application for a construction permit or operating license under 10 CFR part 50, ''Domestic Licensing of Production and Utilization Facilities,'' or an application for a combined license or manufacturing license under 10 CFR part 52. In addition, the NRC has issued the final safety evaluation report (FSER) (ADAMS Package Accession No. ML25086A073) that supports issuance of the SDA.

Issuance of this SDA signifies completion of the NRC staff's technical review of the NuScale US460 SMR design. The NRC staff performed its technical review of the NuScale US460 SMR design control document in accordance with the standards set forth in 10 CFR 52.139, ''Standards for Review of Applications.''

On the basis of its evaluation and independent analyses, as described in the FSER, the NRC staff concludes that NuScale's application for standard design approval meets the applicable portions of 10 CFR 52.137, ''Content of Applications; Technical Information,'' and the review standards identified in 10 CFR 52.139.

Copies of the NuScale US460 SMR FSER and SDA have been placed in the NRC's PDR. The PDR is open by appointment. To make an appointment to visit the PDR, please send an email to *PDR.Resource@nrc.gov* or call 1–800–397–4209 or 301–415–4737, between 8 a.m. and 4 p.m. ET, Monday through Friday, except Federal holidays.

Dated: May 29, 2025.

For the Nuclear Regulatory Commission.

**Michele Sampson,**

*Director, Division of New and Renewed Licenses, Office of Nuclear Reactor Regulation.*

[FR Doc. 2025–10123 Filed 6–3–25; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

**[Release No. 34–103147; File No. SR–BOX–2025–15]**

## Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Adopt Rule 7165 Regarding In-Kind Exchange of Options Positions and ETF Shares and UIT Units

May 29, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on May 15, 2025, BOX Exchange LLC (''Exchange'') filed with the Securities and Exchange Commission (''Commission'') the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to adopt Rule 7165 regarding In-Kind Exchange of Options Positions and ETF Shares and UIT Units. Specifically, the Exchange is proposing to adopt Rule 7165, which would permit positions in options listed on the Exchange to be transferred off the Exchange by a Participant in connection with transactions (a) to purchase or redeem creation units of ETF shares between an authorized participant and the issuer of such ETF shares or (b) to create or redeem units of a UIT between a broker-dealer and the issuer of such UIT units, which transfers would occur at the price used to calculate the net asset value (''NAV'') of such ETF shares or UIT units, respectively. The text of the proposed rule change is available from the principal office of the Exchange, at the Commission's Public Reference Room and also on the Exchange's internet website at *https://rules.boxexchange.com/rulefilings.*

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in Sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The purpose of the proposed rule change is to adopt Rule 7165 regarding in-kind exchanges of options positions and exchange-traded fund (''ETF'') shares and unit investment trust (''UIT'') interests. The Exchange notes that this filing is based on a proposal submitted by Cboe C2 Exchange, Inc. (''C2'') and approved by the Commission.[3]

Background

As discussed further below, the ability to effect ''in kind'' transfers is a key component of the operational structure of an ETF and a UIT. Currently, in general, ETFs and UITs can effect in-kind transfers with respect to equity securities and fixed-income securities. The in-kind process is a major benefit to ETF shareholders and UIT unit holders, enabling tax efficient addition and removal of assets from these investment vehicles. In-kind transfers protect ETF shareholders and UIT unit holders from the undesirable tax effects of frequent ''creations and redemptions'' (described below) and improve the overall tax efficiency of the products. However, currently, the BOX Rules do not provide for ETFs and UITs to effect in-kind transfers of options off of the Exchange, resulting in tax inefficiencies for the ETFs and UITs that hold them. As a result, the use of options by ETFs and UITs is substantially limited.

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.

