



## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105045; File No. SR-CBOE-2025-069]

### **Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment Nos. 1 and 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified and Superseded by Amendment No. 2, to Amend Rule 5.4 to Change the Minimum Increment for Options on the Cboe Magnificent 10 Index**

March 18, 2026.

#### I. Introduction

On September 24, 2025, Cboe Exchange, Inc. (“Exchange” or “Cboe”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1)<sup>1</sup> of the Securities Exchange Act of 1934 (“Act”)<sup>2</sup> and Rule 19b-4 thereunder,<sup>3</sup> a proposed rule change to change the minimum increment for all series of options on the Cboe Magnificent 10 Index. The proposed rule change was published for comment in the Federal Register on September 30, 2025.<sup>4</sup> On November 3, 2025, pursuant to Section 19(b)(2)(A)(ii)(I) of the Act,<sup>5</sup> 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 approve or disapprove the proposed rule change.<sup>6</sup> On December 17, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act<sup>7</sup> to determine whether to approve or disapprove the proposed rule

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

<sup>2</sup> 15 U.S.C. 78a.

<sup>3</sup> 17 CFR 240.19b-4.

<sup>4</sup> See Securities Exchange Act Release No. 104076 (September 25, 2025), 90 FR 47000.

<sup>5</sup> See 15 U.S.C. 78s(b)(2)(A)(ii)(I).

<sup>6</sup> See Securities Exchange Act Release No. 104173, 90 FR 51424 (November 17, 2025). The Commission designated December 29, 2025, as the date by which the Commission shall approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

<sup>7</sup> 15 U.S.C. 78s(b)(2)(B).

change.<sup>8</sup> On February 18, 2026, the Exchange submitted Amendment No. 1 to the proposed rule change, which amended and superseded the proposed rule change as originally filed.<sup>9</sup> On March 5, 2026, the Exchange submitted Amendment No. 2 to the proposed rule change, which amended and superseded the proposed rule change, as modified by Amendment No. 1, in its entirety.<sup>10</sup>

The Commission received no comments on the proposed rule change. The Commission is publishing this Notice and Order to solicit comment on Amendment No. 2 in Sections II and III below, which sections are being published verbatim as filed by the Exchange, and to approve the proposed rule change, as modified and superseded by Amendment No. 2, on an accelerated basis.

## II. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rule 5.4 to change the minimum increment for all series of options on the Cboe Magnificent 10 Index (“MGTN options”) to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher. The Exchange initially submitted this rule filing SR-CBOE-2025-069 to the Securities and Exchange Commission (the “Commission”) on September 24, 2025 (the “Initial Rule Filing”). The Exchange submitted Amendment No. 1 to this rule filing SR-CBOE-2025-069 to the Commission on February 18, 2026. This Amendment No. 2 supersedes the Initial Rule Filing and replaces it in its entirety. This Amendment No. 2 provides additional support for the proposed rule change, as well as makes minor changes to language in the rule filing, but makes no changes to the proposal. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Commission’s website (<https://www.sec.gov/rules/sro.shtml>), the Exchange’s website

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<sup>8</sup> See Securities Exchange Act Release No. 104439, 90 FR 59897 (December 22, 2025).

<sup>9</sup> See Amendment No. 1, [available at https://www.sec.gov/comments/sr-cboe-2025-069/srcboe2025069-705027-2220975.pdf](https://www.sec.gov/comments/sr-cboe-2025-069/srcboe2025069-705027-2220975.pdf).

<sup>10</sup> See Amendment No. 2, [available at https://www.sec.gov/comments/sr-cboe-2025-069/srcboe2025069-719687-2253174.pdf](https://www.sec.gov/comments/sr-cboe-2025-069/srcboe2025069-719687-2253174.pdf).

