

an existing prospectus or other written offering material to add this disclosure statement, or may draft a sticker or supplement containing this disclosure to be added to existing offering materials. In either case, based on discussions with representatives of the Canadian fund industry, the staff estimates that it would take an average of 10 minutes per document to draft the requisite disclosure statement.

The staff estimates that there are 3,887 publicly offered Canadian funds that potentially would rely on the rule to offer securities to participants and sell securities to their Canadian retirement accounts without registering under the Investment Company Act.⁵ The staff estimates that all of these funds have previously relied upon the rule and have already made the one-time change to their offering documents required to rely on the rule. The staff estimates that 194 (5 percent) additional Canadian funds would newly rely on the rule each year to offer securities to Canadian-U.S. Participants and sell securities to their Canadian retirement accounts, thus incurring the paperwork burden required under the rule. The staff estimates that each of those funds, on average, distributes 3 different written offering documents concerning those securities, for a total of 582 offering documents. The staff therefore estimates that 194 respondents would make 582 responses by adding the new disclosure statement to 582 written offering documents. The staff therefore estimates that the annual burden associated with the rule 7d-2 disclosure requirement would be 97 hours (582 offering documents × 10 minutes per document). The total annual cost of these burden hours is estimated to be \$49,567 (97 hours × \$511 per hour of attorney time).⁶

These burden hour estimates are based upon the Commission staff's experience and discussions with the fund industry. The estimates of average burden hours are made solely for the purposes of the Paperwork Reduction Act. These estimates are not derived

from a comprehensive or even a representative survey or study of the costs of Commission rules.

Compliance with the collection of information requirements of the rule is mandatory and is necessary to comply with the requirements of the rule in general. Responses will not be kept confidential. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB Control Number.

Written comments are invited on: (a) whether this collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility; (b) the accuracy of the agency's estimate of the burden imposed by the collection of information; (c) ways to enhance the quality, utility, and clarity of the information collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated collection techniques or other forms of information technology.

The public may view and comment on this information collection request at: https://www.reginfo.gov/public/do/PRAViewICR?ref_nbr=202505-3235-009 or send an email comment to MBX.OMB.OIRA.SEC_desk_officer@omb.eop.gov within 30 days of the day after publication of this notice by September 2, 2025.

Dated: July 29, 2025.

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103565; File No. SR-PHLX-2024-72]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Order Approving a Proposed Rule Change To Permit the Trading of FLEX Options on Shares of the iShares Bitcoin Trust ETF

July 29, 2025.

I. Introduction

On December 26, 2024, Nasdaq PHLX LLC ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to

amend Options 8, Section 34, FLEX Trading, to permit options on shares of the iShares Bitcoin Trust ETF ("IBIT") to trade as cash-settled and physically settled FLEX equity options.³ The proposed rule change was published for comment in the **Federal Register** on January 14, 2025.⁴ On February 27, 2025, pursuant to Section 19(b)(2) of the Act,⁵ the Commission designated a longer period within which to approve the proposal, disapprove the proposal, or institute proceedings to determine whether to disapprove the proposal.⁶ On March 14, 2025, the Commission instituted proceedings under Section 19(b)(2)(B) of the Act⁷ to determine whether to approve or disapprove the proposal.⁸ The Commission received a comment letter regarding the proposed rule change.⁹ This order approves the proposed rule change.

II. Description of the Proposed Rule Change

As described in detail in the Notice, the Exchange proposes to amend its rules to permit the trading of FLEX equity options on IBIT.¹⁰ The Commission approved Nasdaq ISE LLC's ("ISE") proposal to list and trade options on IBIT.¹¹ Because the Exchange's listing rules incorporate ISE's listing rules by reference, the Exchange may list IBIT options.¹² The

³ The Exchange's rules use the term "exchange-traded fund" to refer to several types of investment products, including IBIT. See ISE Options 4, Section 3(h). In its proposal to list and trade shares of IBIT, The Nasdaq Stock Market LLC states that IBIT is not an investment company registered under the Investment Company Act of 1940, and that shares of IBIT will be registered with the Commission on Form S-1. See Securities Exchange Act Release No. 99295 (Jan. 8, 2024), 89 FR 2321, 2322 (Jan. 12, 2024) (File No. SR-Nasdaq-2023-016) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change to List and Trade Shares of the iShares Bitcoin Trust Under Nasdaq Rule 5711(d)).

