

## SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235-0701]

### Proposed Collection; Comment Request; Extension: Rule 18a-1

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

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 *et seq.*), the Securities and Exchange Commission (“SEC” or “Commission”) is soliciting comments on the proposed collection of information in Rule 18a-1.

Rule 18a-1, 17 CFR 240.18a-1, establishes net capital requirements for nonbank security-based swap dealers that are not also broker-dealers registered with the Commission (“stand-alone SBSBs”). First, under paragraphs (a)(2) and (d) of Rule 18a-1, a stand-alone SBSB may apply to the Commission to be authorized to use internal value-at-risk (“VaR”) models to compute net capital, and a stand-alone SBSB authorized to use internal models must review and update the models it uses to compute market and credit risk, as well as back-test the models. Second, under paragraph (f) of Rule 18a-1, a stand-alone SBSB is required to comply with certain requirements of Exchange Act Rule 15c3-4 (17 CFR 240.15c3-4). Rule 15c3-4 requires OTC derivatives dealers and firms subject to its provisions to establish, document, and maintain a system of internal risk management controls to assist the firm in managing the risks associated with business activities, including market, credit, leverage, liquidity, legal, and operational risks. Third, for purposes of calculating “haircuts” on credit default swaps, paragraph (c)(1)(vi)(B)(1)(iii) of Rule 18a-1 requires stand-alone SBSBs that are not using internal models to use an industry sector classification system that is documented and reasonable in terms of grouping types of companies with similar business activities and risk characteristics. Fourth, under paragraph (h) of Rule 18a-1, stand-alone SBSBs are required to provide the Commission with certain written notices with respect to equity withdrawals. Fifth, under paragraph (c)(5) of Appendix D to Rule 18a-1 (17 CFR 240.18a-1d), stand-alone SBSBs are required to file with the Commission two copies of any proposed subordinated loan agreement (including nonconforming subordinated loan agreements) at least 30 days prior to the proposed execution date of the

agreement. Finally, under paragraph (c)(1)(ix)(C) of Rule 18a-1, a nonbank SBSB may treat collateral held by a third-party custodian to meet an initial margin requirement of a security-based swap or swap customer as being held by the nonbank SBSB for purposes of the capital in lieu of margin charge provisions of the rule if certain conditions are met. In particular, the SBSB must execute an account control agreement and must maintain written documentation of its analysis that in the event of a legal challenge the account control agreement would be held to be legal, valid, binding, and enforceable under the applicable law.

The collection of information is mandatory and is designed to ensure that stand-alone SBSBs maintain sufficient liquidity at all times to meet all unsubordinated obligations of their customers and counterparties and, should a nonbank SBSB fail, that there are sufficient resources for an orderly liquidation. These information collections facilitate the monitoring of the financial condition of nonbank SBSBs by the Commission. The information collected by the Commission under Rule 18a-1, as adopted, is kept confidential to the extent permitted by the Freedom of Information Act (5 U.S.C. 552 *et seq.*).

The annual aggregate initial burden for all respondents is estimated to be 4,310 hours. The aggregate initial cost burden for all respondents is estimated to be \$2,772,334. The aggregate annual burden for all respondents is estimated to be 28,933 hours. The aggregate annual cost burden for all respondents is estimated to be \$3,732,600.

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 proposed collection of information is necessary for the proper performance of the functions of the SEC, including whether the information will have practical utility; (b) the accuracy of the SEC’s estimate of the burden imposed by the proposed collection of information, including the validity of the methodology and the assumptions used; (c) ways to enhance the quality, utility, and clarity of the information to be collected; and (d) ways to minimize the burden of the collection of information on respondents, including through the use of automated, electronic collection techniques or other forms of information technology.

Please direct your written comments on this 60-Day Collection Notice to Austin Gerig, Director/Chief Data

Officer, Securities and Exchange Commission, c/o Tanya Ruttenberg via email to [PaperworkReductionAct@sec.gov](mailto:PaperworkReductionAct@sec.gov) by September 15, 2025. There will be a second opportunity to comment on this SEC request following the **Federal Register** publishing a 30-Day Submission Notice.

Dated: July 11, 2025.

**Sherry R. Haywood,**

*Assistant Secretary.*

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## SECURITIES AND EXCHANGE COMMISSION

**Release No. 34-103434; File No. SR-ISE-2025-15]**

### Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment No. 1 to a Proposed Rule Change To Amend the Short Term Option Series Program To List Qualifying Securities

July 10, 2025.

On May 1, 2025, the Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) <sup>1</sup> and Rule 19b-4 thereunder, <sup>2</sup> a proposed rule change to amend the Exchange’s Short Term Option Series Program to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares. The proposed rule change was published for comment in the **Federal Register** on May 21, 2025. <sup>3</sup> On June 27, 2025, the Commission designated a longer period within which to take action on the proposed rule change. <sup>4</sup> On July 1, 2025, the Exchange filed Amendment No. 1 to the proposed rule change. <sup>5</sup> The Commission is publishing this notice to solicit comments on the proposed rule change, as amended by Amendment No. 1, from

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

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> See Securities Exchange Act Release No. 103048 (May 15, 2025), 90 FR 21805. Comments on the proposed rule change are available at <https://www.sec.gov/comments/sr-ise-2025-15/srise202515.htm>.

<sup>4</sup> See Securities Exchange Act Release No. 103343, 90 FR 29098 (July 2, 2025). The Commission designated August 19, 2025 as the date by which it should approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change. See *id.*

<sup>5</sup> Amendment No. 1 is publicly available on the Commission’s website at: <https://www.sec.gov/comments/sr-ise-2025-02/sriex202502-580115-1667463.pdf>.

interested persons. Items I and II below have been prepared by the Exchange.

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

The Exchange proposes to amend the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5 to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares. This Amendment No. 1 supersedes the original filing in its entirety and proposes to (1) correct certain data points in the Monday and Wednesday 2024 tables; (2) provide additional data regarding the number of strike breaks for calendar years 2022, 2023 and 2025 for the Sample Qualifying Securities, in addition to the 2024 calendar year data that was previously included; and (3) provide data regarding Contrary Exercise Advices that were liquidated<sup>6</sup> and abandoned<sup>7</sup> on a certain date in SPY.

The text of the proposed rule change is available on the Exchange's website at <https://listingcenter.nasdaq.com/rulebook/ise/rulefilings>, at the principal office of the Exchange, 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 Statutory Basis for, the Proposed Rule Change**

##### **1. Purpose**

The Exchange proposes to amend the Short Term Option Series Program in Supplementary Material .03 of Options

4, Section 5. Specifically, the Exchange proposes to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares (collectively "Qualifying Securities").

Currently, as set forth in Supplementary Material .03 to Options 4, Section 5, after an option class has been approved for listing and trading on the Exchange as a Short Term Option Series pursuant to Options 1, Section 1(a)(49),<sup>8</sup> 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 standard expiration options series, 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 Expiration Dates ("Short Term Option Weekly Expirations"). Further, 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 Supplementary Material .03 to Options 4, Section 5 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").<sup>9</sup> For those symbols listed in Table 1, the Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations, as applicable, at one time.

##### **Proposal**

At this time, the Exchange proposes to expand the Short Term Option Series Program to permit certain Qualifying Securities to list up to two Monday and Wednesday expirations in addition to the Friday weekly expiration.

The Exchange proposes to define Qualifying Securities as eligible individual stocks or Exchange-Traded Fund Shares, which are separate and apart from the symbols listed in Table 1, that have received approval to list additional expiries on specific symbols, that meet the following criteria on a quarterly basis:

(1) an underlying security, as measured on the last day of the prior calendar quarter, must have:

(A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price,<sup>10</sup> or

(B) Assets under Management ("AUM") greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value ("NAV");

(2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options;

(3) a position limit of at least 250,000 contracts; and

(4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks shall be calculated based on the closing price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Exchange-

<sup>6</sup> Liquidating an option means closing out an existing options position.

<sup>7</sup> Abandoning an option means electing not to take delivery of stock that would occur through Auto Exercise at The Options Clearing Corporation ("OCC"). "Auto-exercise" or "automatic exercise" in options trading refers to the procedure where a long option (either a call or a put) that is in-the-money at the time of expiration is automatically exercised on the holder's behalf by OCC.

<sup>8</sup> Options 1, Section 1(a)(49) provides that a 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, Wednesday or Friday of the following business week that is a business day, 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. 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.