[3] *See* Cboe C2 Exchange, Inc. (''C2'') Rule 6.9; *see also* Securities Exchange Act Release No. 89056 (June 12, 2020), 85 FR 36888 (June 18, 2020) (SR–C2–2020–006) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Adopt Chapter 6, Section G Regarding Off-Floor Transactions and Transfers). At this time, the Exchange is only proposing to add the 'In-Kind Exchange of Options Positions and ETF Shares and UIT Interests' rule. *See also* Cboe Exchange, Inc (''CBOE'') Rule 6.9; *see also* Securities Exchange Act Release No. 87340 (October 17, 2019), 84 FR 56877 (October 23, 2019) (SR–CBOE–2019–048) (Order Approving on an Accelerated Basis a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, to Adopt Rule 6.9 (In-Kind Exchange of Options Positions and ETF Shares)). *See also* Nasdaq PHLX LLC (''Phlx'') Options 6, Section 7; *see also* Securities Exchange Act Release No. 87768 (December 17, 2019), 84 FR 70605 (December 23, 2019) (SR–Phlx–2019–53) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt a New Rule 1059). In 2020, PHLX filed SR–Phlx–2020–03 to relocate the Phlx Rulebook into their new Rulebook Shell, Phlx Rule 1059 was relocated to Options 6, Section 7. *See* Securities Exchange Act Release No. 88213 (March 12, 2020), 85 FR 9859 (February 20, 2020) (SR–Phlx–2020–03) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Relocate Rules From Its Current Rulebook Into Its New Rulebook Shell). *See also* NYSE Arca, Inc. Rule 6.78A–O; *see also* Securities Exchange Act Release No. 95644 (August 31, 2022), 87 FR 54727 (August 31, 2022) (SR–NYSEARCA–2022–55) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Rule 6.78–O and Adopt New Rules Related Thereto and Delete Paragraph (d) to Rule 6.69–O). *See also* NYSE American, LLC Rule 997.3NY; *see also* Securities Exchange Act Release 95646 (August 31, 2022), 87 FR 54720 (August 31, 2022) (SR–NYSEAMER–2022–36) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt New Rules 997NY, 997.1NY, 997.2NY and 997.3NY and Delete Paragraph (d) to Rule 957NY).

Currently, BOX Rule 7160(a) permits existing positions in options listed on the Exchange of a Participant or person associated with the Participant or non-Participant or person associated with a non-Participant that are to be transferred on, from, or to the books of a Clearing Participant to be transferred off the Exchange if the transfer involves one or more of the following events: (1) pursuant to Rule 3000, an adjustment or transfer in connection with the correction of a bona fide error in the recording of a transaction or the transferring of a position to another account, provided that the original trade documentation confirms the error; (2) the transfer of positions from one account to another account where no change in ownership is involved (*i.e.,* accounts of the same Person [4]), provided the accounts are not in separate aggregation units or otherwise subject to information barrier or account segregation requirements; (3) the consolidation of accounts where no change in ownership is involved; (4) a merger, acquisition, consolidation, or similar non-recurring transaction for a Person; (5) the dissolution of a joint account in which the remaining Participant or person associated with the Participant assumes the positions of the joint account; (6) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions; (7) positions transferred as part of a Participants or person associated with the Participant's capital contribution to a new joint account, partnership, or corporation; (8) the donation of positions to a not-for-profit corporation; (9) the transfer of positions to a minor under the Uniform Gifts to Minors Act; or (10) the transfer of positions through operation of law from death, bankruptcy, or otherwise. At present, the list of limited circumstances in Rule 7160 that allows Participants to transfer their options positions off the Exchange does not include an exception for in-kind transfers.

The Exchange proposes to add a new circumstance under which off-Exchange transfers of options positions would be permitted to occur. Specifically, under proposed Rule 7165, positions in options listed on the Exchange would be permitted to be transferred off the Exchange by a Participant or Participant Organization in connection with transactions (a) to purchase or redeem ''creation units'' of ETF shares between an ''authorized participant'' [5] and the issuer [6] of such ETF shares [7] or (b) to create or redeem units of a UIT between a broker-dealer and the issuer [8] of such UIT units, which transfers would occur at the price used to calculate the net asset value (''NAV'') of such ETF shares or UIT units, respectively. This proposed new exception, although limited in scope, would have a significant impact in that it would help protect ETF shareholders and UIT holders from undesirable tax consequences and facilitate tax-efficient operations. The frequency with which ETFs and authorized participants, and UITs and sponsors, would rely on the proposed exception would depend upon such factors as the number of ETFs and UITs, respectively, holding options positions traded on the Exchange, the market demand for the shares of such ETFs and units of such UITs, the redemption activity of authorized participants and sponsors, respectively, and the investment strategies employed by such ETFs and UITs.