⁴ See Securities Exchange Act Release No. 102132 (Jan. 7, 2025), 90 FR 3266 ("Notice").

⁵ 15 U.S.C. 78s(b)(2).

⁶ See Securities Exchange Act Release No. 102497 (Feb. 27, 2025), 90 FR 11334 (Mar. 5, 2025). The Commission designated April 14, 2025, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change.

⁷ 15 U.S.C. 78s(b)(2)(B).

⁸ See Securities Exchange Act Release No. 102669 (Mar. 14, 2025), 90 FR 13226 (Mar. 20, 2025).

⁹ Comments received on the proposal are available at <https://www.sec.gov/comments/sr-phlx-2024-72/srphlx202472.htm>.

¹⁰ See *supra* note 4.

¹¹ See Securities Exchange Act Release No. 101128 (Sept. 20, 2024), 89 FR 78942 (Sept. 26, 2024) (order approving File No. SR-ISE-2024-03) ("IBIT Order").

¹² See Options 4 and Securities Exchange Act Release No. 101613 (Nov. 13, 2024), 89 FR 91470 (Nov. 19, 2024) (notice of filing and immediate effectiveness of File No. SR-Phlx-2024-53).

⁵ International Investment Funds Association, Worldwide Public Tables for the Second Quarter of 2024, at Table 4, available at https://iifa.ca/resource/collection/658ACD2D-DB32-4C34-B2F7-129D184E7EAC/WorldwidePublicReportUS_2024-Q2.xlsx.

⁶ The Commission's estimate concerning the wage rate for attorney time is based on salary information for the securities industry compiled by the Securities Industry and Financial Markets Association ("SIFMA"); the \$511 per hour figure for an Attorney is based on SIFMA's Management & Professional Earnings in the Securities Industry 2013, updated for 2024, modified by Commission staff to account for an 1800-hour work-year and inflation, and multiplied by 5.35 to account for bonuses, firm size, employee benefits and overhead.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Exchange's rules currently establish position and exercise limits of 25,000 contracts on the same side of the market for IBIT options.¹³ The Exchange proposes to amend Options 8, Section 34(e) to apply these position and exercise limits to the proposed FLEX IBIT options and to provide that positions in FLEX IBIT options will be aggregated with positions in non-FLEX IBIT options for purposes of calculating position and exercise limits.¹⁴ Accordingly, the proposal limits the position and exercise limits for all IBIT options—FLEX and non-FLEX—to 25,000 contracts.¹⁵

The Exchange states that the Commission has stated that “rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options positions.”¹⁶ The Exchange states that, for this reason the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”¹⁷ The Exchange further states that based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000-contract position limit for non-FLEX IBIT options satisfied these objectives.¹⁸

The Exchange states that the proposed aggregated limit effectively restricts a market participant from holding positions that could result in the receipt of more than 2,500,000 shares, aggregated for FLEX IBIT and non-FLEX IBIT options (if that market participant exercised all its IBIT options).¹⁹ The Exchange states that capping the aggregated position limit at 25,000 contracts will be sufficient to address concerns related to manipulation and the protection of investors, and further, that the proposed position and exercise limits are conservative for IBIT and therefore appropriate given its liquidity.²⁰ As described more fully in the Notice, the Exchange states that although it proposes an aggregated

position limit of 25,000 contracts for all IBIT options, there is evidence to support a higher position limit.²¹

The Exchange states that FLEX options on ETFs are currently traded in the over-the-counter (“OTC”) market by a variety of market participants, including hedge funds, proprietary trading firms, and pension funds.²² The Exchange states that the proposed FLEX options may provide a useful risk management and trading vehicle for market participants and their customers.²³ The Exchange states that FLEX IBIT options traded on the Exchange would have several advantages over contracts traded in the OTC market, including reduced counterparty credit risk because exchange-traded contracts are issued and guaranteed by The Options Clearing Corporation (“OCC”) and the price discovery and dissemination provided by exchange trading, which would lead to more transparent markets.²⁴

The Exchange states that it and The Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the listing of FLEX IBIT options.²⁵ The Exchange states that the same surveillance procedures applicable to other options products listed and traded on the Exchange, including non-FLEX IBIT options, will apply to the proposed FLEX IBIT options, and that the Exchange has the necessary systems capacity to support the proposed options.²⁶ The Exchange further states that FLEX options products (and their respective symbols) are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes.²⁷ The Exchange states that its market surveillance staff (including staff of the Financial Industry Regulatory Authority (“FINRA”) who perform surveillance and investigative work on behalf of the

