

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 59

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2024 - * 40

Amendment No. (req. for Amendments *)

Filing by Miami International Securities Exchange, LLC.

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits.

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Tanya Last Name * Kitaigorovski

Title * AVP, Associate Counsel

E-mail * tkitaigorovski@MIAXGlobal.com

Telephone * (609) 413-5787 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Miami International Securities Exchange, L has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/18/2024

(Title *)

By Tanya Kitaigorovski

AVP, Associate Counsel

(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Date: 2024.11.18
Tanya Kitaigorovski

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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SR-MIAX-2024-40 19b4.docx

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

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SR-MIAX-2024-40 - Exhibit 1.docx

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

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SR-MIAX-2024-40 Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

11. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC (“MIAX” or the “Exchange”), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”)¹ and Rule 19b-4 thereunder,² proposes to amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits.

Notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1, and the text of the proposed rule change is attached hereto as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the Exchange Board of Directors on January 19, 2024. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Tanya Kitaigorovski, AVP, Associate Counsel, at (609) 413-5787.

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

a. Purpose

The Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities,

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits,³ to allow the Exchange to list and trade options on the iShares Bitcoin Trust (the “Trust”), designating the Trust as appropriate for options trading on the Exchange.⁴ This is a competitive filing based on a similar proposal submitted by Nasdaq ISE, LLC (“ISE”) and approved by the Securities and Exchange Commission (“Commission”).⁵

Current Exchange Rule 402(i)(4) provides that securities deemed appropriate for options trading include shares or other securities (“Exchange Traded Fund Shares”) that are traded on a national securities exchange and are defined as “NMS stock” under Rule 600 of Regulation NMS, and that meet specified criteria enumerated in the rule. Sub Section 4 of Exchange Rule 402(i) provides that such shares or other securities:

(4) are issued by the SPDR® Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust; or

In addition, the underlying securities and Exchange Rule 402i, including the commodity based trusts in Exchange Rule 402(i)(4), must meet the requirements of Exchange Rule 402(i),

³ The Exchange notes that its affiliate exchanges, MIAX Pearl and MIAX Sapphire, submitted substantively identical proposals. The Exchange notes that all the rules of Chapter III of the MIAX Options Exchange, including Rules 307 and 309, are incorporated by reference to MIAX Pearl and MIAX Sapphire. The Exchange also notes that all of the rules of Chapter III of the MIAX Options Exchange, including Rules 307 and 309, and the rules of Chapter IV of the MIAX Options Exchange, including Rule 402, are incorporated by reference to MIAX Emerald.

⁴ On January 10, 2024, the Commission approved proposals by NYSE Arca, Inc., The Nasdaq Stock Market LLC, and Cboe BZX Exchange, Inc. to list and trade the shares of 11 bitcoin-based commodity-based trust shares and trust units, including the iShares Bitcoin Trust. See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072) (“Bitcoin ETP Order”).

⁵ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust).

Sections (5)(i)(A) or (B).

Proposal

The Exchange proposes to amend Exchange Rule 402(i)(4) to expand the list of securities that are appropriate for options trading on the Exchange.

Description of the Trust⁶

The shares are issued by the Trust, a Delaware statutory trust. The Trust operates pursuant to a trust agreement (the “Trust Agreement”) between the Sponsor, BlackRock Fund Advisors (the “Trustee”) as the trustee of the Trust and Wilmington Trust, National Association, as Delaware trustee. The Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist only of bitcoin, held by a custodian on behalf of the Trust except under limited circumstances when transferred through the Trust’s prime broker temporarily (described below), and cash. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) is the custodian for the Trust’s bitcoin holdings, and maintains a custody account for the Trust (“Custody Account”); Coinbase, Inc. (the “Prime Execution Agent”), an affiliate of the Bitcoin Custodian, is the prime broker for the Trust and maintains a trading account for the Trust (“Trading Account”); and Bank of New York Mellon is the custodian for the Trust’s cash holdings (the “Cash Custodian” and together with the Bitcoin Custodian, the “Custodians”) and the administrator of the Trust (the “Trust Administrator”). Under the Trust Agreement, the Trustee may delegate all or a portion of its duties to any agent, and has delegated the bulk of the

⁶ See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) for a complete description of the Trust.

day to day responsibilities to the Trust Administrator and certain other administrative and record-keeping functions to its affiliates and other agents. The Trust is not an investment company registered under the Investment Company Act of 1940, as amended.

The investment objective of the Trust is to reflect generally the performance of the price of bitcoin. The Trust seeks to reflect such performance before payment of the Trust's expenses and liabilities. The shares are intended to constitute a simple means of making an investment similar to an investment in bitcoin through the public securities market rather than by acquiring, holding and trading bitcoin directly on a peer-to-peer or other basis or via a digital asset exchange. The shares have been designed to remove the obstacles represented by the complexities and operational burdens involved in a direct investment in bitcoin, while at the same time having an intrinsic value that reflects, at any given time, the investment exposure to the bitcoin owned by the Trust at such time, less the Trust's expenses and liabilities. Although the shares are not the exact equivalent of a direct investment in bitcoin, they provide investors with an alternative method of achieving investment exposure to bitcoin through the public securities market, which may be more familiar to them.

Custody of the Trust's Bitcoin

An investment in the shares is backed by bitcoin held by the Bitcoin Custodian on behalf of the Trust. All of the Trust's bitcoin will be held in the Custody Account, other than the Trust's bitcoin which is temporarily maintained in the Trading Account under limited circumstances, i.e., in connection with creation and redemption Basket⁷ activity or sales of bitcoin deducted from the Trust's holdings in payment of Trust expenses or the Sponsor's fee (or, in extraordinary

⁷ The Trust issues and redeems Shares only in blocks of 40,000 or integral multiples thereof. A block of 40,000 Shares is called a "Basket." These transactions take place in exchange for Bitcoin.

circumstances, upon liquidation of the Trust). The Custody Account includes all of the Trust's bitcoin held at the Bitcoin Custodian, but does not include the Trust's bitcoin temporarily maintained at the Prime Execution Agent in the Trading Account from time to time. The Bitcoin Custodian will keep all of the private keys associated with the Trust's bitcoin held in the Custody Account in "cold storage".⁸ The hardware, software, systems, and procedures of the Bitcoin Custodian may not be available or cost-effective for many investors to access directly.

The Exchange believes that offering options on the Trust will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to spot Bitcoin as well as a hedging vehicle to meet their investment needs in connection with Bitcoin products and positions. Similar to other commodity-based trusts on which options may be listed on the Exchange (e.g. SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, or the ETFS Gold Trust),⁹ the Trust essentially offers the same objectives and benefits to investors as do other commodity-based trusts on which options may be listed on the Exchange.

Options on the Trust will trade in the same manner as options on other ETFs on the Exchange. Exchange Rules that currently apply to the listing and trading of all options on ETFs on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, position and exercise limits (including as proposed herein), margin requirements, customer accounts and trading halt procedures, will apply to the listing and trading of options on the Trust on the Exchange. Today, these rules apply to options on the various commodities-based trusts deemed appropriate for options trading on the Exchange pursuant to

⁸ The term "cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's bitcoins are generated and stored in an offline manner, subject to layers of procedures designed to enhance security. Private keys are generated by the Bitcoin Custodian in offline computers that are not connected to the internet so that they are more resistant to being hacked.

⁹ See Exchange Rule 402(i)(4).

Exchange Rule 402(i)(4).

The Exchange's initial listing standards for ETFs on which options may be listed and traded on the Exchange will apply to the Trust. Pursuant to Exchange Rule 402(a), a security (which includes ETFs) on which options may be listed and traded on the Exchange must be registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Act,) and be characterized by a substantial number of outstanding shares that are widely held and actively traded. Exchange Rule 402(i) requires that, in relevant part, ETFs must either (1) meet the criteria and standards set forth in Exchange Rule 402(a) or Exchange Rule 402(b), or (2) be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue ETFs in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investments has undertaken to deliver the investment assets as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer, as provided in the respective prospectus.