While the Exchange recognizes that, in general, the execution of options transactions on exchanges provides certain benefits, such as price discovery and transparency, based on the circumstances under which proposed Rule 7165 would apply, the Exchange does not believe that such benefits would be compromised. In this regard, as discussed more fully below, the Exchange notes that in conjunction with the creation and redemption process, positions would be transferred at a price(s) used to calculate the NAV of such ETF shares and UIT units. In addition, although options positions would be transferred off of the Exchange, they would not be closed or ''traded.'' Rather, they would reside in a different clearing account until closed in a trade on the Exchange or until they expire. Further, as discussed below, proposed Rule 7165 would be clearly delineated and limited in scope, given that the proposed exception would only apply to transfers of options effected in connection with the creation and redemption process.

ETFs

As described in further detail below, while ETFs do not sell and redeem individual shares to and from investors, they do sell large blocks of their shares to, and redeem them from, authorized participants in conjunction with what is known as the ETF creation and redemption process. Under the proposed exception, ETFs that hold options listed on the Exchange would be permitted to effect creation and redemption transactions with authorized participants on an ''in-kind'' basis, which is the process that may generally be utilized by ETFs for other asset types. This ability would allow such ETFs to function as more tax efficient investment vehicles to the benefit of investors that hold ETF shares. In addition, it may also result in transaction cost savings for the ETFs, which may be passed along to investors.

Due to their ability to effect in-kind transfers with authorized participants in conjunction with the creation and redemption process described below, ETFs have the potential to be significantly more tax-efficient than other pooled investment products, such as mutual funds.[9] ETFs issue shares that may be purchased or sold during the day in the secondary market at market-determined prices. Similar to other types of investment companies, ETFs invest their assets in accordance with their investment objectives and investment strategies, and ETF shares represent interests in an ETF's underlying assets. ETFs are, in certain respects, similar to mutual funds in that they continuously offer their shares for sale. In contrast to mutual funds, however, ETFs do not sell or redeem

[4] For purposes of BOX Rule 7160, the term ''Person'' shall be defined as an individual, partnership (general or limited), joint stock company, corporation, limited liability company, trust or unincorporated organization, or any governmental entity or agency or political subdivision thereof.

[5] The Exchange is proposing that, for purposes of proposed Rule 7165, the term ''authorized participant'' would be defined as an entity that has a written agreement with the issuer of ETF shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (*i.e.,* specified numbers of ETF shares). While an authorized participant may be a Participant and directly effect transactions in options on the Exchange, an authorized participant that is not a Participant may effect transactions in options on the Exchange through a Participant on its behalf.

[6] The Exchange proposes that, for purposes of proposed Rule 7165, any issuer of ETF shares would be registered with the Commission as an open-end management investment company under the Investment Company Act of 1940 (the ''1940 Act'').

[7] An ETF share is a share or other security traded on a national securities exchange and defined as an NMS stock, which includes interest in open-end management investment companies. *See* BOX Rule 5020.

[8] The Exchange proposes that, for purposes of proposed Rule 7165, any issuer of UIT units would be a trust registered with the Commission as a unit investment trust under the 1940 Act.

[9] This summary of the ETF creation and redemption process is based largely on portions of the discussion set forth in Investment Company Act Release No. 33140 (June 28, 2018), 83 FR 37332 (July 31, 2018) (the ''Proposed ETF Rule Release'') in which the Commission proposed a new rule under the 1940 Act that would permit ETFs registered as open-end management investment companies that satisfy certain conditions to operate without the need to obtain an exemptive order. The proposed rule was adopted on September 25, 2019. *See* Investment Company Act Release No. 33646 (September 25, 2019).

