

**SUMMARY OF APPLICATION:** Applicants request an order to permit certain business development companies (“BDCs”) and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

**APPLICANTS:** Felicita Private Markets Fund, Skypoint Capital Advisors, LLC, Felicita Global Partners, LLC, Felicita SA1, LP, Felicita Secondary Fund II, LP, Felicita Tactical Opportunities Fund, LP, and Felicita Debt Fund, LP.

**FILING DATES:** The application was filed on April 6, 2023, and amended on September 11, 2023, May 17, 2024, June 18, 2024, and August 7, 2024.

**HEARING OR NOTIFICATION OF HEARING:** An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC’s Secretary at *Secretaries-Office@sec.gov* and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. Hearing requests should be received by the Commission by 5:30 p.m. on September 3, 2024, and should be accompanied by proof of service on applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer’s interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission’s Secretary at *Secretaries-Office@sec.gov*.

**ADDRESSES:** The Commission: *Secretaries-Office@sec.gov*. Applicants: *joshua.deringer@faegredrinker.com* and *reports@felicitasgp.com*.

**FOR FURTHER INFORMATION CONTACT:** Matthew Cook, Senior Counsel, or Terri Jordan, Branch Chief, at (202) 551–6825 (Division of Investment Management, Chief Counsel’s Office).

**SUPPLEMENTARY INFORMATION:** For Applicants’ representations, legal analysis, and conditions, please refer to Applicants’ fourth amended and restated application, dated August 7, 2024, which may be obtained via the Commission’s website by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC’s EDGAR system. The SEC’s EDGAR system may be searched at,

<http://www.sec.gov/edgar/searchedgar/legacy/companysearch.html>. You may also call the SEC’s Public Reference Room at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–100670; File No. SR–SAPPHIRE–2024–02]

### Self-Regulatory Organizations; MIAx Sapphire, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 404, Series of Option Contracts Open for Trading

August 7, 2024.

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> notice is hereby given that on July 24, 2024, MIAx Sapphire, LLC (“MIAx Sapphire” or “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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 404, Series of Option Contracts Open for Trading.

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/miax-sapphire/rule-filings>, at the Exchange’s principal office, and at the Commission’s Public Reference Room.

#### 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 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 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 the Statutory Basis for, the Proposed Rule Change

##### 1. Purpose

##### Background

In preparation for the launch of the MIAx Sapphire Exchange, <sup>4</sup> the Exchange proposes to update Rule 404, Series of Option Contracts <sup>5</sup> Open for Trading, in order to update the Rule to reflect changes that have occurred within the industry, and that were made to the Exchange’s affiliate, MIAx Pearl Options, Rule 404, while MIAx Sapphire’s Form 1 Application to register as a national securities exchange was pending approval.

The Exchange proposes to (i) copy a proposal originally submitted by Nasdaq ISE to adopt two Wednesday expirations for options on certain Exchange Traded Products (“Wednesday Expirations”); <sup>6</sup> (ii) copy a proposal originally submitted by the Cboe Exchange to adopt the listing of option series <sup>7</sup> that would expire at the close of business on the last business day of a calendar month (“Monthly Options Series”); <sup>8</sup> (iii) copy a proposal originally submitted by Nasdaq ISE to permit the listing and trading of option series with Tuesday and Thursday expirations for options on iShares Russell 2000 ETF (IWM) (“Tuesday and Thursday IWM Expirations”); <sup>9</sup> and (iv) copy a proposal

<sup>4</sup> See Securities Exchange Act Release No. 100539 (July 15, 2024), 89 FR 58848 (July 19, 2024) (File No. 10–240) (order approving application of MIAx Sapphire, LLC for registration as a national securities exchange).

<sup>5</sup> The term “option contract” means a put or a call issued, or subject to issuance, by the Clearing Corporation pursuant to the Rules of the Clearing Corporation. See Exchange Rule 100.

<sup>6</sup> See Securities Exchange Act Release No. 98905 (November 13, 2023), 88 FR 80348 (November 17, 2023) (SR–ISE–2023–11) (Order Approving a Proposed Rule Change to Amend the Short Term Option Series Program to Permit the Listing of Two Wednesday Expirations for Options on Certain Exchange Traded Products).

<sup>7</sup> The term “series of options” means all option contracts of the same class having the same exercise price and expiration date. See Exchange Rule 100.

<sup>8</sup> See Securities Exchange Act Release No. 98915 (Nov. 13, 2023), 88 FR 80356 (November 17, 2023) (SR–CBOE–2023–049) (Order Approving a Proposed Rule Change To Adopt Monthly Options Series).

<sup>9</sup> See Securities Exchange Act Release No. 99946 (April 11, 2024), 89 FR 27471 (April 17, 2024) (SR–ISE–2024–06) (Order Approving a Proposed Rule Change to Amend the Short Term Option Series Program).

<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.

originally submitted by the Exchange's affiliate, MIAX Options, to adopt a new strike interval program ("Low Priced Stock Strike Price Interval Program").<sup>10</sup> Additionally, the Exchange notes that all the changes contained in the aforementioned proposals have been adopted by the Exchange's affiliate, MIAX Pearl Options,<sup>11</sup> and are currently operative in MIAX Pearl Options Rule 404.

#### Proposal

#### Wednesday Expirations

The Exchange proposes to amend Interpretations and Policies .02 to expand the Short Term Option Series Program to permit the listing of two Wednesday expirations for options on United States Oil Fund, LP ("USO"), United States Natural Gas Fund, LP ("UNG"), SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and iShares 20+ Year Treasury Bond ETF ("TLT") (collectively "Exchange Traded Products" or "ETPs").

Currently, as set forth in Policy .02 of Rule 404, after an option class<sup>12</sup> has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which monthly options series or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Friday Expiration Dates ("Short Term Option Weekly Expirations"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first

business day immediately prior to that Friday.

Additionally, the Exchange may open for trading series of options on the symbols provided in Table 1 of Policy .02 of Rule 404 that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days in which monthly options series or Quarterly Options Series expire ("Short Term Option Daily Expirations"). For those symbols listed in Table 1, the Exchange may have no more than a total of two Short Term Option Daily Expirations for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time.

At this time, the Exchange proposes to expand the Short Term Option Daily Expirations to permit the listing and trading of options on USO, UNG, GLD, SLV, and TLT expiring on Wednesdays. The Exchange proposes to permit two Short Term Option Expiration Dates beyond the current week for each Wednesday expiration at one time.<sup>13</sup> In order to effectuate the proposed changes, the Exchange would add USO, UNG, GLD, SLV, and TLT to Table 1 of Policy .02 of Rule 404, which specifies each symbol that qualifies as a Short Term Option Daily Expiration.

The proposed Wednesday USO, UNG, GLD, SLV, and TLT expirations will be similar to the current Wednesday SPY, QQQ, and IWM Short Term Option Daily Expirations set forth in Policy .02 of Rule 404, such that the Exchange may open for trading on any Tuesday or Wednesday that is a business day (beyond the current week) series of options on USO, UNG, GLD, SLV, and TLT to expire on any Wednesday of the month that is a business day and is not a Wednesday in which Quarterly Options Series expire ("Wednesday USO Expirations," "Wednesday UNG Expirations," "Wednesday GLD Expirations," "Wednesday SLV Expirations," and "Wednesday TLT Expirations") (collectively, "Wednesday ETP Expirations").<sup>14</sup> In the event Short

Term Option Daily Expirations expire on a Wednesday and that Wednesday is the same day that a Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks would therefore not be consecutive. Today, Wednesday expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a Quarterly Option Series.

