



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104505; File No. SR-ISE-2025-30]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment No. 1 and Order Instituting Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Amendment No. 1, Regarding the Adoption of Listing Criteria for Options on a Commodity-Based Trust that Holds Multiple Crypto Assets

December 23, 2025.

I. Introduction

On September 26, 2025, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b–4 thereunder,² a proposed rule change to adopt listing criteria for options on Commodity-Based Trusts that hold multiple crypto assets. The proposed rule change was published for comment in the Federal Register on October 1, 2025.³ The Commission received no comments regarding the proposed rule change.

On November 3, 2025, pursuant to Section 19(b)(2) of the Exchange Act,⁴ the Commission designated a longer period within which to approve the proposed rule change, disapprove the proposed rule change, or institute proceedings to determine whether to disapprove the proposed rule change.⁵ On December 17, 2025, the Exchange filed Amendment No. 1 to the

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Act Release No. 104107 (Sept. 26, 2025), 90 FR 47456.

⁴ 15 U.S.C. 78s(b)(2).

⁵ See Securities Exchange Act Release No. 104173, 90 FR 51424 (Nov. 17, 2025). The Commission designated December 30, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

proposed rule change (“Amendment No. 1”), which supersedes the original filing in its entirety.⁶

The Commission is publishing this notice to solicit comment on Amendment No. 1 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 1.

II. Self-Regulatory Organization’s Description of the Proposed Rule Change, as Modified by Amendment No. 1

The Exchange proposes to amend Options 4, Section 3, Criteria for Underlying Securities, to adopt a [sic] listing criteria for options on a Commodity-Based Trust that holds multiple crypto assets. This Amendment No. 1 supersedes the original filing in its entirety and proposes to amend the rule text of current Options 3, Section 3(h)(vi) and (3) in lieu of adopting a new Options 3, Section (h)(vi) and (4), and amends Options 4, Section 4(g) to add a continued listing requirement specific to Exchange-Traded Fund Shares listed pursuant to Options 3, Section (h)(vi).

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/ise/rulefilings>, and at the principal office of the Exchange.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

⁶ Amendment No. 1 revises the proposal to: delete proposed ISE Options 4, Section 3(h)(vii) and incorporate the proposed change to provide for the listing of options on Commodity-Based Trusts that hold multiple crypto assets into existing ISE Options 4, Section 3(h)(vi); amend Options 4, Section 3(h)(3) to apply the requirements in Options 4, Section 3(h)(3) to each crypto asset that a Commodity-Based Trust holds; correct an erroneous cross-reference in Options 4, Section 4(g); add new Options 4, Section 4(g)(3) to establish a continued listing requirement for options listed pursuant to Options 4, Section 3(h)(vi); and renumber the remaining subparagraphs in Options 4, Section 4(g).

⁷ 15 U.S.C. 78s(b)(2)(B).

Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend its listing rules at ISE Options 4, Section 3, Criteria for Underlying Securities. Specifically, the Exchange proposes to amend the criteria for listing options on Exchange-Traded Fund Shares (“ETFs”) at Options 4, Section 3(h).

On October 24, 2025, ISE’s proposal to adopt Options 5, Section 3(h)(vi) was deemed approved.⁸ Currently, Options 4, Section 3(h)(vi) specifies that ISE may list and trade options on shares of a Commodity-Based Trust that meets the generic criteria of The Nasdaq Stock Market LLC Rule 5711(d)⁹ provided the trust holds a single crypto asset.¹⁰ Further, a Commodity-Based Trust that meets the requirements of Options 4, Section 3(h)(vi) must also satisfy the following requirements: (A) the total global supply of the underlying crypto asset held by the Commodity-Based Trust must have 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 must underlie a derivatives

⁸ See Securities Exchange Act Release No. 104210 (November 21, 2025), 90 FR 52727 (November 21, 2025) (SR-ISE-2025-08). See also <https://www.nasdaqtrader.com/MicroNews.aspx?id=OTA2025-48>.