individual shares. Rather, through the creation and redemption process referenced above, authorized participants have contractual arrangements with an ETF and/or its service provider (*e.g.,* its distributor) purchase and redeem shares directly from that ETF in large aggregations known as ''creation units.'' In general terms, to purchase a creation unit of ETF shares from an ETF, in return for depositing a ''basket'' of securities and/or other assets identified by the ETF on a particular day, the authorized participant will receive a creation unit of ETF shares. The basket deposited by the authorized participant is generally expected to be representative of the ETF's portfolio [10] and, when combined with a cash balancing amount (*i.e.,* generally an amount of cash intended to account for any difference between the value of the basket and the NAV of a creation unit), if any, will be equal in value to the aggregate NAV of the shares of the ETF comprising the creation unit. The NAV for ETF shares is represented by the traded price for ETFs holding options positions on days of creation or redemption, and an options pricing model on days in which creations and redemptions do not occur. After purchasing a creation unit, an authorized participant may then hold individual shares of the ETF and/or sell them in the secondary market. In connection with effecting redemptions, the creation process described above is reversed. More specifically, the authorized participant will redeem a creation unit of ETF shares to the ETF in return for a basket of securities and/or other assets (along with any cash balancing account).

The ETF creation and redemption process, coupled with the secondary market trading of ETF shares, facilitates arbitrage opportunities that are intended to help keep the market price of ETF shares at or close to the NAV per share of the ETF. Authorized participants play an important role because of their ability, in general terms, to add ETF shares to, or remove them from, the market. In this regard, if shares of an ETF are trading at a discount (*i.e.,* below NAV per share), an authorized participant may purchase ETF shares in the secondary market, accumulate enough shares for a creation unit and then redeem them from the ETF in exchange for the ETF's more valuable redemption basket. Accordingly, the authorized participant will profit because it paid less for the ETF shares than it received for the underlying assets. The reduction in the supply of ETF shares available on the secondary market, together with the sale of the ETF's basket assets, may cause the price of ETF shares to increase, the price of the basket assets to decrease, or both, thereby causing the market price of the ETF shares and the value of the ETF's holdings to move closer together. In contrast, if the ETF shares are trading at a premium (*i.e.,* above NAV per share), the transactions are reversed (and the authorized participant would deliver the creation basket in exchange for ETF shares), resulting in an increase in the supply of ETF shares which may also help to keep the price of the shares of an ETF close to the value of its holdings.

In comparison to other pooled investment vehicles, one of the significant benefits associated with an ETF's in-kind redemption feature is tax efficiency. In this regard, by effecting redemptions on an in-kind basis (*i.e.,* delivering certain assets from the ETF's portfolio instead of cash), there is no need for the ETF to sell assets and potentially realize capital gains that would be distributed to shareholders. As indicated above, however, because the Rules currently do not allow ETFs to effect in-kind transfers of options off of the Exchange, ETFs that invest in options traded on the Exchange are generally required to substitute cash in lieu of such options when effecting redemption transactions with authorized participants. Because they must sell the options to obtain the requisite cash, such ETFs (and therefore, investors that hold shares of those ETFs) are not able to benefit from the tax efficiencies afforded by in-kind transactions.

An additional benefit associated with the in-kind feature is the potential for transaction cost savings. In this regard, by transacting on an in-kind basis, ETFs may avoid certain transaction costs they would otherwise incur in connection with purchases and sales of securities and other assets. Again, however, this benefit is not available today to ETFs with respect to their options holdings.

UITs

Although UITs operate differently than ETFs in certain respects, as described below, the anticipated potential benefits to UIT investors (*i.e.,* greater tax efficiencies and transaction cost savings) from the proposed exemption would be similar as discussed below. Specifically, under the 1940 Act,[11] a UIT is an investment company organized under a trust indenture or similar instrument that issues redeemable securities, each of which represents an undivided interest in a unit of specified securities.[12] A UIT's investment portfolio is relatively fixed, and, unlike an ETF, a UIT has a fixed life (a termination date for the trust is established when the trust is created). Similar to other types of investment companies (including ETFs), UITs invest their assets in accordance with their investment objectives and investment strategies, and UIT units represent interests in a UIT's underlying assets. Like ETFs, UITs do not sell or redeem individual shares, but instead, through the creation and redemption process, a UIT's sponsor (a broker-dealer) may purchase and redeem shares directly from the UIT's trustee in aggregations known as ''units.'' A broker-dealer purchases a unit of UIT shares from the UIT's trustee by depositing a basket of securities and/or other assets identified by the UIT. These transactions are largely effected by ''in-kind'' transfers, or the exchange of securities, non-cash assets, and/or other non-cash positions. The basket deposited by the broker-dealer is generally expected to be representative of the UIT's units and will be equal in value to the aggregate NAV of the shares of the UIT comprising a unit.[13] The UIT then issues units that are publicly offered and sold. Unlike ETFs, UITs typically do not continuously offer their shares for sale, but rather, make a one-time or limited public offering of only a specific, fixed number of units like a closed-end fund (*i.e.,* the primary period, which may range from a single day to a few months). Similar to the process for ETFs, UITs allow investor-owners of units to redeem their units back to the UIT's trustee on a daily basis and, upon redemption, such investor-owners are entitled to receive the