<sup>9</sup> As set forth in Table 1 of Supplementary Material .03 to Options 4, Section 5, the Exchange currently permits expirations in SPY, IWM, QQQ on Mondays, Tuesdays, Wednesdays and Thursdays. Also, the Exchange permits expirations in GLD, SLV and TLT on Mondays and Wednesdays. Finally, the Exchange permits expirations in USO and UNG on Wednesdays.

<sup>10</sup> The closing price and the opening price shall be that of the primary exchange where the security is listed.

Traded Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to that calendar quarter.<sup>11</sup> ISE will make the list of Qualifying Securities available by close of business on the first trading day of the quarter.<sup>12</sup>

Eligible Qualifying Securities would be permitted to list two Short Term Option Expiration Dates beyond the current week for each Monday and Wednesday expiration at one time. For Qualifying Securities, the Exchange would not list an expiry on a day when there will be an Earnings Announcement<sup>13</sup> that takes place after market close. For purposes of this rule proposal, earnings announcements shall include official public quarterly or yearly earnings filed with the Commission ("Earnings Announcement").<sup>14</sup> Not listing an expiry for a Qualifying Security on a day where there is an Earnings Announcement that takes place after market close will avoid permitting an additional expiry on a day where post-close price volatility may be impacted due to the Earnings Announcement.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries beginning on the second day of the following quarter.<sup>15</sup>

The proposed Monday Qualifying Securities expirations will be similar to the current Monday Expirations in SPY, QQQ, and IWM (among other symbols that may list a Monday Expiration) in Short Term Option Daily Expirations set forth in Supplementary Material .03 to Options 4, Section 5, such that the

Exchange may open for trading on any Friday or Monday that is a business day (beyond the current week) series of options on Qualifying Securities to expire on any Monday of the month that is a business day and is not a Monday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, provided that Monday expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration ("Monday Qualifying Securities Expirations").<sup>16</sup> In the event Qualifying Securities expire on a Monday and that Monday is the same day that a standard expiration options series, Monthly Options Series, or 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, Monday 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 standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The proposed Wednesday Qualifying Securities expirations will be similar to the current Wednesday SPY, QQQ, and IWM (among other symbols that may list a Wednesday Expiration) in Short Term Option Daily Expirations set forth in Supplementary Material .03 to Options 4, Section 5, 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 Qualifying Securities to expire on any Wednesday of the month that is a business day and is not a Wednesday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Wednesday Qualifying Securities Expirations").<sup>17</sup> In the event Qualifying Securities expire on a Wednesday and that Wednesday is the same day that a standard expiration options series, Monthly Options Series, or 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 standard expiration options series, Monthly

Options Series, or Quarterly Options Series.

The interval between strike prices for the proposed Monday and Wednesday Qualifying Securities Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Monday and Wednesday Expirations (among other symbols that may list a Monday or Wednesday Expiration) in the Short Term Option Series Program.<sup>18</sup> Specifically, the Monday and Wednesday Qualifying Securities Expirations will have a strike interval of (i) \$0.50 or greater for strike prices below \$100, and \$1 or greater for strike prices between \$100 and \$150 for all option classes that participate in the Short Term Option Series Program, (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program, or (iii) \$2.50 or greater for strike prices above \$150.<sup>19</sup> As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday and Wednesday Qualifying Securities Expirations series will be P.M.-settled.

Pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday. Also, pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, *e.g.*, Tuesday of that week if the Wednesday 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>20</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>21</sup> With the proposed changes, this thirty (30) series restriction would apply to Monday and Wednesday Qualifying Securities Expirations as well. In addition, the

<sup>11</sup> OCC data becomes available for the end of a quarter on the first trading day of a new quarter. For example, if the Exchange were to list Qualifying Securities in Q3 of 2025, ISE would look at the volume, measured in sides, for the last month of Q2 2025 or June 2025.

<sup>12</sup> ISE will make this information available on ISE's website. This information will be freely accessible to the public.

<sup>13</sup> An Earnings Announcement is an official public statement of a company's profitability for a specific period, typically a quarter or a year.

<sup>14</sup> For purposes of this rule proposal, pre-announcements or "guidance" shall not be considered an Earnings Announcement.

<sup>15</sup> The Exchange has noted the additional expiries in a proposed Table 2 in Supplementary Material .03 to Options 4, Section 5 along with the criteria for a Qualifying Security.

<sup>16</sup> They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

<sup>17</sup> See *id.*

<sup>18</sup> See Supplementary Material .03(e) to Options 4, Section 5. The Exchange notes that equity options which have an expiration of more than twenty-one days from the listing date would also be subject to the intervals as noted within Supplementary Material .03(f) to Options 4, Section 5. See also Supplementary .07 to Options 4, Section 5.

<sup>19</sup> See *id.*

<sup>20</sup> See Supplementary Material .03(a) to Options 4, Section 5.

<sup>21</sup> See *id.*

Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Monday and Wednesday Qualifying Securities Expirations.

With this proposal, Monday and Wednesday Qualifying Securities Expirations would be treated similar to existing SPY, QQQ, and IWM Monday and Wednesday Expirations. With respect to standard expiration option series, Monday and Wednesday Qualifying Securities Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.<sup>22</sup> Not listing Monday and Wednesday Qualifying Securities Expirations for one week every month because there was a standard options series on that same class on the Friday of that week would create investor confusion.

Further, as with SPY, QQQ, and IWM Monday and Wednesday Expirations, the Exchange would not permit Monday and Wednesday Qualifying Securities Expirations to expire on a business day

in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.<sup>23</sup> Therefore, all Monday and Wednesday Qualifying Securities Expirations would expire at the close of business on each of the next two Mondays and Wednesdays, respectively, that are business days and are not business days in which standard expiration option series, 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 standard expiration option series, Monthly Options Series, 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 Monday and Wednesday Qualifying Securities Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on

several symbols<sup>24</sup> 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 Monday, Tuesday, Wednesday and Thursday on several symbols.<sup>25</sup> The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday Qualifying Securities Expirations.

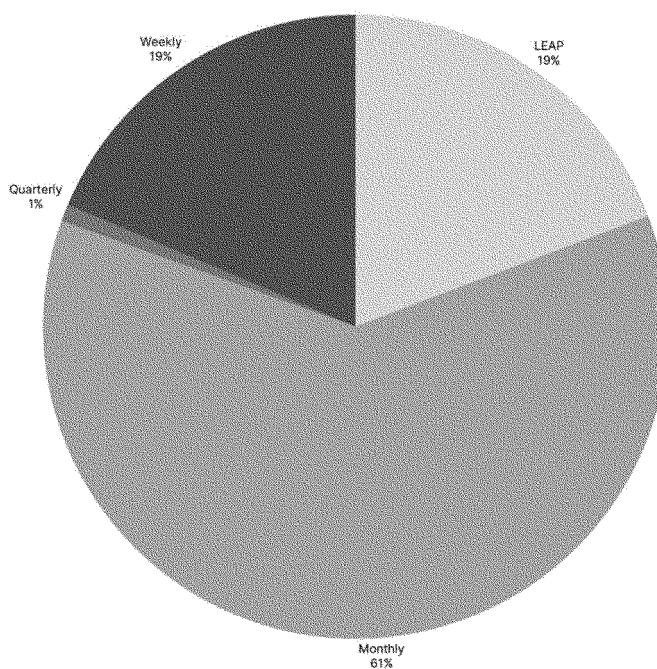
#### Impact of Proposal

The Exchange notes that listings in the Short Term Option Series Program comprise a significant part of the standard listings in options markets. Table 1 demonstrates the percentage of weekly listings in the options industry compared to monthly, quarterly, and Long-Term Option Series for a twelve-month period from February 11, 2024 to February 11, 2025.<sup>26</sup>

**Table 1**

### Number of Strikes - Last 12 Months

Data from February 11, 2024 to February 11, 2025



While the Exchange is expanding the Short Term Option Series Program to permit Monday and Wednesday

Qualifying Securities Expirations, the Exchange anticipates that it would overall add a small number of weekly

expiration dates because the Exchange will limit the number of Qualifying Securities Expirations to two Monday

<sup>22</sup> See *id.*

<sup>23</sup> See Supplementary Material .03 to Options 4, Section 5.

<sup>24</sup> See *supra* note 4.

<sup>25</sup> See *id.*

<sup>26</sup> The Exchange sourced this information from OCC. The information includes time averaged data (the number of strikes by maturity date divided

from the number of trading days) for all 18 options markets from February 11, 2024 to February 11, 2025.