⁹ Nasdaq Rule 5711(d) permits the listing and trading of certain qualifying exchange-traded products that physically hold commodities like precious metals and digital asset commodities on the Exchange. Pursuant to Nasdaq Rule 5711(d), the term “Commodity-Based Trust Shares” means a security 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, and is not registered as an investment company pursuant to the Investment Company Act 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, less expenses and other liabilities; (3) in order to reflect the performance as provided in (d)(iii)(A)(2) above, is issued by a Trust that holds (a) one or more commodities or commodity-based assets as defined in (d)(iii)(C) below, 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.

¹⁰ 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 rely on cryptographic protocols. See Options 4, Section 3(h)(3).

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”).

At this time, the Exchange proposes to amend Options 4, Section 3(h)(vi) to permit the listing and trading of options on a Commodity-Based Trust that holds multiple crypto assets in addition to a Commodity-Based Trust that holds a single crypto asset. As amended, Options 4, Section 3(h)(vi) would state,

Securities deemed appropriate for options trading shall include shares or other securities ("Exchange-Traded Fund Shares") that are traded on a national securities exchange and are defined as an "NMS" stock under Rule 600 of Regulation NMS, and that... (vi) represent interests in a Commodity-Based Trust that meets the generic criteria of The Nasdaq Stock Market LLC Rule 5711(d), except that the Commodity-Based Trust holds a single crypto asset or multiple crypto assets as defined in subparagraph (3) below, provided that:¹¹

Further, the Exchange proposes to amend Options 4, Section 3(h)(3) to state,

Additionally, with respect to a Commodity-Based Trust that meets the requirements of Options 4, Section 3(h)(vi), the following requirements are satisfied: (A) the total global supply of each underlying crypto asset(s) held by the Commodity-Based Trust has an average daily market value of at least \$700 million over the last 12 months; and (B) each 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.

With the addition of multiple crypto assets, the criteria would require each underlying crypto asset to meet the total global supply figure and to underlie a derivative contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement. The market value for each underlying crypto asset held by a Commodity-Based Trust will be calculated by taking the total global supply of the particular crypto asset multiplied by the token

¹¹ The Exchange proposes to amend “meet” to “meets.”

price of that asset.¹² The total supply of a crypto asset includes all crypto assets currently issued and does not include unissued crypto assets.¹³

As a result of this amendment, the proposed listing criteria would permit a Commodity-Based Trust that is generically listed on Nasdaq pursuant to Rule 5711(d) and holds multiple crypto assets to qualify for the listing of options on that ETF, provided Options 4, Section 3(h)(3) has also been met, as well as the listing criteria in Options 4, Section 3(a) and (b) or Options 4, Section 3(h)(1)(ii).

Similar to options on any ETF, an option on a Commodity-Based Trust that meets the requirements of Options 4, Section 3(h)(vi) would also be subject to the Exchange's continued listing standards for options on ETFs set forth in Options 4, Section 4(g). Currently, pursuant to Options 4, Section 4(g), ETFs approved for options trading pursuant to Options 4, Section 3(h) 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 such ETFs if the ETFs are delisted from trading as provided in subparagraph (b)(5) of Options 4, Section 4¹⁴ or the ETFs are halted or suspended from trading on their primary market.¹⁵ With respect to options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) the Exchange proposes to amend Options 4, Section 4(g) to adopt a new subparagraph (3) which states, "In the case of options covering Fund Shares approved pursuant to Options 4, Section 3(h)(vi), if the criteria in Options 4, Section 4(h)(3)(A) are no longer satisfied, as determined by

¹² 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).

¹³ 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 is 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.

¹⁴ The Exchange proposes to amend this cross-reference to refer to subparagraph (b)(4). This amendment aligns to the rules of other options exchanges. See NYSE Arca, Inc. Rule 5.4-O, Cboe Exchange, Inc. Interpretation and Policies .06 of Rule 4.4, Miami International Securities Exchange, LLC Rule 403(g) and BOX Exchange LLC Rule 5030(h). The rule as amended provides that the Exchange will not open for trading any additional series of options on shares of an ETF if the ETF is no longer an NMS stock as defined in Rule 600 of Reg NMS under the Act.

