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

File No. * SR 2025 - * 20

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 *).

Proposal to list options on the Fidelity Ethereum Fund.

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 * Michael Last Name * Slade

Title * AVP, Associate Counsel

E-mail * mslade@miaxglobal.com

Telephone * (609) 955-0460 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 04/09/2025 (Title *)

By Michael Slade 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.

Michael Slade Date: 2025.04.09 16:58:01 -04'00'

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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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-2025-20 - 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-2025-20 - 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.

1. 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, to list and trade options on the Fidelity Ethereum Fund (the “Fidelity Fund”).

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 February 27, 2025. 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 Fidelity Fund, designating the Fidelity Fund as appropriate for options trading on the Exchange.⁴ This is a competitive filing based on similar proposals submitted by Cboe Exchange, Inc. (“Cboe”), which was approved by the Securities and Exchange Commission (the “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” or “ETFs”) that represent certain types of interests,⁶ including interests in certain specific trusts that hold

³ The Exchange notes that its affiliate options exchanges, MIA X PEARL, LLC (“MIA X Pearl”) and MIA X Sapphire, LLC (“MIA X Sapphire”), submitted (or will submit) substantively similar proposals. The Exchange notes that all the rules of Chapter III of MIA X, including Exchange Rules 307 and 309, are incorporated by reference into the MIA X Pearl and MIA X Sapphire rulebooks. The Exchange also notes that all of the rules of Chapter III of MIA X, including Exchange Rules 307 and 309, and the rules of Chapter IV of MIA X, including Exchange Rule 402, are incorporated by reference into the MIA X Emerald, LLC (“MIA X Emerald”) rulebook.

⁴ On May 23, 2024, the Securities and Exchange Commission (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 8 ether-based commodity-based trust shares and trust units. See Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products) (“Ether ETP Approval Order”).

⁵ See Securities Exchange Act Release No. 102797 (April 9, 2025) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Listing and Trading of Options on Shares of the Fidelity Ethereum Fund) (“Cboe Ether Approval Order”).

⁶ See Exchange Rule 402(i), which permits options trading on exchange-traded funds (“ETFs”) that: (1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments (“Funds”), including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); (2) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust which when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”); (3) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios

financial instruments, money market instruments, or precious metals (which are deemed commodities).

The Fidelity Fund is an Ethereum-backed commodity ETFs structured as trusts. Similar to any ETFs currently deemed appropriate for options trading under Exchange Rule 402(i), the investment objective of the Fidelity Fund is for its shares to reflect the performance of Ethereum (less the expenses of the trust's operations), offering investors an opportunity to gain exposure to Ethereum without the complexities of Ethereum delivery. As is the case for ETFs currently deemed appropriate for options trading, the Fidelity Fund's shares represent units of fractional undivided beneficial interest in the trust, the assets of which consist principally of Ethereum and are designed to track Ethereum or the performance of the price of Ethereum and offer access to the Ethereum market.⁷ The Fidelity Fund provides investors with cost-efficient alternatives that allow a level of participation in the Ethereum market through the securities market. The primary substantive difference between the Fidelity Fund and ETFs currently deemed appropriate for options trading are that ETFs may hold securities, certain financial instruments, and specified precious metals (which are deemed commodities), and Bitcoin (which is also deemed a

or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency ("Commodity Pool ETFs"); (4) are issued by the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Silver ETF Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Palladium ETF Trust, the Aberdeen Standard Platinum ETF Trust, the Goldman Sachs Physical Gold ETF, the Sprott Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, the Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, or the ARK 21 Shares Bitcoin ETF; or (5) represent an interest in a registered investment company ("Investment Company") organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share"); provided that all of the conditions listed in (5)(i) and 5(ii) are met.

⁷ The trust may include minimal cash.

commodity), while the Fidelity Fund holds Ethereum (which is also deemed a commodity).

The Exchange believes that the Fidelity Fund satisfies the Exchange's initial listing standards for ETFs on which the Exchange may list options. Specifically, the Fidelity Fund satisfies the initial listing standards set forth in Exchange Rule 402(i)(5)(i), as is the case for other ETFs on which the Exchange lists options (including trusts that hold commodities). Exchange Rule 402(i)(5)(i) requires that the ETFs must either (1) meet the criteria and standards set forth in Exchange Rule 402(a) or 402(b),⁸ 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. The Fidelity Fund satisfies Exchange Rule 402(i)(5)(i)(B), as it is subject to this creation and redemption process.

While not required by the Rules for purposes of options listings, the Exchange believes that the Fidelity Fund satisfies the criteria and guidelines set forth in Exchange Rule 402. Pursuant to Exchange Rule 402(a), a security (which includes ETFs) on which options may be listed and traded on the Exchange must be duly 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

⁸ Subparagraphs (a) and (b) of Exchange Rule 402 provide for guidelines to be used by the Exchange when evaluating potential underlying securities for Exchange option transactions.

substantial number of outstanding shares that are widely held and actively traded.⁹ The Fidelity Fund is an NMS Stock as defined in Rule 600 of Regulation NMS under the Act.¹⁰ The Exchange believes that the Fidelity Fund is characterized by a substantial number of outstanding shares that are widely held and actively traded.

Based on the data presented in the Cboe filing,¹¹ as of December 23, 2024, the Fidelity Fund had 41,700,000 shares outstanding, which is nearly six times more than the minimum number of shares of a corporate stock (i.e., 7,000,000 shares) that the Exchange generally requires to list options on that stock pursuant to Exchange Rule 402(b)(1). The Exchange believes this demonstrates that the Fidelity Fund is characterized by a substantial number of outstanding shares.

Further, based on the data presented in the Cboe filing,¹² as of November 26, 2024, there were 38,170 beneficial holders of shares of the Fidelity Fund, which is significantly more than 2,000 beneficial holders (approximately 19 times more), which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Exchange Rule 402(b)(2). Therefore, the Exchange believes the shares of the Fidelity Fund are widely held.

⁹ The criteria and guidelines for a security to be considered widely held and actively traded are set forth in Exchange Rule 403(b).

¹⁰ An “NMS stock” means any NMS security other than an option, and an “NMS security” means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan (or an effective national market system plan for reporting transaction in listed options). See 17 CFR § 242.600(b)(64) (definition of “NMS security”) and (65) (definition of “NMS stock”).

¹¹ See supra note 5.

¹² See supra note 5.

The Exchange also believes that the shares of the Fidelity Fund are actively traded. Based on the data presented in the Cboe filing,¹³ as of December 23, 2024, the total trading volume (by shares) and the approximate average daily volume (“ADV”) (in shares and notional) from July 23, 2024 (the date on which shares of the Fidelity Fund began trading) to December 23, 2024 for the Fidelity Fund was as follows:

Trading Volume (Shares)	ADV (shares)	ADV (Notional \$)
115,589,047	1,070,269	33,864,193

As demonstrated above based on the data presented in the Cboe filing,¹⁴ despite the fact that the Fidelity Fund has been trading for approximately five months as of December 23, 2024, its total trading volume as of that date was substantially higher than 2,400,000 shares (more than 48 times that amount), which is the minimum 12-month volume the Exchange generally requires for a corporate stock in order to list options on that security as set forth in Rule 402(b)(4). Additionally, as of December 23, 2024, the trading volume for the Fidelity Fund was in the top 5% of all ETFs that are currently trading. The Exchange believes this data demonstrates the Fidelity Fund is characterized as having shares that are actively traded.

Options on the Fidelity Fund 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 such ETFs, if the ETFs are delisted

¹³ See supra note 5.

¹⁴ See supra note 5.

from trading pursuant to Exchange Rule 403(b)(4) or the ETFs 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) (as is the case for the Fidelity Fund), 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 Fidelity Fund will be physically settled contracts with American-style exercise.¹⁵ 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 Fidelity Fund¹⁶ at the commencement of trading on the

¹⁵ 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).

¹⁶ 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

Exchange and may also list series of options on the Fidelity Fund for trading on a weekly,¹⁷ monthly,¹⁸ or quarterly¹⁹ 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.²⁰

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.²¹ 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

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.

¹⁷ See Exchange Rule 404, Interpretation and Policy .02.

¹⁸ See Exchange Rule 404, Interpretation and Policy.13.

¹⁹ See Exchange Rule 404, Interpretation and Policy.03.

²⁰ See Exchange Rule 406(a).

²¹ See Exchange Rule 404, Interpretation and Policy.02(c).

