

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-101735; File No. SR-BOX-2024-27)

November 25, 2024

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Rules 3120 (Position Limits) and 5020 (Criteria for Underlying Securities) to Permit Trading of iShares Bitcoin ETF Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 21, 2024, BOX Exchange LLC (“Exchange” or “BOX Options”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Rules 3120 (Position Limits), 5020 (Criteria for Underlying Securities) to permit trading of iShares Bitcoin ETF options. Additionally, the Exchange proposes to amend Rule 5055 (FLEX Equity Options). The text of the proposed rule change is available from the principal office of the Exchange, at the Commission’s Public Reference Room and also on the Exchange’s Internet website at <https://rules.boxexchange.com/rulefilings>.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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 Rules 3120 (Position Limits) and 5020 (Criteria for Underlying Securities) to permit trading of iShares Bitcoin ETF options on BOX.

Additionally, the Exchange proposes to amend Rule 5055 (FLEX Equity Options). This is a competitive filing that is based on a proposal recently submitted by Nasdaq ISE, LLC (“Nasdaq ISE”) and approved by the Commission.³

The Exchange proposes to amend Rule 5020, Criteria for Underlying Securities, to allow the Exchange to list and trade options on iShares Bitcoin Trust (the “Trust”)⁴ as an ETF deemed appropriate for options trading on BOX. Specifically, the Exchange proposes to amend Rule 5020(h) to allow BOX to list and trade options on the Trust. Currently, Rule 5020(h) provides that 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 (i) represent interests in registered investment companies (or series thereof) organized as open-end

³ See Securities Exchange Act Release No. 101128 (September 20, 2024) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust), 89 FR 78942 (September 26, 2024) (“ISE Approval Order”).

⁴ On January 10, 2024, the Commission approved proposals by NYSE Arca, Inc., The Nasdaq Stock Market LLC, and Cboe BZX Exchange, Inc. to list and trade the shares of 11 bitcoin-based commodity-based trust shares and trust units, including the iShares Bitcoin Trust. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072) (“Bitcoin ETP Order”). The Exchange represents it would not list options on the Trust unless it satisfied all applicable criteria in Rule 5020.

management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments, 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); or (ii) represent interests in a trust that holds a specified non-U.S. currency deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust 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"); or (iii) 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"); or (iv) represent interests in the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the ETFS Gold Trust, the ETFS Silver trust, the ETFS Palladium Trust, the ETFS Platinum

Trust or the Sprott Physical Gold Trust. In addition to the aforementioned requirements, Rules 5020(h)(1) and (2) must be met to list options on ETFs.⁵

Proposal

The Exchange proposes to expand the list of ETFs that are appropriate for options trading on the Exchange in Rule 5020(h) to include the Trust.⁶

Description of the Trust⁷

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

⁵ Rule 5020(h)(1) states that the Exchange-Traded Fund Shares either (i) meet the criteria and guidelines set forth in paragraphs (a) and (b) of this Rule 5020 above; or (ii) the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them 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 of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares' prospectus; and meet other criteria.

⁶ Specifically, the Exchange proposes to amend Rule 5020(h) to include the name of the Trust to enable options to be listed on the Trust on BOX.

⁷ See SR-NASDAQ-2023-016 for a complete description of the Trust.

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

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

Custody of the Trust’s Bitcoin

An investment in the Shares is backed by Bitcoin held by the Bitcoin Custodian on behalf of the Trust. All of the Trust's Bitcoin will be held in the Custody Account, other than the Trust's Bitcoin which is temporarily maintained in the Trading Account under limited circumstances, i.e., in connection with creation and redemption Basket⁸ activity or sales of Bitcoin deducted from the Trust's holdings in payment of Trust expenses or the Sponsor's fee (or, in extraordinary circumstances, upon liquidation of the Trust). The Custody Account includes all of the Trust's Bitcoin held at the Bitcoin Custodian, but does not include the Trust's Bitcoin temporarily maintained at the Prime Execution Agent in the Trading Account from time to time. The Bitcoin Custodian will keep all of the private keys associated with the Trust's Bitcoin held in the Custody Account in "cold storage."⁹ The hardware, software, systems, and procedures of the Bitcoin Custodian may not be available or cost-effective for many investors to access directly. As provided in the ISE Approval Order, the Exchange believes that offering options on the Trust will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to spot Bitcoin as well as a hedging vehicle to meet their investment needs in connection with Bitcoin products and positions. Similar to other commodity ETFs in which options may be listed on BOX (e.g. SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the ETFS Gold Trust, the ETFS Silver trust, the ETFS Palladium Trust, the ETFS Platinum Trust or the Sprott

⁸ The Trust issues and redeems Shares only in blocks of 40,000 or integral multiples thereof. A block of 40,000 Shares is called a "Basket." These transactions take place in exchange for Bitcoin.