¹⁵ See Options 4, Section 4(g).

the Exchange on a monthly basis, or if the criteria in Options 4, Section 4(h)(3)(B) are no longer satisfied.”¹⁶ This proposed new criteria would require ETFs that are listed pursuant to Options 4, Section 3(h)(vi) to continue to meet the requirements of Options 4, Section 3(h)(3)(A) and (B). The Exchange is proposing that the criteria in Options 4, Section 4(h)(3)(A) be met on a monthly basis while the criteria in Options 4, Section 4(h)(3)(B) be met on a daily basis. The Exchange believes that requiring the criteria in Options 4, Section 4(h)(3)(A) to be met on a monthly basis is reasonable given that the Exchange believes that it is unlikely that a crypto asset with an average daily market value of at least \$700 million over the previous twelve months would fail to meet that standard as a resulting [sic] of trading over a relatively short period of time. By way of example, if a crypto asset has a market capitalization of \$900 million and traded at that market capitalization for 15 days in a 20-day trading month, the crypto asset could lose a substantial amount of its value (up to 88%) and still meet the criteria. Similarly, a crypto asset with a market capitalization of \$500 million for 15 days in a 20-day trading month, would have to achieve a market capitalization of \$1.3 billion (a 160% increase) in the last 5 days to meet the criteria. Given the unlikelihood that there would be a huge movement over a month’s period of time and considering the work that would be required to calculate the criteria on a daily basis as compared to each month, the Exchange believes that the proposed continued listing obligation for the average daily market value criteria is sufficient. Further, options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) would continue to be subject to Options 4, Section 4(g)(5), as renumbered, which states that the Exchange may consider suspending open transactions in options on an ETF if, “such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.” The Exchange may determine at any point to delist an option on a Commodity-Based Trust that may not have sufficient liquidity or market demand.

¹⁶ The Exchange would renumber the remaining paragraphs in Options 4, Section 4(g).

Consistent with current Options 4, Section 5, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange would open at least one expiration month¹⁷ for options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) and may also list series of options for trading on a weekly¹⁸ or quarterly¹⁹ basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from twelve to thirty-nine months from the time they are listed.²⁰

Pursuant to Options 4, Section 5(d), which governs strike prices of series of options on ETFs, the interval between strike prices of series of options on an ETF, including ETFs listed pursuant to proposed Options 4, Section 3(h)(vi), would be \$1 or greater when the strike price is \$200 or less and \$5 or greater when the strike price is greater than \$200.²¹ Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,²² the \$0.50

¹⁷ See Options 4, Section 5(b). At the commencement of trading on the Exchange of a particular class of options, the Exchange will open a minimum of one (1) series of options in that class. The exercise price of that series will be fixed at a price per share, relative to the underlying stock price in the primary market at about the time that class of options is first opened for trading on the Exchange. The monthly expirations are subject to certain listing criteria for underlying securities described within Options 4, Section 5. 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 Options 4, Section 5(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. The opening of a new series of options shall not affect the series of options of the same class previously opened. 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 the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the second business day prior to expiration.

¹⁸ See Supplementary .03 to Options 4, Section 5.

¹⁹ See Supplementary .04 to Options 4, Section 5.

²⁰ See Options 4, Section 8.

²¹ The Exchange notes that for options listed pursuant to the Short Term Option Series Program, the Quarterly Options Series Program, and the Monthly Options Series Program, Supplementary Material .03, .04 and .09 to Options 4, Section 5 set forth the intervals between strike prices on Short Term Option Series, Quarterly Options Series, and Monthly Options Series, respectively.

²² See Supplementary Material .01 to Options 4, Section 5.

Strike Program,²³ the \$2.50 Strike Price Program,²⁴ and the \$5 Strike Program.²⁵ Pursuant to Options 3, Section 3, where the price of a series of options on an ETF 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 \$0.10.²⁶ Any and all new series of options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) would be subject to the expirations, strike prices, and minimum increments set forth in Options 4, Section 5 and Options 3, Section 3, as applicable.

Further, options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) 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 Options 4, Section 3(h)(vi) in the same manner.

Position and exercise limits for options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) would be determined pursuant to Options 9, Sections 13 and 15, respectively, as is the case for other options on other ETFs. Position and exercise limits for options on ETFs 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 limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller

²³ See Supplementary Material .05 to Options 4, Section 5.

²⁴ See Supplementary Material .02 to Options 4, Section 5.

²⁵ See Supplementary Material .06 to Options 4, Section 5.