([https://www.cboe.com/us/options/regulation/rule\\_filings/bzx/](https://www.cboe.com/us/options/regulation/rule_filings/bzx/)), 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 Item V below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

##### 1. Purpose

The Exchange proposes to amend Rule 5.4(a) to change the minimum increment for all series of options on the Cboe Magnificent 10 Index ("MGTN options")<sup>11</sup> to \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher (as long as options on the Nasdaq 100 Micro Index ("XND options") have a minimum increment of \$0.01).<sup>12</sup> The Exchange believes market demand (including by retail investors, who generally prefer lower trading increments) supports a lower trading increment for MGTN options. Options overlying the components of the Cboe Magnificent 10 Index are among the most actively traded options (as are the underlying stocks), which options are eligible for a lower trading increment, supporting the view that there will be market demand for the proposed trading increments for MGTN options. The Exchange offers MGTN options to provide investors with opportunity to gain exposure to these dominant, highly liquid stocks in a single trade with the benefits associated with index options and without the

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<sup>11</sup> The Exchange may list MGTN options pursuant to generic listing criteria for narrow-based index options as set forth in Rule 4.11(b). The Exchange began listing MGTN options in the fourth quarter of 2025.

<sup>12</sup> If XND options no longer had a minimum increment of \$0.01 (because options on the PowerShares QQQ Trust ("QQQ") no longer participated in the Penny Interval Program), then the minimum increment for MGTN options would become \$0.05 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher at the same time as the minimum increment for XND changed.

concentration risk associated with trading in single stocks and options on those single stocks.<sup>13</sup> The proposed increments will allow MGTN options to more effectively compete with other options that currently trade in the proposed increments, primarily options on the constituent stocks and options tracking the performance of the Nasdaq 100 Micro Index. The Exchange also expects this more granular pricing to lead to narrowing of the bid-ask spread for these options and increase the possible number of price points available to investors for these series. The Exchange believes tighter spreads will increase order flow in MGTN options, which additional liquidity ultimately benefits all investors. Finer increments also permit more precise pricing in line with the theoretical value of these options and thus more efficient hedging opportunities, particularly with respect to related products that may already trade in finer increments.

The Exchange has analyzed its capacity and represents that it believes that the Exchange has the necessary systems capacity to handle any potential additional message traffic associated with the proposed rule change. The Options Price Reporting Authority (“OPRA”) also informed the Exchange it believes it has the necessary systems capacity to handle any additional traffic that may result from this proposed rule change. The Exchange does not believe any potential increased traffic will become unmanageable since this proposed rule change with respect to minimum trading increments is limited to a single class of options.

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Securities Exchange Act of 1934 (the “Act”) and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>14</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>15</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and

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<sup>13</sup> See, e.g., Why Mag 10 Index Options, available at <https://www.cboe.com/tradable-products/mag-10/mgtn-options/>.

<sup>14</sup> 15 U.S.C. 78f(b).

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

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>16</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 the proposed rule change will protect investors and the public interest. As discussed above, the Exchange believes market demand (including by retail investors, who generally prefer lower trading increments) supports a lower trading increment for MGTN options. Options overlying the components of the Cboe Magnificent 10 Index are among the most actively traded options, which options are eligible for a lower trading increment. As discussed below, various other options with which MGTN options are designed to compete (including XND options and QQQ options) and to create exposure to some or all of the constituents of the Cboe Magnificent 10 Index may also currently trade in lower trading increments. The Exchange believes this supports the view that there will be market demand for the proposed trading increments for MGTN options and that the proposed rule change will promote competition among options providing exposure to the performance of technology and growth-driven stocks, which competition ultimately benefits investors. The Exchange believes the proposed rule change will also benefit investors because it will permit more granular pricing in MGTN options, which may lead to narrower bid-ask spreads for these options and increase the possible number of price points (thus increasing execution opportunities) available to investors for these series, which ultimately increases liquidity to the benefit of all investors. The Exchange believes tighter spreads will also increase order flow in MGTN options, which additional liquidity ultimately benefits all investors.

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<sup>16</sup>

Id.