⁹ The term "cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's Bitcoin are generated and stored in an offline manner, subject to layers of procedures designed to enhance security. Private keys are generated by the Bitcoin Custodian in offline computers that are not connected to the internet so that they are more resistant to being hacked.

Physical Gold Trust),¹⁰ the proposed ETF is a trust that essentially offers the same objectives and benefits to investors. Options on the Trust will trade in the same manner as options on other ETFs on BOX. Exchange Rules that currently apply to the listing and trading of all options on ETFs on BOX, including, for example, rules that govern listing criteria, expirations, exercise prices, minimum increments, position and exercise limits (including as proposed herein), margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of options on the Trust on BOX. Today, these rules apply to options on the various commodities ETFs deemed appropriate for options trading on BOX pursuant to Rule 5020(h)(iv). The Exchange's initial listing standards for ETFs on which options may be listed and traded on BOX will apply to the Trust. The initial listing standard as set forth in Rule 5020(a) provides that: Underlying securities with respect to which put or call options contracts are approved for listing and trading on the Exchange must meet the following criteria: (1) the security must be registered and be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act; and (2) the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded. Pursuant to Rule 5020, ETFs on which options may be listed and traded must satisfy the listing standards set forth in Rule 5020(h). Specifically, the Trust must meet either: (1) the criteria and guidelines for underlying securities set forth in Rules 5020(a) and (b), or (2) it must be available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been

¹⁰ See Rule 5020(h)(iv).

received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them 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 of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares' prospectus, and meet other criteria. Options on the Trust will also be subject to the Exchange's continued listing standards for options on ETFs set forth in Rule 5030(h). Specifically, options approved for trading pursuant to Rule 5020(h) will not be deemed 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 as provided in Rule 5030(b)(6)¹¹ or the ETFs are halted or suspended from trading on their primary market.¹² In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering ETFs in any of the following circumstances: (1) in the case of options covering Exchange-Traded Fund Shares approved pursuant to Rule 5020(h)(1)(i), in accordance with the terms of subparagraphs (b)(1), (2), (3) and (6) of Rule 5030;¹³ (2) in the case of options covering Fund Shares approved pursuant to Rule 5020(h)(1)(ii), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, there were

¹¹ Rule 5030(b)(6) provides, "The underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act."

¹² See Rule 5030(h).

¹³ Rules 5030(b)(1)-(3) and (6) provide, if: (1) there are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Act, (2) there are fewer than 1,600 holders of the underlying security, (3) the trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months, or (6) the underlying security ceases to be an 'NMS stock' as defined in Rule 600 of Regulation NMS under the Exchange Act.

fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days; (3) the value of the index or portfolio of securities or non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities and/or Financial Instruments and Money Market Instruments, on which the Exchange-Traded Fund Shares are based is no longer calculated or available; or (4) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on BOX inadvisable. Options on the Trust would be physically settled contracts with American-style exercise.¹⁴ Consistent with current Rule 5050, 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 Trust and may also list series of options on the Trust for trading on a weekly,¹⁵ monthly,¹⁶ or quarterly¹⁷ basis. The Exchange may also list long-term equity option series (“LEAPS”)¹⁸ that expire from twelve to one hundred eighty months from the time they are listed.

Pursuant to Rule 5050(d)(4), 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 Rule 5020(h) shall be fixed at a price per share which is reasonably close to the

¹⁴ See Rule 5010, Rights and Obligations of Holders and Writers, which provides that the rights and obligations of holders and writers shall be as set forth in the Rules of the Clearing Corporation. See also OCC Rules, Chapter 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. OCC Rules can be located at: https://www.theocc.com/getmedia/9d3854cd-b782-450f-bcf7-33169b0576ce/occ_rules.pdf.