USO, UNG, GLD, SLV, and TLT Friday expirations would continue to have a total of five Short Term Option Expiration Dates provided those Friday expirations are not Fridays in which monthly options series or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates").

Similar to Wednesday SPY, QQQ, and IWM Short Term Option Daily Expirations within Policy .02 of Rule 404, the Exchange proposes that it may open for trading on any Tuesday or Wednesday that is a business day series of options on USO, UNG, GLD, SLV, and TLT that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which Quarterly Options Series expire.

The interval between strike prices for the proposed Wednesday ETP Expirations will be the same as those for the current Short Term Option Series for Friday expirations applicable to the Short Term Option Series Program.<sup>15</sup> Specifically, the Wednesday ETP Expirations will have a strike interval of \$0.50 or greater for strike prices below \$100, \$1 or greater for strike prices between \$100 and \$150, and \$2.50 or greater for strike prices above \$150.<sup>16</sup> As is the case with other equity options listed pursuant to the Short Term Option Series Program, the Wednesday ETP Expirations series will be P.M.-settled.

With respect to Wednesday Expirations, the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 of Interpretations and Policies .02 of Rule 404, that expire at the close of business on each of the next two Wednesdays.<sup>17</sup> If that Wednesday is not a business day, the series shall expire on the first business day immediately prior to that

<sup>10</sup> See Securities Exchange Release Act No. 98917 (November 13, 2023), 88 FR 80361 (November 17, 2023) (SR-MIAX-2023-36) (Order Approving a Proposed Rule Change to Amend Exchange Rule 404, Series of Option Contracts Open for Trading).

<sup>11</sup> See Securities Exchange Release Act Nos. 99180 (December 14, 2023), 88 FR 88148 (December 20, 2023) (SR-PEARL-2023-70); 99251 (December 29, 2023), 89 FR 819 (January 5, 2024) (SR-PEARL-2023-72); 99997 (April 19, 2024), 89 FR 32480 (April 26, 2024) (SR-PEARL-2024-21); and 99034 (November 29, 2023), 88 FR 84379 (December 5, 2023) (SR-PEARL-2023-66).

<sup>12</sup> The terms "class of options" or "option class" means all option contracts covering the same underlying security. See Exchange Rule 100.

<sup>13</sup> Consistent with the current operation of the rule, the Exchange notes that if it adds a Wednesday expiration on a Tuesday, it could technically list three outstanding Wednesday expirations at one time. The Exchange will therefore clarify the rule text in Policy .02 of Rule 404 to specify that it can list two Short Term Option Expiration Dates *beyond the current week* for each Monday, Tuesday, Wednesday, and Thursday expiration.

<sup>14</sup> While the relevant rule text in Policy .02 of Rule 404 also indicates that the Exchange will not list such expirations on a Wednesday that is a business day in which monthly options series expire, practically speaking this would not occur, as the Exchange would not list any "Wednesday Expirations" that would expire on the close of business on a Wednesday that is a business day

where standard expiration option series, Monthly Option Series, or Quarterly Options Series expire.

<sup>15</sup> See Policy .02(e) of Rule 404.

<sup>16</sup> *Id.*

<sup>17</sup> See Interpretation and Policy .02 of Exchange Rule 404.

Wednesday, *e.g.*, Tuesday of that week.<sup>18</sup>

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.<sup>19</sup> The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.<sup>20</sup> With the proposed changes, this thirty (30) series restriction would apply to Wednesday USO, UNG, GLD, SLV, and TLT Short Term Option Daily Expirations as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming that they file similar rules with the Commission to list Wednesday ETP Expirations.

Further, as with Wednesday SPY, QQQ, and IWM Expirations, the Exchange would not permit Wednesday ETP Expirations to expire on a business day in which monthly options series or Quarterly Options Series expire. Therefore, all Short Term Option Daily Expirations would expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which monthly options series or Quarterly Options Series expire. The Exchange believes that it is reasonable to not permit two expirations on the same day in which a monthly options series or a Quarterly Options Series would expire because those options would be duplicative of each other.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Wednesday ETP Expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Wednesday ETP Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire on Wednesday for SPY, QQQ, and IWM and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Wednesday for SPY, QQQ, and IWM. Additionally, the Exchange notes that this change is substantively identical to a proposal adopted by the

Exchange's affiliate, MIAx Pearl Options.<sup>21</sup>

#### Monthly Options Series

The Exchange proposes to amend Rule 404 to accommodate the listing of options series that would expire at the close of business on the last business day of a calendar month ("Monthly Options Series").

Pursuant to new proposed Interpretations and Policies .13 to Exchange Rule 404, the Exchange may list Monthly Options Series for up to five currently listed option classes that are either index options or options on exchange-traded funds ("ETFs").<sup>22</sup> In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.<sup>23</sup> The Exchange may list 12 expirations for Monthly Options Series. Monthly Options Series need not be for consecutive months; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.<sup>24</sup>

<sup>21</sup> See Securities Exchange Release Act No. 99180 (December 14, 2023), 88 FR 88148 (December 20, 2023) (SR-PEARL-2023-70).

<sup>22</sup> The Exchange proposes to amend Exchange Rule 404(a) to provide that proposed Interpretation and Policy .13 to Exchange Rule 404 will describe how the Exchange will fix a specific expiration date and exercise price for Monthly Options Series and that proposed Interpretation and Policy .13 to Exchange Rule 404 will govern the procedures for opening Monthly Options Series, respectively. This is consistent with language in current Exchange Rules 404(a) for other Short Term Options Series and Quarterly Options Series.

<sup>23</sup> Currently, Cboe Exchange, Inc. has a substantively identical program. See Securities Exchange Act Release No. 98915 (Nov. 13, 2023) (SR-CBOE-2023-049) (Order Approving a Proposed Rule Change To Adopt Monthly Options Series). See also Cboe Exchange Rule 4.5(g).

<sup>24</sup> The Exchange notes this provision considers consecutive monthly listings. In other words, as other expirations (such as Quarterly Options Series) are not counted as part of the maximum, those expirations would not be considered when considering when the last expiration date would be if the maximum number were listed consecutively. For example, if it is January 2024 and the Exchange lists Quarterly Options Series in class ABC with expirations in March, June, September, December, and the following March, the Exchange could also list Monthly Options Series in class ABC with expirations in January, February, April, May, July, August, October, and November 2024 and January and February of 2025. This is because, if Quarterly Options Series, for example, were counted, the Exchange would otherwise never be able to list the maximum number of Monthly Options Series. This is consistent with the listing provisions for Quarterly Options Series, which permit calendar quarter expirations. The need to list series with the same expiration in the current calendar year and the following calendar year (whether Monthly or Quarterly expiration) is to allow market participants to execute one-year strategies pursuant to which

Other expirations in the same class are not counted as part of the maximum numbers of Monthly Options Series expirations for a class.<sup>25</sup> Monthly Options Series will be P.M.-settled.<sup>26</sup>

The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.<sup>27</sup> Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet Member<sup>28</sup> demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Options Series that are more than 30% above or below the current price of the underlying

they may not roll their exposures in the longer-dated options (*e.g.*, January 2025) prior to the expiration of the nearer-dated option (*e.g.*, January 2024).