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 strike price is above \$150.²² Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,²³ the \$0.50 Strike Program,²⁴ and the \$2.50 Strike Price Program.²⁵ Pursuant to Exchange Rule 510, where the price of a series of options on the Fidelity Fund 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 \$0.10²⁶ consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of the Fidelity Fund 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.

Fidelity Fund options will trade in the same manner as any other ETF options on the Exchange. The Exchange Rules that currently apply to the listing and trading of all ETFs options on the Exchange, including, for example, Exchange Rules that govern listing criteria, expiration and exercise prices, minimum increments, position and exercise limits, margin requirements, customer accounts and trading halt procedures will apply to the listing and trading of Fidelity Fund options on the Exchange in the same manner as they apply to other options on all other ETFs that are listed and traded on the Exchange, including the precious-metal backed commodity

²² Id.

²³ See Exchange Rule 404, Interpretation and Policy .01.

²⁴ See Exchange Rule 404, Interpretation and Policy .04.

²⁵ See Exchange Rule 404(f).

²⁶ See Exchange Rule 510.

ETFs already deemed appropriate for options trading on the Exchange pursuant to current Exchange Rule 402(i)(4).

The Exchange also proposes to amend Rules 307 and 309. Specifically, the Exchange proposes to amend Interpretation and Policy .01 to Exchange Rule 307 to provide a position limit of 25,000 same side option contracts for the Fidelity Fund option. Additionally, pursuant to the proposed change to Interpretation and Policy .01 to Exchange Rule 309, the exercise limits for options on the Fidelity Fund will be equivalent to this proposed position limit.

The Exchange, based on the data presented in the Cboe filing,²⁷ determined these proposed position and exercise limits considering, among other things, the ADV (since trading of the Fidelity Fund began on July 23, 2024) and the outstanding shares of the Fidelity Fund (which as discussed above demonstrate that the Fidelity Fund is widely held and actively traded and thus justify these conservatively proposed position limits), as set forth below, along with market capitalization (as of December 23, 2024).

	ADV (shares)	Outstanding Shares	Market Capitalization (\$)
Fidelity Fund	1,070,269	41,700,000	1,433,229,000

The Exchange, used the data presented in the Cboe filing,²⁸ to then compare the number of outstanding shares of the Fidelity Fund to those of other ETFs. The approximate average position (and exercise limit) of ETF options with similar outstanding shares (as of December 31, 2024), as presented in the Cboe filing,²⁹ was approximately 102,703 contracts, which is significantly higher (approximately 4 times) than the proposed position and exercise limit of

²⁷ See supra note 5.

²⁸ See supra note 5.

²⁹ See supra note 5.

25,000 contracts for Fidelity Fund options.³⁰ As discussed above and described in the Cboe filing³¹, shares of the Fidelity Fund are actively held and widely traded: (1) the Fidelity Fund (as of December 23, 2024) had significantly more than 7,000,000 shares outstanding, which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 402(b)(1); (2) the Fidelity Fund (as of November 26, 2024) had significantly more than 2,000 beneficial holders, which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 402(b)(2); and (3) the Fidelity Fund had a trading volume in the approximately five-month time period since it began trading substantially higher than 2,400,000 shares, which is the minimum 12-month volume the Exchange generally requires for a security in order to list options on that security as set forth in Rule 402(b)(3).

With respect to outstanding shares, if a market participant held the maximum number of positions possible pursuant to the proposed position and exercise limits, the equivalent shares represented by the proposed position/exercise limit would represent approximately 6.0% of the 41,700,000 current outstanding shares of the Fidelity Fund, as presented in the Cboe filing.³²

Therefore, if a market participant held the maximum permissible options positions in the Fidelity Fund options and exercised all of them at the same time, that market participant would control a small percentage of the outstanding shares of the Fidelity Fund.

Rule 307 provides two methods of qualifying for a position limit tier above 25,000 option contracts. The first method is based on six-month trading volume in the underlying security, and

³⁰ The position limits for those ETF options for which the underlying ETFs had similar outstanding shares were all 50,000 or above, and nearly half of them had position limits of 200,000 or 250,000 contracts.

³¹ See supra note 5.

³² See supra note 5.

the second method is based on slightly lower six-month trading volume and number of shares outstanding in the underlying security. An underlying stock or ETF that qualifies for method two based on trading volume and number of shares outstanding would be required to have the minimum number of outstanding shares as shown in middle column of the table below.

The table below, which provides the equivalent shares of the position limits applicable to equity options, including ETFs, further represents the percentages of the minimum number of outstanding shares that an underlying stock or ETF must have to qualify for that position limit (under the second method described above).

Position/Exercise Limit (in equivalent shares)	Minimum Outstanding Shares	Percentage of Outstanding Shares
2,500,000	6,300,000	40.0%
5,000,000	40,000,000	12.5%
7,500,000	120,000,000	6.3%
20,000,000	240,000,000	8.3%
25,000,000	300,000,000	8.3%

The equivalent shares represented by the proposed position and exercise limits for the Fidelity Fund as a percentage of outstanding shares of the Fidelity Fund is significantly lower than the percentage for the lowest possible position limit for equity options of 25,000, which is the position limit the Exchange is proposing for the Fidelity Fund Options.³³

³³ As these percentages are based on the minimum number of outstanding shares an underlying security must have to qualify for the applicable position limit, these are the highest possible percentages that would apply to any option subject to that position and exercise limit. 6,300,000 is the minimum number of outstanding shares an underlying security must have for the Exchange to continue to list options on that security, so this would be the smallest number of outstanding shares permissible for any corporate option that would have a position limit of 25,000 contract. See Rule 404, Interpretation and Policy .01. This rule applies to corporate stock options but not ETF options, which currently have no requirement regarding outstanding shares of the underlying ETF for the Exchange to continue listing options on that ETF. Therefore, there may be ETF

Further, the proposed position and exercise limits for the Fidelity Fund option is equal to the lowest position and exercise limits available in the options industry for equity options, are extremely conservative and more than appropriate given the market capitalization, average daily volume, and high number of outstanding shares of the Fidelity Fund. The proposed position and exercise limit for the Fidelity Fund is also equal to the position and exercise limits for ETFs that hold Bitcoin, as recently approved by the Commission.³⁴

All of the above information demonstrates that the proposed position and exercise limits for the Fidelity Fund options are more than reasonable and appropriate. The trading volume, ADV, and outstanding shares of the Fidelity Fund demonstrate that this fund is actively traded and widely held, and proposed position and exercise limits are well below those of other ETFs with similar market characteristics. The proposed position and exercise limits are the lowest position and exercise limits available for equity options in the industry, are extremely conservative, and are more than appropriate given the Fidelity Fund's market capitalization, ADV, and high number of outstanding shares.

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 Fidelity Fund 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 Fidelity Fund to be 25,000 contracts on the same side pursuant to proposed Interpretation and Policy .01 to Exchange Rule 307 and proposed

options trading for which the 25,000 contract position limits represents an even larger percentage of outstanding shares of the underlying ETF than set forth above.

³⁴ See Securities Exchange Act Release No. 101717 (November 22, 2024), 89 FR 94828 (November 29, 2024) (SR-MIAX-2024-43) (“Bitcoin ETF Option Approval”); See also Exchange Rule 307, Interpretations and Policies .01 and Exchange Rule 309, proposed Interpretations and Policies .01

Interpretation and Policy .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 Fidelity Fund. 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 options on the Fidelity Fund.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to the Fidelity Fund options that it applies to the Exchange's other options products.³⁵ 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 Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. 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 Fidelity Fund from Cboe 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

³⁵ 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).

joint plan, all options exchanges allocate regulatory responsibilities amongst themselves and to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.³⁶ The underlying shares of spot Ethereum exchange-traded products (“ETPs”), including the Fidelity Fund, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its order approving proposals of several exchanges to list and trade shares of spot Ethereum-based ETPs,

[e]ach Exchange has a comprehensive surveillance sharing agreement with the [Chicago Mercantile Exchange (“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 ether futures market.³⁷

The Exchange states that, given the consistently high correlation between the CME Ethereum futures market and the spot Ethereum 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 [Ethereum ETPs].”³⁸ In light of surveillance measures related to both options and futures as well as the Fidelity Fund,³⁹ the Exchange believes that existing surveillance procedures are designed to deter and detect possible

³⁶ 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.

³⁷ See Ethereum ETP Approval Order, 89 FR at 46938.

³⁸ See Ethereum ETP Approval Order, 89 FR at 46939.