As noted above, the Exchange believes the proposed rule change will promote just and equitable principles of trade and remove impediments to and perfect the mechanism of a free and open market and a national market system because it will permit MGTN options to trade at the same level of granularity as permitted for options with which MGTN options were designed to compete. The Cboe Magnificent 10 Index is comprised of large-capitalization U.S.-listed technology and growth-oriented companies, and MGTN options are designed to offer targeted exposure to the performance of top tech- and growth-driven companies. As noted above, the Exchange offers MGTN options to provide investors with an alternative product to gain exposure to these companies as part of a basket. MGTN options were designed to compete with options that also provide exposure to these companies, including options on the components of the Cboe Magnificent 10 Index. MGTN options provide investors with opportunity to gain exposure to these popular products with the benefits of index options (including European-style, cash settlement) and without risks associated with trading in single stocks and options on those stocks (including concentration risk and American-style, physical settlement). Options on each component of the Cboe Magnificent 10 Index are eligible for the Penny Interval Program, which is unsurprising given the constituents of the Cboe Magnificent 10 Index are among the most liquid and traded stocks in the market. The Exchange understands investors tend to trade in some or all of these stocks (and thus some or all of the options on these stocks) given their market dominance. MGTN options provide investors with an efficient way to gain exposure to the performance of these dominant stocks in a single trade rather than multiple trades. As a result, the Exchange believes MGTN options should be eligible for the same pricing increments for competitive reasons to allow the Exchange to price these options at the same level of granularity as permitted for competitor products to promote competition and help level the competitive playing field among options that provide exposure to some of the most dominant stocks in the industry.<sup>17</sup> Permitting MGTN options to trade in the same increments as

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<sup>17</sup> The Exchange notes that other index options that trade on the Exchange are currently permitted to trade in smaller increments because competitive products are able to trade in those smaller increments. See Rule

these competitive products will promote competition and help level the competitive playing field, thus promoting just and equitable principles of trade and removing impediments to and perfecting the mechanism of a free and open market and a national market system.

MGTN options also provide investors with an alternative method to gain exposure to the performance of technology and high-growth companies (including some or all of the constituents of the Cboe Magnificent 10 Index) that other products are also designed to provide, many of which options are eligible for the Penny Interval Program or penny increments.<sup>18</sup> For example, the constituents of the Cboe Magnificent 10 Index represent a subset of the constituents of the Nasdaq-100 Index. Similar to the Cboe Magnificent 10 Index, the Nasdaq-100 Index is designed to track performance of high-growth, market-leading companies, the majority of which are in the technology sector. While the 10 constituents of the Cboe Magnificent 10 Index represent only about 10% of the number of constituents of the Nasdaq-100 Index, these 10 constituents represent more than half of the market capitalization (and thus weight) of the Nasdaq-100 Index and in fact drive the movements of the Nasdaq-100 Index. This is evidenced by the approximately 0.958 daily return correlation between the Cboe Magnificent 10 Index and the Nasdaq-100 Index since the launch of the Cboe Magnificent 10 Index in October 25 (and backcast to March 21, 2021).<sup>19</sup> As a result, the Exchange believes MGTN options compete for order flow with options on the Nasdaq-100 Index, as well as options on ETFs tracking the performance of that index (including QQQ options).<sup>20</sup>

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5.4 (the minimum increment for options on the Mini-S&P 500 Index (“XSP options”) is \$0.01 because that is the minimum increment for options on the Standard & Poor’s Depository Receipts Trust (“SPY options”), and the minimum increment for DJX options is \$0.01 for series below \$3 and \$0.05 for series \$3 and above because that is the minimum increment for options on The DIAMONDS Trust (“DIA options”).

<sup>18</sup> See Rule 5.4(d) (permits \$0.01 and \$0.05 trading increments for equity options that satisfy certain volume requirements).

<sup>19</sup> See Cboe Magnificent 10 Index Futures and Options: A New Era for Trading Market Leadership (February 9, 2026), available at <https://www.cboe.com/insights/posts/cboe-magnificent-10-index-futures-and-options-a-new-era-for-trading-market-leadership>.

<sup>20</sup> It is for this reason the proposed rule change ties penny and nickel increments for MGTN options to XND options having a minimum increment of \$0.01.

Options on the Nasdaq 100 Micro Index<sup>21</sup> (“XND options”) (which trade on Nasdaq PHLX LLC (“PHLX”)) may trade in penny increments as long as QQQ options participate in the Penny Interval Program (which they currently do).<sup>22</sup>

Additionally, there are numerous exchange-traded funds that are designed to create exposure to and be correlated with many of the constituents of the Cboe Magnificent 10 Index. These include the Invesco QQQ ETF, the State Street Technology Select Sector SPDR ETF, the ARK Innovation ETF, the VanEck Semiconductor ETF, and the ProShares UltraPro QQQ ETF. Options on these ETFs, as well as a number of other ETFs, are eligible for the Penny Interval Program. While the holdings of these ETFs are not exactly the same as the constituents of the Cboe Magnificent 10 Index, they are similarly designed to provide investors with opportunities for exposure to tech- and growth-driven stocks. For these reasons, the Exchange believes MGTN options should be eligible for the same pricing increments as these competitor products so that MGTN options can more effectively compete for order flow with these other options and thus provide investors with an alternative product with similar pricing precision.