[10] Under certain circumstances, however, and subject to the provisions of its exemptive relief from various provisions of the 1940 Act obtained from the Commission, an ETF may substitute cash and/or other instruments in lieu of some or all of the ETF's portfolio holdings. For example, today, positions in options traded on the Exchange would be generally substituted with cash.

[11] 15 U.S.C. 80a–4(2).

[12] The Exchange also notes that, though a majority of ETFs are structured as open-ended funds, some ETFs are structured as UITs, and currently represent a significant amount of assets within the ETF industry. These include, for example, SPDR S&P 500 ETF Trust (''SPY'') and PowerShares QQQ Trust, Series 1 (''QQQ'').

[13] The NAV is an investment company's total assets minus its total liabilities. UITs must calculate their NAV at least once every business day, typically after market close. *See* § 270.2a–4(c), which provides that any interim determination of current net asset value between calculations made as of the close of the New York Stock Exchange on the preceding business day and the current business day may be estimated so as to reflect any change in current net asset value since the closing calculation on the preceding business day. This, however, is notwithstanding the requirements of § 270.2a–4(a), which provides for other events that would trigger computation of a UIT's NAV.

redemption price at the UIT's NAV. While UITs provide for daily redemptions directly with the UIT's trustee, UIT sponsors frequently maintain a secondary market for units, also like that of ETFs, and will buy back units at the applicable redemption price per unit. To satisfy redemptions, a UIT typically sells securities and/or other assets, which results in negative tax implications and an incurrence of trading costs borne by remaining unit holders.

Proposed Rule

The Exchange believes that it is appropriate to permit off-Exchange transfers of options positions in connection with the creation and redemption process and recognizes that the prevalence and popularity of ETFs have increased greatly. Currently, ETFs serve both as popular investment vehicles and trading tools and, as discussed above, the creation and redemption process, along with the arbitrage opportunities that accompany it, are key ETF features. Although ETFs and UITs operate differently in certain respects, the ability to effect in-kind transfers is also significant for UITs. As described above, UITs and ETFs are situated in substantially the same manner; the key differences being a UIT's fixed duration, and that a UIT generally makes a one-time public offering of only a specific, fixed number of units. Negative tax implication and trading costs for remaining unit holders would be mitigated by allowing a UIT sponsor or another broker-dealer to receive an in-kind distribution of options upon redemption. Accordingly, the Exchange believes that providing for an additional, narrow circumstance to make it possible for ETFs and UITs that invest in options to effect creations and redemptions on an in-kind basis is justified.