Options on the Trust will also be subject to the Exchange's continued listing standards set forth in Exchange Rule 403(g), for ETFs deemed appropriate for options trading pursuant to Exchange Rule 402(i). Specifically, Exchange Rule 403(g) provides that ETFs that were initially approved for options trading pursuant to Exchange Rule 402(i) shall be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering that such ETFs, if the ETFs are delisted from trading pursuant to Exchange Rule 403(b)(4), are halted or suspended from trading in their primary market. Additionally, options on ETFs may be subject to the suspension of opening

transactions in any of the following circumstances: (1) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(A), in accordance with the terms of paragraphs (b)(1), (2), and (3) of Exchange Rule 403; (2) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the ETFs on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such ETFs for 30 or more consecutive trading days; (3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the ETFs are based is no longer calculated or available; or (4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

Options on the Trust would be physically settled contracts with American-style exercise.¹⁰ Consistent with current Exchange Rule 404, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month for options on the Trust¹¹ and may also list series of options on the Trust for

¹⁰ See Exchange Rule 401, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

¹¹ See Exchange Rule 404(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Exchange Rule 404 and its Interpretations and Policies. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Exchange Rule 404(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the

trading on a weekly,¹² monthly,¹³ or quarterly¹⁴ basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 39 months from the time they are listed.¹⁵

Pursuant to Exchange Rule 404, Interpretation and Policy .06, which governs strike prices of series of options on ETFs, the interval between strike prices of series of options on ETFs approved for options trading pursuant to Exchange Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange. With respect to the Short Term Options Series or Weekly Program, during the month prior to expiration of an option class that is selected for the Short Term Option Series Program, the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option.¹⁶ Specifically, the Exchange may open for trading Short Term Option Series at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options 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 where the

underlying stock moves more than five strike prices from the initial exercise price or prices. Pursuant to Exchange Rule 404(e), new series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

¹² See Exchange Rule 404, Interpretations and Policies .02.

¹³ See Exchange Rule 404, Interpretations and Policies .13.

¹⁴ See Exchange Rule 404, Interpretations and Policies .03.

¹⁵ See Exchange Rule 404(d).

¹⁶ See Exchange Rule 404, Interpretations and Policies .02(e).

strike price is above \$150.¹⁷ Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,¹⁸ the \$0.50 Strike Program,¹⁹ and the \$2.50 Strike Price Program.²⁰ Pursuant to Exchange Rule 510, where the price of a series of options for the Trust is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10²¹ consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of Trust options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 404 and 510, as applicable.

Position and exercise limits for options on ETFs, including options on the Trust, are determined pursuant to Exchange Rules 307 and 309, respectively. Position and exercise limits for ETF options vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six months, where the largest in capitalization and the most frequently traded ETFs have an option position and exercise limits of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization ETFs have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. The Exchange proposes to cap the position and exercise limits for the Trust at 25,000 contracts. Capping the position and exercise limits at 25,000 contracts, the lowest limits available in options, would address concerns related to manipulation and protection of investors as this

¹⁷ Id.

¹⁸ See Exchange Rule 404, Interpretation and Policy .01.

¹⁹ See Exchange Rule 404, Interpretation and Policy .04.

²⁰ See Exchange Rule 404(f).

²¹ See Exchange Rule 510.

number is extremely conservative for the Trust and is more than appropriate given its liquidity.

For purposes of addressing position and exercise limits, the Exchange applies position and exercise limits for options for each underlying security and does not aggregate position and exercise limits. In considering the appropriate position and exercise limits for the Trust, the Exchange reviewed the data presented by ISE in its filing, specifically in Exhibit 3 of the filing,²² where ISE measured the Trust's market capitalization and ADV against other industry data as explained further below. The Commission should consider the position and exercise limits for options on the Trust exclusive of other options on bitcoin.

In its filing, ISE considered the Trust's market capitalization and ADV, and prospective position limit in relation to other securities. In measuring the Trust against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").²³ This pool of data took into consideration 3,984 options on single stock securities, excluding broad based ETFs.²⁴ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position limit utilizing statistical thresholds for ADV and market capitalization that were one standard deviation above the mean for each position limit category (i.e. 25,000, 50,000 to 65,000, 75,000, 100,000 to less than 250,000, 250,000 to 400,000, 450,000 to 1,000,000, and

²² See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (Exhibit 3) ("IBIT Approval Order") (letter from Angela Dunn, Nasdaq ISE, LLC, to Vanessa Countryman, Secretary, Commission, dated August 21, 2024) ("ISE Letter").

²³ The computations are based on OCC data from August 6, 2024. Data displaying zero values in market capitalization or ADV were removed.

²⁴ The Trust has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

greater than or equal to 1,000,000)(sic).²⁵ Exchange Rule 307(d) sets out position limits for various contracts. For example, on the Exchange like on ISE, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. ISE performed an exercise to demonstrate the Trust's position limit relative to other options symbols in terms of market capitalization and ADV. For reference the market capitalization for the Trust was 19,789,068 billion²⁶ with an ADV, for the preceding three months prior to August 7, 2024, of greater than 26 million shares.²⁷ Today, by comparison, other options symbols with similar market capitalization and ADV have a position limit in excess of 400,000.²⁸ Therefore, the proposed 25,000 same side position limit for options on the Trust is extremely conservative relative to these options symbols which are a full standard deviation above the mean in comparison.

Second, ISE reviewed the Trust's data relative to the market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables. Utilizing data as of August 3, 2024, there were 19,737,193 bitcoins in circulation.²⁹ ISE took a price of \$57,000 that equates to a market capitalization of greater than 1.125 trillion US dollars, and applied that to a position limit of 400,000 for options on the Trust.³⁰ If a position limit of 400,000 options were considered (the position limit that would be typically assigned based upon data) the exercisable

²⁵ See ISE Letter at 10.

²⁶ ISE acquired this figure as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of bitcoin grows each day bitcoin are minted.

²⁷ See ISE Letter at 10.

²⁸ See, e.g., iShares® iBoxx® \$ High Yield Corporate Bond ETF ("HYG") with a market capitalization of 13,859,235,000 billion as of November 4, 2024. See <https://www.ishares.com/us/products/239565/ishares-iboxx-high-yield-corporate-bond-etf>. The Exchange notes that HYG has a position limit of 500,000 contracts.

²⁹ See ISE Letter at 10.

³⁰ Id.

risk would represent only 6.6% of the outstanding shares of the Trust. The 25,000 position limit being sought only represents 0.4% of the outstanding shares of the Trust. Since the Trust has a creation and redemption process managed through the issuer, additionally it can be compared the position limit sought to the total market capitalization of the entire bitcoin market. In this case, the exercisable risk for options on the Trust would be less than 0.01% of the market capitalization of all outstanding bitcoin. Assuming a scenario where all options on the Trust's shares were exercised given the proposed 25,000 per same side position limit, this would have a virtually unnoticed impact on the entire bitcoin market. This analysis demonstrates that the proposed 25,000 per same side position limit is also extremely conservative and more than appropriate for options on the Trust.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent bitcoin futures position limits. In particular, ISE looked at the CME bitcoin futures contract³¹ that has a position limit of 2,000 futures.³² On August 7, 2024, CME bitcoin futures settled at \$55,000.³³ Taking the position limit of 2,000 futures at a \$5 multiplier³⁴ equates to \$550 million

³¹ CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

³² See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

³³ See https://finance.yahoo.com/quote/BTC%3DF/history/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLnNvbS8&guce_referrer_sig=AQAAAM7ngaS6ZOS9c2Wzx7JW2IUe- - 1FnLyr8T-Qw4jjkleHyCENfSMIEpPPt2hCzPDEryTVyB78NIwxkwFB5Fuw-jA-YiuSmYJHBriWbV6dYn91VOfzQNT3p0I2RkYLD3HhzXPwu4AP5as-WzHNpEBon4sk5sUZxgkapMrZR--CS.

³⁴ Each bitcoin futures contract is valued at 5 bitcoins as defined by the CME CF Bitcoin Reference Rate ("BRR"). See CME Rule 35001.

of notional value for bitcoin futures. By way of comparison, on August 7, 2024, the Trust settled at \$31.19 per share, which would equate to 17,633,857 shares of the Trust³⁵ if the CME notional position limit were utilized. Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 176,338 limit.

Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).³⁶ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁷ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for bitcoin, the Exchange believes that that the proposed 25,000 per same side position limit is conservative and more than appropriate for options on the Trust.

³⁵ See ISE Letter at 11.

³⁶ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/positionlimits-aggregation-of-contracts-and-table.htm>.

³⁷ Id.

In analyzing the proposed position limit for options on the Trust, ISE also considered the supply of bitcoin. Specifically, ISE examined the number of market participants with position limits that would need to exercise in unison to put the underlying asset under stress. In the case of options on the Trust, the proposed 25,000 same side position limit effectively restricts a market participant from holding positions that could be exercised in excess of 2,500,000 shares of the Trust. Utilizing data from August 12, 2024, the Trust had 611,040,000 shares outstanding, therefore 244 market participants would have to simultaneously exercise position limits in order to create a scenario that may put the underlying asset (the Trust) under stress.³⁸ The Exchange notes that historically, from observation only, it appears that no more than five market participants holding position limits in any security have exercised in unison in any option. As unlikely an occurrence as all market participants exercising their position limits in unison would be, if it were to occur, it should be noted that even such an occurrence would not likely put the Trust under stress as economic incentives, would induce the creation of more shares through the ETF creation and redemption process.

By way of example, given that the current global supply of bitcoin, the underlying asset of the Trust, is 19,789,068³⁹ and that each bitcoin can currently be redeemed for 1,755 shares of the Trust, another 34,729,814,340 shares of the Trust could be created. To exhaust this supply of the Trust, 13,891 market participants would have to simultaneously exercise their position limit. Comparing the Trust to the SPDR Gold Shares (“GLD”) ETF or the iShares Silver Trust (“SLV”) ETF, which have position limits of 250,000 or ten times the proposed position limit for

³⁸ See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>.

³⁹ This figure was acquired as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of bitcoin grows each day bitcoin are minted.

the Trust as well as lower shares outstanding in both products,⁴⁰ it is unjustified to mandate a different level of stringency with respect to a position limit for options on the Trust.

The supply of bitcoin does have a limit, which will take years to fully mint.⁴¹ The Exchange notes that bitcoin is a viable economic alternative to traditional assets. The price of goods denominated by bitcoin has actually declined. This dynamic not only makes a fixed supply desirable, but a necessary condition of the value added by this asset in the broader economy. Further, the Exchange notes that corporations have a limited number of outstanding shares. Corporations may authorize additional shares, repurchase shares or split their shares. Similarly, ETFs, like the Trust, may also create, redeem, or split shares to suit the demand of the marketplace.

Importantly, because the supply of bitcoin is much larger than the available supply of most securities and the proposed 25,000 contract position limit is so conservative, the Exchange believes that evaluating the available supply of bitcoin in establishing a position limit for options on the Trust would demonstrate that the proposed limit is safe for investors and the market.⁴² The Trust constitutes less than 2% of the entire bitcoin supply. When comparing the market capitalization of bitcoin against the largest securities, bitcoin would rank 7th among those securities.⁴³ Further, the Exchange believes that its proposal to list options on the Trust with a position limit of 25,000 on the same side is a conservative position limit that does not lend itself

⁴⁰ As of August 13, 2024, GLD had 294,000,000 shares outstanding and SLV had 510,200,000 shares outstanding. See <https://www.ssga.com/us/en/intermediary/etfs/funds/spdr-gold-shares-gld> and <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

⁴¹ A recent article suggested that the remaining supply will take over 100 years to fully mint. See Sen, Vivek. “94% of Bitcoin's Supply Has Now Been Issued.” *Bitcoin Magazine*, <https://bitcoinmagazine.com/business/94-of-bitcoins-supply-has-now-been-issued>. August 19, 2024.

⁴² A supply consideration would likely be valuable for an option symbol that had far less liquidity than the Trust.

⁴³ See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

to manipulation in the market given the ample market capitalization and liquidity in the Trust. If we look to the liquidity statistics of similar instruments and their concomitant position limits, we are able to extrapolate a reasonable standard for arriving at a position limit for a new product. In this case we can look to GLD, SLV, and the ProShares Bitcoin Strategy ETF (“BITO”). These products have volume statistics and “float” statistics, which gauge liquidity, which are in line, yet slightly lower than the Trust. All three of these reference products have position limits of 250,000 contracts. These reference products are remarkably similar in nature to the Trust; they are exchange-traded products (“ETPs”) holding one asset in a trust.

The Exchange further notes that Exchange Rule 1502, which governs margin requirements applicable to trading on the Exchange, including options on ETFs, will also apply to the trading of the Trust options. Notwithstanding the position limits in Exchange Rule 307(d) and exercise limits in Exchange Rule 309, the Exchange proposes the position and exercise limits for the options on the Trust to be 25,000 contracts on the same side pursuant to proposed Supplementary Material .01 to Exchange Rule 307 and proposed Supplementary Material .01 to Exchange Rule 309.

The Exchange represents that the same surveillance procedures applicable to all other options on other ETFs currently listed and traded on the Exchange will apply to options on the Trust. Also the Exchange represents that it has the necessary systems capacity to support the new option series. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading options on ETFs, including the proposed Trust options.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies

to the Exchange's other options products.⁴⁴ The Exchange's staff will have access to the surveillance programs conducted by its affiliate exchanges, MIAX Pearl and MIAX Sapphire with respect to trading in the shares of the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining surveillance data from MIAX Pearl and MIAX Sapphire, the Exchange will be able to obtain information regarding trading in the shares of the underlying Trust from Nasdaq, LLC and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority ("FINRA"). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁴⁵

The underlying shares of spot bitcoin ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in Bitcoin ETP Order:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its

⁴⁴ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, pinging, phishing).

⁴⁵ Section 19(g)(1) of the Act, among other things, requires every 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 ("common members"). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁴⁶

The Exchange states that, given the consistently high correlation between the CME bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”⁴⁷

In light of surveillance measures related to both options and futures as well as the underlying Trust,⁴⁸ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and Options Price Reporting Authority or “OPRA” have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on the Trust up to the number of expirations currently permissible under the Rules. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of the Trust options will be manageable. Finally, the Exchange proposes a technical amendment to Exchange Rule 402(i)(4) to amend the name “ETFS Gold Trust” to “Aberdeen Standard Physical Gold Trust.” In 2018 ETFS Gold Trust was renamed.⁴⁹ At this time, the Exchange proposes to amend the name of the ETF to

⁴⁶ See Bitcoin ETP Order, 89 FR at 3010-11.

⁴⁷ See Bitcoin ETP Order, 89 FR at 3010-11.

⁴⁸ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (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)).

⁴⁹ Effective October 1, 2018 ETFS Gold Trust was renamed Aberdeen Standard Gold ETF Trust.

reflect its current name.

b. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.⁵⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)⁵² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the Trust will provide investors with a greater opportunity to realize the benefits of utilizing options on an ETF based on spot bitcoin, including cost efficiencies and increased hedging strategies. The Exchange believes that offering options on a competitively priced ETF based on spot bitcoin will benefit

<https://www.sec.gov/Archives/edgar/data/1450923/000138713118005292/ex10-2.htm>

⁵⁰ 15 U.S.C. 78f(b).

⁵¹ 15 U.S.C. 78f(b)(5).

⁵² Id.

investors by providing them with an additional, relatively lower-cost risk management tool, allowing them to manage, more easily, their positions and associated risks in their portfolios in connection with exposure to spot bitcoin. Today, the Exchange lists options on other commodity ETFs structured as a trust, which essentially offer the same objectives and benefits to investors, and for which the Exchange has not identified any issues with the continued listing and trading of options on those ETFs.