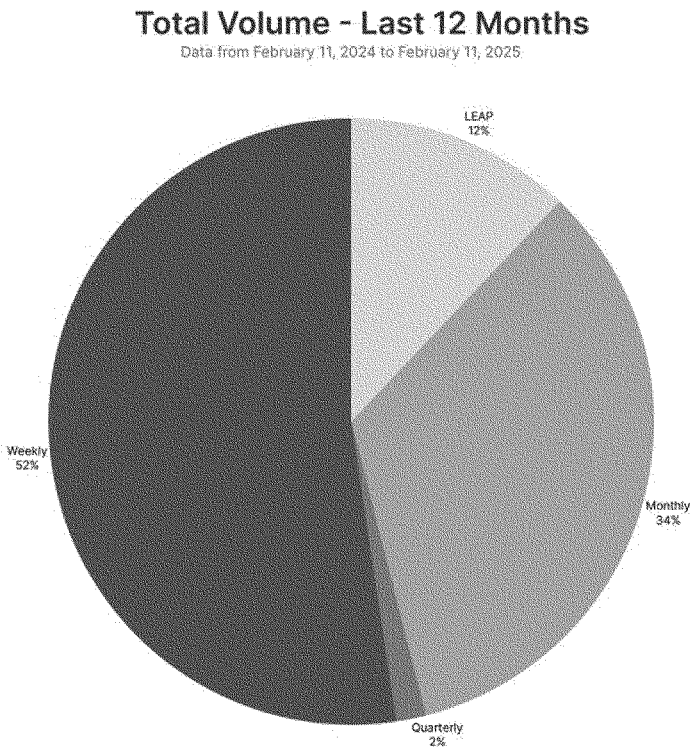
expirations and two Wednesday expirations. If today the data were applied based on data from January 2025, the following options would meet the criteria to be a Qualifying Security: NVIDIA Corp (“NVDA”), Tesla Inc. (“TSLA”), Apple Inc. (“AAPL”), Amazon.com Inc. (“AMZN”), Broadcom Inc. (“AVGO”), Alphabet Inc.

(“GOOGL”), Microsoft Corp (“MSFT”), Financial Select Sector SPDR Fund (“XLF”), and Meta Platforms Inc. (“META”) (collectively “Sample Qualifying Securities”). Utilizing the Sample Qualifying Securities as a data point, expanding the Short Term Option Series Program would account for the addition of approximately 16% of

strikes for the total number of strikes for each of the following symbols: NVDA, TSLA, AAPL, AMZN, AVGO, GOOGL, MSFT, and META.

Further, as shown in Table 2, weeklies comprise 52% of the total volume of options contracts.<sup>27</sup>

Table 2



The Exchange believes that inner weeklies (first two weeks) represent high volume as compared to outer weeklies (the last three weeks) and would be more attractive to market participants.

In particular, the Exchange looked at the average daily contracts traded in

options that met the criteria for a Qualifying Security. Specifically, for each of the Sample Qualifying Securities, the Exchange looked at pre-close movements between 3:30–4:00 p.m. Eastern Time (“ET”) as well as post-close movements between 4:00–5:30 p.m. ET.

Table 3, below, references the number of trading days with at least one strike break post close (comparing 4:00 p.m. ET to 5:30 p.m. ET) from 2022 through 2024 for the Sample Qualifying Securities and SPY, QQQ and IWM.

<sup>27</sup> The chart represents industry volume in terms of overall contracts. Weeklies comprise 52% of volume, as shown in Table 2, while only being 19%

of the strikes, as shown in Table 1. The Exchange sourced this information from OCC. The

information includes data for all 18 options markets from February 11, 2024 to February 11, 2025.

Table 3

### Number of Trading Days with At Least on Strike Break Post Close

Comparing 5:30 price to 4:00 Price. Data from beginning of 2022 through end of 2024.

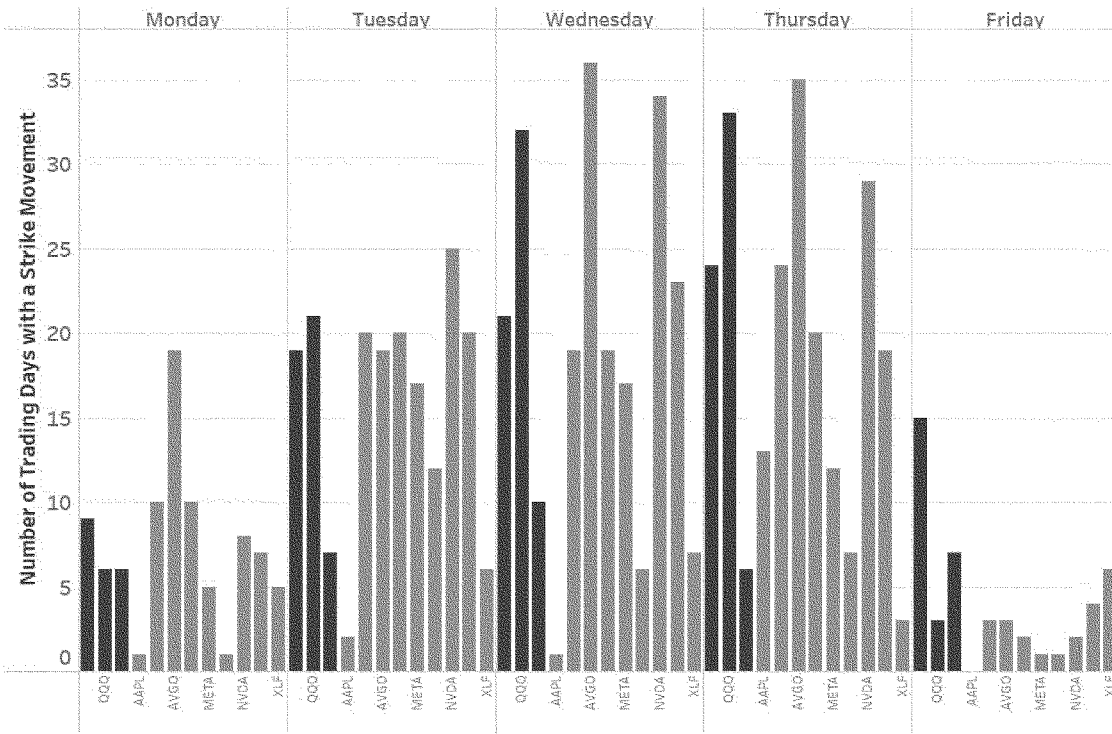


Table 4, below, references average annualized closing volatilities (as measured by the standard deviation of 30 seconds returns over the last 30

minutes of trading) for the Sample Qualifying Securities from 2022 through 2024. Table 4 shows that the Sample Qualifying Securities have an average

annualized closing volatility of generally less than 20%.

Table 4

### Average Annualized Closing Volatility of Returns by Day of Week

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data from start of 2022 through end of 2024.

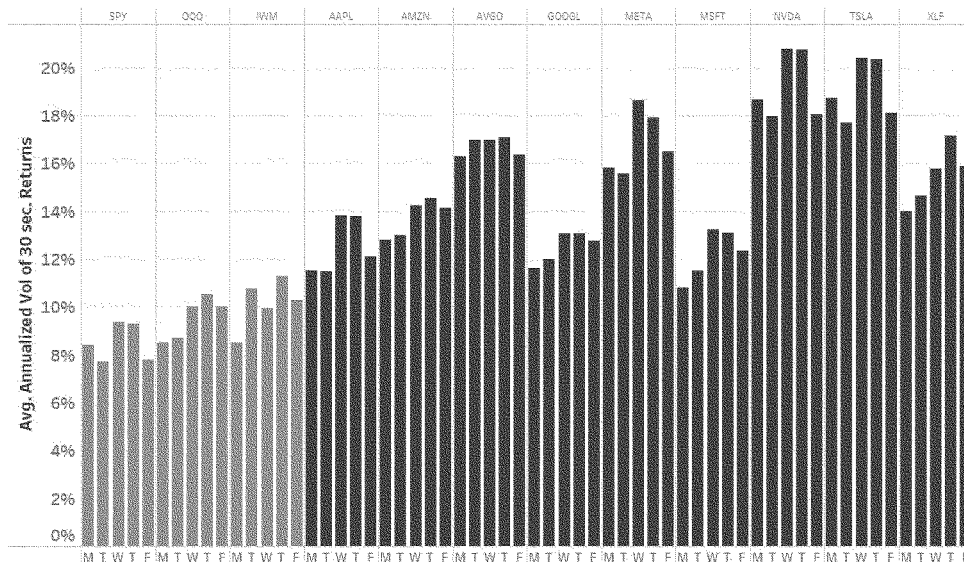


Table 4, above, demonstrates that the Sample Qualifying Securities are more volatile than SPY, QQQ and IWM.