<sup>25</sup> See proposed Interpretation and Policy .13(b) to Exchange Rule 404.

<sup>26</sup> See proposed Interpretation and Policy .13(c) to Exchange Rule 404.

<sup>27</sup> See proposed Interpretation and Policy .13(d). The Exchange notes these proposed provisions are consistent with the initial series provision for the Quarterly Options Series program in Interpretation and Policy .03 to Exchange Rule 404. While different than the initial strike listing provision for the Quarterly Options Series program in current Interpretation and Policy .03 to Exchange Rule 404, the Exchange believes the proposed provision is appropriate, as it contemplates classes that may have strike intervals of \$5 or greater.

<sup>28</sup> The term "Member" means an individual or organization that is registered with the Exchange pursuant to Chapter II of MIAx Pearl Rules for purposes of trading on the Exchange as an "Electronic Exchange Member" or "Market Maker." Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

<sup>18</sup> See Exchange Rule 100, "Short Term Option Series."

<sup>19</sup> See Policy .02(c) of Rule 404.

<sup>20</sup> *Id.*

security, provided that demonstrated Member interest exists for such series, as expressed by institutional, corporate, Members or their brokers. Market Makers trading for their own account will not be considered when determining Member interest under this provision. The opening of the new Monthly Options Series will not affect the series of options of the same class previously opened.<sup>29</sup> The interval between strike prices on Monthly Options Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.<sup>30</sup>

By definition, Monthly Options Series can never expire in the same week that a standard options series that expires on the third Friday of a month in the same class expires. The same, however, is not the case with respect to Short Term Options Series or Quarterly Options Series. Therefore, to avoid any confusion in the marketplace, the Exchange proposes to amend Interpretation and Policy .02 to Exchange Rule 404 to provide that the Exchange will not list a Short Term Options Series in a class on a date on which a Monthly Options Series or Quarterly Options Series expires.<sup>31</sup> Similarly, proposed Interpretation and Policy .13(b) to Exchange Rule 404 provides that no Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. In other words, the Exchange will not list a Short Term Options Series on an index or ETF if a Monthly Options Series on that index or ETF were to expire on the same date, nor will the Exchange list a Monthly Options Series on an index or ETF if a Quarterly Options Series on that ETF were to expire on the same date to prevent the listing of series with concurrent expirations.<sup>32</sup>

<sup>29</sup> See proposed Interpretation and Policy .13(e) to Exchange Rule 404.

<sup>30</sup> See proposed Interpretation and Policy .13(f) to Exchange Rule 404; see also Interpretations and Policies .01 and .04, .06, .08, .09, .10 to Exchange Rule 404 (permissible strike prices for ETF classes) and Interpretations and Policies .05, .07, .11 to Exchange Rule 404 (permissible strike prices for index options).

<sup>31</sup> The Exchange also proposes to make a non-substantive change to Interpretation and Policy .02 to Exchange Rule 404 to change current references to “monthly options series” to “standard expiration options series” (*i.e.*, series that expire on the third Friday of a month), to eliminate potential confusion. The current references to “monthly options series” are intended to refer to those series that expire on the third Friday of a month, which are generally referred to in the industry as standard expirations.

<sup>32</sup> The Exchange notes this would not prevent the Exchange from listing a P.M.-settled Monthly

Options Series added pursuant to proposed Interpretation and Policy .13(a)–(f) to Exchange Rule 404, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a strike: (i) higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) lower than the lowest strike price with open interest in the put and/or call series for a given expiration month. Notwithstanding this delisting policy, Member requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting will be granted. In connection with this delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.

The Exchange believes that Monthly Options Series will provide investors with another flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie options contracts. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Options Price Reporting Authority (“OPRA”) and the Exchange’s quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently lists Quarterly Options Series in certain ETF classes,<sup>33</sup> which expire at the close of business at

Options Series on an index with the same expiration date as an A.M.-settled Short Term Options Series on the same index, both of which may expire on a Friday. The Exchange believes this concurrent listing would provide investors with yet another hedging mechanism and is reasonable given these series would not be identical (unlike if they were both P.M.-settled). This could not occur with respect to ETFs, as all Short Term Options Series on ETFs are P.M.-settled.

<sup>33</sup> The Exchange notes it currently lists quarterly expirations on certain ETF options pursuant to Interpretation and Policy .03 to Exchange Rule 404.

the end of four calendar months (*i.e.*, the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange’s surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Options Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards—such as position and exercise limits (and the aggregation of options overlying the same index or ETF) and reporting requirements—would continue to apply. Additionally, the Exchange notes that this change is substantively identical to a proposal adopted by the Exchange’s affiliate, MIAX Pearl Options.<sup>34</sup>

#### *Tuesday and Thursday IWM Expirations*

Currently, Table 1 in Interpretations and Policies .02 of Exchange Rule 404 specifies each symbol that qualifies as a Short Term Option Daily Expiration.<sup>35</sup> Today, Table 1 permits the listing and trading of Monday Short Term Option Daily Expirations and Wednesday Short Term Option Daily Expirations for IWM. At this time, the Exchange proposes to expand the Short Term Option Series Program to permit the listing and trading of no more than a total of two IWM Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday,

<sup>34</sup> See Securities Exchange Release Act No. 99251 (December 29, 2023), 89 FR 819 (January 5, 2024) (SR-PEARL-2023-72).

<sup>35</sup> The Exchange may open for trading on any Thursday or Friday that is a business day series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series. Of these series of options, the Exchange may have no more than a total of five Short Term Option Expiration Dates. In addition, the Exchange may open for trading series of options on certain symbols that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Short Term Option Daily Expirations”). See Interpretations and Policies .02 of Exchange Rule 404.

and Thursday expirations at one time.<sup>36</sup> The listing and trading of Tuesday and Thursday Short Term Option Daily Expirations would be subject to Interpretations and Policies .02 of Exchange Rule 404.

Today, Tuesday Short Term Option Daily Expirations in SPDR S&P 500 ETF Trust (“SPY”) and Invesco QQQ Trust<sup>SM</sup> (“QQQ”) may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Tuesday Short Term Option Expiration Date”).<sup>37</sup> Also, today, Thursday Short Term Option Daily Expirations in SPY and QQQ may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Wednesday Short Term Option Expiration Date”).

In the event that options on IWM expire on a Tuesday or Thursday and that Tuesday or Thursday is a business day in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, the Exchange would skip that week’s listing and instead list the following week; the two weeks would therefore not be consecutive. With this proposal, the

Exchange would be able to open for trading series of options on IWM that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.<sup>38</sup>

The interval between strike prices for the proposed Tuesday and Thursday IWM Short Term Option Daily Expirations will be the same as those for Tuesday and Thursday Short Term Option Daily Expirations in SPY and QQQ, applicable to the Short Term Option Series Program.<sup>39</sup>

Interpretations and Policies .10 of Exchange Rule 404 provides that, notwithstanding any other provision regarding the interval of strike prices of series of options on Exchange-Traded Fund Shares in Exchange Rule 404, the interval of strike prices on options on IWM will be \$1 or greater.<sup>40</sup> Further, Interpretations and Policies .02(e) of Exchange Rule 404 provides that the strike price interval for Short Term Option Series may be \$0.50 or greater for option classes that trade in \$1 strike price intervals and are in the Short Term Option Series Program. Therefore, the Tuesday and Thursday IWM Short Term Option Daily Expirations will have a \$0.50 strike interval minimum. As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Tuesday and Thursday IWM Short Term Option Daily Expiration series will be P.M.-settled.