The Exchange also believes consistency in pricing across related products may better facilitate cross-product trading strategies. For example, market participants may use options overlying each component of the Cboe Magnificent 10 Index to hedge MGTN options or as part of other investment strategies involving MGTN options. The same is true with respect to the products listed above that are designed to track the performance of top U.S. technology and growth companies. Therefore, having the pricing increments for MGTN options aligned with these related products will permit investors to trade related products at more granular prices that may be more aligned with their investment objectives.

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<sup>21</sup> The value of the Nasdaq 100 Micro Index, which is 1/100<sup>th</sup> the value of the Nasdaq-100 Index, is similar to the value of the Cboe Magnificent 10 Index (as are values of other indexes on which options may currently trade in penny increments, such as the Mini-S&P 500 Index).

<sup>22</sup> See PHLX Rulebook Options 3, Section 3, Supplementary Material .04.

Further, finer increments also permit more precise pricing in line with the theoretical value of these options, particularly short-dated options. The Exchange may list MGTN options with nonstandard expirations,<sup>23</sup> and the Exchange has observed significant trading in MGTN options with these nonstandard expirations near their expiration dates. Approximately 98% of MGTN options traded in January 2026 were traded with one week or less to expiration. Theoretical values of options change in response to changes in the underlying more rapidly closer to their expiration. Therefore, finer pricing permits investors to price these options to more accurately reflect then-current market conditions. A larger increment may create an artificially widespread compared to the option's actual value, which may impact execution quality. Similarly, premiums of shorter-dated options are often lower than premiums of longer-dated options given the reduced time value that exists in options closer to their expiration, so a lower trading increment is more proportional to the value of these options and further promotes tighter spreads. The value of the premium may fluctuate more given the proximity to expiration, and the Exchange believes providing investors with the ability to quote options nearing expiration in a finer increment will result in more efficient and accurate pricing for investors.

The same reasons supporting why finer trading increments are appropriate for shorter-dated options provided the same support for why more granular strikes are permitted for shorter-dated options. Specifically, in prior rule filings, the Exchange explained that smaller strike intervals for weekly expirations permit strikes on a more refined scale that, at times, will more closely reflect values in the underlying index and allow market participants to roll open positions from a lower strike to a higher strike in conjunction with the price movement of the underlying.<sup>24</sup> The Exchange believes this provides market participants with efficient hedging and trading opportunities. The Exchange believes this same principle applies to trading increments for MGTN options, for which

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<sup>23</sup> See Rule 4.13(e) (permitting the Exchange to list MGTN options with expirations on Mondays, Tuesdays, Wednesdays, Thursdays, and Fridays).

<sup>24</sup> See, e.g., Securities Exchange Act Release Nos. 90748 (December 21, 2020), 85 FR 85759, 85762 (December 29, 2020) (SR-CBOE-2020-118); and 104390 (December 15, 2025), 90 FR 59234, 59235 (December 18, 2025) (SR-CBOE-025-087).

(as noted above) nearly all trading is in shorter-dated options. Shorter-dated options experience more rapid time decay than longer-dated options because, as options approach their expiration dates, even relatively small movements in the underlying index can result in meaningful changes to option values. Finer trading increments of \$0.01 and \$0.05 allow market participants to price MGTN options with greater precision that more accurately reflects the theoretical value of these options as they approach expiration. This precision is particularly important for retail investors and market makers who need to adjust positions frequently in response to rapid changes in option values.

Additionally, market participants trading shorter-dated options typically roll or adjust their positions more frequently than those trading longer-dated options. With weekly and nonstandard expirations, investors may be rolling positions multiple times per month. Finer trading increments facilitate these frequent adjustments by providing more price points at which market participants can efficiently enter and exit positions. This is analogous to the Exchange's justification for smaller strike intervals.<sup>25</sup>

Further, just as the Exchange has determined that smaller strike price intervals are appropriate for shorter-dated options to provide more efficient hedging and trading opportunities,<sup>26</sup> the Exchange believes that finer trading increments serve the same purpose. As noted above, the Cboe Magnificent 10 Index comprises highly liquid, actively traded stocks that experience continuous price discovery throughout the trading day. Shorter-dated MGTN options are more sensitive to these underlying movements due to their higher gamma (rate of change in delta). The proposed rule change to permit finer trading increments would allow MGTN option prices to track these underlying movements more closely, which the Exchange believes would provide market participants with pricing that more closely reflects the value of the underlying index. As a result, market participants would be able to execute their hedging and investment strategies with greater precision. While strike intervals determine the available price points for different option contracts,

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<sup>25</sup> Id.