²⁶ If options on a Commodity-Based Trust are eligible to participate in the Penny Interval Program, the minimum increment would be \$0.01 for series with a price below \$3.00 and \$0.05 for series with a price at or above \$3.00. See Supplementary Material .01 to Options 3, Section 3 (which describes the requirements for the Penny Interval Program).

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, Options 6C, Section 3, which governs margin requirements and is applicable to the trading of all options on the Exchange including options on ETFs, will also apply to the trading of options on Commodity-Based Trusts listed pursuant to proposed Options 4, Section 3(h)(vi).

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 Options 4, Section 3(h)(vi). 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 Options 4, Section 3(h)(vi). 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 Options 4, Section 3(h)(3) that each 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.²⁷ 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 Options 4, Section 3(h)(vi).

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

²⁷ 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>.

capacity to handle the additional traffic associated with the listing of new series of ETFs, including the trading of options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi), 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 Options 4, Section 3(h)(vi),²⁸ and it has not identified any issues with the listing and trading of options on those ETFs.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁰ 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 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)³¹ 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 permit Commodity-Based Trust Shares that hold multiple crypto assets to be listed and traded without the need for additional approvals, will remove impediments to and perfect the mechanism of a free and open market and

²⁸ 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 Options 4, Section 3(h)(iv). The Exchange filed rule proposals and received the appropriate regulatory notice or approval to list the aforementioned options on the ETFs.

²⁹ 15 U.S.C. 78f(b).

³⁰ 15 U.S.C. 78f(b)(5).

³¹ 15 U.S.C. 78(f)(b)(5).

a national market system and, in general, protect investors because it would 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 amend Options 4, Section 3(h)(vi) to allow the listing and trading of options on units that represent interests in Commodity-Based Trusts that meet the generic criteria of Nasdaq Rule 5711(d),³² and hold multiple crypto assets in addition to single crypto assets, is consistent with the Act because it will permit the Exchange to offer options on certain Commodity-Based Trusts soon after the listing of the ETF on Nasdaq, provided all listing criteria 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 benefit 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 certain Commodity-Based Trusts to be listed on the Exchange in the same manner as options on ETFs that are subject to the current listing criteria in Options 4, Section 3(h). 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 the Exchange to likewise list options on certain Commodity-Based Trusts that meet the proposed listing criteria without the need for additional approvals.

³² See supra note 3 [sic].

As proposed, the Exchange would list options on a Commodity-Based Trust that met the generic criteria of Nasdaq Rule 5711(d), provided the Commodity-Based Trust held multiple crypto assets. Further, each crypto asset held by the Commodity-Based Trust would also be required to satisfy the conditions in proposed Options 4, Section 3(h)(3), which requires that (A) the total global supply of each underlying crypto asset held by the Commodity-Based Trust must have an average daily market value of at least \$700 million over the last 12 months; and (B) each 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 the ISG.

These requirements are consistent with the Act and the protection of investors as they should ensure that each crypto asset held by the underlying ETF has sufficient liquidity prior to listing options, which will serve to prevent disruption in the underlying market. The Exchange believes that market supply serves as a good measure of liquidity to permit options trading in options on Commodity-Based Trusts that holds multiple crypto assets. Requiring each 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 Nasdaq Rule 5711, should ensure adequate liquidity prior to listing. Further, ensuring each 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 Chicago Mercantile Exchange (“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. The Exchange's proposal to amend Options 4, Section 4(g) to correct an erroneous cross-reference will ensure that Options 4, Section 4(g) indicates that ETF shares approved for options trading pursuant Options 4, Section 3(h) must continue to be NMS stocks to remain eligible for options trading. This requirement would protect investors and the public interest by helping to ensure that the ETF shares underlying options continue to remain liquid.