Pursuant to Exchange Rule 100,<sup>41</sup> with respect to the Short Term Option

Series Program, a Tuesday or Thursday expiration series shall expire on the first business day immediately prior to that Tuesday or Thursday, *e.g.*, Monday or Wednesday of that week, respectively, if the Tuesday or Thursday is not a business day.

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.<sup>42</sup> The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.<sup>43</sup> This thirty (30) series restriction would apply to Tuesday and Thursday IWM Short Term Option Daily Expiration series as well.

With this proposal, Tuesday and Thursday IWM Expirations would be treated the same as Tuesday and Thursday Expirations in SPY and QQQ. With respect to standard expiration option series, Short Term Option Daily Expirations may expire in the same week in which standard expiration option series on the same class expire. In the case of Monthly Options Series and Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of a Monthly Options Series or Quarterly Options Series, respectively, in the same class.<sup>44</sup> Therefore, all Short Term Option Daily Expirations would expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.

The Exchange does not believe that any market disruptions will be encountered with the introduction of P.M.-settled Tuesday and Thursday IWM Short Term Option Daily Expirations. The Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Tuesday and Thursday Short Term Option Daily Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Tuesday and Thursday for SPY and QQQ and has not experienced any market disruptions nor issues with

<sup>36</sup> The Exchange would amend the Tuesday and Thursday expirations for IWM in Table 1 in Interpretations and Policies .02 of Exchange Rule 404 from “0” to “2” to permit Tuesday and Thursday expirations for options on IWM listed pursuant to the Short Term Option Series. The Exchange notes that Cboe Exchange, Inc. (“Cboe”) began listing Tuesday and Thursday expirations in the Russell 2000 Index Weeklys® (“RUTW”) and Mini-Russell 2000 Index Weeklys® (“MRUT”) on January 8, 2024. See Securities Exchange Act Release No. 98621 (September 28, 2023), 88 FR 68896 (October 4, 2023) (SR-CBOE-2023-054) (a Proposed Rule Change To Amend Rule 4.13); Securities Exchange Act Release No. 98957 (November 15, 2023), 88 FR 81130 (November 21, 2023) (SR-CBOE-2023-054) (Order Approving a Proposed Rule Change To Amend Rule 4.13 To Expand the Nonstandard Expirations Program To Include P.M.-Settled Options on Broad-Based Indexes That Expire on Tuesday or Thursday); See also Cboe Global Markets, Inc., Cboe To Offer Daily Expiries For Russell 2000 Index Options Suite, Beginning January 8, 2024, available at <https://ir.cboe.com/news/news-details/2023/Cboe-TO-OFFER-DAILY-EXPIRIES-FOR-RUSSELL-2000-INDEX-OPTIONS-SUITE-BEGINNING-JANUARY-8-2024/default.aspx> (last visit February 14, 2024).

<sup>37</sup> See Interpretation and Policy .02 of Exchange Rule 404.

<sup>38</sup> Today, IWM may trade on Mondays and Wednesdays in addition to Fridays, as is the case for all options series.

<sup>39</sup> See Interpretation and Policy .10 of Exchange Rule 404.

<sup>40</sup> Options on SPY, iShares Core S&P 500 ETF (“IVV”), QQQ, IWM, and the SPDR Dow Jones Industrial Average ETF (“DIA”) are also subject to Interpretations and Policies .10 of Exchange Rule 404.

<sup>41</sup> The term “Short Term Option Series” means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday. See Exchange Rule 100.

<sup>42</sup> See Interpretation and Policy .02(c) and (d) of Exchange Rule 404.

<sup>43</sup> See Interpretation and Policy .02 of Exchange Rule 404.

<sup>44</sup> See Interpretation and Policy .02(b) of Exchange Rule 404.

capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Tuesday and Thursday for SPY and QQQ. Additionally, the Exchange notes that this change is substantively identical to a proposal adopted by the Exchange's affiliate, MIAX Pearl Options.<sup>45</sup>

#### Low Priced Stock Strike Price Interval Program

Currently, Exchange Rule 404, Series of Option Contracts Open for Trading, describes the process and procedures for listing and trading series of options on the Exchange. Rule 404 provides for a \$2.50 Strike Price Program, where the Exchange may select up to 60 option classes on individual stocks for which the interval of strike prices will be \$2.50 where the strike price is greater than \$25.00 but less than \$50.00.<sup>46</sup> Rule 404 also provides for a \$1 Strike Price Interval Program, where the interval between strike prices of series of options on individual stocks may be \$1.00 or greater provided the strike price is \$50.00 or less, but not less than \$1.00.<sup>47</sup> Additionally, Rule 404 provides for a \$0.50 Strike Program.<sup>48</sup> The interval of strike prices of series of options on individual stocks may be \$0.50 or greater beginning at \$0.50 where the strike price is \$5.50 or less, but only for options classes whose underlying security closed at or below \$5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation during the preceding three calendar months. The listing of \$0.50 strike prices is limited to options classes overlying no more than 20 individual stocks (the "\$0.50 Strike Program") as specifically designated by the Exchange. The Exchange may list \$0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar \$0.50 Strike Program under their respective rules. A stock shall remain in the \$0.50 Strike Program until otherwise designated by the Exchange.<sup>49</sup>

The Exchange proposes to adopt a new strike interval program for underlying stocks that are not in the aforementioned \$0.50 Strike Program (or

the Short Term Option Series Program)<sup>50</sup> and that close below \$2.50 and have an average daily trading volume of at least 1,000,000 shares per day for the three (3) preceding calendar months. The \$0.50 Strike Program considers stocks that have a closing price at or below \$5.00 whereas the Exchange's proposal will consider stocks that have a closing price below \$2.50. Currently, there is a subset of stocks that are not included in the \$0.50 Strike Program as a result of the limitations of that program which provides that the listing of \$0.50 strike prices shall be limited to option classes overlying no more than 20 individual stocks as specifically designated by the Exchange and requires a national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation during the preceding three calendar months.<sup>51</sup> Therefore, the Exchange is proposing to implement a new strike interval program termed the "Low Priced Stock Strike Price Interval Program."

To be eligible for the inclusion in the Low Priced Stock Strike Price Interval Program, an underlying stock must (i) close below \$2.50 in its primary market on the previous trading day; and (ii) have an average daily trading volume of at least 1,000,000 shares per day for the three (3) preceding calendar months. The Exchange notes that there is no limit to the number of classes that will be eligible for inclusion in the proposed program, provided, of course, that the underlying stocks satisfy both the price and average daily trading volume requirements of the proposed program.

The Exchange also proposes that after a stock is added to the Low Priced Stock Strike Price Interval Program, the Exchange may list \$0.50 strike price intervals from \$0.50 up to \$2.00.<sup>52</sup> For the purpose of adding strikes under the Low Priced Stock Strike Price Interval Program, the "price of the underlying stock" shall be measured in the same way as "the price of the underlying security" as set forth in Rule 404A(b)(1).<sup>53</sup> Further, no additional series in \$0.50 intervals may be listed if the underlying stock closes at or above \$2.50 in its primary market. Additional

series in \$0.50 intervals may not be added until the underlying stock again closes below \$2.50.