³⁹ See Ethereum ETP Approval Order.

manipulative behavior which might potentially arise from listing and trading the proposed options on the Fidelity Fund. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Fidelity Fund.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and 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 Fidelity Fund 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 Fidelity Fund options will be manageable.

The Exchange believes that offering options on the Fidelity Fund will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Ethereum and hedging vehicle to meet their investment needs in connection with Ethereum-related products and positions. The Exchange expects investors will transact in options on the Fidelity Fund in the unregulated over-the-counter (“OTC”) options market,⁴⁰ but may prefer to trade such options in a listed environment to receive the benefits of trading listed options, including (1) enhanced efficiency in initiating and closing out position; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes that listing the Fidelity Fund options may cause investors to bring this liquidity to the Exchange, would increase market transparency and enhance the process of price discovery conducted on the Exchange through

⁴⁰ The Exchange understands from customers that investors have historically transacted in options on ETFs in the OTC options market if such options were not available for trading in a listed environment.

increased order flow. The ETFs that hold financial instruments, money market instruments, or precious metal commodities on which the Exchange may already list and trade options are trusts structured in substantially the same manner as the Fidelity Fund and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any options on ETFs, including ETFs that hold commodities (i.e., precious metals) that it currently lists and trades on the Exchange. The Exchange notes that quotation and last sale information for shares of the Fidelity Fund are available from the CTA high-speed lines. Quotation and last sale information for options on the Fidelity Fund will be available from OPRA and market data vendors.

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.⁴¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴² 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)⁴³ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers,

⁴¹ 15 U.S.C. 78f(b).

⁴² 15 U.S.C. 78f(b)(5).

⁴³ Id.

issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Fidelity Fund 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 Fidelity Fund will provide investors with a greater opportunity to realize the benefits of utilizing options on the Fidelity Fund, including cost efficiencies and increased hedging strategies. The Exchange believes that offering the Fidelity Fund options will benefit investors by providing them with a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risks in their portfolios more easily in connection with exposure to the price of Ethereum and with Ethereum-related products and positions. Additionally, the Exchange's offering of the Fidelity Fund options will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated OTC options market, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors. The Exchange also notes that it already lists options on other commodity-based ETFs,⁴⁴ which, as described above, are trusts structured in substantially the same manner as the Fidelity Fund and essentially offer the same objectives and benefits to investors, just with respect to a different commodity (i.e., Ethereum rather than Bitcoin or precious metals) and for which the Exchange has not identified any issues with the continued listing and trading of commodity-backed ETF options it currently lists for trading.

The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is

⁴⁴ See Exchange Rule 402(i)(4).

consistent with current Exchange Rules, previously filed with the Commission. Options on the Fidelity Fund satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all ETFs, including ETFs that hold other commodities already deemed appropriate for options trading on the Exchange. Additionally, as demonstrated above, the Fidelity Fund is characterized by a substantial number of shares that are widely held and actively traded. Fidelity Fund options will trade in the same manner as any other ETF options — the same Exchange Rules that currently govern the listing and trading of all options on ETFs, including permissible expirations, strike prices and minimum increments, and applicable position and exercise limits (as proposed herein), and margin requirements, will govern the listing and trading of options on the Fidelity Fund in the same manner.

The Exchange believes the proposed position and exercise limits are designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade, as they are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. The proposed position and exercise limits for options for the Fidelity Fund is 25,000 contracts, which is currently the lowest limit applicable to any equity options (including ETF options) and the position and exercise limits that apply to comparable ETFs that hold Bitcoin. The Exchange believes the proposed position and exercise limits are extremely conservative for Fidelity Fund options given the trading volume and outstanding shares for the Fidelity Fund. The information above demonstrates that the average position and exercise limits of options on ETFs with comparable outstanding shares and trading volume to those of the Fidelity Fund are significantly higher than the proposed position and exercise limits for Fidelity Fund options. Therefore, the proposed position and exercise limits for Fidelity Fund options are conservative

relative to options on ETFs with comparable market characteristics.

Further, given that the issuer of the Fidelity Fund may create and redeem shares that represent an interest in Ethereum, the Exchange believes it is relevant to compare the size of a position limit to the market capitalization of the Ethereum market. According to Cboe's filing,⁴⁵ as of December 23, 2024, the global supply of Ethereum was approximately 120,000,000 coins, and the price of one Ethereum coin was approximately \$3,494.25,⁴⁶ which equates to a market capitalization of approximately \$419.31 billion. Consider the proposed position and exercise limit of 25,000 option contracts for the Fidelity Fund option. A position and exercise limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 of Fidelity Fund shares (if that market participant exercised all its options). Using a share price of \$34.37 on December 23, 2024, the value of 2,500,000 shares of the Fidelity Fund at that price is \$85,925,000, and the approximate percentage of that value of the size of the Ethereum market is 0.02%. Therefore, if a market participant with the maximum 25,000 same side contracts in Fidelity Fund options exercised all positions at one time, such an event would have no practical impact on the Ethereum market.

The Exchange also believes the proposed position and exercise limits are appropriate given position limits for Ethereum futures. For example, the Chicago Mercantile Exchange ("CME") imposes a position limit of 8,000 futures (for the initial spot month) on its Ethereum futures contract.⁴⁷ According to Cboe's filing,⁴⁸ on December 23, 2024, CME Dec 24 Ethereum

⁴⁵ See supra note 5.

⁴⁶ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#).

⁴⁷ See CME Rulebook Chapter 349 (description of CME Ether Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Ethereum futures contract is valued at 50 Ethereum as defined by the CME CF Ether Reference Rate ("BRR"). See CME Rule 35001.

⁴⁸ See supra note 5.

Futures settled at approximately \$3,418.00. A position of 8,000 CME Ethereum futures, therefore, would have a notional value of \$1,367,200,000. A position of approximately 397,789 option contracts would equate to that notional value.⁴⁹ This approximate number of option contracts for the Fidelity Fund that equate to the notional value of CME Ethereum futures is significantly higher than the proposed limit of 25,000 options contract for the Fidelity Fund option. The fact that many options ultimately expire out-of-the-money and thus are not exercised for shares of the underlying, while the delta of a Ethereum Future is 1, further demonstrates how conservative the proposed limit of 25,000 options contracts are for the Fidelity Fund options. The Exchange notes, 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).⁵⁰ 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.⁵¹ 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

⁴⁹ The notional value of the futures is calculated as follows: 8,000 futures x 50 (the futures multiplier) x \$3,418 (the price of one future) = \$1,367,200,000. The number of option contracts that equates to that notional value is calculated as follows: \$1,367,200,000 / notional value of one option contract (\$34.37 (share price of Fidelity Fund) x 100 (option multiplier)) = 397,789 option contracts.

⁵⁰ See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

⁵¹ Id.

the position shall not constitute a position limit violation. Considering CME's position limits on futures for Ethereum, the Exchange believes that that the proposed same side position limits are more than appropriate for Fidelity Fund options.

The Exchange believes the proposed position and exercise limits will have no material impact to the supply of Ethereum. For example, consider again the proposed position limit of 25,000 option contracts for the Fidelity Fund option. As noted above, a position limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 shares of the Fidelity Fund (if that market participant exercised all its options). According to Cboe's filing,⁵² as of December 23, 2024, the Fidelity Fund had 41,700,000 shares outstanding. This means that the approximate number of market participants that could hold the maximum of 25,000 same side positions in the Fidelity Fund that would equate to the number of shares outstanding of that Fund is 16.

This means if 16 market participants had 25,000 same side positions in Fidelity Fund options, each of them would have to simultaneously exercise all of those options to create a scenario that may put the underlying security under stress. The Exchange believes it is highly unlikely for such an event to occur; however, even if either such event did occur, the Exchange would not expect the Fidelity Fund to be under stress because such an event would merely induce the creation of more shares through the trust's creation and redemption process.

As of December 23, 2024, the global supply of Ethereum was approximately 120,000,000, and the price of one Ethereum coin was approximately \$3,418.00,⁵³ which equates to a market capitalization of approximately \$419.31 billion. Based on the \$34.37 price of a

⁵² See supra note 5.

⁵³ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#).