Given that these are individual stocks it is reasonable to expect that they have idiosyncratic characteristics (increasing their volatility) relative to broad based Exchange-Traded Fund Shares like SPY, QQQ and IWM. None, however, are demonstrating average returns that are more than double that of IWM.

Moreover, on Mondays and Wednesdays the Sample Qualifying Securities do not show any excessive propensity to penetrate<sup>28</sup> strikes post close (4:00 p.m.–5:30 p.m. ET) in comparison to SPY, QQQ and IWM. Consequently, the burden of American-style option<sup>29</sup> exercise management on investors is not overwhelming relative to SPY, QQQ and IWM which have the largest retail

participation based on volume in the industry.

The Exchange also reviewed the number of strike breaks for calendar years 2022–2025 for the Sample Qualifying Securities between 4:00 p.m. and 5:30 p.m. ET to find the maximum<sup>30</sup> number of strike breaks<sup>31</sup> as well as the mean<sup>32</sup> of the number of strike breaks as evidenced by the various Table 5 charts.

TABLE 5—MONDAY, NON-EARNINGS ANNOUNCEMENT CHARTS

Security	Number of days with strike break through on non-earnings announcement Mondays (4:00 p.m. ET–5:30 p.m. ET)	Max (strikes moved through on non-earnings announcement Mondays from 4:00 p.m. to 9:30 a.m. next day) when strikes are penetrated from 4:00–5:30 p.m. ET	Max (percentage move overnight on non-earnings announcement Mondays when there is a strike break from 4:00 p.m. to 5:30 p.m. ET) (%)	Mean strikes moved through on a non-earnings announcement Monday when there is an instance of move through (from 4:00 p.m. to 5:30 p.m. on a non-earnings announcement Monday)
<b>2022</b>				
AAPL .....	1	2.33	1.63	2.33
AMZN .....	9	14.10	4.32	4.94
AVGO .....	3	2.76	1.36	1.80
FB .....	1	6.28	8.00	6.28
GOOGL .....	9	22.86	5.13	5.96
IWM .....	4	2.04	1.02	0.84
MSFT .....	0	N/A	N/A	N/A
NVDA .....	1	0.21	0.24	0.21
QQQ .....	4	5.30	1.81	2.31
SPY .....	7	8.33	2.27	2.68
TSLA .....	3	4.33	3.21	3.09
XLF .....	4	0.98	1.24	0.56
<b>2023</b>				
AAPL .....	0	N/A	N/A	N/A
AMZN .....	0	N/A	N/A	N/A
AVGO .....	6	5.18	2.03	3.24
GOOGL .....	1	2.78	1.02	2.78
IWM .....	0	N/A	N/A	N/A
META .....	1	0.18	0.15	0.18
MSFT .....	0	N/A	N/A	N/A
NVDA .....	1	3.24	1.85	3.24
QQQ .....	0	N/A	N/A	N/A
SPY .....	1	2.21	0.52	2.21
TSLA .....	1	0.66	0.46	0.66
XLF .....	0	N/A	N/A	N/A
<b>2024</b>				
AAPL .....	0	N/A	N/A	N/A
AMZN .....	0	N/A	N/A	N/A
AVGO .....	9	6.50	2.10	1.99
GOOGL .....	0	N/A	N/A	N/A
IWM .....	2	0.74	0.36	0.5
META .....	3	1.31	0.68	0.78
MSFT .....	1	1.94	1.22	1.94
NVDA .....	6	7.42	3.44	5.24
QQQ .....	2	2.35	0.54	1.62

<sup>28</sup> For purposes of this rule change, “penetrating a strike” refers to the underlying asset’s price moving beyond the designated strike price of an option contract.

<sup>29</sup> The term “American-style option” means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the

Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. See Options 1, Section 1(a)(3).

<sup>30</sup> The term “maximum” refers to the largest instance of strike breaks measured as the number of strikes crossed by the underlying security from the 4:00 p.m. ET closing price to the 9:30 a.m. ET opening price.

<sup>31</sup> A strike break is the existence of a strike between the closing price and the opening price on the following day when there has been a penetration of a strike post-close.

<sup>32</sup> The term “mean” refers to the average number of strike breaks when there has been a penetration of a strike post-close.

TABLE 5—MONDAY, NON-EARNINGS ANNOUNCEMENT CHARTS—Continued

Security	Number of days with strike break through on non-earnings announcement Mondays (4:00 p.m. ET–5:30 p.m. ET)	Max (strikes moved through on non-earnings announcement Mondays from 4:00 p.m. to 9:30 a.m. next day) when strikes are penetrated from 4:00–5:30 p.m. ET	Max (percentage move overnight on non-earnings announcement Mondays when there is a strike break from 4:00 p.m. to 5:30 p.m. ET) (%)	Mean strikes moved through on a non-earnings announcement Monday when there is an instance of move through (from 4:00 p.m. to 5:30 p.m. on a non-earnings announcement Monday)
SPY .....	1	2.2	0.43	2.2
TSLA .....	3	5.19	2.80	3.40
XLF .....	1	0.5	0.59	0.5
<b>2025</b>				
AAPL .....	0	N/A	N/A	N/A
AMZN .....	0	N/A	N/A	N/A
AVGO .....	4	13.95	9.05	4.63
GOOGL .....	1	* 0.00	0.01	** 0.00
IWM .....	1	0.22	0.10	0.22
META .....	2	1.91	0.69	1.23
MSFT .....	1	0.18	0.12	0.18
NVDA .....	5	6.16	6.31	2.72
QQQ .....	4	14.73	3.48	5.37
SPY .....	5	17.62	3.49	4.86
TSLA .....	3	4.35	2.81	2.38
XLF .....	0	N/A	N/A	N/A

\* On this date, GOOGL had a strike break post-close but mean reverted to the closing price by the open the next day.

\*\* See *id.*

The Table 6 charts, below, reviewed the number of strike breaks for calendar years 2022–2025 for the Sample

Qualifying Securities,<sup>33</sup> excluding Wednesdays<sup>34</sup> for scheduled Earnings Announcements, between 4:00 p.m. and

5:30 p.m. ET to find the maximum number of strike breaks as well as the mean of the number of strike breaks.

TABLE 6—WEDNESDAY, NON-EARNINGS ANNOUNCEMENT CHARTS

Security	Number of days with strike break through on non-earnings announcement Wednesdays (4:00 p.m. ET–5:30 p.m. ET)	Max (strikes moved through on non-earnings announcement Wednesdays from 4:00 p.m. to 9:30 a.m. next day) when strikes are penetrated from 4:00–5:30 p.m. ET	Max (percentage move overnight on non-earnings announcement Wednesdays when there is a strike break from 4:00 p.m. to 5:30 p.m. ET) (%)	Mean strikes moved through on a non-earnings announcement Wednesday when there is an instance of move through (from 4:00 p.m. to 5:30 p.m. on a non-earnings announcement Wednesday)
<b>2022</b>				
AAPL .....	0	N/A	N/A	N/A
AMZN .....	14	35.50	5.89	8.35
AVGO .....	9	4.85	2.13	2.07
FB .....	2	31.20	24.15	21.22
GOOGL .....	10	8.73	1.86	4.22
IWM .....	7	3.71	1.80	2.07
MSFT .....	2	1.54	1.23	1.14
NVDA .....	6	8.88	6.20	5.05
QQQ .....	10	10.75	3.26	4.39
SPY .....	9	10.94	2.59	4.47
TSLA .....	8	12.73	8.33	3.45
XLF .....	6	0.84	1.04	0.42
<b>2023</b>				
AAPL .....	1	1.08	1.61	1.08

<sup>33</sup> Of note, not all Sample Qualifying Securities had Earnings Announcements on a Wednesday.

<sup>34</sup> There were no Earnings Announcements on Mondays for the Sample Qualifying Securities.