The Exchange's proposal addresses a gap in strike coverage for low priced stocks. The \$0.50 Strike Program considers stocks that close below \$5.00 and limits the number of option classes listed to no more than 20 individual stocks (provided that the open interest criteria is also satisfied). Whereas, the Exchange's proposal has a narrower focus, with respect to the underlying's stock price, and is targeted to those stocks that close below \$2.50 and does not limit the number of stocks that may participate in the program (provided that the average daily trading volume is also satisfied). The Exchange does not believe that any market disruptions will be encountered with the addition of these new strikes. The Exchange represents that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Low Priced Stock Strike Price Interval Program.

The Exchange believes that its average daily trading volume requirement of 1,000,000 shares is a reasonable threshold to ensure adequate liquidity in eligible underlying stocks as it is substantially greater than the thresholds used for listing options on equities, American Depositary Receipts, and broad-based indexes. Specifically, underlying securities with respect to which put or call option contracts are approved for listing and trading on the Exchange must meet certain criteria as determined by the Exchange. One of those requirements is that trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve (12) months.<sup>54</sup> Rule 402(f) provides the criteria for listing options on American Depositary Receipts ("ADRs") if they meet certain criteria and guidelines set forth in Exchange Rule 402. One of the requirements is that the average daily trading volume for the security in the U.S. markets over the three (3) months preceding the selection of the ADR for options trading is 100,000 or more shares.<sup>55</sup> Finally, the Exchange may trade options on a broad-based index pursuant to Rule 19b-4(e) of the Securities Exchange Act of 1934 provided a number of conditions are satisfied. One of those conditions is that each component security that accounts for at least one percent (1%) of the weight of the index has an average daily

<sup>45</sup> See Securities Exchange Release Act No. 99997 (April 19, 2024), 89 FR 32480 (April 26, 2024) (SR-PEARL-2024-21).

<sup>46</sup> See Exchange Rule 404(f).

<sup>47</sup> See Interpretation and Policy .01(a) of Rule 404.

<sup>48</sup> See Interpretation and Policy .04 of Rule 404.

<sup>49</sup> *Id.*

<sup>50</sup> See Interpretation and Policy .02 of Rule 404.

<sup>51</sup> See Interpretation and Policy .04 of Rule 404.

<sup>52</sup> While the Exchange may list new strikes on underlying stocks that meet the eligibility requirements of the new program the Exchange will exercise its discretion and will not list strikes on underlying stocks the Exchange believes are subject to imminent delisting from their primary exchange.

<sup>53</sup> The Exchange notes this is the same methodology used in the \$1 Strike Price Interval Program. See Interpretation and Policy .01(c)(3) of Rule 404.

<sup>54</sup> See Exchange Rule 402(b)(4).

<sup>55</sup> See Exchange Rule 402(f)(3)(ii).



trading volume of at least 90,000 shares during the last six month period.<sup>56</sup>

Additionally, the Exchange proposes to amend the table in Interpretations and Policies .11 of Rule 404 to insert a new column to harmonize the Exchange's proposal to the strike intervals for Short Term Options Series as described in Interpretations and Policies .02 of Rule 404. The table in Interpretations and Policies .11 is intended to limit the intervals between strikes for multiply listed equity options within the Short Term Options Series program that have an expiration date more than twenty-one days from the listing date.<sup>57</sup> Specifically, the table defines the applicable strike intervals for options on underlying stocks given the closing price on the primary market on the last day of the calendar quarter, and a corresponding average daily volume of the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter.<sup>58</sup> However, the lowest share price column is titled "Less than \$25." The Exchange now proposes to insert a column titled "Less than \$2.50" and to set the strike interval at \$0.50 for each average daily volume tier represented in the table. Also, the Exchange proposes to amend the heading of the column currently titled "Less than \$25," to "\$2.50 to less than \$25" as a result of the adoption of the new proposed column, "Less than \$2.50." The Exchange believes this change will remove any potential conflict between the strike intervals under the Short Term Options Series Program and those described herein under the Exchange's proposal. Additionally, the Exchange notes that this change is substantively identical to a proposal adopted by the Exchange's affiliate, MIAX Pearl Options.<sup>59</sup>

The Exchange recognizes that this proposal will introduce new strikes in the marketplace and further acknowledges that there has been significant effort undertaken by the industry to curb strike proliferation. This initiative has been spearheaded by the Nasdaq BX who filed an initial proposal focused on the removal, and

prevention of the listing, of strikes which are extraneous and do not add value to the marketplace (the "Strike Interval Proposal").<sup>60</sup> The Strike Interval Proposal was intended to remove repetitive and unnecessary strike listings across the weekly expiries. Specifically, the Strike Interval Proposal aimed to reduce the density of strike intervals that would be listed in the later weeks, by creating limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date.<sup>61</sup> The Strike Interval Proposal took into account OCC customer-cleared volume, using it as an appropriate proxy for demand. The Strike Interval Proposal was designed to maintain strikes where there was customer demand and eliminate strikes where there wasn't. At the time of its proposal Nasdaq BX estimated that the Strike Interval Proposal would reduce the number of strikes it listed by 81,000.<sup>62</sup> The Exchange proposes to amend the table to define the strike interval at \$0.50 for underlying stocks with a share price of less than \$2.50. The Exchange believes this amendment will harmonize the Exchange's proposal with the Strike Interval Proposal described above.

The Exchange recognizes that its proposal will moderately increase the total number of option series available on the Exchange. However, the Exchange's proposal is designed to only add strikes where there is investor demand<sup>63</sup> which will improve market quality. Under the requirements for the Low Priced Stock Strike Price Interval Program as described herein, the Exchange determined that as of August 9, 2023, 106 symbols met the proposed criteria. Of those symbols 36 are currently in the \$1 Strike Price Interval Program with \$1.00 and \$2.00 strikes listed. Under the Exchange's proposal the Exchange would add the \$0.50 and \$1.50 strikes for these symbols for the current expiration terms. The remaining 70 symbols eligible under the

Exchange's proposal would have \$0.50, \$1.00, \$1.50 and \$2.00 strikes added to their current expiration terms.

Therefore, for the 106 symbols eligible for the Low Priced Stock Strike Price Interval Program a total of approximately 3,250 options would be added. As of August 9, 2023, the Exchange listed 1,106,550 options, therefore the additional options that would be listed under this proposal would represent a very minor increase of 0.294% in the number of options listed on the Exchange.

The Exchange does not believe that its proposal contravenes the industry's efforts to curtail unnecessary strikes. The Exchange's proposal is targeted to only underlying stocks that close at less than \$2.50 and that also meet the average daily trading volume requirement. Additionally, because the strike increment is \$0.50 there are only a total of four strikes that may be listed under the program (\$0.50, \$1.00, \$1.50, and \$2.00) for an eligible underlying stock. Finally, if an eligible underlying stock is in another program (e.g., the \$0.50 Strike Program or the \$1 Strike Price Interval Program) the number of strikes that may be added is further reduced if there are pre-existing strikes as part of another strike listing program. Therefore, the Exchange does not believe that it will list any unnecessary or repetitive strikes as part of its program, and that the strikes that will be listed will improve market quality and satisfy investor demand.

The Exchange further believes that the Options Price Reporting Authority ("OPRA"), has the necessary systems capacity to handle any additional messaging traffic associated with this proposed rule change.<sup>64</sup> The Exchange also believes that Members will not have a capacity issue as a result of the proposed rule change. Finally, the Exchange believes that the additional options will serve to increase liquidity, provide additional trading and hedging opportunities for all market participants, and improve market quality.