Fidelity Fund share on December 23, 2024, a market participant could have redeemed one Ethereum for approximately 99 Fidelity Fund shares. Another 11,880,000,000 Fidelity Fund shares could be created before the then-circulating global supply of Ethereum was exhausted. As a result, 4,752 market participants would have to simultaneously exercise 25,000 same side positions in Fidelity Fund options to receive shares of the Fidelity Fund holding the entire global supply of Ethereum. Unlike the Fidelity Fund, the number of shares that corporations may issue is limited. However, like corporations, which authorize additional shares, repurchase shares, or split their shares, the Fidelity Fund may create, redeem, or split shares in response to demand. Additionally, the supply of Ethereum is unlimited.⁵⁴ The current supply of Ethereum is larger than the available supply of most securities.⁵⁵ Given the significant unlikelihood of any of these events ever occurring, the Exchange does not believe options on the Fidelity Fund should be subject to position and exercise limits even lower than those proposed (which are already equal to the lowest available limit for equity options in the industry) to protect the supply of Ethereum.

The Exchange believes the available supply of Ethereum is not relevant when establishing position limits for options overlying the Fidelity Fund.⁵⁶ Position and exercise limits

⁵⁴ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#), see also Amendment No. 5 to Form S-1 Registration Statement No. 333-278249, Fidelity Fund, filed July 17, 2024, at 17 (noting that approximately 1,700 Ethereum are issued per day, subject to various factors).

⁵⁵ The market capitalization of Ethereum would rank in the top 25 among securities. See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

⁵⁶ The Exchange is unaware of any proposed rule change related to position and exercise limits for any equity option (including commodity ETF options) for which the Commission required consideration of whether the available supply of an underlying (whether it be a corporate stock or an ETF) or the contents of an ETF (commodity or otherwise) should be considered when an exchange proposed to establish those limits, other than recently with respect to ETFs that hold Bitcoin. See, e.g., Securities Exchange Act Release No. 57894 (May 30, 2008), 73 FR 32061 (June 5, 2008) (SR-CBOE-2005-11) (approval order in which the Commission stated that the “listing and trading of Gold Trust Options will be subject to the exchanges’ rules pertaining to position and exercise limits and margin”); compare to Bitcoin ETF Option Approval. The Exchange notes when the Commission approved the filing to list options on an ETF holding gold, filing, the position limits in Rule 8.30 were the same as they are today. For reference, the current position and exercise limits for options on SPDR Gold Shares ETF (“GLD”) and options on iShares Silver Trust (“SLV”) are 250,000 contracts, or 10 times that proposed position and exercise limit for the Fidelity Fund options.

are not a tool that should be used to address a potential limited supply of the underlying of an underlying. Position and exercise limits do not limit the total number of options that may be held, but rather they limit the number of positions a single customer may hold or exercise at one time.⁵⁷ “Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of options contracts that a member or customer could hold or exercise.”⁵⁸ Position and exercise limit rules are intended “to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. In particular, position and exercise limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes.”⁵⁹

The Exchange notes that a Registration Statement on Form S-1 was filed with the Commission for the Fidelity Fund, which described the supply of Ethereum and the potential limits to that supply.⁶⁰ The Registration Statement permits an unlimited number of shares of the Fidelity Fund to be created. Further, the Commission approved the listing and trading of shares of the Fidelity Fund, which approval did not comment on the sufficient supply of Ethereum or address whether there was a risk that permitting an unlimited number of shares for the Fidelity

⁵⁷ For example, suppose an option has a position limit of 25,000 option contracts and there are a total of 10 investors trading that option. If all 10 investors max out their positions, that would result in 250,000 option contracts outstanding at that time. However, suppose 10 more investors decide to begin trading that option and also max out their positions. This would result in 500,000 option contracts outstanding at that time. An increase in the number of investors could cause an increase in outstanding options even if position limits remain unchanged.

⁵⁸ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁵⁹ See id.

⁶⁰ See Amendment No. 5 to Form S-1 Registration Statement No. 333-278249, Fidelity Fund, filed July 17, 2024, at 17.

Fund would impact the supply of Ethereum.⁶¹ Therefore, the Exchange believes the Commission had ample time and opportunity to consider whether the supply of Ethereum was sufficient to permit the creation of unlimited Fidelity Fund shares, and does not believe considering this supply with respect to the establishment of position and exercise limits is appropriate given its lack of relevance to the purpose of position and exercise limits. However, given the significant size of the Ethereum supply, the proposed positions limit is more than sufficient to protect investors and the market.

Based on the above information demonstrating, among other things, that the Fidelity Fund is characterized by a substantial number of outstanding shares that are actively traded and widely held, the Exchange believes the proposed position and exercise limits are extremely conservative compared to those of ETF options with similar market characteristics. 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 Ethereum market.⁶²

The Exchange represents that it has the necessary systems capacity to support the new Fidelity Fund options. As discussed above, 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 ETF options, including Fidelity Fund options.

Today, the Exchange has an adequate surveillance program in place for options. The

⁶¹ See Ethereum ETP Approval Order.

⁶² See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

Exchange intends to apply those same program procedures to options on the Fidelity Fund that it applies to the Exchange's other options products.⁶³ 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 Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. The Exchange will review activity in the underlying Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. 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 Cboe 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 amongst themselves and FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁶⁴

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

⁶³ 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).

⁶⁴ 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.

proposed options on the Fidelity Fund. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Fidelity Fund.

Finally, the Commission has previously approved the listing and trading of options on other cryptocurrency backed commodity ETFs structured as trusts.⁶⁵

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 the filing submitted by Cboe.⁶⁶

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 Fidelity Fund will be equally available to all market participants who wish to trade such options and will trade generally in the same manner as other options. Moreover, options on the Fidelity Fund will be subject to Exchange Rules that currently govern the listing

⁶⁵ See Securities Exchange Act Release Nos. 101698 (November 21, 2024), 89 FR 93802 (November 27, 2024) (SR-MIAX-2024-40) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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); 101716 (November 22, 2024), 89 FR 94856 (November 29, 2024) (SR-MIAX-2024-42) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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 Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF); 101717 (November 22, 2024), 89 FR 94828 (November 29, 2024) (SR-MIAX-2024-43) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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 Fidelity Wise Origin Bitcoin Fund (the “Fidelity Fund”) and the ARK 21Shares Bitcoin ETF (the “ARK 21 Fund”)).

⁶⁶ See *supra* note 5.

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. Also, and as stated above, the Exchange already lists options on other cryptocurrency backed commodity ETFs structured as trusts.⁶⁷ Further, the Fidelity Fund would need to satisfy the maintenance listing standards set forth in the Exchange Rules in the same manner as any other ETF for the Exchange to continue listing options on them.

The Exchange does not believe that the proposal to list and trade options on the Fidelity Fund 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 the advent of the Fidelity Fund options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, 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 Fidelity Fund. The Exchange notes that listing and trading Fidelity Fund options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market.

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 the Fidelity Fund options for

⁶⁷ See Exchange Rule 402(i)(4).

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 Ethereum prices and Ethereum-related products and positions on a listed options exchange.

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 Act⁶⁸ and Rule 19b-4(f)(6)⁶⁹ 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 Cboe.⁷⁰ The Exchange believes that this proposed rule change, which is essential to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the Cboe's proposal.⁷¹ Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the standards applicable to, the Commission's treatment of

⁶⁸ 15 U.S.C. 78s(b)(3)(A).

⁶⁹ 17 CFR 240.19b-4(f)(6).

⁷⁰ See *supra* note 5.

⁷¹ *Id.*

non-controversial proposals under Section 19(b)(3)(A) of the Act⁷² and Rule 19b-4(f)(6) thereunder.⁷³

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 Act⁷⁴ normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)⁷⁵ 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 requirement that the proposed rules changes, by its terms, not become operative for 30 days after the date of the filing as set forth in Rule 19b-4(f)(6)(iii),⁷⁶ so that the proposed rules changes may become operative immediately. Waiver of the 30-day operative delay will allow the Exchange to immediately implement the proposed rule change upon its filing with the Commission, allowing the Exchange to immediately provide investors an additional source of liquidity for the Fidelity Fund. The Exchange believes that the 30-day operative delay would be consistent with the protection of investors and the public interest because most, if not all, other competing exchanges would list options on the Fidelity Fund immediately subject to the Commission's approval. The requested waiver would, therefore, allow the Exchange to immediately compete with other options

⁷² 15 U.S.C. 78s(b)(3)(A).

⁷³ 17 CFR 240.19b-4(f)(6).

⁷⁴ Id.

⁷⁵ 17 CFR 240.19b-4(f)(6).

