Section 3(h); Cboe Exchange, Inc. Rule 4.3(a).

<sup>50</sup> For purposes only of waiving the 30-day operative delay, the Commission also has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-PEARL-2025-49 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-PEARL-2025-49. 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-PEARL-2025-49 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>51</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>51</sup> 17 CFR 200.30-3(a)(12), (59).