Exchange pursuant to a regulatory services agreement) conduct surveillances with respect to IBIT (the underlying exchange-traded product) and, as appropriate, would review activity in IBIT when conducting surveillances for market abuse or manipulation in IBIT options.²⁸ In addition, the Exchange states that it is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement, and that ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets.²⁹ For surveillance purposes, the Exchange states that it would therefore have access to information regarding trading activity in the pertinent underlying securities.³⁰ The Exchange states that it does not believe that allowing FLEX IBIT options would render the marketplace for equity options more susceptible to manipulative practices.³¹ The Exchange represents that its existing trading surveillances are adequate to monitor the trading in IBIT (as well as FLEX IBIT options) on the Exchange.³² In addition, the Exchange states that it has a regulatory services agreement with FINRA, pursuant to which FINRA conducts certain surveillances on behalf of the Exchange.³³ The Exchange further states that, pursuant to a multi-party 17d–2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.³⁴ The Exchange states that it will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of IBIT options.³⁵

²⁸ See Notice, 90 FR at 3268.

²⁹ See *id.*

³⁰ See *id.*

³¹ See *id.* at 3270.

³² See *id.* at 3269.

³³ See *id.* at 3268.

³⁴ See *id.* The Exchange states that Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization (“SRO”) registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d–2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO. Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: receive regulatory reports from such members; examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or carry out other specified regulatory responsibilities with respect to such members. See Notice, at 3269 at n.26.

³⁵ See *id.* at 3269.

¹³ See Options 9, Section 13(a) and Option 9, Section 15(a).

¹⁴ See proposed Options 8, Section 34(e).

¹⁵ See Notice, 90 FR at 3267.

¹⁶ See Notice, 90 FR at 3267 (citing the IBIT Order, 89 FR 78946).

¹⁷ See *id.*

¹⁸ See *id.*

¹⁹ See Notice, 90 FR at 3267.

²⁰ See *id.*

²¹ See Notice, 90 FR at 3267. In the IBIT Order, the Commission stated that it considered and reviewed the ISE's analysis that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.4% of the outstanding shares of IBIT. The Commission stated that it also considered and reviewed the ISE's statement that with a position limit of 25,000 contracts on the same side of the market and 611,040,00 shares of IBIT outstanding, 244 market participants would have to simultaneously exercise their positions to place IBIT under stress. See IBIT Order, 89 FR at 78946.

²² See *id.*

²³ See *id.*

²⁴ See *id.*

²⁵ See *id.*

²⁶ See *id.*

²⁷ See *id.* The Exchange states that FLEX trading occurs on the Exchange's trading floor in an open outcry environment. The Exchange states that surveillance staff monitors FLEX trading in open outcry. See *id.* at footnote 24.

III. Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,³⁶ and, in particular, the requirements of Section 6 of the Act.³⁷ Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,³⁸ which requires, among other things, that an exchange have rules designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest.

The proposed FLEX IBIT options would permit the creation of customized options on IBIT, which could help market participants implement their hedging, risk management, and investment strategies. A commenter expressed support for the proposal and highlighted the benefits of the proposed customized options on IBIT.³⁹ The commenter states that the customizable features of FLEX options allow asset managers to create precise buffer levels and outcome periods that cannot be achieved using standardized listed options.⁴⁰ In addition, the proposal will extend to FLEX IBIT options the benefits of trading on the Exchange's options market, including a centralized market center, an auction market with posted transparent market quotations and transaction reporting, parameters and procedures for clearance and settlement, and the guarantee of OCC for all contracts traded on the Exchange.⁴¹

The Exchange's rules currently provide position and exercise limits of 25,000 contracts on the same side of the market for IBIT options.⁴² Although the

proposal provides for the trading of FLEX IBIT options, the proposal maintains the existing position and exercise limits for IBIT options of 25,000 contracts on the same side of the market and thus does not raise new regulatory issues with respect to position and exercise limits.⁴³ The Commission finds that the proposed aggregation of position in FLEX and non-FLEX options when calculating position and exercise limits is consistent with the Act, and in particular, with the requirements in Section 6(b)(5) that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. Position and exercise limits serve as a regulatory tool designed to deter manipulative schemes and adverse market impact surrounding the use of options. Since the inception of standardized options trading, the options exchanges have had rules limiting the aggregate number of options contracts that a member or customer may hold or exercise. Options position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market to benefit the options position.⁴⁴ In addition, such limits serve to reduce the possibility of disruption in the options market itself, especially in illiquid classes.⁴⁵