⁷⁶ 17 CFR 240.19b-4(f)(6)(iii).

exchanges for order flow in the Fidelity Fund subject to this filing. Investors and the public interest will benefit by the trading of these option contracts on additional exchanges, via increased price competition. Accordingly, the proposed waiver does not give rise to any novel investor protection concerns, as the Exchange's listing rules for these products are substantially similar to the listing exchange's rules for such products, which has been subject to Commission review.⁷⁷

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.

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

The proposed rule change is based on the Cboe Ether Approval Order.⁷⁸

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.

⁷⁷ See supra note 5.

⁷⁸ Id.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-MIAX-2025-20)

April ___, 2025

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 Fidelity Ethereum Fund

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on April ___, 2025, 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, to list and trade options on the Fidelity Ethereum Fund (the “Fidelity Fund”).

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-options/all-options-exchanges/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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The Exchange proposes to amend 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 Fidelity Fund, designating the Fidelity Fund as appropriate for options trading on the Exchange.⁴ This is a competitive filing based on similar proposals submitted by Cboe Exchange, Inc. (“Cboe”), which was approved by the Securities and Exchange Commission (the “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” or “ETFs”) that

³ The Exchange notes that its affiliate options exchanges, MIA X PEARL, LLC (“MIA X Pearl”) and MIA X Sapphire, LLC (“MIA X Sapphire”), submitted (or will submit) substantively similar proposals. The Exchange notes that all the rules of Chapter III of MIA X, including Exchange Rules 307 and 309, are incorporated by reference into the MIA X Pearl and MIA X Sapphire rulebooks. The Exchange also notes that all of the rules of Chapter III of MIA X, including Exchange Rules 307 and 309, and the rules of Chapter IV of MIA X, including Exchange Rule 402, are incorporated by reference into the MIA X Emerald, LLC (“MIA X Emerald”) rulebook.

⁴ On May 23, 2024, the Securities and Exchange Commission (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 8 ether-based commodity-based trust shares and trust units. See Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products) (“Ether ETP Approval Order”).

⁵ See Securities Exchange Act Release No. 102797 (April 9, 2025) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Listing and Trading of Options on Shares of the Fidelity Ethereum Fund) (“Cboe Ether Approval Order”).

represent certain types of interests,⁶ including interests in certain specific trusts that hold financial instruments, money market instruments, or precious metals (which are deemed commodities).

The Fidelity Fund is an Ethereum-backed commodity ETFs structured as trusts. Similar to any ETFs currently deemed appropriate for options trading under Exchange Rule 402(i), the investment objective of the Fidelity Fund is for its shares to reflect the performance of Ethereum (less the expenses of the trust's operations), offering investors an opportunity to gain exposure to Ethereum without the complexities of Ethereum delivery. As is the case for ETFs currently deemed appropriate for options trading, the Fidelity Fund's shares represent units of fractional

⁶ See Exchange Rule 402(i), which permits options trading on exchange-traded funds ("ETFs") that: (1) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments ("Funds"), including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the "Financial Instruments"), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the "Money Market Instruments") comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); (2) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust which when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust ("Currency Trust Shares"); (3) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency ("Commodity Pool ETFs"); (4) are issued by the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Silver ETF Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Palladium ETF Trust, the Aberdeen Standard Platinum ETF Trust, the Goldman Sachs Physical Gold ETF, the Sprott Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, the Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, or the ARK 21 Shares Bitcoin ETF; or (5) represent an interest in a registered investment company ("Investment Company") organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share"); provided that all of the conditions listed in (5)(i) and 5(ii) are met.

undivided beneficial interest in the trust, the assets of which consist principally of Ethereum and are designed to track Ethereum or the performance of the price of Ethereum and offer access to the Ethereum market.⁷ The Fidelity Fund provides investors with cost-efficient alternatives that allow a level of participation in the Ethereum market through the securities market. The primary substantive difference between the Fidelity Fund and ETFs currently deemed appropriate for options trading are that ETFs may hold securities, certain financial instruments, and specified precious metals (which are deemed commodities), and Bitcoin (which is also deemed a commodity), while the Fidelity Fund holds Ethereum (which is also deemed a commodity).

The Exchange believes that the Fidelity Fund satisfies the Exchange's initial listing standards for ETFs on which the Exchange may list options. Specifically, the Fidelity Fund satisfies the initial listing standards set forth in Exchange Rule 402(i)(5)(i), as is the case for other ETFs on which the Exchange lists options (including trusts that hold commodities). Exchange Rule 402(i)(5)(i) requires that the ETFs must either (1) meet the criteria and standards set forth in Exchange Rule 402(a) or 402(b),⁸ 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. The Fidelity Fund satisfies Exchange Rule 402(i)(5)(i)(B),

⁷ The trust may include minimal cash.

⁸ Subparagraphs (a) and (b) of Exchange Rule 402 provide for guidelines to be used by the Exchange when evaluating potential underlying securities for Exchange option transactions.

as it is subject to this creation and redemption process.

While not required by the Rules for purposes of options listings, the Exchange believes that the Fidelity Fund satisfies the criteria and guidelines set forth in Exchange Rule 402. Pursuant to Exchange Rule 402(a), a security (which includes ETFs) on which options may be listed and traded on the Exchange must be duly 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.⁹ The Fidelity Fund is an NMS Stock as defined in Rule 600 of Regulation NMS under the Act.¹⁰ The Exchange believes that the Fidelity Fund is characterized by a substantial number of outstanding shares that are widely held and actively traded.

Based on the data presented in the Cboe filing,¹¹ as of December 23, 2024, the Fidelity Fund had 41,700,000 shares outstanding, which is nearly six times more than the minimum number of shares of a corporate stock (i.e., 7,000,000 shares) that the Exchange generally requires to list options on that stock pursuant to Exchange Rule 402(b)(1). The Exchange believes this demonstrates that the Fidelity Fund is characterized by a substantial number of outstanding shares.

Further, based on the data presented in the Cboe filing,¹² as of November 26, 2024, there were 38,170 beneficial holders of shares of the Fidelity Fund, which is significantly more than

⁹ The criteria and guidelines for a security to be considered widely held and actively traded are set forth in Exchange Rule 403(b).

¹⁰ An “NMS stock” means any NMS security other than an option, and an “NMS security” means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan (or an effective national market system plan for reporting transaction in listed options). See 17 CFR § 242.600(b)(64) (definition of “NMS security”) and (65) (definition of “NMS stock”).

¹¹ See supra note 5.

¹² See supra note 5.

2,000 beneficial holders (approximately 19 times more), which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Exchange Rule 402(b)(2). Therefore, the Exchange believes the shares of the Fidelity Fund are widely held.

The Exchange also believes that the shares of the Fidelity Fund are actively traded. Based on the data presented in the Cboe filing,¹³ as of December 23, 2024, the total trading volume (by shares) and the approximate average daily volume (“ADV”) (in shares and notional) from July 23, 2024 (the date on which shares of the Fidelity Fund began trading) to December 23, 2024 for the Fidelity Fund was as follows:

Trading Volume (Shares)	ADV (shares)	ADV (Notional \$)
115,589,047	1,070,269	33,864,193

As demonstrated above based on the data presented in the Cboe filing,¹⁴ despite the fact that the Fidelity Fund has been trading for approximately five months as of December 23, 2024, its total trading volume as of that date was substantially higher than 2,400,000 shares (more than 48 times that amount), which is the minimum 12-month volume the Exchange generally requires for a corporate stock in order to list options on that security as set forth in Rule 402(b)(4). Additionally, as of December 23, 2024, the trading volume for the Fidelity Fund was in the top 5% of all ETFs that are currently trading. The Exchange believes this data demonstrates the Fidelity Fund is characterized as having shares that are actively traded.

Options on the Fidelity Fund 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

¹³ See supra note 5.

¹⁴ See supra note 5.

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 such ETFs, if the ETFs are delisted from trading pursuant to Exchange Rule 403(b)(4) or the ETFs 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) (as is the case for the Fidelity Fund), 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 Fidelity Fund will be physically settled contracts with American-style exercise.¹⁵ Consistent with current Exchange Rule 404, which governs the opening of options

¹⁵ 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).

series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month for options on the Fidelity Fund¹⁶ at the commencement of trading on the Exchange and may also list series of options on the Fidelity Fund for trading on a weekly,¹⁷ monthly,¹⁸ or quarterly¹⁹ 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.²⁰

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

¹⁶ 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 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.

¹⁷ See Exchange Rule 404, Interpretation and Policy .02.

¹⁸ See Exchange Rule 404, Interpretation and Policy .13.