The Exchange submits that its proposal is clearly delineated and limited in scope and not intended to facilitate ''trading'' options off of the Exchange. In this regard, the proposed circumstance would be available solely in the context of transfers of options positions effected in connection with transactions to purchase or redeem creation units of ETF shares between ETFs and authorized participants,[14] and units of UITs between UITs and sponsors. As a result of this process, such transfers would occur at the price(s) used to calculate the NAV of such ETF shares and UIT units (as discussed above), which removes the need for price discovery on an Exchange for pricing these transfers. Moreover, as described above, ETFs and authorized participants, and UITs and sponsors, are not seeking to effect the opening or closing of new options positions in connection with the creation and redemption process. Rather, the options positions would reside in a different clearing account until closed in a trade on the Exchange or until they expire. The proposed transfers, while occurring between two different parties, will occur off the Exchange and will not be considered transactions. While the prices of options transactions effected on the Exchange are disseminated to OPRA, back-office transfers of options positions in clearing accounts held at OCC (in accordance with OCC Rules) [15] are not disseminated to OPRA or otherwise publicly available, as they are considered position transfers, rather than executions. The Exchange believes that price transparency is important in the options markets. However, the Exchange expects any transfers pursuant to the proposed rule will constitute a minimal percentage of the total average daily volume of options. Today, the trading of ETFs and UITs that invest in options is substantially limited on the Exchange, primarily because the current rules do not permit ETFs or UITs to effect in-kind transfers of options off the Exchange. The Exchange continues to expect that any impact this proposal could have on price transparency in the options market is minimal because proposed Rule 7165 is limited in scope and is intended to provide market participants with an efficient and effective means to transfer options positions under clearly delineated, specified circumstances. Additionally, as noted above, the NAV for ETF and UIT transfers will generally be based on the disseminated closing price for an options series on the day of a creation or redemption, and thus the price (although not the time or quantity of the transfer) at which these transfers will generally be effected will be publicly available.[16] Further, the Exchange generally expects creations or redemptions to include corresponding transactions by the authorized participant that will occur on an exchange and be reported to OPRA.[17] Therefore, the Exchange expects that any impact the proposed rule change could have on price transparency in the options market would be de minimis.

Other than the transfers covered by the proposed rule, transactions involving options, whether held by an ETF or an authorized participant, or a UIT or a sponsor would be fully subject to all applicable trading Rules.[18] Accordingly, the Exchange does not believe that the proposed new exception would compromise price discovery or transparency.

Further, the Exchange believes that providing an additional exception to make it possible for ETFs and UITs that invest in options to effect creations and redemptions on an in-kind basis is justified because, while the proposed exception would be limited in scope, the benefits that may flow to ETFs that hold options and their investors may be significant. Specifically, the Exchange expects such ETFs and UITs and their investors would benefit from increased tax efficiencies and potential transaction cost savings. By making such ETFs and UITs more attractive to both current and prospective investors, the proposed rule change would enable them to compete more effectively with other ETFs and UITs that, due to their particular portfolio holdings, may effect in-kind creations and redemptions without restriction.

[14] *See supra* note 5. The term ''authorized participant'' is specific and narrowly defined. As noted in the Proposed ETF Rule Release, the requirement that only authorized participants of an ETF may purchase creation units from (or sell creation units to) an ETF ''is designed to preserve an orderly creation unit issuance and redemption process between ETFs and authorized participants.'' Furthermore, an ''orderly creation unit issuance and redemption process is of central importance to the arbitrage mechanism.'' *See* Proposed ETF Rule Release at 83 FR 37348.

[15] OCC has informed the Exchange that it has the operational capabilities to effect the proposed position transfers. All transfers pursuant to proposed Rule 7165 would be required to comply with OCC rules.

[16] If there is no disseminated closing price, the ETF or UIT would price according to a pricing model or procedure as described in the fund's prospectus.

[17] The Exchange notes that for in-kind creations, an authorized participant will acquire the necessary options positions in an on-exchange transaction that will be reported to OPRA. For in-kind redemptions, the Exchange generally expects that an authorized participant will acquire both the shares necessary to effect the redemption and an options position to offset the position that it will receive as proceeds for the redemption. Such an options position would likely be acquired in an on-exchange transaction that would be reported to OPRA. Such transactions are generally identical to the way that creations and redemptions work for equities and fixed income transactions—while the transfer between the authorized participant and the fund is not necessarily reported, there are generally corresponding transactions that would be reported, providing transparency into the transactions.