When the Commission approved the listing of options on IBIT, the Commission concluded that the proposed position and exercise limits were designed to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that could be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.⁴⁶ At the same time, the Commission has recognized that limits must not be established at levels that are so low as to discourage participation in the options market by institutions and other investors with substantial hedging

needs or to prevent specialists and market-makers from adequately meeting their obligations to maintain a fair and orderly market.⁴⁷ This analysis applies to the proposed position and exercise limits for IBIT FLEX options as well. By applying the existing IBIT option position and exercise limits to IBIT FLEX options, and by requiring the aggregation of positions in FLEX and non-FLEX options for position and exercise limit purposes, the proposed position and exercise limits for IBIT FLEX options are designed to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that could be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.

As described above, the same surveillance procedures applicable to other options products listed and traded on the Exchange, including non-FLEX IBIT options, will apply to the proposed FLEX IBIT options.⁴⁸ The Exchange states that FLEX options products (and their respective symbols) are integrated into the Exchange's existing surveillance system architecture and thus are subject to the relevant surveillance processes.⁴⁹ The Exchange further states that it will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of IBIT options.⁵⁰ In addition, the Exchange states that its market surveillance staff, including FINRA staff who perform surveillance and investigative work on behalf of the Exchange pursuant a regulatory services agreement, conduct surveillances with respect to IBIT and would review activity in IBIT when conducting surveillances for market abuse or manipulation in IBIT options.⁵¹ The Exchange also states that it is a member of ISG, that ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets, and therefore the Exchange would have access to information regarding trading activity in the pertinent underlying

³⁶ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

³⁷ 15 U.S.C. 78f.

³⁸ 15 U.S.C. 78f(b)(5).

³⁹ See letter from Matt McFarland, Senior Vice President, Capital Markets, Vest Financial, dated Jan. 27, 2025. The commenter further states that FLEX options on IBIT would permit the creation of products with precise payoff terms, which would provide investors with hedged exposure to IBIT. See *id.* at 1.

⁴⁰ See *id.*

⁴¹ See Securities Exchange Act Release No. 36841 (Feb. 14, 1996), 61 FR 6666, 6668 (Feb. 21, 1996) (File Nos. SR-Cboe-95-43 and PSE-95-24) (order approving listing of FLEX options on specified equity securities). In addition, the Exchange states that exchange-traded FLEX options can be closed with a liquidating transaction, while OTC FLEX contracts must be held until expiration. See Notice, 90 FR at 3268.

⁴² See Options 9, Section 13(a), and Options 9, Section 15(a).

⁴³ See IBIT Order, 89 FR at 78946 (discussing the Commission's approval of the 25,000-contract position and exercise limits for IBIT options).

⁴⁴ See Securities Exchange Act Release No. 39489 (Dec. 24, 1997), 63 FR 276, 279 (Jan. 5, 1998) (order approving File No. SR-Cboe-97-11).

⁴⁵ See *id.*

⁴⁶ See IBIT Order, 89 FR at 78946. See also Securities Exchange Act Release Nos. 21907 (Mar. 29, 1985), 50 FR 13440, 13441 (Apr. 4, 1985).

⁴⁷ See *id.*

⁴⁸ See Notice, 90 FR at 3268.

⁴⁹ See *id.* The Exchange states that FLEX trading occurs on the Exchange's trading floor in an open outcry environment. The Exchange states that surveillance staff monitors FLEX trading in open outcry. See *id.* at footnote 24.

⁵⁰ See Notice, 90 FR at 3269.

⁵¹ See *id.* at 3268.

securities.⁵² Further, in approving proposals to list bitcoin-based exchange-traded products (“ETPs”), including IBIT, the Commission found that there were sufficient means to prevent fraud and manipulation of bitcoin-based ETPs.⁵³

Together, these surveillance procedures should allow the Exchange to investigate suspected manipulations or other trading abuses in IBIT FLEX options. Accordingly, the Commission finds that the Exchange’s surveillance procedures for FLEX IBIT options are designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest.