The Exchange also believes the proposal to permit options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system, because options on the Trust will comply with current Exchange Rules. Options on the Trust must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules, applicable to options on all ETFs, including options on other commodity ETFs already deemed appropriate for options trading on the Exchange pursuant to Exchange Rule 402(i)(4). Additionally, as demonstrated above, the Trust is characterized by a substantial number of shares that are widely held and actively traded. Further, Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (as proposed herein), and margin requirements, will govern the listing and trading of options on the Trust. The proposed position and exercise limits for options on the Trust is 25,000 contracts. These position and exercise limits are the lowest position and exercise limits available in the options industry, are extremely conservative and more than appropriate given the Trust's market capitalization, average daily volume, and high number of outstanding shares. The proposed position limit, and exercise limit, is consistent with the Act as it addresses concerns related to manipulation and protection of investors because, as demonstrated above, the position limit (and exercise limit) is extremely

conservative and more than appropriate given the Trust is actively traded. In support of the proposed position and exercise limits for options on the Trust is 25,000 contracts, the Exchange is citing the in depth analysis ISE did in its filing. As noted above, in the IBIT Approval Order, ISE considered the: (i) Trust's market capitalization and ADV, and prospective position limit in relation to other securities; (ii) market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables; (iii) proposed position limit by comparing it to position limits for derivative products regulated by the CFTC; and (iv) supply of bitcoin. Based on the Exchange's review of IBIT Approval Order, the Exchange believes that the setting position and exercise limits for options on the Trust is 25,000 contracts is more than appropriate for the Trust. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁵³

The Exchange represents that it has the necessary systems capacity to support options on the Trust. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on ETFs, including the Trust options. Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies to the Exchange's other options products.⁵⁴ The

⁵³ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁵⁴ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, ping, phishing).

Exchange's staff will have access to the surveillance programs conducted by its affiliate exchanges, MIAX Pearl and MIAX Sapphire with respect to the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. The Exchange will review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the ISG under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining surveillance data from MIAX Pearl and MIAX Sapphire, the Exchange will be able to obtain information from Nasdaq, LLC and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with FINRA. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁵⁵

The underlying shares of spot bitcoin ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in Bitcoin ETP Order:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of

⁵⁵ Section 19(g)(1) of the Act, among other things, requires every 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 ("common members"). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁵⁶

The Exchange states that, given the consistently high correlation between the CME bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”⁵⁷

In light of surveillance measures related to both options and futures as well as the underlying Trust,⁵⁸ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

Finally, the Commission has previously approved the listing and trading of options on other commodity ETFs structured as a trust, such as SPDR® Gold Trust,⁵⁹ the iShares COMEX

⁵⁶ See supra note 4.

⁵⁷ See Bitcoin ETP Order, 89 FR at 3010-11.

⁵⁸ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (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)).

⁵⁹ See Securities Exchange Act Release No. 57897 (May 30, 2008), 73 FR 32061 (June 5, 2008) (SR-Amex-2008-15; SR-CBOE-2005-11; SR-ISE-2008-12; SR-NYSEArca-2008-52; and SRPhlx-2008-17) (Order Granting Approval of a Proposed Rule Change, as Modified, and Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes, as Modified, Relating to Listing and Trading Options on the SPDR Gold Trust).

Gold Trust⁶⁰ the iShares Silver Trust,⁶¹ the ETFS Gold Trust,⁶² and the ETFS Silver Trust.⁶³

Further, the Exchange's proposal to amend the name "ETFS Gold Trust" to "Aberdeen Standard Physical Gold Trust" in Exchange Rule 402(i)(4) is consistent with the Act and the protection of investors as this amendment reflects the current name of this product.

4. 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. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to filings submitted by ISE.⁶⁴

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as options on the Trust will be subject to initial listing standards and continued listing standards the same as other options on ETFs listed on the Exchange. Further, options on the Trust will be subject to Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed to modify herein), and margin requirements. Options on

⁶⁰ See Securities Exchange Act Release No. 59055 (December 4, 2008), 73 FR 75148 (December 10, 2008) (SR-Amex-2008-68; SR-BSE-2008-51; SR-CBOE-2008-72; SR-ISE-2008-58; SRNYSEArca-2008-66; and SR-Phlx-2008-58) (Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes Relating to the Listing and Trading Options on Shares of the iShares COMEX Gold Trust and the iShares Silver Trust).

⁶¹ Id.

⁶² See Securities Exchange Act Release No. 61483 (February 3, 2010), 75 FR 6753 (February 10, 2010) (SR-CBOE-2010-007; SR-ISE-2009-106; SR-NYSEAmex-2009-86; and SR-NYSEArca-2009-110) (Order Granting Approval of Proposed Rule Changes and Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Listing and Trading Options on the ETFS Gold Trust and the ETFS Silver Trust).

⁶³ Id.

⁶⁴ See supra note 5.

the Trust will be equally available to all market participants who wish to trade such options. Also, and as stated above, the Exchange already lists options on other commodity ETFs structured as a trust.

The Exchange does not believe that the proposal to list and trade options on the Trust will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that permitting options on the Trust to trade on the Exchange may make the Exchange a more attractive marketplace to market participants, such market participants are free to elect to become market participants on the Exchange. Additionally, other options exchanges are free to amend their listing rules, as applicable, to permit them to list and trade options on the Trust. The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering options on the Trust for trading on the Exchange will promote competition by providing investors with an additional, relatively low-cost means to hedge their portfolios and meet their investment needs in connection with spot bitcoin prices and bitcoin related products and positions.

Finally, the Exchange's proposal to amend the name "ETFS Gold Trust" to "Aberdeen Standard Physical Gold Trust" in Exchange Rule 402(i)(4) does not impose an undue burden on competition as this amendment reflects the current name of this product.

5. 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.

6. Extension of Time Period for Commission Action

Not applicable.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Pursuant to Section 19(b)(3)(A) of the Act⁶⁵ and Rule 19b-4(f)(6)⁶⁶ thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposed rule change is substantively identical to a proposal by ISE that was recently approved by the Commission.⁶⁷ Additionally, the Exchange notes that the Commission recently approved a similar rule filing of another options exchange on October 18, 2024.⁶⁸ While that filing applies to options on different Bitcoin ETFs, the substantive issues to be considered are the same for options on the Trust as proposed herein. Accelerated approval is essential for competitive purposes given these recent approvals. The Exchange believes that this proposed rule change, which is essential to promote a free and open market for the benefit of investors,

⁶⁵ 15 U.S.C. 78s(b)(3)(A).

⁶⁶ 17 CFR 240.19b-4(f)(6).

⁶⁷ See supra note 5.

⁶⁸ See Securities Exchange Act Release No. 101387 (October 18, 2024), 89 FR 84948 (October 24, 2024) (SR-CBOE-2024-35) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment Nos. 2 and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, to Permit the Listing and Trading of Options on Bitcoin Exchange Traded Funds).

does not raise any new, unique or substantive issues from those raised in the recently approved ISE proposal or the Cboe proposal. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act⁶⁹ and Rule 19b-4(f)(6) thereunder.⁷⁰

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement. Furthermore, a proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act⁷¹ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)⁷² permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest.

The Exchange respectfully requests that the Commission waive the 30-day operative delay. Waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among the exchanges by allowing the Exchange to permit the listing of options on the Trust at the same time as ISE.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

⁶⁹ 15 U.S.C. 78s(b)(3)(A).

⁷⁰ 17 CFR 240.19b-4(f)(6).

⁷¹ 17 CFR 240.19b-4(f)(6).

⁷² Id.

8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on the IBIT Approval Order.⁷³

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

5. Text of proposed rule change.

⁷³ See supra note 5.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2024-40)

November __, 2024

Self-Regulatory Organizations: Notice of Filing and Immediate Effectiveness of a Proposed Rule Change by Miami International Securities Exchange, LLC to Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits to Allow the Exchange to List and Trade Options on the iShares Bitcoin Trust (the “Trust”)

Pursuant to the provisions of 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 November __, 2024, Miami International Securities Exchange, LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits.

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

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Exchange Rule 402, Criteria for Underlying Securities, Exchange Rule 307, Position Limits, and Exchange Rule 309, Exercise Limits,³ to allow the Exchange to list and trade options on the iShares Bitcoin Trust (the “Trust”), designating the Trust as appropriate for options trading on the Exchange.⁴ This is a competitive filing based on a similar proposal submitted by Nasdaq ISE, LLC (“ISE”) and approved by the Securities and Exchange Commission (“Commission”).⁵

Current Exchange Rule 402(i)(4) provides that securities deemed appropriate for options trading include shares or other securities (“Exchange Traded Fund Shares”) that are traded on a national securities exchange and are defined as “NMS stock” under Rule 600 of Regulation NMS, and that meet specified criteria enumerated in the rule. Sub Section 4 of Exchange Rule

³ The Exchange notes that its affiliate exchanges, MIAX Pearl and MIAX Sapphire, submitted substantively identical proposals. The Exchange notes that all the rules of Chapter III of the MIAX Options Exchange, including Rules 307 and 309, are incorporated by reference to MIAX Pearl and MIAX Sapphire. The Exchange also notes that all of the rules of Chapter III of the MIAX Options Exchange, including Rules 307 and 309, and the rules of Chapter IV of the MIAX Options Exchange, including Rule 402, are incorporated by reference to MIAX Emerald.