¹⁹ See Exchange Rule 404, Interpretation and Policy .03.

²⁰ See Exchange Rule 406(a).

Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option.²¹ 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 strike price is above \$150.²² Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,²³ the \$0.50 Strike Program,²⁴ and the \$2.50 Strike Price Program.²⁵ Pursuant to Exchange Rule 510, where the price of a series of options on the Fidelity Fund 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 \$0.10²⁶ consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of the Fidelity Fund 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.

Fidelity Fund options will trade in the same manner as any other ETF options on the Exchange. The Exchange Rules that currently apply to the listing and trading of all ETFs options on the Exchange, including, for example, Exchange Rules that govern listing criteria, expiration and exercise prices, minimum increments, position and exercise limits, margin requirements, customer accounts and trading halt procedures will apply to the listing and trading of Fidelity

²¹ See Exchange Rule 404, Interpretation and Policy.02(e).

²² Id.

²³ See Exchange Rule 404, Interpretation and Policy .01.

²⁴ See Exchange Rule 404, Interpretation and Policy .04.

²⁵ See Exchange Rule 404(f).

²⁶ See Exchange Rule 510.

Fund options on the Exchange in the same manner as they apply to other options on all other ETFs that are listed and traded on the Exchange, including the precious-metal backed commodity ETFs already deemed appropriate for options trading on the Exchange pursuant to current Exchange Rule 402(i)(4).

The Exchange also proposes to amend Rules 307 and 309. Specifically, the Exchange proposes to amend Interpretation and Policy .01 to Exchange Rule 307 to provide a position limit of 25,000 same side option contracts for the Fidelity Fund option. Additionally, pursuant to the proposed change to Interpretation and Policy .01 to Exchange Rule 309, the exercise limits for options on the Fidelity Fund will be equivalent to this proposed position limit.

The Exchange, based on the data presented in the Cboe filing,²⁷ determined these proposed position and exercise limits considering, among other things, the ADV (since trading of the Fidelity Fund began on July 23, 2024) and the outstanding shares of the Fidelity Fund (which as discussed above demonstrate that the Fidelity Fund is widely held and actively traded and thus justify these conservatively proposed position limits), as set forth below, along with market capitalization (as of December 23, 2024).

	ADV (shares)	Outstanding Shares	Market Capitalization (\$)
Fidelity Fund	1,070,269	41,700,000	1,433,229,000

The Exchange, used the data presented in the Cboe filing,²⁸ to then compare the number of outstanding shares of the Fidelity Fund to those of other ETFs. The approximate average position (and exercise limit) of ETF options with similar outstanding shares (as of December 31,

²⁷ See supra note 5.

²⁸ See supra note 5.

2024), as presented in the Cboe filing,²⁹ was approximately 102,703 contracts, which is significantly higher (approximately 4 times) than the proposed position and exercise limit of 25,000 contracts for Fidelity Fund options.³⁰ As discussed above and described in the Cboe filing³¹, shares of the Fidelity Fund are actively held and widely traded: (1) the Fidelity Fund (as of December 23, 2024) had significantly more than 7,000,000 shares outstanding, which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 402(b)(1); (2) the Fidelity Fund (as of November 26, 2024) had significantly more than 2,000 beneficial holders, which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 402(b)(2); and (3) the Fidelity Fund had a trading volume in the approximately five-month time period since it began trading substantially higher than 2,400,000 shares, which is the minimum 12-month volume the Exchange generally requires for a security in order to list options on that security as set forth in Rule 402(b)(3).

With respect to outstanding shares, if a market participant held the maximum number of positions possible pursuant to the proposed position and exercise limits, the equivalent shares represented by the proposed position/exercise limit would represent approximately 6.0% of the 41,700,000 current outstanding shares of the Fidelity Fund, as presented in the Cboe filing.³²

Therefore, if a market participant held the maximum permissible options positions in the Fidelity Fund options and exercised all of them at the same time, that market participant would control a small percentage of the outstanding shares of the Fidelity Fund.

²⁹ See supra note 5.

³⁰ The position limits for those ETF options for which the underlying ETFs had similar outstanding shares were all 50,000 or above, and nearly half of them had position limits of 200,000 or 250,000 contracts.

³¹ See supra note 5.

³² See supra note 5.

Rule 307 provides two methods of qualifying for a position limit tier above 25,000 option contracts. The first method is based on six-month trading volume in the underlying security, and the second method is based on slightly lower six-month trading volume and number of shares outstanding in the underlying security. An underlying stock or ETF that qualifies for method two based on trading volume and number of shares outstanding would be required to have the minimum number of outstanding shares as shown in middle column of the table below.

The table below, which provides the equivalent shares of the position limits applicable to equity options, including ETFs, further represents the percentages of the minimum number of outstanding shares that an underlying stock or ETF must have to qualify for that position limit (under the second method described above).

Position/Exercise Limit (in equivalent shares)	Minimum Outstanding Shares	Percentage of Outstanding Shares
2,500,000	6,300,000	40.0%
5,000,000	40,000,000	12.5%
7,500,000	120,000,000	6.3%
20,000,000	240,000,000	8.3%
25,000,000	300,000,000	8.3%

The equivalent shares represented by the proposed position and exercise limits for the Fidelity Fund as a percentage of outstanding shares of the Fidelity Fund is significantly lower than the percentage for the lowest possible position limit for equity options of 25,000, which is the position limit the Exchange is proposing for the Fidelity Fund Options.³³

³³ As these percentages are based on the minimum number of outstanding shares an underlying security must have to qualify for the applicable position limit, these are the highest possible percentages that would apply to any option subject to that position and exercise limit. 6,300,000 is the minimum number of outstanding shares an underlying security must have for the Exchange to continue to list options on that security, so this would be the smallest number of outstanding shares permissible for any corporate option that would have a

Further, the proposed position and exercise limits for the Fidelity Fund option is equal to the lowest position and exercise limits available in the options industry for equity options, are extremely conservative and more than appropriate given the market capitalization, average daily volume, and high number of outstanding shares of the Fidelity Fund. The proposed position and exercise limit for the Fidelity Fund is also equal to the position and exercise limits for ETFs that hold Bitcoin, as recently approved by the Commission.³⁴

All of the above information demonstrates that the proposed position and exercise limits for the Fidelity Fund options are more than reasonable and appropriate. The trading volume, ADV, and outstanding shares of the Fidelity Fund demonstrate that this fund is actively traded and widely held, and proposed position and exercise limits are well below those of other ETFs with similar market characteristics. The proposed position and exercise limits are the lowest position and exercise limits available for equity options in the industry, are extremely conservative, and are more than appropriate given the Fidelity Fund's market capitalization, ADV, and high number of outstanding shares.

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 Fidelity Fund 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 Fidelity Fund to be 25,000 contracts on the same side

position limit of 25,000 contract. See Rule 404, Interpretation and Policy .01. This rule applies to corporate stock options but not ETF options, which currently have no requirement regarding outstanding shares of the underlying ETF for the Exchange to continue listing options on that ETF. Therefore, there may be ETF options trading for which the 25,000 contract position limits represents an even larger percentage of outstanding shares of the underlying ETF than set forth above.

³⁴ See Securities Exchange Act Release No. 101717 (November 22, 2024), 89 FR 94828 (November 29, 2024) (SR-MIAX-2024-43) (“Bitcoin ETF Option Approval”); See also Exchange Rule 307, Interpretations and Policies .01 and Exchange Rule 309, proposed Interpretations and Policies .01

pursuant to proposed Interpretation and Policy .01 to Exchange Rule 307 and proposed Interpretation and Policy .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 Fidelity Fund. 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 options on the Fidelity Fund.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to the Fidelity Fund options that it applies to the Exchange's other options products.³⁵ 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 Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. 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 Fidelity Fund from Cboe 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

³⁵ 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).

joint plan, all options exchanges allocate regulatory responsibilities amongst themselves and to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.³⁶ The underlying shares of spot Ethereum exchange-traded products (“ETPs”), including the Fidelity Fund, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its order approving proposals of several exchanges to list and trade shares of spot Ethereum-based ETPs,

[e]ach Exchange has a comprehensive surveillance sharing agreement with the [Chicago Mercantile Exchange (“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 ether futures market.³⁷

The Exchange states that, given the consistently high correlation between the CME Ethereum futures market and the spot Ethereum 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 [Ethereum ETPs].”³⁸ In light of surveillance measures related to both options and futures as well as the Fidelity Fund,³⁹ 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

³⁶ 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.