<sup>26</sup> Id.

trading increments determine the precision with which those contracts can be priced. For shorter-dated MGTN options, both forms of granularity would provide market participants with the tools they need to manage their positions more efficiently in a rapidly changing market environment.

The Exchange notes MGTN options may already trade in penny increments in certain circumstances under the Rules. For example, MGTN options are eligible for complex order trading, which permits the legs to execute in penny increments. Additionally, the Exchange has activated the automated improvement mechanism (“AIM”) auction for MGTN simple orders, which also permits penny executions.<sup>27</sup> Therefore, current rules will allow MGTN options to trade in penny increments in certain situations.

While current trading volume in MGTN options would not qualify for penny interval program, the average daily volume in MGTN options grew approximately 30% from December to January.<sup>28</sup> If this volume trend were to continue during 2026, the volume of MGTN options would qualify it (if it were eligible for that program) for the penny interval program at the December 2026 rebalancing.

#### B. Self-Regulatory Organization’s Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change will not impose any burden on intramarket competition that is not necessary or appropriate, because all Trading Permit Holders will be able to trade MGTN options in the proposed minimum trading increments. The proposed rule change will not impose any burden on intermarket competition that is not necessary or appropriate, because it will permit MGTN options to have pricing consistent with the pricing of competitive products that are part

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<sup>27</sup> See Rule 5.37(a)(4).

<sup>28</sup> The Exchange notes the volume of MRUT options, which are currently eligible for penny increments pursuant to Rule 5.4, and XND options, which are currently eligible for penny increments pursuant to PHLX Rulebook Options 3, Section 3, Supplementary Material .04, as of the December 2025 rebalancing of the Penny Interval Program would not have qualified these options for the Penny Interval Program (as these volumes are below the volumes of the 300 most actively traded multiply listed options, and in fact are outside the 425 most actively traded multiply listed options volume).

of the Penny Interval Program and may currently trade in increments of \$0.01 or \$0.05, as well as other products that may trade in penny increments (including XND options). Additionally, the proposed rule change to permit MGTN options to be listed in penny and nickel increments may relieve any burden on, or otherwise promote, competition, as it will allow market participants to trade these options at the same level of granularity as permitted for competitor products, as discussed above. The Exchange also expects the more granular pricing to lead to narrowing of the bid-ask spread for these options, which the Exchange believes will increase order flow and price competition in MGTN options.

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

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

IV. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change, as modified and superseded by Amendment No. 2 ("Amended Proposal"), is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange.<sup>29</sup> In particular, the Commission finds that the Amended Proposal is consistent with Section 6(b)(5) of the Act,<sup>30</sup> which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, 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.

As discussed above, the Exchange proposes to reduce the minimum trading increment for all series of MGTN options to \$0.01 for series trading lower than \$3.00 and to \$0.05 for series trading at \$3.00 or higher, as long as XND options have a minimum trading increment of \$0.01.

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<sup>29</sup> In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>30</sup> 15 U.S.C. 78f(b)(5).

The Exchange states that the MGTN index that underlies MGTN options, and the Nasdaq-100 Index that underlies XND options (which specifically track the Nasdaq-100 Micro index, the reduced value version of the Nasdaq-100 index) and is tracked by the QQQ ETF, both seek to provide investors exposure to the performance of technology and high-growth companies.<sup>31</sup> Indeed, the Exchange states that the ten constituents of the MGTN index are a subset of the constituents of the Nasdaq-100 index, and while these same constituents represent only about 10% of the number of constituents of the Nasdaq-100 index, they represent more than half of the market capitalization (and thus weight) of the Nasdaq-100 index and drive the movements of the Nasdaq-100 Index.<sup>32</sup> That these two indexes are heavily correlated with each other is evidenced, according to the Exchange, by an approximately 0.958 daily return correlation between the MGTN index and the Nasdaq-100 index since the launch of the MGTN index.<sup>33</sup>