TABLE 6—WEDNESDAY, NON-EARNINGS ANNOUNCEMENT CHARTS—Continued

Security	Number of days with strike break through on non-earnings announcement Wednesdays (4:00 p.m. ET–5:30 p.m. ET)	Max (strikes moved through on non-earnings announcement Wednesdays from 4:00 p.m. to 9:30 a.m. next day) when strikes are penetrated from 4:00–5:30 p.m. ET	Max (percentage move overnight on non-earnings announcement Wednesdays when there is a strike break from 4:00 p.m. to 5:30 p.m. ET) (%)	Mean strikes moved through on a non-earnings announcement Wednesday when there is an instance of move through (from 4:00 p.m. to 5:30 p.m. on a non-earnings announcement Wednesday)
AMZN .....	3	5.30	5.04	3.05
AVGO .....	11	10.31	2.94	2.64
FB .....	6	7.32	5.35	3.59
GOOGL .....	2	1.09	0.63	0.87
IWM .....	1	1.70	1.45	1.70
MSFT .....	2	3.67	2.92	3.00
NVDA .....	3	4.20	2.48	2.06
QQQ .....	6	7.59	2.29	4.38
SPY .....	5	4.08	0.99	2.63
TSLA .....	4	6.39	7.88	2.50
XLF .....	1	0.12	0.19	0.12
<b>2024</b>				
AAPL .....	0	N/A	N/A	N/A
AMZN .....	1	2.77	3.92	2.77
AVGO .....	15	10.85	4.42	3.71
GOOGL .....	3	3.20	5.03	2.86
IWM .....	1	2.22	1.02	2.22
META .....	5	5.52	2.56	2.66
MSFT .....	2	6.09	3.72	4.11
NVDA .....	15	8.32	3.32	2.82
QQQ .....	16	11.16	2.37	4.16
SPY .....	7	9.67	1.72	4.79
TSLA .....	1	1.70	2.06	1.70
XLF .....	0	N/A	N/A	N/A
<b>2025</b>				
AAPL .....	1	7.36	8.21	7.36
AMZN .....	1	5.20	6.64	5.20
AVGO .....	5	11.45	6.65	6.19
GOOGL .....	1	2.38	3.79	2.38
IWM .....	2	9.52	4.70	7.39
META .....	3	15.55	6.66	7.17
MSFT .....	2	3.35	2.14	1.90
NVDA .....	4	6.91	6.26	2.56
QQQ .....	7	19.87	4.17	7.22
SPY .....	5	19.45	3.45	8.35
TSLA .....	1	7.03	6.21	7.03
XLF .....	1	3.90	3.89	3.90

Because the Exchange proposes to limit the number of Monday and Wednesday Qualifying Securities Expirations to two expirations beyond the current week, the Exchange believes that the addition of these Monday and Wednesday Qualifying Securities Expirations should encourage Market Makers to continue to deploy capital more efficiently and improve displayed market quality.<sup>35</sup> Utilizing the Sample

Qualifying Securities as a proxy, the marginal increase in the number of occurrences of strike breaks in 2024 would be sixty-six (66) with the addition of these expirations. Further, there would be a marginal increase of twenty-two (22) instances of strike breaks in 2024 on Monday expiries after regular trading hours, and a marginal increase of forty-four (44) instances of strike breaks in 2024 on Wednesday expiries without Earnings

Announcements after regular trading hours.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Securities Expirations 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 the proposal would permit only the most liquid securities to have the additional Monday and Wednesday Qualifying Security Expirations. The Exchange believes that offering these

<sup>35</sup> Market Makers include Primary Market Makers and Competitive Market Makers. See Options 1, Section 1(a)(21). Today, Primary Market Makers and Competitive Market Makers are required to quote a

specified time in their assigned options series. See Options 2, Section 5.

additional expiries in the Qualifying Securities would permit Market Makers and other market participants to precisely hedge their positions in the underlying security with the additional expiries in lieu of hedging only with Friday expirations.

Finally, the Exchange considered the impact of a market participant's propensity to rationally exercise outstanding options contracts by the tender of an exercise notice ("Contrary Exercise Advice").<sup>36</sup> Specifically, ISE examined SPY data from April 2, 2025

(a day where there was a significant drop after the close).<sup>37</sup> On April 2, 2025, SPY settled at 4:00 p.m. at \$564.52.<sup>38</sup> At 5:00 p.m., SPY was trading at \$552.42.<sup>39</sup> Every call option with a April 2, 2025 expiration date and a strike price below \$564 was automatically exercised by OCC, unless OCC received Contrary Exercise Advices from a market participant.<sup>40</sup> ISE obtained the amount of long open interest in the customer or "C" range<sup>41</sup> at OCC starting at the close of the prior trading day and added customer long activity that executed on

April 2, 2025 to that figure.<sup>42</sup> Next, ISE subtracted the liquidating activity for customers, and examined the quantity of Contrary Exercise Advices received by OCC on April 2, 2025 and compared that figure to the number of customers that did not abandon their calls rationally relative to the number of customers who entered into options contracts. The data below in Table 7 and Table 8<sup>43</sup> applies to calls in SPY in the customer range at OCC for expiration date April 2, 2025.

TABLE 7

Strike	Longs *** held on 4/1/2025	Buys to open or expand a position	Aggregate longs held	Open contracts at EOD which are eligible for auto-ex on April 2, 2025 EOD
553 .....	104	265	369	45
554 .....	340	795	1,135	258
555 .....	2,240	4,135	6,375	238
556 .....	619	5,582	6,201	142
557 .....	582	9,235	9,817	52
558 .....	587	14,683	15,270	72
559 .....	705	22,931	23,636	70
560 .....	2,218	49,336	51,554	316
561 .....	2,284	55,318	57,602	1,014
562 .....	1,941	67,057	68,998	55
563 .....	1,339	83,871	85,210	87
564 .....	1,222	78,612	79,834	533

\*\*\* The term "long position" means a person's interest as the holder of one or more options contracts. See Options 1, Section 1(a)(20).

TABLE 8

Strike	Aggregate liquidation of longs	Liquidation ratio	Contracts where abandon instructions were issued	Unabandoned and unliquidated contracts (auto-exercised by OCC)	Contracts unabandoned or unliquidated as a % of total long contracts held during the day (%)	Percentage of unabandoned and unliquidated contracts as compared to open contracts (%)
553 .....	324	87.80	22	23	6.23	51.11
554 .....	877	77.27	187	71	6.26	27.52
555 .....	6,137	96.27	53	185	2.90	77.73
556 .....	6,059	97.71	88	54	0.87	38.03
557 .....	9,765	99.47	2	50	0.51	96.15
558 .....	15,198	99.53	49	23	0.15	31.94
559 .....	23,566	99.70	26	44	0.19	62.86
560 .....	51,238	99.39	240	76	0.15	24.05

<sup>36</sup> A Contrary Exercise Advice may be exercised during the time period specified in the Rules of the Clearing Corporation by the tender to the Clearing Corporation of an exercise notice in accordance with the Rules of the Clearing Corporation. An exercise notice may be tendered to the Clearing Corporation only by the Clearing Member in whose account such options contract is carried with the Clearing Corporation. Members may establish fixed procedures as to the latest time they will accept exercise instructions from customers. See Options 6B, Section 1. Option holders have until 5:30 p.m. Eastern Time ("ET") on the business day of expiration, or, in the case of a standardized equity option expiring on a day that is not a business day, on the business day immediately prior to the expiration date to make a final exercise decision to

exercise or not exercise an expiring option. Members may not accept exercise instructions for customer or non-customer accounts after 5:30 p.m. ET. See FINRA Rule 2360(a)(23)(A)(iii). A Contrary Exercise Advice is a form approved by the national options exchanges, FINRA or The Options Clearing Corporation for use by a member to submit a final exercise decision committing an options holder to either: (1) not exercise an option position which would automatically be exercised pursuant to The Options Clearing Corporation's Ex-by-Ex procedure; or (2) to exercise a standardized equity option position which would not automatically be exercised pursuant to The Options Clearing Corporation's Ex-by-Ex procedure. See FINRA Rule 2360(a)(23)(A)(iv).

<sup>37</sup> On April 2, 2025, President Trump announced a series of tariffs on imports, which he called "Liberation Day". This news impacted markets generally.

<sup>38</sup> The data was obtained from OCC by request.

<sup>39</sup> See *id.*

<sup>40</sup> See *id.*

<sup>41</sup> The "C" range at OCC includes customer transactions, professional transactions and transactions executed by broker-dealers that are not affiliated with a clearing member that clear in the "C" range at OCC.