¹⁵ See IM-5050-6.

¹⁶ See IM-5050-13.

¹⁷ See IM-5050-4.

¹⁸ See Rule 5070.

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 BOX. 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.¹⁹

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 \$150.²⁰ Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,²¹ the \$0.50 Strike Program,²² and the \$2.50 Strike Price Program.²³ Rule 7050 governs the minimum increment for bids and offers for options traded on BOX. Pursuant to Rule 7050, where the price of a series of options for the Trust is less than \$3.00 the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10²⁴ consistent with the minimum increments for options on

¹⁹ See Rule 5050(d)(6).

²⁰ See IM-5050-6.

²¹ See IM-5050-2.

²² See IM-5050-5.

²³ See IM-5050-3.

²⁴ Options that are eligible to participate in the Penny Interval Program have a minimum increment of \$0.01 below \$3.00 and \$0.05 above \$3.00. See Rule 7260.

other ETFs listed on BOX. Any and all new series of Trust options that BOX lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 5050 and 7050, as applicable. Position and exercise limits for options on ETFs, including options on the Trust, are determined pursuant to Rules 3120 and 3140, respectively. Position and exercise limits for ETFs options vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six months, where the largest in capitalization and the most frequently traded ETFs have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization ETFs have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. Notwithstanding the position limits in Rule 3120 and exercise limits in Rule 3140, the Exchange proposes the position and exercise limits for the options on the Trust to be 25,000 contracts on the same side pursuant to proposed IM-3120-2. Capping the position and exercise limits at 25,000 contracts, the lowest limits available in options, would address concerns related to manipulation and protection of investors as this number is extremely conservative for the Trust and is more than appropriate given its liquidity.

For purposes of addressing position and exercise limits, the Exchange applies position and exercise limits for options for each underlying security and does not aggregate position and exercise limits. In considering the appropriate position and exercise limits for the Trust, the Exchange reviewed the data presented by ISE in its filing, specifically in Exhibit 3 of the filing,²⁵ where ISE measured the Trust's market capitalization and ADV against other industry

²⁵ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, to Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (Exhibit 3) ("IBIT Approval Order") (letter from Angela Dunn, Nasdaq ISE, LLC, to Vanessa Countryman,

data as explained further below. The Commission should consider the position and exercise limits for options on the Trust exclusive of other options on Bitcoin. In its filing, ISE considered the Trust's market capitalization and ADV, and prospective position limit in relation to other securities. In measuring the Trust against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").²⁶ This pool of data took into consideration 3,984 options on single stock securities, excluding broad based ETFs.²⁷ Next, ISE aggregated the data based on market capitalization and ADV and grouped option symbols by position limit utilizing statistical thresholds for ADV and market capitalization that were one standard deviation above the mean for each position limit category (i.e. 25,000, 50,000 to 65,000, 75,000, 100,000 to less than 250,000, 250,000 to 400,000, 450,000 to 1,000,000, and greater than or equal to 1,000,000) (sic).²⁸ Rule 3120(d) sets out position limits for various contracts. For example, on the Exchange like on ISE, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. ISE performed an exercise to demonstrate the Trust's position limit relative to other options symbols in terms of market capitalization and ADV. For reference the market capitalization for the Trust was 19,789,068 billion²⁹ with an ADV, for the preceding three

Secretary, Commission, dated August 21, 2024) ("ISE Letter").

²⁶ The computations are based on OCC data from August 6, 2024. Data displaying zero values in market capitalization or ADV were removed.

²⁷ The Trust has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

²⁸ See ISE Letter at 10.