IV. Conclusion

For the reasons set forth above, the Commission finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b)(5) of the Act.⁵⁴

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,⁵⁵ that the proposed rule change (SR-Phlx-2024-72) is approved.

By the Commission.

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2025-14544 Filed 7-31-25; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103582; File No. SR-MRX-2025-16]

Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to SQF Ports

July 29, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on July 22, 2025, Nasdaq MRX, LLC (“MRX” 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 the Exchange’s Pricing Schedule at Options 7, Section 6, Ports and Other Services, to propose a limit to the number of Specialized Quote Feed (“SQF”) ³ Ports a Market Maker ⁴ may subscribe to in a month.

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

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 Statutory Basis for, the Proposed Rule Change

1. Purpose

The Exchange proposes to amend its Pricing Schedule at Options 7, Section 6, Ports and Other Services, to propose

³ “Specialized Quote Feed” or “SQF” is an interface that allows Market Makers to connect, send, and receive messages related to quotes, Immediate-or-Cancel Orders, and auction responses to the Exchange. Features include the following: (1) options symbol directory messages (e.g., underlying instruments); (2) System event messages (e.g., start of trading hours messages and start of opening); (3) trading action messages (e.g., halts and resumes); (4) execution messages; (5) quote messages; (6) Immediate-or-Cancel Order messages; (7) risk protection triggers and purge notifications; (8) opening imbalance messages; (9) auction notifications; and (10) auction responses. The SQF Purge Interface only receives and notifies of purge requests from the Market Maker. Market Makers may only enter interest into SQF in their assigned options series. Immediate-or-Cancel Orders entered into SQF are not subject to the Order Price Protection, Market Order Spread Protection, and Size Limitation Protection in Options 3, Section 15(a)(1)(A), (1)(B), and (2)(B) respectively. See MRX Supplementary Material .03 (c) to Options 3, Section 7.

⁴ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See MRX Options 1, Section 1(a)(21).

a limit on the number of SQF Ports a Market Maker may subscribe to in a month.

Currently, a MRX Market Maker is assessed an SQF Port Fee of \$1,275 per port, per month.⁵ Currently, the Exchange has no limits in place on the number of SQF Ports a Market Maker may acquire in a month.

At this time, the Exchange proposes to limit a Market Maker to no more than 250 SQF Ports per month.⁶ A Market Maker requires only one SQF Port to submit quotes in its assigned options series into MRX. While a Market Maker may elect to obtain multiple SQF Ports to organize its business,⁷ only one SQF Port is necessary for a Market Maker to fulfill its regulatory quoting obligations.⁸ The Exchange utilizes ports as a secure method for Members to submit quotes into the Exchange’s match engine and for the Exchange to send messages related to those quotes to Members. In order to properly regulate its Members and secure the trading environment, the Exchange has taken measures to ensure access is monitored and maintained with various controls. The Exchange believes that the proposed limit of 250 SQF Ports per month will permit the Exchange to obtain greater efficiencies by placing this overall limit on SQF Ports. The Exchange believes a limit of 250 SQF Ports provides it with the appropriate bandwidth to support future growth and new Market Makers entrants.⁹

The Exchange proposes to implement the 250 SQF Ports per month limit on August 15, 2025.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹¹ in particular, in that it is designed to promote just and equitable principles of

⁵ The SQF Port and the SQF Purge Port are subject to a monthly cap of \$17,850, which cap is applicable to Market Makers.

⁶ The Exchange issued Options Technical Alert #2025-12 to announce the limitation.

⁷ For example, a Market Maker may desire to utilize multiple SQF Ports for accounting purposes, to measure performance, for regulatory reasons or other determinations that are specific to that Member.

⁸ MRX Market Makers have various regulatory requirements as provided for in Options 2, Section 4. Additionally, MRX Market Makers have certain quoting requirements with respect to their assigned options series as provided in Options 2, Section 5. SQF Ports are the only quoting protocol available on MRX and only Market Makers may utilize SQF Ports.

⁹ The Exchange will periodically review the SQF Port limit. If the Exchange elects to amend the limit it will file a rule proposal with the Commission.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(5).

⁵² See *id.* at 3269.

⁵³ See Securities Exchange Act Release Nos. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024).

⁵⁴ 15 U.S.C. 78f(b)(5).

⁵⁵ 15 U.S.C. 78s(b)(2).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.