⁴ On January 10, 2024, the Commission approved proposals by NYSE Arca, Inc., The Nasdaq Stock Market LLC, and Cboe BZX Exchange, Inc. to list and trade the shares of 11 bitcoin-based commodity-based trust shares and trust units, including the iShares Bitcoin Trust. See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072) (“Bitcoin ETP Order”).

⁵ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust).

402(i) provides that such shares or other securities:

(4) are issued by the SPDR® Gold Trust or the iShares COMEX Gold Trust or the iShares Silver Trust or the ETFS Silver Trust or the ETFS Gold Trust or the ETFS Palladium Trust or the ETFS Platinum Trust or the Sprott Physical Gold Trust; or

In addition, the underlying securities and Exchange Rule 402i, including the commodity based trusts in Exchange Rule 402(i)(4), must meet the requirements of Exchange Rule 402(i), Sections (5)(i)(A) or (B).

Proposal

The Exchange proposes to amend Exchange Rule 402(i)(4) to expand the list of securities that are appropriate for options trading on the Exchange.

Description of the Trust⁶

The shares are issued by the Trust, a Delaware statutory trust. The Trust operates pursuant to a trust agreement (the “Trust Agreement”) between the Sponsor, BlackRock Fund Advisors (the “Trustee”) as the trustee of the Trust and Wilmington Trust, National Association, as Delaware trustee. The Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust consist only of bitcoin, held by a custodian on behalf of the Trust except under limited circumstances when transferred through the Trust’s prime broker temporarily (described below), and cash. Coinbase Custody Trust Company, LLC (the “Bitcoin Custodian”) is the custodian for the Trust’s bitcoin holdings, and maintains a custody account for the Trust (“Custody Account”); Coinbase, Inc. (the “Prime Execution

⁶ See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072)(Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) for a complete description of the Trust.

Agent”), an affiliate of the Bitcoin Custodian, is the prime broker for the Trust and maintains a trading account for the Trust (“Trading Account”); and Bank of New York Mellon is the custodian for the Trust’s cash holdings (the “Cash Custodian” and together with the Bitcoin Custodian, the “Custodians”) and the administrator of the Trust (the “Trust Administrator”). Under the Trust Agreement, the Trustee may delegate all or a portion of its duties to any agent, and has delegated the bulk of the day to day responsibilities to the Trust Administrator and certain other administrative and record-keeping functions to its affiliates and other agents. The Trust is not an investment company registered under the Investment Company Act of 1940, as amended.

The investment objective of the Trust is to reflect generally the performance of the price of bitcoin. The Trust seeks to reflect such performance before payment of the Trust’s expenses and liabilities. The shares are intended to constitute a simple means of making an investment similar to an investment in bitcoin through the public securities market rather than by acquiring, holding and trading bitcoin directly on a peer-to-peer or other basis or via a digital asset exchange. The shares have been designed to remove the obstacles represented by the complexities and operational burdens involved in a direct investment in bitcoin, while at the same time having an intrinsic value that reflects, at any given time, the investment exposure to the bitcoin owned by the Trust at such time, less the Trust’s expenses and liabilities. Although the shares are not the exact equivalent of a direct investment in bitcoin, they provide investors with an alternative method of achieving investment exposure to bitcoin through the public securities market, which may be more familiar to them.

Custody of the Trust’s Bitcoin

An investment in the shares is backed by bitcoin held by the Bitcoin Custodian on behalf of the Trust. All of the Trust’s bitcoin will be held in the Custody Account, other than the Trust’s

bitcoin which is temporarily maintained in the Trading Account under limited circumstances, i.e., in connection with creation and redemption Basket⁷ activity or sales of bitcoin deducted from the Trust's holdings in payment of Trust expenses or the Sponsor's fee (or, in extraordinary circumstances, upon liquidation of the Trust). The Custody Account includes all of the Trust's bitcoin held at the Bitcoin Custodian, but does not include the Trust's bitcoin temporarily maintained at the Prime Execution Agent in the Trading Account from time to time. The Bitcoin Custodian will keep all of the private keys associated with the Trust's bitcoin held in the Custody Account in "cold storage".⁸ The hardware, software, systems, and procedures of the Bitcoin Custodian may not be available or cost-effective for many investors to access directly.

The Exchange believes that offering options on the Trust will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to spot Bitcoin as well as a hedging vehicle to meet their investment needs in connection with Bitcoin products and positions. Similar to other commodity-based trusts on which options may be listed on the Exchange (e.g. SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, or the ETFS Gold Trust),⁹ the Trust essentially offers the same objectives and benefits to investors as do other commodity-based trusts on which options may be listed on the Exchange.

Options on the Trust will trade in the same manner as options on other ETFs on the Exchange. Exchange Rules that currently apply to the listing and trading of all options on ETFs on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise

⁷ The Trust issues and redeems Shares only in blocks of 40,000 or integral multiples thereof. A block of 40,000 Shares is called a "Basket." These transactions take place in exchange for Bitcoin.

⁸ The term "cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's bitcoins are generated and stored in an offline manner, subject to layers of procedures designed to enhance security. Private keys are generated by the Bitcoin Custodian in offline computers that are not connected to the internet so that they are more resistant to being hacked.

⁹ See Exchange Rule 402(i)(4).

prices, minimum increments, position and exercise limits (including as proposed herein), margin requirements, customer accounts and trading halt procedures, will apply to the listing and trading of options on the Trust on the Exchange. Today, these rules apply to options on the various commodities-based trusts deemed appropriate for options trading on the Exchange pursuant to Exchange Rule 402(i)(4).

The Exchange's initial listing standards for ETFs on which options may be listed and traded on the Exchange will apply to the Trust. Pursuant to Exchange Rule 402(a), a security (which includes ETFs) on which options may be listed and traded on the Exchange must be registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Act,) and be characterized by a substantial number of outstanding shares that are widely held and actively traded. Exchange Rule 402(i) requires that, in relevant part, ETFs must either (1) meet the criteria and standards set forth in Exchange Rule 402(a) or Exchange Rule 402(b), or (2) be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue ETFs in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investments has undertaken to deliver the investment assets as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer, as provided in the respective prospectus.

Options on the Trust will also be subject to the Exchange's continued listing standards set forth in Exchange Rule 403(g), for ETFs deemed appropriate for options trading pursuant to Exchange Rule 402(i). Specifically, Exchange Rule 403(g) provides that ETFs that were initially approved for options trading pursuant to Exchange Rule 402(i) shall be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional

series of option contracts of the class covering that such ETFs, if the ETFs are delisted from trading pursuant to Exchange Rule 403(b)(4), are halted or suspended from trading in their primary market. Additionally, options on ETFs may be subject to the suspension of opening transactions in any of the following circumstances: (1) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(A), in accordance with the terms of paragraphs (b)(1), (2), and (3) of Exchange Rule 403; (2) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the ETFs on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such ETFs for 30 or more consecutive trading days; (3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the ETFs are based is no longer calculated or available; or (4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

Options on the Trust would be physically settled contracts with American-style exercise.¹⁰ Consistent with current Exchange Rule 404, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month for options on the Trust¹¹ and may also list series of options on the Trust for

¹⁰ See Exchange Rule 401, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

¹¹ See Exchange Rule 404(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Exchange Rule 404 and its Interpretations and Policies. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC

trading on a weekly,¹² monthly,¹³ or quarterly¹⁴ basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 39 months from the time they are listed.¹⁵

Pursuant to Exchange Rule 404, Interpretation and Policy .06, which governs strike prices of series of options on ETFs, the interval between strike prices of series of options on ETFs approved for options trading pursuant to Exchange Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange. With respect to the Short Term Options Series or Weekly Program, during the month prior to expiration of an option class that is selected for the Short Term Option Series Program, the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option.¹⁶ Specifically, the Exchange may open for trading Short Term Option Series at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in

By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Exchange Rule 404(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. Pursuant to Exchange Rule 404(e), new series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

¹² See Exchange Rule 404, Interpretations and Policies .02.