<sup>42</sup> See *id.*

<sup>43</sup> Table 7 and Table 8 should be read together.

TABLE 8—Continued

Strike	Aggregate liquidation of longs	Liquidation ratio	Contracts where abandon instructions were issued	Unabandoned and unliquidated contracts (auto-exercised by OCC)	Contracts unabandoned or unliquidated as a % of total long contracts held during the day (%)	Percentage of unabandoned and unliquidated contracts as compared to open contracts (%)
561 .....	56,588	98.24	994	20	0.03	1.97
562 .....	68,943	99.92	16	39	0.06	70.91
563 .....	85,123	99.90	25	62	0.07	71.26
564 .....	79,301	99.33	467	66	0.08	12.38

The data indicates that the vast majority of open contracts (over 90%) were liquidated by customers prior to the close. Of the remaining open contracts, a substantial portion were rationally abandoned. In considering what constitutes rational activity on the part of a market participant in determining whether to exercise, especially in the strike near the 5:00 p.m. price, it must be taken into consideration that some market participants may elect to hold a contract given the illiquidity of the time period,

and the desire for long exposure despite a trade price that may be lower. In other words, it cannot be assumed that customers are unaware of the market conditions for SPY after the close on April 2, 2025, or their ability to liquidate. Also, it cannot be assumed that the customer would always liquidate in these circumstances. In reviewing Tables 7 and 8 together, customers with calls in SPY on April 2, 2025 had a very high liquidation ratio which is evidenced by comparing the unabandoned contracts to the entire

pool of long contracts throughout the day. Finally, the amount of unliquidated and unabandoned call contracts in Table 8 represents a de-minimis amount (less than 1%) when considering that SPY trades millions of contracts each day.

The Exchange also examined the out-of-the-money or “OTM” activity on the puts in SPY on April 2, 2025 for customers. The data below in Table 9 and Table 10<sup>44</sup> applies to puts in SPY in the customer range at OCC for expiration date April 2, 2025.

TABLE 9

Strike	Longs held on 4/1/2025 EOD	Buys to open or expand a position on 4/2/2025	Aggregate longs held on 4/2	Open contracts at EOD on 4/2 that are eligible for OTM exercise
553 .....	2,008	17,807	19,815	1,992
554 .....	3,575	23,220	26,795	2,459
555 .....	6,271	67,698	73,969	5,009
556 .....	3,177	37,457	40,634	2,648
557 .....	3,094	47,699	50,793	1,573
558 .....	3,091	66,130	69,221	7,063
559 .....	2,492	82,114	84,606	16,366
560 .....	3,382	118,564	121,946	17,481
561 .....	1,707	76,970	78,677	5,660
562 .....	435	75,447	75,882	6,552
563 .....	581	75,463	76,044	6,522
564 .....	399	50,724	51,123	197

TABLE 10

Strike	Aggregate liquidation of longs	Liquidation ratio (%)	Contracts where OTM exercise instructions were received by OCC	Puts **** where no OTM exercise instructions were given	Contracts not exercised as a % of long contracts held throughout the day	Percentage of Put contracts where no OTM exercise instructions were given (%)
553 .....	17,823	89.95	833	1,159	5.85	58.18
554 .....	24,336	90.82	791	1,668	6.23	67.83
555 .....	68,960	93.23	1,436	3,573	4.83	71.33
556 .....	37,986	93.48	1,170	1,478	3.64	55.82
557 .....	49,220	96.90	557	1,016	2.00	64.59
558 .....	62,158	89.80	3,064	3,999	5.78	56.62
559 .....	68,240	80.66	15,642	724	0.86	4.42

<sup>44</sup> Table 9 and Table 10 should be read together.

TABLE 10—Continued

Strike	Aggregate liquidation of longs	Liquidation ratio (%)	Contracts where OTM exercise instructions were received by OCC	Puts **** where no OTM exercise instructions were given	Contracts not exercised as a % of long contracts held throughout the day	Percentage of Put contracts where no OTM exercise instructions were given (%)
560 .....	104,465	85.66	16,745	736	0.60	4.21
561 .....	73,017	92.81	5,415	245	0.31	4.33
562 .....	69,330	91.37	6,436	116	0.15	1.77
563 .....	69,522	91.42	6,443	79	0.10	1.21
564 .....	50,926	99.61	180	17	0.03	8.63

\*\*\*\* The term “put” means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the number of shares of the underlying security covered by the options contract. See Options 1, Section 1(a)(44).

With respect to the put data for SPY on April 2, 2025, it can be observed that out-of-the-money options were either liquidated or exercised. Only a small percentage of options went unexercised. Additionally, it can be observed that very few puts remained unexercised at the higher strikes where opportunity for profit and less risk exists. This is in contrast to puts on lower strikes where opportunity for profit relative to the risk of the short is greater. In particular, with respect to the risk exposure of put writers, the exposure to an event similar to April 2, 2025 for the proposed Wednesday expirations would be substantially similar to the current risk that a put writer is exposed to with Friday expirations. In other words, the day of the expiry does not increase or decrease the amount of risk of a put writer, but for the premium difference. Additionally, the Exchange believes that since the rational abandonment and out-of-the-money exercise rates were so high, as evidenced in Tables 9 and 10, it is clear that customers are largely aware of the exposure between 4:00 and 5:00 p.m. ET and therefore, the risk from the unliquidated position is undertaken knowingly.

In determining the rational in-the-money abandonment or out-of-the-money exercise, the Exchange elected not to consider the amount of contracts rationally exercised/abandoned divided by the amount of open contracts at the end of the day. The Exchange believes that this data point fails to consider the outsized amount of liquidation customers undertake prior to the Contrary Exercise Window.<sup>45</sup> In other

words, the amount of liquidations taken by customers prior to the Contrary Exercise Window is evidence that market participants are informed and electing to accept a premium in lieu of the potential to maximize the value of their option in the Contrary Exercise Window. The Exchange believes that the amount of open contracts in these options is de minimis and, therefore, any evidence of an option trader's failure to act rationally would skew the percentage in such a way to exaggerate the perception of the risk averting behaviors. For example, taken to an extreme, if 3 contracts are left open in an option that trades over 100,000 in a given day, and 2 options are not rationally exercised this would amount to 66.6% of non-rationally exercised/abandoned contracts. In this example, 3 options are not rationally exercised out of the 3 open contracts or 100%. The Exchange does not believe this comparison yields a result that is insightful. For this reason, the Exchange opted to compare the amount of irrational failures to exercise/abandon to the total amount of contracts that were open during that trading day. The Exchange believes its method of comparison provides a better risk determination.

The Options Disclosure Document (“ODD”) notes that risks of option exercises.

To exercise an option that is not subject to automatic exercise, the holder must direct his brokerage firm to give exercise instructions to OCC. In order to ensure that an option is exercised on a particular day, the holder must direct his brokerage firm to exercise before the firm's cut-off time for accepting exercise instructions for that day. Different

firms may have different cut-off times for accepting exercise instructions from customers, and those cut-off times may be different for different options.

A brokerage firm's cut-off time for accepting exercise instructions becomes critical on the last trading day before an option expires. An option that expires unexercised becomes worthless. An option holder who intends to exercise an option before expiration must give exercise instructions to his brokerage firm before the firm's cut-off time for accepting exercise instructions on the last trading day before expiration. If the expiration date of an option falls on a day on which an options market is open for trading in that option, a brokerage firm's last cut-off time for accepting exercise instructions prior to the option's expiration may be on the expiration date. Investors should be aware of their brokerage firm's policies in this regard. Many brokerage firms accept standing instructions to exercise, or have procedures for the exercise of, every option which is in the money by a specified amount at expiration. These procedures often incorporate by reference OCC's administrative procedures that provide for the exercise of every option that is in the money by a specified amount at expiration unless the Clearing Firm carrying the option in its accounts instructs OCC not to exercise the option. Investors should determine from their brokerage firm the applicable cut-off times, the firm's procedures for submitting exercise instructions, and whether any of their options are subject to automatic exercise. Investors should also determine whether the exercise of their options is subject to standing instructions of their brokerage firm, and, if so, they should discuss with the firm the potential consequences of such instructions.<sup>46</sup>

Market participants that elect to transact in options should receive a copy of the ODD from their broker-

<sup>45</sup> A “Contrary Exercise Window” refers to a specific timeframe during which an options holder can submit a Contrary Exercise Advice. Option holders who hold expiring options have until 5:30 p.m. Eastern Time (ET) on the day of expiration to make a final exercise decision to exercise or not exercise the option. Members may establish an

earlier time to accept exercise instructions for customer or non-customer accounts (typically by 5:00 p.m. ET) but may not accept instructions after 5:30 p.m. ET. See <https://www.finra.org/rules-guidance/notices/information-notice-020321>.