²⁹ ISE acquired this figure as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of Bitcoin grows each day Bitcoin are minted.

months prior to August 7, 2024, of greater than 26 million shares.³⁰ Today, by comparison, other options symbols with similar market capitalization and ADV have a position limit in excess of 400,000.³¹ Therefore, the proposed 25,000 same side position limit for options on the Trust is extremely conservative relative to these options symbols which are a full standard deviation above the mean in comparison. Second, ISE reviewed the Trust's data relative to the market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables. Utilizing data as of August 3, 2024, there were 19,737,193 Bitcoins in circulation.³² ISE took a price of \$57,000 that equates to a market capitalization of greater than 1.125 trillion US dollars, and applied that to a position limit of 400,000 for options on the Trust.³³ If a position limit of 400,000 options were considered (the position limit that would be typically assigned based upon data) the exercisable risk would represent only 6.6% of the outstanding shares of the Trust. The 25,000 position limit being sought only represents 0.4% of the outstanding shares of the Trust. Since the Trust has a creation and redemption process managed through the issuer, additionally it can be compared the position limit sought to the total market capitalization of the entire Bitcoin market. In this case, the exercisable risk for options on the Trust would be less than 0.01% of the market capitalization of all outstanding Bitcoin. Assuming a scenario where all options on the Trust's shares were exercised given the proposed 25,000 per same side position limit, this would have a virtually unnoticed impact on the entire Bitcoin market. This analysis demonstrates that the proposed 25,000 per same side

³⁰ See ISE Letter at 10.

³¹ See, e.g., iShares® iBoxx® \$ High Yield Corporate Bond ETF ("HYG") with a market capitalization of 13,859,235,000 dollars as of November 4, 2024. See <https://www.ishares.com/us/products/239565/ishares-iboxx-high-yield-corporate-bond-etf>. The Exchange notes that HYG has a position limit of 500,000 contracts.

³² See ISE Letter at 10.

³³ Id.

position limit is also extremely conservative and more than appropriate for options on the Trust. Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission (“CFTC”). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent Bitcoin futures position limits. In particular, ISE looked at the CME Bitcoin futures contract³⁴ that has a position limit of 2,000 futures.³⁵ On August 7, 2024, CME Bitcoin futures settled at \$55,000.³⁶ Taking the position limit of 2,000 futures at a \$5 multiplier³⁷ equates to \$550 million of notional value for Bitcoin futures. By way of comparison, on August 7, 2024, the Trust settled at \$31.19 per share, which would equate to 17,633,857 shares of the Trust³⁸ if the CME notional position limit were utilized. Since substantial portions of any distributed options portfolio are likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for Bitcoin futures (considering that all options deltas are ≤ 1.00) should be a bit higher than the CME implied 176,338 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation

³⁴ CME Bitcoin Futures are described in Chapter 350 of CME’s Rulebook.

³⁵ See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME’s Rulebook.

³⁶ See https://finance.yahoo.com/quote/BTC%3DF/history/?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xILmNvbS8&guce_referrer_sig=AQAAAM7ngaS6ZQS9c2Wzx7JW2IUe- - 1FnLyr8T-Qw4jjkleHyCENfSMIEpPPt2hCzPDeryTVyB78NIwxkwFB5Fuw-jA-YiuSmYJHBriWbV6dYn91VQfzQNT3p0I2RkYLD3HhzXPwu4AP5as-WzHNpEBon4sk5sUZXgkapMrZR--CS.

³⁷ Each bitcoin futures contract is valued at 5 bitcoins as defined by the CME CF Bitcoin Reference Rate (“BRR”). See CME Rule 35001.

³⁸ See ISE Letter at 11.

ratio(s).³⁹ 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.⁴⁰ If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for bitcoin, the Exchange believes that that the proposed 25,000 per same side position limit is conservative and more than appropriate for options on the Trust.

In analyzing the proposed position limit for options on the Trust, ISE also considered the supply of Bitcoin. Specifically, ISE examined the number of market participants with position limits that would need to exercise in unison to put the underlying asset under stress. In the case of options on the Trust, the proposed 25,000 same side position limit effectively restricts a market participant from holding positions that could be exercised in excess of 2,500,000 shares of the Trust. Utilizing data from August 12, 2024, the Trust had 611,040,000 shares outstanding, therefore 244 market participants would have to simultaneously exercise position limits in order to create a scenario that may put the underlying asset (the Trust) under

³⁹ See <https://www.cmegroup.com/education/courses/market-regulation/position-limits/positionlimits-aggregation-of-contracts-and-table.htm>.