¹³ See Exchange Rule 404, Interpretations and Policies .13.

¹⁴ See Exchange Rule 404, Interpretations and Policies .03.

¹⁵ See Exchange Rule 404(d).

¹⁶ See Exchange Rule 404, Interpretations and Policies .02(e).

the Short Term Options 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 where the strike price is above \$150.¹⁷ Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,¹⁸ the \$0.50 Strike Program,¹⁹ and the \$2.50 Strike Price Program.²⁰ Pursuant to Exchange Rule 510, where the price of a series of options for the Trust is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10²¹ consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of Trust options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 404 and 510, as applicable.

Position and exercise limits for options on ETFs, including options on the Trust, are determined pursuant to Exchange Rules 307 and 309, respectively. Position and exercise limits for ETF options vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six months, where the largest in capitalization and the most frequently traded ETFs have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization ETFs have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. The Exchange proposes to cap the position and exercise limits for the Trust at 25,000 contracts. Capping the position and exercise limits at 25,000 contracts, the lowest limits available in

¹⁷ Id.

¹⁸ See Exchange Rule 404, Interpretation and Policy .01.

¹⁹ See Exchange Rule 404, Interpretation and Policy .04.

²⁰ See Exchange Rule 404(f).

²¹ See Exchange Rule 510.

options, would address concerns related to manipulation and protection of investors as this number is extremely conservative for the Trust and is more than appropriate given its liquidity.

For purposes of addressing position and exercise limits, the Exchange applies position and exercise limits for options for each underlying security and does not aggregate position and exercise limits. In considering the appropriate position and exercise limits for the Trust, the Exchange reviewed the data presented by ISE in its filing, specifically in Exhibit 3 of the filing,²² where ISE measured the Trust's market capitalization and ADV against other industry data as explained further below. The Commission should consider the position and exercise limits for options on the Trust exclusive of other options on bitcoin.

In its filing, ISE considered the Trust's market capitalization and ADV, and prospective position limit in relation to other securities. In measuring the Trust against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").²³ This pool of data took into consideration 3,984 options on single stock securities, excluding broad based ETFs.²⁴ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position limit utilizing statistical thresholds for ADV and market capitalization that were one standard deviation above the mean for each position limit category (i.e. 25,000, 50,000 to 65,000, 75,000, 100,000 to less than 250,000, 250,000 to 400,000, 450,000 to 1,000,000, and

²² See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (Exhibit 3) ("IBIT Approval Order") (letter from Angela Dunn, Nasdaq ISE, LLC, to Vanessa Countryman, Secretary, Commission, dated August 21, 2024) ("ISE Letter").

²³ The computations are based on OCC data from August 6, 2024. Data displaying zero values in market capitalization or ADV were removed.

²⁴ The Trust has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

greater than or equal to 1,000,000)(sic).²⁵ Exchange Rule 307(d) sets out position limits for various contracts. For example, on the Exchange like on ISE, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. ISE performed an exercise to demonstrate the Trust's position limit relative to other options symbols in terms of market capitalization and ADV. For reference the market capitalization for the Trust was 19,789,068 billion²⁶ with an ADV, for the preceding three months prior to August 7, 2024, of greater than 26 million shares.²⁷ Today, by comparison, other options symbols with similar market capitalization and ADV have a position limit in excess of 400,000.²⁸ Therefore, the proposed 25,000 same side position limit for options on the Trust is extremely conservative relative to these options symbols which are a full standard deviation above the mean in comparison.

Second, ISE reviewed the Trust's data relative to the market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables. Utilizing data as of August 3, 2024, there were 19,737,193 bitcoins in circulation.²⁹ ISE took a price of \$57,000 that equates to a market capitalization of greater than 1.125 trillion US dollars, and applied that to a position limit of 400,000 for options on the Trust.³⁰ If a position limit of 400,000 options were considered (the position limit that would be typically assigned based upon data) the exercisable risk would represent only 6.6% of the outstanding shares of the Trust. The 25,000 position limit

²⁵ See ISE Letter at 10.

²⁶ ISE acquired this figure as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of bitcoin grows each day bitcoin are minted.

²⁷ See ISE Letter at 10.

²⁸ See, eg., iShares® iBoxx® \$ High Yield Corporate Bond ETF ("HYG") with a market capitalization of 13,859,235,000 billion as of November 4, 2024. See <https://www.ishares.com/us/products/239565/ishares-iboxx-high-yield-corporate-bond-etf>. The Exchange notes that HYG has a position limit of 500,000 contracts.

²⁹ See ISE Letter at 10.

³⁰ Id.

being sought only represents 0.4% of the outstanding shares of the Trust. Since the Trust has a creation and redemption process managed through the issuer, additionally it can be compared the position limit sought to the total market capitalization of the entire bitcoin market. In this case, the exercisable risk for options on the Trust would be less than 0.01% of the market capitalization of all outstanding bitcoin. Assuming a scenario where all options on the Trust's shares were exercised given the proposed 25,000 per same side position limit, this would have a virtually unnoticed impact on the entire bitcoin market. This analysis demonstrates that the proposed 25,000 per same side position limit is also extremely conservative and more than appropriate for options on the Trust.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent bitcoin futures position limits. In particular, ISE looked at the CME bitcoin futures contract³¹ that has a position limit of 2,000 futures.³² On August 7, 2024, CME bitcoin futures settled at \$55,000.³³ Taking the position limit of 2,000 futures at a \$5 multiplier³⁴ equates to \$550 million of notional value for bitcoin futures. By way of comparison, on August 7, 2024, the Trust settled

³¹ CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

³² See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

³³ See https://finance.yahoo.com/quote/BTC%3DF/history/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLnNvbS8&guce_referrer_sig=AQAAAM7ngaS6ZOS9c2Wzx7JW2IUe- - 1FnLyr8T-Qw4jjkleHyCENfSMIEpPPt2hCzPDEryTVyB78NIwxkwFB5FuW-jA-YiuSmYJHBriWbV6dYn91VQfzQNT3p0l2RkYLD3HhzXPwu4AP5as-WzHNpEBon4sk5sUZXgkapMrZR--CS.

³⁴ Each bitcoin futures contract is valued at 5 bitcoins as defined by the CME CF Bitcoin Reference Rate ("BRR"). See CME Rule 35001.

at \$31.19 per share, which would equate to 17,633,857 shares of the Trust³⁵ if the CME notional position limit were utilized. Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 176,338 limit.

Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contract according to an aggregation ratio(s).³⁶ Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.³⁷ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for bitcoin, the Exchange believes that that the proposed 25,000 per same side position limit is conservative and more than appropriate for options on the Trust.

In analyzing the proposed position limit for options on the Trust, ISE also considered the supply of bitcoin. Specifically, ISE examined the number of market participants with position

³⁵ See ISE Letter at 11.

³⁶ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/positionlimits-aggregation-of-contracts-and-table.htm>.

³⁷ Id.

limits that would need to exercise in unison to put the underlying asset under stress. In the case of options on the Trust, the proposed 25,000 same side position limit effectively restricts a market participant from holding positions that could be exercised in excess of 2,500,000 shares of the Trust. Utilizing data from August 12, 2024, the Trust had 611,040,000 shares outstanding, therefore 244 market participants would have to simultaneously exercise position limits in order to create a scenario that may put the underlying asset (the Trust) under stress.³⁸ The Exchange notes that historically, from observation only, it appears that no more than five market participants holding position limits in any security have exercised in unison in any option. As unlikely an occurrence as all market participants exercising their position limits in unison would be, if it were to occur, it should be noted that even such an occurrence would not likely put the Trust under stress as economic incentives, would induce the creation of more shares through the ETF creation and redemption process.