## 2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>65</sup> Specifically, the Exchange believes that its proposed rule change is consistent with Section

<sup>56</sup> See Exchange Rule 1802(d)(7).

<sup>57</sup> See Securities Exchange Release Act No. 91125 (February 21, 2021), 86 FR 10375 (February 19, 2021) (SR-BX-2020-032) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, To Amend Options 4, Section 5, To Limit Short Term Options Series Intervals Between Strikes That Are Available for Quoting and Trading on BX).

<sup>58</sup> *Id.*

<sup>59</sup> See Securities Exchange Release Act No. 99034 (November 29, 2023), 88 FR 84379 (December 5, 2023) (SR-PEARL-2023-66).

<sup>60</sup> See Securities Exchange Act No. 91225 (February 12, 2021), 86 FR 10375 (February 12, 2021) (SR-BX-2020-032) (BX Strike Approval Order); see also BX Options Strike Proliferation Proposal (February 25, 2021) available at: <https://www.nasdaq.com/solutions/bx-options-strike-proliferation-proposal>.

<sup>61</sup> See Securities Exchange Act No. 91225 (February 12, 2021), 86 FR 10375 (February 12, 2021) (SR-BX-2020-032).

<sup>62</sup> See *id.*

<sup>63</sup> See proposed Interpretation and Policy .12(a) of Rule 404 which requires that an underlying stock have an average daily trading volume of 1,000,000 shares for the three (3) preceding months to be eligible for inclusion in the Low Priced Stock Strike Price Interval Program. The Exchange continuously evaluates stocks that may be eligible for inclusion in the Program.

<sup>64</sup> The Exchange conducts periodic testing with OPRA to ensure performance and capacity targets are being met.

<sup>65</sup> 15 U.S.C. 78f(b).

6(b)(5)<sup>66</sup> requirements 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.

#### Wednesday Expirations

Similar to Wednesday expirations in SPY, QQQ, and IWM, the proposal to permit Wednesday ETP Expirations, subject to the proposed limitation of two expirations beyond the current week, would protect investors and the public interest by providing the investing public and other market participants more choice and flexibility to closely tailor their investment and hedging decisions in these options and allow for a reduced premium cost of buying portfolio protection, thus allowing them to better manage their risk exposure.

The Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in the proposed option expirations, in the same way that it monitors trading in the current Short Term Option Series for Wednesday SPY, QQQ and IWM expirations. The Exchange also represents that it has the necessary system capacity to support the new expirations. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of these option expirations. As discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for GLD, SLV, USO, UNG, and TLT given that it will be limited to two Wednesday expirations beyond the current week. Lastly, the Exchange believes its proposal will not be a strain on liquidity providers because of the multi-class nature of GLD, SLV, USO, UNG, and TLT and the available hedges in highly correlated instruments, as described above.

The Exchange believes that the proposal is consistent with the Act as the proposal would overall add a small number of Wednesday ETP Expirations by limiting the addition of two Wednesday expirations beyond the current week. The addition of Wednesday ETP Expirations would remove impediments to and perfect the mechanism of a free and open market by

encouraging Market Makers to continue to deploy capital more efficiently and improve market quality. The Exchange believes that the proposal will allow market participants to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT as these funds are most likely to be utilized by market participants to hedge the underlying asset classes.

Similar to Wednesday SPY, QQQ, and IWM expirations, the introduction of Wednesday ETP Expirations is consistent with the Act as it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Wednesday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively, thus allowing them to better manage their risk exposure. Today, the Exchange lists Wednesday SPY, QQQ, and IWM Expirations.<sup>67</sup>

The Exchange believes the Short Term Option Series Program has been successful to date and that Wednesday ETP Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging. There are no material differences in the treatment of Wednesday SPY, QQQ, and IWM expirations compared to the proposed Wednesday ETP Expirations. Given the similarities between Wednesday SPY, QQQ, and IWM expirations and the proposed Wednesday ETP Expirations, the Exchange believes that applying the provisions in Policy .02 of Rule 404 that currently apply to Wednesday SPY, QQQ, and IWM expirations is justified. For example, the Exchange believes that allowing Wednesday ETP Expirations and monthly ETP expirations in the same week will benefit investors and minimize investor confusion by providing Wednesday ETP Expirations in a continuous and uniform manner. The Exchange notes that this change is substantively identical to a proposal adopted by the Exchange's affiliate, MIAA Pearl Options.<sup>68</sup>

#### Monthly Options Series

The Exchange believes the introduction of Monthly Options Series will remove impediments to and perfect the mechanism of a free and open market and a national market system by expanding hedging tools available to market participants. The Exchange believes the proposed monthly expirations will allow market participants to transact in the index and ETF options listed pursuant to the proposed rule change based on their timings as needed and allow them to tailor their investment and hedging needs more effectively. Further, the Exchange believes the availability of Monthly Options Series would protect investors and the public interest by providing investors with more flexibility to closely tailor their investment and hedging decisions in these options, thus allowing them to better manage their risk exposure.

The Exchange believes the Quarterly Options Series Program has been successful to date and the proposed Monthly Options Series program simply expands the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur at month's end in the same way the Quarterly Options Series Program has expanded the landscape of hedging for quarter-end news. Monthly Options Series will also complement Short Term Options Series, which will allow investors to hedge risk against events that occur throughout a month. The Exchange believes the availability of additional expirations should create greater trading and hedging opportunities for investors, as well as provide investors with the ability to tailor their investment objectives more effectively.

The Exchange notes the proposed terms of Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.<sup>69</sup> Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month. The proposed Monthly Options Series would fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as Quarterly Options Series, including permissible strikes. As is the

<sup>66</sup> 15 U.S.C. 78f(b)(5).

<sup>67</sup> See Interpretation and Policy .02 of Rule 404.

<sup>68</sup> See *supra* note 20.

<sup>69</sup> Compare proposed Interpretation and Policy .13 of Exchange Rule 404 to Interpretation and Policy .03 of Exchange Rule 404.



case with Quarterly Options Series, no Short Term Options Series may expire on the same day as a Monthly Options Series. Similarly, as proposed, no Monthly Options Series may expire on the same day as a Quarterly Options Series. The Exchange believes preventing listing series with concurrent expirations in a class will eliminate potential investor confusion and thus protect investors and the public interest. Given that Quarterly Options Series the Exchange currently lists are essentially Monthly Options Series that can expire at the end of only certain calendar months, the Exchange believes it is reasonable to list Monthly Options Series in accordance with the same terms, as it will promote just and equitable principles of trade. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Exchange and OPRA's quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. As mentioned above, the Exchange currently trades Quarterly Options Series in certain ETF classes, which expire at the close of business at the end of three calendar months (*i.e.*, the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Options Series, and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards—such as position and exercise limits (and the aggregation of options overlying the same ETF or index) and reporting requirements—would continue to apply. The Exchange notes that this change is substantively identical to a proposal adopted by the

Exchange's affiliate, MIAX Pearl Options.<sup>70</sup>

#### Tuesday and Thursday IWM Expirations

The Exchange believes that IWM Tuesday and Thursday Short Term Daily Expirations will allow market participants to purchase IWM options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively. Further, the proposal to permit Tuesday and Thursday Short Term Daily Expirations for options on IWM listed pursuant to the Short Term Option Series Program, subject to the proposed limitation of two nearest expirations, would protect investors and the public interest by providing the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in IWM options, thus allowing them to better manage their risk exposure.