[18] As indicated above, the operation of the arbitrage mechanism accompanying the creation and redemption process generally contemplates ongoing interactions between authorized participants and the market in transactions involving both ETF shares and the assets comprising an ETF's creation/redemption basket.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Act,[19] in general, and Section 6(b)(5) of the Act,[20] in particular, proposed Rule 7165 to permit off-Exchange transfers in connection with the in-kind ETF and UIT creation and redemption process will promote just and equitable principles of trade and help remove impediments to and perfect the mechanism of a free and open market and a national market system, as it would permit ETFs and UITs that invest in options traded on the Exchange to utilize the in-kind creation and redemption process that is available for ETFs and UITs that invest in equities and fixed-income securities. This process represents a significant feature of the ETF and UIT structure generally, with advantages that distinguish ETFs and UITs from other types of pooled investment vehicles. In light of the associated tax efficiencies and potential transaction cost savings, the Exchange believes the ability to utilize an in-kind process would make such ETFs and UITs more attractive to both current and prospective investors and enable them to compete more effectively with other ETFs and UITs that, based on their portfolio holdings, may effect in-kind creations and redemptions without restriction. In addition, the Exchange believes that because it would permit ETFs and UITs that invest in options traded on the Exchange to benefit from tax efficiencies and potential transaction cost savings afforded by the in-kind creation and redemption process, which benefits the Exchange expects would generally be passed along to investors that hold ETF shares and UIT units, the proposed rule change would protect investors and the public interest.

Moreover, the Exchange submits that the proposed exception is clearly delineated and limited in scope and not intended to facilitate ''trading'' options off the Exchange. Other than the transfers covered by the proposed exception, transactions involving options, whether held by an ETF or an authorized participant, or a UIT or a sponsor, would be fully subject to the applicable trading Rules. Additionally, the transfers covered by the proposed exception would occur at a price(s) used to calculate the NAV of the applicable ETF shares or UIT units, which removes the need for price discovery on the Exchange. Accordingly, the Exchange does not believe that the proposed rule change would compromise price discovery or transparency.

Currently, the Exchange Rules do not allow ETFs or UITs to effect in-kind transfers of options off of the Exchange, resulting in tax inefficiencies for ETFs and UITs that hold them. As a result, the use of options by ETFs and UITs is substantially limited. While the proposed exception would be limited in scope, the Exchange believes the benefits that may flow to ETFs and UITs that hold options and their investors may be significant. Specifically, the Exchange expects that such ETFs and UITs and their investors could benefit from increased tax efficiencies and potential transaction cost savings. By making such ETFs and UITs more attractive to both current and prospective investors, the proposed rule change would enable them to compete more effectively with other ETFs and UITs, and other investment vehicles, that, due to their particular portfolio holdings, may effect in-kind creations and redemptions without restriction. This may lead to further development of ETFs and UITs that invest in options, thereby fostering competition and resulting in additional choices for investors, which ultimately benefits the marketplace and the public.

*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 would provide market participants with an efficient and effective means to transfer positions under the specified circumstances.

The Exchange does not believe the proposed rule change regarding off-floor in-kind transfers will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. Utilizing the proposed exception would be voluntary. Proposed Rule 7165 would provide market participants with an efficient and effective means to transfer positions as part of the creation and redemption process for ETFs and UITs under specified circumstances. The proposed exception would enable all ETFs and UITs that hold options to enjoy the benefits of in-kind creations and redemptions already available to other ETFs and UITs (and to pass these benefits along to investors). The proposed rule change would apply in the same manner to all authorized participants and sponsor broker-dealers that choose to use the proposed process.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. As indicated above, it is intended to provide an additional clearly delineated and limited circumstance in which options positions can be transferred off an exchange. Further, the Exchange believes the proposed rule change will eliminate a significant competitive disadvantage for ETFs and UITs that invest in options. Furthermore, as indicated above, in light of the significant benefits provided (*e.g.,* tax efficiencies and potential transaction cost savings), the proposed exception may lead to further development of ETFs and UITs that invest in options, thereby fostering competition and resulting in additional choices for investors, which ultimately benefits the marketplace and the public. Lastly, the Exchange notes that the proposed rule change is based on C2 Rule 6.9.[21] As such, the Exchange believes that its proposal enhances fair competition between markets by providing for additional listing venues for ETFs that hold options to utilize the in-kind transfers proposed herein.

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

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

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act[22] and Rule 19b–4(f)(6) thereunder.[23] 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[24] and subparagraph (f)(6) of Rule 19b–4 thereunder.[25]

[19] 15 U.S.C. 78f(b).

[20] 15 U.S.C. 78f(b)(5).

[21] *See supra* note 3.

[22] 15 U.S.C. 78s(b)(3)(A)(iii).