By way of example, given that the current global supply of bitcoin, the underlying asset of the Trust, is 19,789,068³⁹ and that each bitcoin can currently be redeemed for 1,755 shares of the Trust, another 34,729,814,340 shares of the Trust could be created. To exhaust this supply of the Trust, 13,891 market participants would have to simultaneously exercise their position limit. Comparing the Trust to the SPDR Gold Shares (“GLD”) ETF or the iShares Silver Trust (“SLV”) ETF, which have position limits of 250,000 or ten times the proposed position limit for the Trust as well as lower shares outstanding in both products,⁴⁰ it is unjustified to mandate a different level of stringency with respect to a position limit for options on the Trust.

³⁸ See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>.

³⁹ This figure was acquired as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of bitcoin grows each day bitcoin are minted.

⁴⁰ As of August 13, 2024, GLD had 294,000,000 shares outstanding and SLV had 510,200,000 shares outstanding. See <https://www.ssga.com/us/en/intermediary/etfs/funds/spdr-gold-shares-gld> and <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

The supply of bitcoin does have a limit, which will take years to fully mint.⁴¹ The Exchange notes that bitcoin is a viable economic alternative to traditional assets. The price of goods denominated by bitcoin has actually declined. This dynamic not only makes a fixed supply desirable, but a necessary condition of the value added by this asset in the broader economy. Further, the Exchange notes that corporations have a limited number of outstanding shares. Corporations may authorize additional shares, repurchase shares or split their shares. Similarly, ETFs, like the Trust, may also create, redeem, or split shares to suit the demand of the marketplace.

Importantly, because the supply of bitcoin is much larger than the available supply of most securities and the proposed 25,000 contract position limit is so conservative, the Exchange believes that evaluating the available supply of bitcoin in establishing a position limit for options on the Trust would demonstrate that the proposed limit is safe for investors and the market.⁴² The Trust constitutes less than 2% of the entire bitcoin supply. When comparing the market capitalization of bitcoin against the largest securities, bitcoin would rank 7th among those securities.⁴³ Further, the Exchange believes that its proposal to list options on the Trust with a position limit of 25,000 on the same side is a conservative position limit that does not lend itself to manipulation in the market given the ample market capitalization and liquidity in the Trust. If we look to the liquidity statistics of similar instruments and their concomitant position limits, we are able to extrapolate a reasonable standard for arriving at a position limit for a new product. In this case we can look to GLD, SLV, and the ProShares Bitcoin Strategy ETF (“BITO”). These

⁴¹ A recent article suggested that the remaining supply will take over 100 years to fully mint. See Sen, Vivek. “94% of Bitcoin’s Supply Has Now Been Issued.” *Bitcoin Magazine*, <https://bitcoinmagazine.com/business/94-of-bitcoins-supply-has-now-been-issued>. August 19, 2024.

⁴² A supply consideration would likely be valuable for an option symbol that had far less liquidity than the Trust.

⁴³ See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

products have volume statistics and “float” statistics, which gauge liquidity, which are in line, yet slightly lower than the Trust. All three of these reference products have position limits of 250,000 contracts. These reference products are remarkably similar in nature to the Trust; they are exchange-traded products (“ETPs”) holding one asset in a trust.

The Exchange further notes that Exchange Rule 1502, which governs margin requirements applicable to trading on the Exchange, including options on ETFs, will also apply to the trading of the Trust options. Notwithstanding the position limits in Exchange Rule 307(d) and exercise limits in Exchange Rule 309, the Exchange proposes the position and exercise limits for the options on the Trust to be 25,000 contracts on the same side pursuant to proposed Supplementary Material .01 to Exchange Rule 307 and proposed Supplementary Material .01 to Exchange Rule 309.

The Exchange represents that the same surveillance procedures applicable to all other options on other ETFs currently listed and traded on the Exchange will apply to options on the Trust. Also the Exchange represents that it has the necessary systems capacity to support the new option series. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading options on ETFs, including the proposed Trust options.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies to the Exchange’s other options products.⁴⁴ The Exchange’s staff will have access to the surveillance programs conducted by its affiliate exchanges, MIAX Pearl and MIAX Sapphire with respect to trading in the shares of the underlying Trust when conducting surveillances for

⁴⁴ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, ping, phishing).

market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining surveillance data from MIAX Pearl and MIAX Sapphire, the Exchange will be able to obtain information regarding trading in the shares of the underlying Trust from Nasdaq, LLC and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁴⁵

The underlying shares of spot bitcoin ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in Bitcoin ETP Order:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁴⁶

The Exchange states that, given the consistently high correlation between the CME bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and

⁴⁵ Section 19(g)(1) of the Act, among other things, requires every 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 (“common members”). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

⁴⁶ See Bitcoin ETP Order, 89 FR at 3010-11.

practices in the specific context of the [Bitcoin ETPs].”⁴⁷

In light of surveillance measures related to both options and futures as well as the underlying Trust,⁴⁸ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and Options Price Reporting Authority or “OPRA” have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on the Trust up to the number of expirations currently permissible under the Rules. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of the Trust options will be manageable. Finally, the Exchange proposes a technical amendment to Exchange Rule 402(i)(4) to amend the name “ETFS Gold Trust” to “Aberdeen Standard Physical Gold Trust.” In 2018 ETFS Gold Trust was renamed.⁴⁹ At this time, the Exchange proposes to amend the name of the ETF to reflect its current name.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of

⁴⁷ See Bitcoin ETP Order, 89 FR at 3010-11.

⁴⁸ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (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)).

⁴⁹ Effective October 1, 2018 ETFS Gold Trust was renamed Aberdeen Standard Gold ETF Trust. <https://www.sec.gov/Archives/edgar/data/1450923/000138713118005292/ex10-2.htm>.

Section 6(b) of the Act.⁵⁰ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁵¹ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)⁵² requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the Trust will provide investors with a greater opportunity to realize the benefits of utilizing options on an ETF based on spot bitcoin, including cost efficiencies and increased hedging strategies. The Exchange believes that offering options on a competitively priced ETF based on spot bitcoin will benefit investors by providing them with an additional, relatively lower-cost risk management tool, allowing them to manage, more easily, their positions and associated risks in their portfolios in connection with exposure to spot bitcoin. Today, the Exchange lists options on other commodity ETFs structured as a trust, which essentially offer the same objectives and benefits to investors, and for which the Exchange has not identified any issues with the continued listing and trading

⁵⁰ 15 U.S.C. 78f(b).

⁵¹ 15 U.S.C. 78f(b)(5).

⁵² Id.

of options on those ETFs.

The Exchange also believes the proposal to permit options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system, because options on the Trust will comply with current Exchange Rules. Options on the Trust must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules, applicable to options on all ETFs, including options on other commodity ETFs already deemed appropriate for options trading on the Exchange pursuant to Exchange Rule 402(i)(4). Additionally, as demonstrated above, the Trust is characterized by a substantial number of shares that are widely held and actively traded. Further, Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (as proposed herein), and margin requirements, will govern the listing and trading of options on the Trust. The proposed position and exercise limits for options on the Trust is 25,000 contracts. These position and exercise limits are the lowest position and exercise limits available in the options industry, are extremely conservative and more than appropriate given the Trust's market capitalization, average daily volume, and high number of outstanding shares. The proposed position limit, and exercise limit, is consistent with the Act as it addresses concerns related to manipulation and protection of investors because, as demonstrated above, the position limit (and exercise limit) is extremely conservative and more than appropriate given the Trust is actively traded. In support of the proposed position and exercise limits for options on the Trust is 25,000 contracts, the Exchange is citing the in depth analysis ISE did in its filing. As noted above, in the IBIT Approval Order, ISE considered the: (i) Trust's market capitalization and ADV, and prospective position limit in relation to other securities; (ii) market capitalization of the entire bitcoin market in terms of exercise risk and availability of deliverables; (iii) proposed position limit by comparing it to

position limits for derivative products regulated by the CFTC; and (iv) supply of bitcoin. Based on the Exchange's review of IBIT Approval Order, the Exchange believes that the setting position and exercise limits for options on the Trust is 25,000 contracts is more than appropriate for the Trust. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁵³