<sup>46</sup> The “How to Exercise” section in the ODD describes how to utilize the Contrary Exercise Advice. See <https://www.theocc.com/getmedia/a151a9ae-d784-4a15-bdeb-23a029f50b70/riskstoc.pdf>.

dealer.<sup>47</sup> The ODD explains the risks inherent in options trading.<sup>48</sup> Broker-dealers must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.<sup>49</sup> Suitability rules are

intended to distinguish the trading of customers with those of professional traders who are likely to have distinct risk/reward profiles, risk tolerance and capital.

Finally, the Exchange believes there is general demand for alternative

expirations in Monday and Wednesday Qualifying Securities Expirations. Table 11 below displays the percentage of SPY options volume, from 2018–2025, versus the number of days until expiration.

**Table 11**

**SPY Options Volume by Tenor over Time**

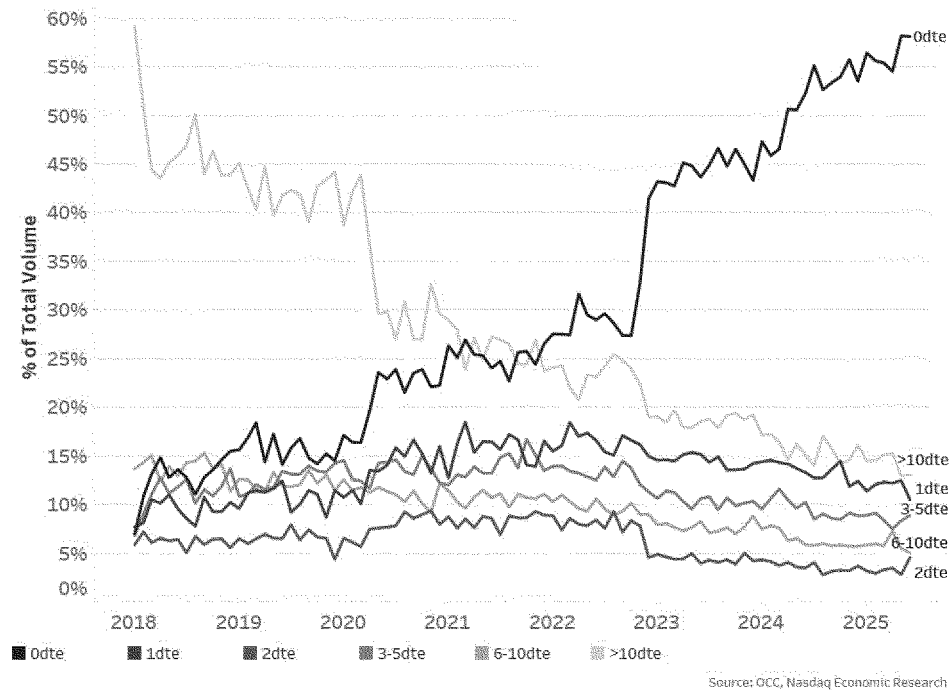


Table 11 displays a clear preference for shorter-dated options trading.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>50</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>51</sup> in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Similar to Monday expirations in SPY, QQQ, and IWM, the proposal to permit Monday and Wednesday Qualifying Security 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 believes that the proposed criteria for Qualifying Securities requires individual stocks and Exchange-Traded Fund Shares to be highly liquid. A market capitalization measured on the last day of the prior calendar quarter based on the closing price of the underlying, of greater than 700 billion dollars for an individual stock, or AUM of 50 billion dollars for an Exchange-Trade Fund Share, in conjunction with the monthly options volume requirement of greater than 10 million options as measured by sides traded in the last month preceding the quarter end, is very restrictive. This requirement represents substantially less than 1% of individual stocks (only

eight (8) individual stocks currently exist as of January 1, 2025) and substantially less than 1% of Exchange-Traded Fund Shares (only seven (7) Exchange-Traded Fund Shares currently exist as of January 1, 2025, of which five (5) are eligible, today, pursuant to Options 4, Section 3, to trade additional expiries) traded.<sup>52</sup> Therefore, an individual stock or Exchange-Traded Fund Share that meets the aforementioned market capitalization and volume requirements are highly liquid and could be viewed as stable securities. Table 7, below, demonstrates the very low average realized volatility experienced by the Sample Qualifying Securities in the last 30 minutes of trading before the close in 2024 as compared to any security that traded an average of more than 100 options contracts per day.

<sup>47</sup> See FINRA Rule 2360(b)(16)(A).

<sup>48</sup> <https://www.theocc.com/company-information/documents-and-archives/options-disclosure-document>.

<sup>49</sup> See FINRA Rule 2111.

<sup>50</sup> 15 U.S.C. 78f(b).

<sup>51</sup> 15 U.S.C. 78f(b)(5).

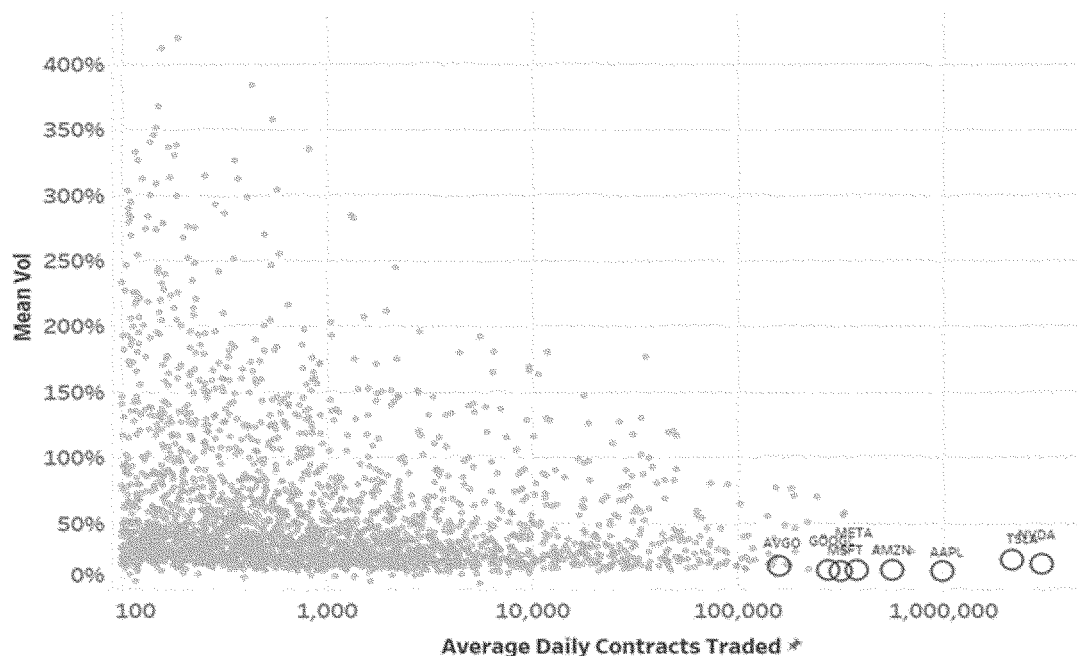
<sup>52</sup> Only one (1) of the seven (7) Exchange-Traded Fund Shares is eligible because the iShares Bitcoin Trust ETF position limit is restricted at 25,000

contracts pursuant to Supplementary Material .01 to Options 9, Section 13, although it would otherwise qualify for a higher position limit pursuant to Options 9, Section 13(d).

Table 7

### Average Daily Options Contracts Traded vs. Average Closing Volatility Last 30 minutes of the Trading Day

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data full year 2024.



The Exchange notes that with respect to position limits, Options 9, Section 13(d)(5) provides, that “[t]o be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totalled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.” The 250,000 contract position limit is the highest position limit by Exchange rule. Options that qualify for the 250,000 position (and exercise) limit are highly liquid securities that have met the stringent requirements noted in Options 9, Section 13(d)(5) to qualify for the highest position limit.