³⁷ See Ethereum ETP Approval Order, 89 FR at 46938.

³⁸ See Ethereum ETP Approval Order, 89 FR at 46939.

³⁹ See Ethereum ETP Approval Order.

options on the Fidelity Fund. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Fidelity Fund.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and 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 Fidelity Fund 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 Fidelity Fund options will be manageable.

The Exchange believes that offering options on the Fidelity Fund will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Ethereum and hedging vehicle to meet their investment needs in connection with Ethereum-related products and positions. The Exchange expects investors will transact in options on the Fidelity Fund in the unregulated over-the-counter (“OTC”) options market,⁴⁰ but may prefer to trade such options in a listed environment to receive the benefits of trading listed options, including (1) enhanced efficiency in initiating and closing out position; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes that listing the Fidelity Fund options may cause investors to bring this liquidity to the Exchange, would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The ETFs that hold financial instruments, money market instruments, or precious metal commodities on which the Exchange may already list and trade options are trusts

⁴⁰ The Exchange understands from customers that investors have historically transacted in options on ETFs in the OTC options market if such options were not available for trading in a listed environment.

structured in substantially the same manner as the Fidelity Fund and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any options on ETFs, including ETFs that hold commodities (i.e., precious metals) that it currently lists and trades on the Exchange. The Exchange notes that quotation and last sale information for shares of the Fidelity Fund are available from the CTA high-speed lines. Quotation and last sale information for options on the Fidelity Fund will be available from OPRA and market data vendors

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 Section 6(b) of the Act.⁴¹ Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)⁴² 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)⁴³ 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

⁴¹ 15 U.S.C. 78f(b).

⁴² 15 U.S.C. 78f(b)(5).

⁴³ Id.

Fidelity Fund 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 Fidelity Fund will provide investors with a greater opportunity to realize the benefits of utilizing options on the Fidelity Fund, including cost efficiencies and increased hedging strategies. The Exchange believes that offering the Fidelity Fund options will benefit investors by providing them with a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risks in their portfolios more easily in connection with exposure to the price of Ethereum and with Ethereum-related products and positions. Additionally, the Exchange's offering of the Fidelity Fund options will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated OTC options market, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors. The Exchange also notes that it already lists options on other commodity-based ETFs,⁴⁴ which, as described above, are trusts structured in substantially the same manner as the Fidelity Fund and essentially offer the same objectives and benefits to investors, just with respect to a different commodity (i.e., Ethereum rather than Bitcoin or precious metals) and for which the Exchange has not identified any issues with the continued listing and trading of commodity-backed ETF options it currently lists for trading.

The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules, previously filed with the Commission. Options on the Fidelity Fund satisfy the initial listing standards and continued listing standards currently in the

⁴⁴ See Exchange Rule 402(i)(4).

Exchange Rules applicable to options on all ETFs, including ETFs that hold other commodities already deemed appropriate for options trading on the Exchange. Additionally, as demonstrated above, the Fidelity Fund is characterized by a substantial number of shares that are widely held and actively traded. Fidelity Fund options will trade in the same manner as any other ETF options — the same Exchange Rules that currently govern the listing and trading of all options on ETFs, including permissible expirations, strike prices and minimum increments, and applicable position and exercise limits (as proposed herein), and margin requirements, will govern the listing and trading of options on the Fidelity Fund in the same manner.

The Exchange believes the proposed position and exercise limits are designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade, as they are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. The proposed position and exercise limits for options for the Fidelity Fund is 25,000 contracts, which is currently the lowest limit applicable to any equity options (including ETF options) and the position and exercise limits that apply to comparable ETFs that hold Bitcoin. The Exchange believes the proposed position and exercise limits are extremely conservative for Fidelity Fund options given the trading volume and outstanding shares for the Fidelity Fund. The information above demonstrates that the average position and exercise limits of options on ETFs with comparable outstanding shares and trading volume to those of the Fidelity Fund are significantly higher than the proposed position and exercise limits for Fidelity Fund options. Therefore, the proposed position and exercise limits for Fidelity Fund options are conservative relative to options on ETFs with comparable market characteristics.

Further, given that the issuer of the Fidelity Fund may create and redeem shares that represent an interest in Ethereum, the Exchange believes it is relevant to compare the size of a

position limit to the market capitalization of the Ethereum market. According to Cboe's filing,⁴⁵ as of December 23, 2024, the global supply of Ethereum was approximately 120,000,000 coins, and the price of one Ethereum coin was approximately \$3,494.25,⁴⁶ which equates to a market capitalization of approximately \$419.31 billion. Consider the proposed position and exercise limit of 25,000 option contracts for the Fidelity Fund option. A position and exercise limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 of Fidelity Fund shares (if that market participant exercised all its options). Using a share price of \$34.37 on December 23, 2024, the value of 2,500,000 shares of the Fidelity Fund at that price is \$85,925,000, and the approximate percentage of that value of the size of the Ethereum market is 0.02%. Therefore, if a market participant with the maximum 25,000 same side contracts in Fidelity Fund options exercised all positions at one time, such an event would have no practical impact on the Ethereum market.

The Exchange also believes the proposed position and exercise limits are appropriate given position limits for Ethereum futures. For example, the Chicago Mercantile Exchange ("CME") imposes a position limit of 8,000 futures (for the initial spot month) on its Ethereum futures contract.⁴⁷ According to Cboe's filing,⁴⁸ on December 23, 2024, CME Dec 24 Ethereum Futures settled at approximately \$3,418.00. A position of 8,000 CME Ethereum futures, therefore, would have a notional value of \$1,367,200,000. A position of approximately 397,789

⁴⁵ See supra note 5.

⁴⁶ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#).

⁴⁷ See CME Rulebook Chapter 349 (description of CME Ether Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Ethereum futures contract is valued at 50 Ethereum as defined by the CME CF Ether Reference Rate ("BRR"). See CME Rule 35001.

⁴⁸ See supra note 5.

option contracts would equate to that notional value.⁴⁹ This approximate number of option contracts for the Fidelity Fund that equate to the notional value of CME Ethereum futures is significantly higher than the proposed limit of 25,000 options contract for the Fidelity Fund option. The fact that many options ultimately expire out-of-the-money and thus are not exercised for shares of the underlying, while the delta of a Ethereum Future is 1, further demonstrates how conservative the proposed limit of 25,000 options contracts are for the Fidelity Fund options. The Exchange notes, 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).⁵⁰ 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.⁵¹ 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 Ethereum, the Exchange believes that that the proposed same side position limits are

⁴⁹ The notional value of the futures is calculated as follows: 8,000 futures x 50 (the futures multiplier) x \$3,418 (the price of one future) = \$1,367,200,000. The number of option contracts that equates to that notional value is calculated as follows: \$1,367,200,000 / notional value of one option contract (\$34.37 (share price of Fidelity Fund) x 100 (option multiplier)) = 397,789 option contracts.

⁵⁰ See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

⁵¹ Id.

more than appropriate for Fidelity Fund options.

The Exchange believes the proposed position and exercise limits will have no material impact to the supply of Ethereum. For example, consider again the proposed position limit of 25,000 option contracts for the Fidelity Fund option. As noted above, a position limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 shares of the Fidelity Fund (if that market participant exercised all its options). According to Cboe's filing,⁵² as of December 23, 2024, the Fidelity Fund had 41,700,000 shares outstanding. This means that the approximate number of market participants that could hold the maximum of 25,000 same side positions in the Fidelity Fund that would equate to the number of shares outstanding of that Fund is 16.

This means if 16 market participants had 25,000 same side positions in Fidelity Fund options, each of them would have to simultaneously exercise all of those options to create a scenario that may put the underlying security under stress. The Exchange believes it is highly unlikely for such an event to occur; however, even if either such event did occur, the Exchange would not expect the Fidelity Fund to be under stress because such an event would merely induce the creation of more shares through the trust's creation and redemption process.

As of December 23, 2024, the global supply of Ethereum was approximately 120,000,000, and the price of one Ethereum coin was approximately \$3,418.00,⁵³ which equates to a market capitalization of approximately \$419.31 billion. Based on the \$34.37 price of a Fidelity Fund share on December 23, 2024, a market participant could have redeemed one Ethereum for approximately 99 Fidelity Fund shares. Another 11,880,000,000 Fidelity Fund shares could be created before the then-circulating global supply of Ethereum was exhausted. As

⁵² See supra note 5.