Further, the proposal adopts new subparagraph (3) to Options 4, Section 4(g) which will require each crypto asset held by a Commodity-Based Trust to continue to meet the requirement of Options 4, Section 3(h)(3)(A) on a monthly basis and for the criteria in Options 4, Section 3(h)(3)(B) to be met on a continuous basis. Accordingly, each crypto asset held by a Commodity-Based Trust must continue to have a total global supply with an average daily market value of at least \$700 million over the last 12 months, and also must continue to 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 the ISG. The Exchange believes that this continued listing standard, in addition to requirements of Options 4, Section 3(h) would protect investors and the public interest by ensuring that the crypto assets held by the Commodity-Based Trust continue to remain liquid. The Exchange believes that requiring the criteria in Options 4, Section 4(h)(3)(A) to be met on a monthly basis is consistent with the Act and the protection of investors given that the Exchange believes that it is unlikely that a crypto asset with an average daily market value of at least \$700 million over the

previous twelve months would fail to meet that standard as a resulting [sic] of trading over a relatively short period of time. By way of example, if a crypto asset has a market capitalization of \$900 million and traded at that market capitalization for 15 days in a 20-day trading month, the crypto asset could lose a substantial amount of its value (up to 88%) and still meet the criteria. Similarly, a crypto asset with a market capitalization of \$500 million for 15 days in a 20-day trading month, would have to achieve a market capitalization of \$1.3 billion (a 160% increase) in the last 5 days to meet the criteria. Given the unlikelihood that there would be a huge movement over a month's period of time and considering the work that would be required to calculate the criteria on a daily basis as compared to each month, the Exchange believes that the proposed continued listing obligation for the average daily market value criteria is sufficient. Further, options on Commodity-Based Trusts that are approved subject to Options 4, Section 3(h)(vi) would continue to be subject to Options 4, Section 4(g)(5), as renumbered, which states that the Exchange may consider suspending open transactions in options on an ETF if, "such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable." The Exchange may determine at any point to delist an option on a Commodity-Based Trust that may not have sufficient liquidity or market demand.

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 each 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 Options 4, Section 3(h)(vi),³³ and 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.

The Exchange does not believe that the proposal to amend the listing criteria at Options 4, Section 3(h)(vi), with respect to ETFs, to adopt new criteria to permit the listing and trading of options on certain Commodity-Based Trusts that hold multiple crypto assets and that were listed pursuant to Nasdaq Rule 5711(d), 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. All Members will be able to trade options on qualifying Commodity-Based Trusts that hold multiple crypto assets in the same manner. Further, the proposed rules would apply in an equal manner to options on qualifying Commodity-Based Trusts that contain multiple crypto assets. The Exchange believes that the proposed rule change may relieve 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 amend the listing criteria at Options

³³ 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 Options 4, Section 3(h)(iv). The Exchange filed rule proposals and received the appropriate regulatory notice or approval to list the aforementioned options on the ETFs.

4, Section 3(h)(vi), with respect to ETFs, to adopt new criteria to permit the listing and trading of options on certain Commodity-Based Trusts that hold multiple crypto assets and that were listed pursuant to Nasdaq Rule 5711(d), 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 listing rules, as applicable, to permit them to list and trade options on Commodity-Based Trusts that hold multiple crypto assets.

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

No written comments were either solicited or received.

IV. Proceedings to Determine Whether to Approve or Disapprove SR-ISE-2025-30, as Modified by Amendment No. 1, and Grounds for Disapproval Under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act³⁴ to determine whether the proposed rule change, as modified by Amendment No. 1, should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule change. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule change.

Pursuant to Section 19(b)(2)(B) of the Act,³⁵ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposed rule change’s consistency with the Act and, in particular, with Section 6(b)(5) of the Act, which requires, among other things, that the rules of a

³⁴ 15 U.S.C. 78s(b)(2)(B).

³⁵ Id.

national securities exchange be designed to prevent fraudulent and manipulative acts and to protect investors and the public interest.³⁶

The Commission asks that commenters address the sufficiency of the Exchange's statements in support of the proposal, in addition to any other comments they may wish to submit about the proposed rule change. In particular, the Commission seeks comment on whether the proposed initial and continued listing requirements are designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest, or whether the proposal raises any new or novel concerns not previously contemplated by the Commission.

V. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposal, as modified by Amendment No. 1. In particular, the Commission invites the written views of interested persons concerning whether the proposal is consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4, any request for an opportunity to make an oral presentation.³⁷

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule change should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person

³⁶ 15 U.S.C. 78f(b)(5).

³⁷ Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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-ISE-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-ISE-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 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-ISE-2025-30 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁸

³⁸ 17 CFR 200.30-3(a)(12), (57).

Sherry R. Haywood,

Assistant Secretary.

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