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Tuesday and Thursday IWM Short Term Daily Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging. Similarly, the Exchange believes Tuesday and Thursday IWM Short Term Daily Expirations should create greater trading and hedging opportunities and provide customers the flexibility to tailor their investment objectives more effectively. The Exchange currently lists SPY and QQQ Tuesday and Thursday Short Term Daily Expirations.<sup>71</sup>

With this proposal, Tuesday and Thursday IWM Expirations would be treated similar to existing Tuesday and Thursday SPY and QQQ Expirations and would expire in the same week that standard monthly options expire on Fridays.<sup>72</sup> Further, today, Tuesday and Thursday Short Term Option Daily Expirations do not expire on a business day in which monthly options series or Quarterly Options Series expire.<sup>73</sup> Today, all Short Term Option Daily Expirations expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days

in which monthly options series or Quarterly Options Series expire. There are no material differences in the treatment of Tuesday and Thursday SPY and QQQ Short Term Daily Expirations as compared to the proposed Tuesday and Thursday IWM Short Term Daily Expirations.

The Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in the proposed Tuesday and Thursday IWM Short Term Daily Expirations, in the same way that it monitors trading in the current Short Term Option Series and trading in Tuesday and Thursday SPY and QQQ Expirations. The Exchange also represents that it has the necessary systems capacity to support the new options series. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of Tuesday and Thursday IWM Short Term Daily Expirations. The Exchange notes that this change is substantively identical to a proposal adopted by the Exchange's affiliate, MIAX Pearl Options.<sup>74</sup>

#### Low Priced Stock Strike Price Interval Program

The Exchange believes its proposal to adopt a new Low Priced Stock Strike Price Interval Program promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system as the Exchange has identified a subset of stocks that are trading under \$2.50 and do not have meaningful strikes available. For example, on August 9, 2023, symbol SOND closed at \$0.50 and had open interest of over 44,000 contracts and an average daily trading volume in the underlying stock of over 1,900,000 shares for the three preceding calendar months.<sup>75</sup> Currently the lowest strike listed is for \$2.50, making the lowest strike 400% away from the closing stock price. Another symbol, CTXR, closed at \$0.92 on August 9, 2023, and had open interest of over 63,000 contracts and an average daily trading volume in the underlying stock of over 1,900,000 shares for the three preceding calendar months.<sup>76</sup> Similarly, the lowest strike listed is for \$2.50, making the lowest strike more than 170% away from the closing stock price. Currently, such products have no at-the-money options, as well as no in-the-

<sup>70</sup> See *supra* note 33.

<sup>71</sup> See Interpretation and Policy .02 of Exchange Rule 404.

<sup>72</sup> See Interpretation and Policy .02(b) of Exchange Rule 404.

<sup>73</sup> See Interpretation and Policy .02 of Exchange Rule 404.

<sup>74</sup> See *supra* note 44.

<sup>75</sup> See Yahoo! Finance, <https://finance.yahoo.com/quote/SOND/history?p=SOND> (last visited August 10, 2023).

<sup>76</sup> See Yahoo! Finance, <https://finance.yahoo.com/quote/CTXR/history?p=CTXR> (last visited August 10, 2023).

money calls or out-of-the-money puts. The Exchange's proposal will provide additional strikes in \$0.50 increments from \$0.50 up to \$2.00 to provide more meaningful trading and hedging opportunities for this subset of stocks. Given the increased granularity of strikes as proposed under the Exchange's proposal out-of-the-money puts and in-the-money calls will be created. The Exchange believes this will allow market participants to tailor their investment and hedging needs more effectively.

The Exchange believes its proposal promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest by adding strikes that improves market quality and satisfies investor demand. The Exchange does not believe that the number of strikes that will be added under the program will negatively impact the market. Additionally, the proposal does not run counter to the efforts undertaken by the industry to curb strike proliferation as that effort focused on the removal and prevention of extraneous strikes where there was no investor demand. The Exchange's proposal requires the satisfaction of an average daily trading volume threshold in addition to the underlying stock closing at a price below \$2.50 to be eligible for the program. The Exchange believes that the average daily trading volume threshold of the program ensures that only strikes with investor demand will be listed and fills a gap in strike interval coverage as described above. Further, being that the strike interval is \$0.50, there are only a maximum of four strikes that may be added (\$0.50, \$1.00, \$1.50, and \$2.00). Therefore, the Exchange does not believe that its proposal will undermine the industry's efforts to eliminate repetitive and unnecessary strikes in any fashion.

The Exchange believes that its average daily trading volume threshold promotes just and equitable principles of trade and removes impediments to and perfects the mechanisms of a free and open market and a national market system and, in general, protects investors and the public interest as it is designed to permit only those stocks with demonstrably high levels of trading activity to participate in the program. The Exchange notes that its average daily trading volume requirement is substantially greater than the average daily trading requirement currently in place on the Exchange for options on

equity underlyings,<sup>77</sup> ADRs,<sup>78</sup> and broad-based indexes.<sup>79</sup>

The Exchange believes that the proposed rule change is consistent with Section 6(b)(1) of the Act, which provides that the Exchange be organized and have the capacity to be able to carry out the purposes of the Act and the rules and regulations thereunder, and the rules of the Exchange. The proposed rule change allows the Exchange to respond to customer demand to provide meaningful strikes for low priced stocks. The Exchange does not believe that the proposed rule would create any capacity issue or negatively affect market functionality. Additionally, the Exchange represents that it has the necessary systems capacity to support the new options series and handle additional messaging traffic associated with this proposed rule change. The Exchange also believes that its Members will not experience any capacity issues as a result of this proposal. In addition, the Exchange represents that it believes that additional strikes for low priced stocks will serve to increase liquidity available as well and improve price efficiency by providing more trading opportunities for all market participants. The Exchange believes that the proposed rule change will benefit investors by giving them increased opportunities to execute their investment and hedging decisions.

Finally, the Exchange believes its proposal is designed to prevent fraudulent and manipulative acts and practices as options may only be listed on underlyings that satisfy the listing requirements of the Exchange as described in Exchange Rule 402, Criteria for Underlying Securities. Specifically, Rule 402 requires that underlying securities for which put or call option contracts are approved for listing and trading on the Exchange must meet the following criteria: (1) the security must be registered and be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act; (2) the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded.<sup>80</sup> Additionally, Rule 402 provides that absent exceptional circumstances, an underlying security will not be selected for options transactions unless: (1) there are a minimum of seven (7) million shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the Exchange

Act; (2) there are a minimum of 2,000 holders of the underlying security; (3) the issuer is in compliance with any applicable requirements of the Exchange Act; and (4) trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve (12) months.<sup>81</sup> The Exchange's proposal does not impact the eligibility of an underlying stock to have options listed on it, but rather addresses only the listing of new additional option classes on an underlying listed on the Exchange in accordance to the Exchange's listings rules. As such, the Exchange believes that the listing requirements described in Exchange Rule 402 address potential concerns regarding possible manipulation. Additionally, in conjunction with the proposed Average Daily Volume requirement described herein, the Exchange believes any possible market manipulation is further mitigated. The Exchange notes that this change is substantively identical to a proposal adopted by the Exchange's affiliate, MIAX Pearl Options.<sup>82</sup>

#### *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.

#### *Wednesday Expirations*

While the proposal will expand the Short Term Options Expirations to allow Wednesday ETP Expirations to be listed on the Exchange, the Exchange believes that this limited expansion for Wednesday expirations for options on USO, UNG, GLD, SLV, and TLT will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange believes that market participants will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT given multi-class nature of these products and the available hedges in highly correlated instruments, as described above. Similar to Wednesday SPY, QQQ, and IWM expirations, the introduction of Wednesday ETP Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio

<sup>77</sup> See *supra* note 53.