Finally, a Qualifying Security must participate in the Penny Interval Program. In order to qualify for the Penny Interval Program, an options class must be among the 300 most actively traded multiply listed option classes overlying securities priced below \$200.<sup>53</sup> The most actively traded

options classes are included in the Penny Interval Program based on certain objective criteria (trading volume thresholds and initial price tests).

The number of individual stocks currently meeting all four criteria for a Qualifying Security is eight (8) and the number of Exchange-Traded Fund Shares currently meeting all four criteria for a Qualifying Security that do not already have Monday and Wednesday expirations is one (1) as of June 27, 2025. Both totals represent less than 0.2% of all securities with options listed. The Exchange believes that since individual stocks are the dominant constituents of the broad-based indexes (e.g., S&P 500 Index and Nasdaq-100 Index), the improvement in price transparency brought about by Monday and Wednesday trading will offer Market Makers and investors better volatility pricing which will inform trading on the related products to these indexes. The Exchange believes that the proposed criteria for Qualifying Securities is consistent with the protection of investors and the general public because the criteria targets the most liquid individual stocks and Exchange-Traded Fund Shares.

The Exchange would not list an expiry on a Qualifying Security on a day where there will be an Earnings Announcement that takes place after

market close to avoid post-close price volatility that may arise from the Earnings Announcement and which may impact exercise and/or assignment decisions.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expirations in the following quarter, although the Qualifying Security would potentially have two weeks of strikes already listed which will persist. These remaining listings could continue to be traded until they expire.

With this proposal, overall, the Exchange would add a small number of Monday and Wednesday Qualifying Security Expirations by limiting the addition of two Monday expirations and two Wednesday expirations beyond the current week. The addition of Monday and Wednesday Qualifying Security 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 displayed market quality.<sup>54</sup> The Exchange believes that the proposal will allow Members to

<sup>53</sup> See Supplementary Material .01(b) to Options 3, Section 3. Each December OCC ranks all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

<sup>54</sup> Today, Primary Market Makers and Market Makers are required to quote a specified time in their assigned options series. See Options 2, Section 5.

expand hedging tools and tailor their investment and hedging needs more effectively in Qualifying Securities as these funds are most likely to be utilized by market participants to hedge the underlying asset classes.

Similar to SPY, QQQ, and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security 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 Monday and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities 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, ISE lists other Monday and Wednesday expirations.<sup>55</sup>

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Monday and Wednesday Qualifying Security 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 SPY, QQQ and IWM Monday and Wednesday Expirations compared to the proposed Monday and Wednesday Qualifying Security Expirations. Given the similarities between SPY, QQQ and IWM Monday and Wednesday Expirations and the proposed Monday and Wednesday Qualifying Security Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to SPY, QQQ and IWM Monday and Wednesday Expirations is justified.

The data in Table 7 and Table 8 in the Purpose section, related to calls in SPY on April 2, 2025, indicates that the vast majority of open contracts (over 90%) were liquidated by customers prior to the close. Of the remaining open contracts, a substantial portion were rationally abandoned. In considering what constitutes rational activity on the part of a market participant in determining whether to exercise, especially in the strike near the 5:00

p.m. price, it must be taken into account that some market participants may elect to hold a contract given the illiquidity of the time period, and the desire for long exposure despite a trade price that may be lower. In other words, it cannot be assumed that customers are unaware of the market conditions, or their ability to liquidate. Also, it cannot be assumed that the customer would always liquidate in these circumstances. In reviewing Tables 7 and 8, customers with calls in SPY on April 2, 2025 had a very high liquidation ratio which is evidenced by comparing the unabandoned contracts to the entire pool of long contracts throughout the day. With respect to the put data for SPY on April 2, 2025, it can be observed in Table 9 and Table 10 in the Purpose section that out-of-the-money options were either liquidated or exercised. Only a small percentage of put options went unexercised. Additionally, it can be observed that very few puts remained unexercised at the higher strikes where opportunity for profit and less risk exists. This is in contrast to puts on lower strikes where opportunity for profit relative to the risk of the short is greater. In particular, with respect to the risk exposure of put writers, the exposure to an event similar to April 2, 2025 for the proposed Wednesday expirations would be substantially similar to the current risk that a put writer is exposed to with Friday expirations. In other words, the day of the expiry does not increase or decrease the amount of risk of a put writer, but for the premium difference. Additionally, the Exchange believes that since the rational abandonment and out-of-the-money exercise rates were so high, as evidenced in Tables 9 and 10, it is clear that customers are largely aware of the exposure between 4:00 and 5:00 p.m. ET and therefore, the risk from the unliquidated position is undertaken knowingly.

Additionally, market participants that elect to utilize options receive a copy of the ODD which explains the risks inherent in options trading. Also, broker-dealers must have a reasonable basis to believe that a recommended transaction or investment strategy involving a security or securities is suitable for the customer.<sup>56</sup> Suitability rules are intended to distinguish the trading of customers with those of professional traders who are likely to have distinct risk/reward profiles, risk tolerance and capital. Regardless of whether the account is self-directed or options are being recommended, broker-dealers must perform due diligence on

the customer and collect information about the customer to support a determination that options trading is appropriate for the customer. Options accounts are subject to specific supervisory reviews, including, among others, reviewing the compatibility of options transactions with investment objectives and with the types of transactions for which the account was approved, and are subject to other FINRA rules that apply when opening customer accounts, including among others, customer identification requirements under anti-money laundering rules.<sup>57</sup> Therefore, ISE does not believe that listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares is inconsistent with the Act.

ISE 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 Monday 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 Monday and Wednesday Qualifying Security Expirations given that it will be limited to two Monday expirations and two Wednesday expirations beyond the current week.

#### *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.

While the proposal will expand the Short Term Options Expirations to allow Monday and Wednesday Qualifying Security Expirations to be listed on ISE,<sup>58</sup> the Exchange believes that this limited expansion for Monday and Wednesday expirations for options on Qualifying Securities will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange would uniformly apply the Qualifying Security criteria to options in individual stocks and

<sup>57</sup> See <https://www.finra.org/rules-guidance/notices/21-15>.

<sup>58</sup> As noted above, Nasdaq, Phlx, BX, GEMX and MRX incorporate ISE Options 4, Section 5 by reference, so the proposed changes herein will apply to those markets as well.

<sup>55</sup> See ISE Supplementary Material .03 at Options 4, Section 5 at Table 1.

<sup>56</sup> See FINRA Rule 2111.

Exchange-Traded Fund Shares. The Exchange believes that Members will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in the Qualifying Securities.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand the hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

Further, not adding an expiry for a Qualifying Security on a day where there will be an Earnings Announcement that takes place after market close does not impose an undue burden on competition as the Exchange would uniformly apply this practice to the listing of all Qualifying Securities.

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 Monday and Wednesday Qualifying Security 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.

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

No written comments were either solicited or received.

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

Within 45 days of the date of publication of the original notice in the **Federal Register** or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.<sup>59</sup>

### **IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning Amendment No. 1, including whether the proposed rule change as modified by Amendment No. 1 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-ISE-2025-15 on the subject line.

#### *Paper Comments*

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

All submissions should refer to file number SR-ISE-2025-15. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All

<sup>59</sup> See *supra* note 4 (designating August 19, 2025 as the date by which it should either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule change).

submissions should refer to file number SR-ISE-2025-15 and should be submitted on or before August 5, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>60</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

[FR Doc. 2025-13197 Filed 7-14-25; 8:45 am]

**BILLING CODE 8011-01-P**

## **SECURITIES AND EXCHANGE COMMISSION**

**[Investment Company Act Release No. 35674; File No. 812-15728]**

### **Ardian Access LLC, et al.**

July 11, 2025.

**AGENCY:** Securities and Exchange Commission ("Commission" or "SEC").

**ACTION:** Notice.

Notice of application for an order under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the "Act") and rule 17d-1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d-1 under the Act.

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

**APPLICANTS:** Ardian Access LLC, Ardian US LLC, ARDIAN Investment UK Limited, ARDIAN France, ARDIAN Investment Singapore Pte Ltd, ARDIAN Investment Switzerland AG, AA Blocker LLC, AA HoldCo LLC, and certain of their affiliated entities as described in Appendix A to the application.

**FILING DATES:** The application was filed on March 21, 2025, and amended on April 25, 2025, June 24, 2025, and July 9, 2025.

### **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 [Secretarys-Office@sec.gov](mailto:Secretarys-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

<sup>60</sup> 17 CFR 200.30-3(a)(12).