The Exchange represents that it has the necessary systems capacity to support options on the Trust. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on ETFs, including the Trust options. Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies to the Exchange's other options products.⁵⁴ The Exchange's staff will have access to the surveillance programs conducted by its affiliate exchanges, MIAX Pearl and MIAX Sapphire with respect to the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. The Exchange will review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the ISG under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures

⁵³ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁵⁴ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, ping, phishing).

markets. In addition to obtaining surveillance data from MIAX Pearl and MIAX Sapphire, the Exchange will be able to obtain information from Nasdaq, LLC and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with FINRA. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁵⁵

The underlying shares of spot bitcoin ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in Bitcoin ETP Order:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁵⁶

The Exchange states that, given the consistently high correlation between the CME bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative

⁵⁵ Section 19(g)(1) of the Act, among other things, requires every 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 (“common members”). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

⁵⁶ See supra note 5.

acts and practices in the specific context of the [Bitcoin ETPs].”⁵⁷

In light of surveillance measures related to both options and futures as well as the underlying Trust,⁵⁸ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

Finally, the Commission has previously approved the listing and trading of options on other commodity ETFs structured as a trust, such as SPDR® Gold Trust,⁵⁹ the iShares COMEX Gold Trust⁶⁰ the iShares Silver Trust,⁶¹ the ETFS Gold Trust,⁶² and the ETFS Silver Trust.⁶³

Further, the Exchange’s proposal to amend the name “ETFS Gold Trust” to “Aberdeen Standard Physical Gold Trust” in Exchange Rule 402(i)(4) is consistent with the Act and the protection of investors as this amendment reflects the current name of this product.

⁵⁷ See Bitcoin ETP Order, 89 FR at 3010-11.

⁵⁸ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (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)).

⁵⁹ See Securities Exchange Act Release No. 57897 (May 30, 2008), 73 FR 32061 (June 5, 2008) (SR-Amex-2008-15; SR-CBOE-2005-11; SR-ISE-2008-12; SR-NYSEArca-2008-52; and SRPhlx-2008-17) (Order Granting Approval of a Proposed Rule Change, as Modified, and Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes, as Modified, Relating to Listing and Trading Options on the SPDR Gold Trust).

⁶⁰ See Securities Exchange Act Release No. 59055 (December 4, 2008), 73 FR 75148 (December 10, 2008) (SR-Amex-2008-68; SR-BSE-2008-51; SR-CBOE-2008-72; SR-ISE-2008-58; SRNYSEArca-2008-66; and SR-Phlx-2008-58) (Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes Relating to the Listing and Trading Options on Shares of the iShares COMEX Gold Trust and the iShares Silver Trust).

⁶¹ Id.

⁶² See Securities Exchange Act Release No. 61483 (February 3, 2010), 75 FR 6753 (February 10, 2010) (SR-CBOE-2010-007; SR-ISE-2009-106; SR-NYSEAmex-2009-86; and SR-NYSEArca-2009-110) (Order Granting Approval of Proposed Rule Changes and Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Listing and Trading Options on the ETFS Gold Trust and the ETFS Silver Trust).

⁶³ Id.

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. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to filings submitted by ISE.⁶⁴

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as options on the Trust will be subject to initial listing standards and continued listing standards the same as other options on ETFs listed on the Exchange. Further, options on the Trust will be subject to Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed to modify herein), and margin requirements. Options on the Trust will be equally available to all market participants who wish to trade such options. Also, and as stated above, the Exchange already lists options on other commodity ETFs structured as a trust.

The Exchange does not believe that the proposal to list to list and trade options on the Trust will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that permitting options on the Trust to trade on the Exchange may make the Exchange a more attractive marketplace to market participants, such market participants are free to elect to become market participants on the Exchange. Additionally, other options exchanges are free to amend their listing rules, as applicable, to permit them to list and trade options on the Trust. The Exchange believes that the proposed rule

⁶⁴ See supra note 6.

change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering options on the Trust for trading on the Exchange will promote competition by providing investors with an additional, relatively low-cost means to hedge their portfolios and meet their investment needs in connection with spot bitcoin prices and bitcoin related products and positions.

Finally, the Exchange's proposal to amend the name "ETFS Gold Trust" to "Aberdeen Standard Physical Gold Trust" in Exchange Rule 402(i)(4) does not impose an undue burden on competition as this amendment reflects the current name of this product.

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

Because the foregoing proposed rule change does not: (i) Significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to 19(b)(3)(A) of the Act⁶⁵ and Rule 19b-4(f)(6)⁶⁶ thereunder.

⁶⁵ 15 U.S.C. 78s(b)(3)(A).

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

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-MIAX-2024-40 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-MIAX-2024-40. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications

relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-MIAX-2024-40 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶⁷

Sherry R. Haywood,

Assistant Secretary.

⁶⁷ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;
Deleted text is in [brackets]

MIAX Options Exchange Rules

Rule 307. Position Limits

Interpretations and Policies:

.01 The position limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Position Limit
SPDR® Dow Jones® Industrial Average SM ETF Trust (“DIA”)	300,000 contracts
SPDR® S&P 500® ETF Trust (“SPY”)	3,600,000 contracts
iShares® Russell 2000 ETF (“IWM”)	1,000,000 contracts
iShares® MSCI Emerging Markets ETF (“EEM”)	1,000,000 contracts
Invesco QQQ Trust SM (“QQQ”)	1,800,000 contracts
iShares® China Large-Cap ETF (“FXI”)	1,000,000 contracts
iShares® MSCI EAFE ETF (“EFA”)	1,000,000 contracts
iShares® MSCI Brazil ETF (“EWZ”)	500,000 contracts
iShares® 20+ Year Treasury Bond ETF (“TLT”)	500,000 contracts
iShares® MSCI Japan ETF (“EWJ”)	500,000 contracts
iShares® iBoxx® \$ High Yield Corporate Bond ETF (“HYG”)	500,000 contracts
Financial Select Sector SPDR® Fund (“XLF”)	500,000 contracts
iShares® iBoxx® \$ Investment Grade Corporate Bond ETF (“LQD”)	500,000 contracts
VanEck Vectors Gold Miners ETF (“GDX”)	500,000 contracts
<u>iShares Bitcoin Trust (“IBIT”)</u>	<u>25,000 contracts</u>

Rule 309. Exercise Limits

Interpretations and Policies:

.01 The exercise limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Exercise Limit
SPDR® Dow Jones® Industrial Average SM ETF Trust (“DIA”)	300,000 contracts
SPDR® S&P 500® ETF Trust (“SPY”)	3,600,000 contracts
iShares® Russell 2000 ETF (“IWM”)	1,000,000 contracts
iShares® MSCI Emerging Markets ETF (“EEM”)	1,000,000 contracts
Invesco QQQ Trust SM (“QQQ”)	1,800,000 contracts
iShares® China Large-Cap ETF (“FXI”)	1,000,000 contracts
iShares® MSCI EAFE ETF (“EFA”)	1,000,000 contracts
iShares® MSCI Brazil ETF (“EWZ”)	500,000 contracts
iShares® 20+ Year Treasury Bond ETF (“TLT”)	500,000 contracts
iShares® MSCI Japan ETF (“EWJ”)	500,000 contracts
iShares® iBoxx® \$ High Yield Corporate Bond ETF (“HYG”)	500,000 contracts
Financial Select Sector SPDR® Fund (“XLF”)	500,000 contracts
iShares® iBoxx® \$ Investment Grade Corporate Bond ETF (“LQD”)	500,000 contracts
VanEck Vectors Gold Miners ETF (“GDX”)	500,000 contracts
<u>iShares Bitcoin Trust (“IBIT”)</u>	<u>25,000 contracts</u>

Rule 402. Criteria for Underlying Securities

(a) through (h) (No Change.)

(i) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, and that:

(1) through (3) (No Change.)

(4) are issued by the SPDR® Gold Trust, [or] the iShares COMEX Gold Trust, [or] the iShares Silver Trust, [or] the ETFS Silver Trust, [or] the [ETFS Gold Trust] Aberdeen Standard Physical Gold Trust, [or] the ETFS Palladium Trust, [or] the ETFS Platinum Trust, [or] the Sprott Physical Gold Trust, or the iShares Bitcoin Trust; or