As a result, the Exchange believes MGTN options compete for order flow with XND options and QQQ options, which is why the Exchange has proposed to tie the proposed minimum increment of \$0.01 for MGTN options to XND options having a minimum increment of \$0.01. XND options, in turn, may trade in penny increments as long as QQQ options participate in the Penny Interval Program (which they currently do).<sup>34</sup> Accordingly, the proposal would align the minimum trading increment for MGTN options with the minimum trading increment for heavily correlated option products with which MGTN options are designed to compete, namely XND options and QQQ options. According to the Exchange, this alignment of the minimum trading increment will allow MGTN options to more effectively compete for order flow. In addition, the Exchange expects more granular pricing to lead to narrowing of the bid-ask spread for MGTN options, more precise pricing in line with the theoretical value of these options, and more efficient

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<sup>31</sup> See Amendment No. 2, *supra* note 10, at 6.

<sup>32</sup> *Id.* at 8-9.

<sup>33</sup> *Id.* at 9.

<sup>34</sup> See PHLX Rulebook Options 3, Section 3, Supplementary Material .04.

hedging opportunities, particularly with respect to related products that may already trade in finer increments.

The Commission believes that, by permitting MGTN options to trade at the same minimum increment as option products with which they are heavily correlated and against which they are designed to compete for order flow, the proposal is designed to promote competition and be consistent with just and equitable principles of trade. The Commission also believes that the proposal is consistent with Section 6(b)(5) of the Act insofar as it is designed to better facilitate cross-product trading or hedging strategies, lead to narrower bid-ask spreads, and/or permit more precise pricing for MGTN options consistent with their theoretical values and prevailing market conditions. In addition, consistent with the protection of investors and the public interest, the Exchange represents that it has the necessary systems capacity to handle any potential additional message traffic associated with the proposed rule change, and that OPRA informed the Exchange that it believes it has the necessary systems capacity to handle any additional traffic that may result from this proposed rule change.

For the foregoing reasons, the Commission finds that the Amended Proposal is consistent with the requirements of the Act.

V. Solicitation of Comments on Amendment No. 2 to the Proposed Rule Change

Interested persons are invited to submit written data, views, and arguments concerning whether Amendment No. 2 is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include file number SR-CBOE-2025-069 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-CBOE-2025-069. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to file number SR-CBOE-2025-069 and should be submitted on or before **[INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]**.

VI. Accelerated Approval of the Proposed Rule Change, as Modified and Superseded by Amendment No. 2

The Commission finds good cause to approve the Amended Proposal prior to the thirtieth day after the date of publication of Amendment No. 2 in the Federal Register. Amendment No. 2 does not substantively alter the Initial Rule Filing. The Initial Rule Filing provided that the minimum trading increment for MGTN options would be \$0.01 for series trading lower than \$3.00 and \$0.05 for series trading at \$3.00 or higher; Amendment No. 2 conditions these minimum increments for MGTN options on XND options having a minimum increment of \$0.01. Amendment No. 2 also notes that the \$0.01 minimum increment for XND options, which trade on PHLX, is conditioned on QQQ options participating in the Penny Interval Program. Further, Amendment No. 2 provides more detail about the composition of the MGTN index and presents data that reflects the correlation and competitive dynamic between MGTN options and other option products, primarily XND options and QQQ options.

The Commission therefore finds that Amendment No. 2 raises no novel regulatory issues that have not previously been subject to comment and is reasonably designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and, in general, to protect investors and the public interest. Accordingly, pursuant to Section 19(b)(2) of the Act,<sup>35</sup> the Commission finds good cause to approve the Amended Proposal, on an accelerated basis, prior to the 30th day after publication of notice of the filing of Amendment No. 2 in the Federal Register.

VII. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>36</sup> that the proposed rule change, as modified and superseded by Amendment No. 2 (SR-CBOE-2025-069), be, and hereby is, approved on an accelerated basis.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

**Vanessa A. Countryman,**

*Secretary.*

[FR Doc. 2026-05561 Filed: 3/20/2026 8:45 am; Publication Date: 3/23/2026]

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<sup>35</sup> 15 U.S.C. 78s(b)(2).

<sup>36</sup> Id.

<sup>37</sup> 17 CFR 200.30-3(a)(12).