[23] 17 CFR 240.19b–4(f)(6).

[24] 15 U.S.C. 78s(b)(3)(A)(iii).

[25] 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

Continued

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

*Electronic Comments*

- Use the Commission's internet comment form (*https://www.sec.gov/rules/sro.shtml*); or
- Send an email to *rule-comments@sec.gov.* Please include file number SR–BOX–2025–15 on the subject line.

*Paper Comments*

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

All submissions should refer to file number SR–BOX–2025–15. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR–BOX–2025–15 and should be submitted on or before June 25, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[26]

**J. Matthew DeLesDernier,**

*Deputy Secretary.*

[FR Doc. 2025–10116 Filed 6–3–25; 8:45 am]

**BILLING CODE 8011–01–P**

## SECURITIES AND EXCHANGE COMMISSION

**[OMB Control No. 3235–0769]**

## Proposed Collection; Comment Request; Extension: Rule 139b

*Upon Written Request, Copies Available From:* Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that the Securities and Exchange Commission (the ''Commission''), in accordance with the Paperwork Reduction Act of 1995 (Pub. L. 104–13, 44 U.S.C. 3501 *et seq.*) (''PRA''), is soliciting comments on the collection of information associated with the Rule 139b (17 CFR 230.139b) under the Securities Act of 1933 (15 U.S.C. 77a *et seq.*) (''Securities Act'') that was adopted by the Commission on November 30, 2018.[1] The Commission plans to submit this existing collection of information to the Office of Management and Budget (''OMB'') for extension and approval.

As directed by the Fair Access to Investment Research Act of 2017 (Pub. L. 115–66, 131 Stat. 1196 (2017) (the ''FAIR Act''), the Commission adopted rule 139b under the Securities Act to extend the safe harbor under rule 139 to a ''covered investment fund research report.'' Specifically, rule 139b provides a safe harbor to a broker-dealer who publishes or distributes in the regular course of its business research reports concerning one or more ''covered investment fund(s)'' while participating in the distribution of a covered investment fund's securities.

In the Adopting Release, the Commission adopted the provision that rule 139b include a standardized performance disclosure requirement. The Commission believes that standardized performance presentation is an appropriate requirement because investors tend to consider fund performance a significant factor in evaluating or comparing investment companies, and the requirement addresses potential investor confusion if a communication were not easily recognizable as research as opposed to an advertising prospectus or supplemental sales literature. Rule 139b requires that research reports about open-end funds that include performance information must present it in accordance with paragraphs (d), (e), and (g) of rule 482. Rule 139b also requires that research reports about closed-end funds that include performance information must present it in accordance with instructions to item 4.1(g) of Form N–2. Performance measures calculated by broker-dealers are not required to be kept confidential and there is no mandatory retention period. The Commission anticipates that compliance with these performance measures for each fund discussed in a research report, and for which the performance measures apply, would increase compliance costs for broker-dealers seeking to publish or distribute a covered investment fund research report.

It is difficult to provide estimates of the burdens and costs for those broker-dealers that will include performance information in a rule 139b research report. As discussed in the Adopting Release, this is difficult to estimate because current data collected does not reflect the affiliate exclusion, does not include the entire universe of covered investment funds, and it is uncertain what percentage of communications currently filed as rule 482 advertising prospectuses (or rule 34b–1 supplemental sales materials) will instead be published in reliance of rule 139b, as covered investment fund research reports.[2] For purposes of the PRA, we estimate that 10% of the rule 482 and rule 34b–1 communications currently filed by broker-dealers with FINRA (approximately 50,909 in 2024) could be considered as rule 139b covered investment fund research reports. We estimate that broker-dealers will publish annually 5,091 (10% of 50,909) covered investment fund research reports. Moreover, we assume for purposes of the PRA that all

prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Commission has satisfied this requirement.

[26] 17 CFR 200.30–3(a)(12).

[1] See Release No. 33–10580 (Nov. 30, 2018) [83 FR 64180 (Dec. 13, 2018)] (''Adopting Release''). Rule 139b became effective on January 14, 2019.

[2] See Adopting Release, supra note 1, n. 413 and accompanying paragraph.