⁵³ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#).

a result, 4,752 market participants would have to simultaneously exercise 25,000 same side positions in Fidelity Fund options to receive shares of the Fidelity Fund holding the entire global supply of Ethereum. Unlike the Fidelity Fund, the number of shares that corporations may issue is limited. However, like corporations, which authorize additional shares, repurchase shares, or split their shares, the Fidelity Fund may create, redeem, or split shares in response to demand. Additionally, the supply of Ethereum is unlimited.⁵⁴ The current supply of Ethereum is larger than the available supply of most securities.⁵⁵ Given the significant unlikelihood of any of these events ever occurring, the Exchange does not believe options on the Fidelity Fund should be subject to position and exercise limits even lower than those proposed (which are already equal to the lowest available limit for equity options in the industry) to protect the supply of Ethereum.

The Exchange believes the available supply of Ethereum is not relevant when establishing position limits for options overlying the Fidelity Fund.⁵⁶ Position and exercise limits are not a tool that should be used to address a potential limited supply of the underlying of an underlying. Position and exercise limits do not limit the total number of options that may be held, but rather they limit the number of positions a single customer may hold or exercise at one

⁵⁴ See [Ethereum Price \(ETH\), Market Cap, Price Today & Chart History - Blockworks](#), see also Amendment No. 5 to Form S-1 Registration Statement No. 333-278249, Fidelity Fund, filed July 17, 2024, at 17 (noting that approximately 1,700 Ethereum are issued per day, subject to various factors).

⁵⁵ The market capitalization of Ethereum would rank in the top 25 among securities. See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

⁵⁶ The Exchange is unaware of any proposed rule change related to position and exercise limits for any equity option (including commodity ETF options) for which the Commission required consideration of whether the available supply of an underlying (whether it be a corporate stock or an ETF) or the contents of an ETF (commodity or otherwise) should be considered when an exchange proposed to establish those limits, other than recently with respect to ETFs that hold Bitcoin. See, e.g., Securities Exchange Act Release No. 57894 (May 30, 2008), 73 FR 32061 (June 5, 2008) (SR-CBOE-2005-11) (approval order in which the Commission stated that the “listing and trading of Gold Trust Options will be subject to the exchanges’ rules pertaining to position and exercise limits and margin”); compare to Bitcoin ETF Option Approval. The Exchange notes when the Commission approved the filing to list options on an ETF holding gold, filing, the position limits in Rule 8.30 were the same as they are today. For reference, the current position and exercise limits for options on SPDR Gold Shares ETF (“GLD”) and options on iShares Silver Trust (“SLV”) are 250,000 contracts, or 10 times that proposed position and exercise limit for the Fidelity Fund options.

time.⁵⁷ “Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of options contracts that a member or customer could hold or exercise.”⁵⁸ Position and exercise limit rules are intended “to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. In particular, position and exercise limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes.”⁵⁹

The Exchange notes that a Registration Statement on Form S-1 was filed with the Commission for the Fidelity Fund, which described the supply of Ethereum and the potential limits to that supply.⁶⁰ The Registration Statement permits an unlimited number of shares of the Fidelity Fund to be created. Further, the Commission approved the listing and trading of shares of the Fidelity Fund, which approval did not comment on the sufficient supply of Ethereum or address whether there was a risk that permitting an unlimited number of shares for the Fidelity Fund would impact the supply of Ethereum.⁶¹ Therefore, the Exchange believes the Commission had ample time and opportunity to consider whether the supply of Ethereum was sufficient to permit the creation of unlimited Fidelity Fund shares, and does not believe considering this

⁵⁷ For example, suppose an option has a position limit of 25,000 option contracts and there are a total of 10 investors trading that option. If all 10 investors max out their positions, that would result in 250,000 option contracts outstanding at that time. However, suppose 10 more investors decide to begin trading that option and also max out their positions. This would result in 500,000 option contracts outstanding at that time. An increase in the number of investors could cause an increase in outstanding options even if position limits remain unchanged.

⁵⁸ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁵⁹ See id.

⁶⁰ See Amendment No. 5 to Form S-1 Registration Statement No. 333-278249, Fidelity Fund, filed July 17, 2024, at 17.

⁶¹ See EthereumETP Approval Order.

supply with respect to the establishment of position and exercise limits is appropriate given its lack of relevance to the purpose of position and exercise limits. However, given the significant size of the Ethereum supply, the proposed positions limit is more than sufficient to protect investors and the market.

Based on the above information demonstrating, among other things, that the Fidelity Fund is characterized by a substantial number of outstanding shares that are actively traded and widely held, the Exchange believes the proposed position and exercise limits are extremely conservative compared to those of ETF options with similar market characteristics. 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 Ethereum market.⁶²

The Exchange represents that it has the necessary systems capacity to support the new Fidelity Fund options. As discussed above, 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 ETF options, including Fidelity Fund 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 Fidelity Fund that it applies to the Exchange's other options products.⁶³ The Exchange's staff will have access to the surveillance programs conducted by its affiliate exchanges, MIAX Pearl and MIAX Sapphire,

⁶² See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁶³ 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).

with respect to the underlying Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. The Exchange will review activity in the underlying Fidelity Fund when conducting surveillances for market abuse or manipulation in the options on the Fidelity Fund. 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 Cboe 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 amongst themselves and FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁶⁴

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 Fidelity Fund. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Fidelity Fund.

Finally, the Commission has previously approved the listing and trading of options on

⁶⁴ 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.

other cryptocurrency backed commodity ETFs structured as trusts.⁶⁵

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 the filing submitted by Cboe.⁶⁶

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 Fidelity Fund will be equally available to all market participants who wish to trade such options and will trade generally in the same manner as other options. Moreover, options on the Fidelity Fund 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. Also, and as stated above, the Exchange already lists options on other cryptocurrency backed commodity ETFs structured as trusts.⁶⁷ Further, the Fidelity Fund would

⁶⁵ See Securities Exchange Act Release Nos. 101698 (November 21, 2024), 89 FR 93802 (November 27, 2024) (SR-MIAX-2024-40) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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); 101716 (November 22, 2024), 89 FR 94856 (November 29, 2024) (SR-MIAX-2024-42) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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 Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF); 101717 (November 22, 2024), 89 FR 94828 (November 29, 2024) (SR-MIAX-2024-43) (Self-Regulatory Organizations; MIAX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change 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 Fidelity Wise Origin Bitcoin Fund (the "Fidelity Fund") and the ARK 21Shares Bitcoin ETF (the "ARK 21 Fund"))).

⁶⁶ See supra note 5.

⁶⁷ See Exchange Rule 402(i)(4).

need to satisfy the maintenance listing standards set forth in the Exchange Rules in the same manner as any other ETF for the Exchange to continue listing options on them.

The Exchange does not believe that the proposal to list and trade options on the Fidelity Fund 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 the advent of the Fidelity Fund options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, 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 Fidelity Fund. The Exchange notes that listing and trading Fidelity Fund options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market.

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 the Fidelity Fund options 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 Ethereum prices and Ethereum-related products and positions on a listed options exchange.

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

Written comments were neither solicited nor received.

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

Pursuant to Section 19(b)(3)(A) of the Act⁶⁸ and Rule 19b-4(f)(6)⁶⁹ 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.

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.

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 (<http://www.sec.gov/rules/sro.shtml>);
- or
- Send an e-mail [to rule-comments@sec.gov](mailto:to-rule-comments@sec.gov). Please include File Number SR-MIAX-2025-20 on the subject line.

Paper comments:

- Send paper comments in triplicate to Vanessa Countryman, Secretary, Securities and

⁶⁸ 15 U.S.C. 78s(b)(3)(A).

⁶⁹ 17 CFR 240.19b-4(f)(6).

Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-MIAX-2025-20. 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-2025-20 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.⁷⁰

Sherry R. Haywood,
Assistant Secretary

⁷⁰ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

MIAX Options Exchange Rulebook

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

<u>Fidelity Ethereum Fund</u>	<u>25,000 contracts</u>

.02 — .03 No change.

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

<u>Fidelity Ethereum Fund</u>	<u>25,000 contracts</u>

Rule 402. Criteria for Underlying Securities

(a) — (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) — (3) No Change.

(4) are issued by the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the ETFS Silver Trust, the Aberdeen Standard Physical Gold Trust, the ETFS Palladium Trust, the ETFS Platinum Trust, the Sprott Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, the Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, [or] the ARK 21Shares Bitcoin ETF, or the Fidelity Ethereum Fund; or

(5) No change.

(j) — (k) No change.