<sup>78</sup> See *supra* note 54.

<sup>79</sup> See *supra* note 55.

<sup>80</sup> See Exchange Rule 402(a)(1) and (2).

<sup>81</sup> See Exchange Rule 402(b)(1), (2), (3) and (4).

<sup>82</sup> See *supra* note 58.

protection. The Exchange believes that Wednesday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade Wednesday ETP Expirations. Further, the Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal.

#### Monthly Options Series

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as any Monthly Options Series the Exchange lists for trading will be available in the same manner for all market participants who wish to trade such options. The Exchange notes the proposed terms of the Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.<sup>83</sup> Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month, making the concept of Monthly Options Series in a limited number of index and ETF options not novel. The proposed Monthly Options Series will fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as Quarterly Options Series, including permissible strikes. Monthly Options Series will trade on the Exchange in the same manner as other options in the same class.

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, as nothing prevents other options exchanges from proposing similar rules. As discussed above, the proposed rule change would permit listing of Monthly Options Series in five index or ETF options, as well as any other classes that other exchanges

may list under similar programs. To the extent that the availability of Monthly Options Series makes the Exchange a more attractive marketplace to market participants at other exchanges, market participants are free to elect to become market participants on the Exchange.

The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition. Similar to Short Term Options Series and Quarterly Options Series, the Exchange believes the introduction of Monthly Options Series will not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants. The Exchange believes Monthly Options Series will allow market participants to purchase options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

Consequently, the Exchange does not believe that the proposed change implicates competition at all.

#### Tuesday and Thursday IWM Expirations

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.

Similar to SPY and QQQ Tuesday and Thursday Expirations, the introduction of IWM Tuesday and Thursday Short Term Daily Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants and continue the reduction of the premium cost of buying protection. The Exchange believes that IWM Tuesday and Thursday Short Term Daily Expirations will allow market participants to purchase IWM options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively. The Exchange notes that Cboe began listing Tuesday and Thursday expirations in RUTW and MRUT on January 8, 2024.<sup>84</sup>

<sup>84</sup> See Securities Exchange Act Release No. 98621 (September 28, 2023), 88 FR 68896 (October 4, 2023) (SR-CBOE-2023-054) (a Proposed Rule Change To Amend Rule 4.13); Securities Exchange Act Release No. 98957 (November 15, 2023), 88 FR 81130 (November 21, 2023) (SR-CBOE-2023-054) (Order Approving a Proposed Rule Change To Amend Rule 4.13 To Expand the Nonstandard Expirations Program To Include P.M.-Settled Options on Broad-Based Indexes That Expire on Tuesday or Thursday); See also Cboe Global Markets, Inc., Cboe To Offer Daily Expiries For Russell 2000 Index Options Suite, Beginning January 8, 2024, available at <https://ir.cboe.com/news/news-details/2023/Cboe-TO-OFFER-DAILY-EXPIRIES-FOR-RUSSELL-2000-INDEX-OPTIONS-SUITE-BEGINNING-JANUARY-8-2024/default.aspx> (last visited April 25, 2024).

The Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents other options exchanges from proposing similar rules to list and trade Short-Term Option Series with Tuesday and Thursday Short Term Daily Expirations. The Exchange notes that having Tuesday and Thursday IWM expirations is not a novel proposal, as SPY and QQQ Tuesday and Thursday Expirations are currently listed on the Exchange.<sup>85</sup>

Further, the Exchange does not believe the proposal will impose any burden on intramarket competition, as all market participants will be treated in the same manner under this proposal.

#### Low Priced Stock Strike Price Interval Program

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as the Rules of the Exchange apply equally to all Members of the Exchange and all Members may trade the new proposed strikes if they so choose. Specifically, the Exchange believes that investors and market participants will significantly benefit from the availability of finer strike price intervals for stocks priced below \$2.50, which will allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition, as nothing prevents other options exchanges from proposing similar rules to list and trade options on low priced stocks. Rather the Exchange believes that its proposal will promote inter-market competition, as the Exchange's proposal will result in additional opportunities for investors to achieve their investment and trading objectives, to the benefit of investors, market participants, and the marketplace in general.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become

<sup>85</sup> See Interpretation and Policy .02 of Exchange Rule 404.

<sup>83</sup> See Interpretation and Policy .03 to Exchange Rule 404.

operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>86</sup> and Rule 19b-4(f)(6) thereunder.<sup>87</sup>

A proposed rule change filed under Rule 19b-4(f)(6)<sup>88</sup> normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),<sup>89</sup> the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange states that the waiver of the 30-day operative delay would ensure fair competition among the exchanges by allowing the Exchange to permit the listing of two Wednesday expirations for options on ETPs. The Exchange also states that waiver of the operative delay would allow the Exchange to immediately offer an additional market to investors to trade Monthly Options Series and to compete effectively with at least one other exchange that currently lists and trades the same series. The Exchange further states that waiver of the operative delay would allow the Exchange to immediately adopt the strike interval program and list strikes on the Exchange in accordance with this proposal, and thereby provide opportunities for investors to select the venue on which to trade these strikes. In addition, the Exchange states that the changes contained in the proposal are substantively identical to changes that have been adopted by the Exchange's affiliate, MIAx Pearl Options.<sup>90</sup>

For these reasons, and because the proposal does not raise any new or novel legal or regulatory issues, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the

proposed rule change operative upon filing.<sup>91</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission will institute proceedings under Section 19(b)(2)(B)<sup>92</sup> to determine whether the proposed rule change 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](mailto:rule-comments@sec.gov). Please include file number SR-SAPPHIRE-2024-02 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-SAPPHIRE-2024-02. 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-SAPPHIRE-2024-02 and should be submitted on or before September 3, 2024.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>93</sup>

**Sherry R. Haywood,**  
Assistant Secretary.

[FR Doc. 2024-17953 Filed 8-12-24; 8:45 am]

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-100666; File No. SR-NYSEAMER-2024-45]

### Self-Regulatory Organizations; NYSE American LLC; Notice of Filing of Proposed Rule Change To Amend Rule 915 To Permit the Listing and Trading of Options on the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, the Grayscale Ethereum Mini Trust, and Any Trust That Holds Ether

August 7, 2024.

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> notice is hereby given that on July 23, 2024, NYSE American LLC ("NYSE American" or "Exchange") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rule 915 to permit the listing and trading of options on the Bitwise

<sup>86</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>87</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

<sup>88</sup> 17 CFR 240.19b-4(f)(6).

<sup>89</sup> 17 CFR 240.19b-4(f)(6)(iii).

<sup>90</sup> See *supra* note 11 and accompanying text.

<sup>91</sup> For purposes only of waiver the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>92</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>93</sup> 17 CFR 200.30-3(a)(12), (59).

<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.