⁴⁰ Id.

stress.⁴¹ As unlikely an occurrence as all market participants exercising their position limits in unison would be, if it were to occur, it should be noted that even such an occurrence would not likely put the Trust under stress as economic incentives, would induce the creation of more shares through the ETF creation and redemption process. By way of example, given that the current global supply of Bitcoin, the underlying asset of the Trust, is 19,789,068⁴² and that each Bitcoin can currently be redeemed for 1,755 shares of the Trust, another 34,729,814,340 shares of the Trust could be created. To exhaust this supply of the Trust, 13,891 market participants would have to simultaneously exercise their position limit. Comparing the Trust to the SPDR® Gold Shares (“GLD”) ETF or the iShares Silver Trust (“SLV”) ETF, which have position limits of 250,000 or ten times the proposed position limit for the Trust as well as lower shares outstanding in both products,⁴³ it is unjustified to mandate a different level of stringency with respect to a position limit for options on the Trust. The supply of Bitcoin does have a limit, which will take years to fully mint.⁴⁴ The Exchange notes that Bitcoin is a viable economic alternative to traditional assets. The price of goods denominated by Bitcoin has actually declined. This dynamic not only makes a fixed supply desirable, but a necessary condition of the value added by this asset in the broader economy. Further, the Exchange notes that corporations have a limited number of outstanding shares. Corporations may authorize additional shares, repurchase shares or split their shares. Similarly, ETFs, like the Trust, may

⁴¹ See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>.

⁴² This figure was acquired as of August 13, 2024. See <https://www.ishares.com/us/products/333011/ishares-bitcoin-trust>. The global supply of bitcoin grows each day bitcoin are minted.

⁴³ As of August 13, 2024, GLD had 294,000,000 shares outstanding and SLV had 510,200,000 shares outstanding. See <https://www.ssga.com/us/en/intermediary/etfs/funds/spdr-gold-shares-gld> and <https://www.ishares.com/us/products/239855/ishares-silver-trust-fund>.

⁴⁴ A recent article suggested that the remaining supply will take over 100 years to fully mint. See Sen, Vivek. “94% of Bitcoin's Supply Has Now Been Issued.” Bitcoin Magazine, <https://bitcoinmagazine.com/business/94-of-bitcoins-supply-has-now-been-issued>. August 19, 2024.

also create, redeem, or split shares to suit the demand of the marketplace. Importantly, because the supply of Bitcoin is much larger than the available supply of most securities and the proposed 25,000 contract position limit is so conservative, the Exchange believes that evaluating the available supply of Bitcoin in establishing a position limit for options on the Trust would demonstrate that the proposed limit is safe for investors and the market.⁴⁵ The Trust constitutes less than 2% of the entire Bitcoin supply. When comparing the market capitalization of Bitcoin against the largest securities, Bitcoin would rank 7th among those securities.⁴⁶ Further, the Exchange believes that its proposal to list options on the Trust with a position limit of 25,000 on the same side is a conservative position limit that does not lend itself to manipulation in the market given the ample market capitalization and liquidity in the Trust. If we look to the liquidity statistics of similar instruments and their concomitant position limits, we are able to extrapolate a reasonable standard for arriving at a position limit for a new product. In this case we can look to GLD, SLV, and the ProShares Bitcoin Strategy ETF (“BITO”). These products have volume statistics and “float” statistics, which gauge liquidity, which are in line, yet slightly lower than the Trust. All three of these reference products have position limits of 250,000 contracts. These reference products are remarkably similar in nature to the Trust; they are exchange-traded products (“ETPs”) holding one asset in a trust.

Further, Rule Series 10100, which governs margin requirements applicable to the trading of all options on BOX including options on ETFs, will also apply to the trading of the Trust options.

⁴⁵ A supply consideration would likely be valuable for an option symbol that had far less liquidity than the Trust.

⁴⁶ See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

Lastly, Rule 5055(e)(2)(i) permits the Exchange to authorize for trading a FLEX Equity Option class on any equity security if it may authorize for trading a Non-FLEX Equity Option class on that equity security pursuant to Rule 5020.⁴⁷ At this time, the Exchange is not proposing to permit Trust options to trade as FLEX Equity Options.⁴⁸ The Exchange therefore proposes to modify Rule 5055(e)(2)(i) to specify this exception, which will add clarity and transparency to the Exchange Rules.⁴⁹

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

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies to the Exchange's other options products.⁵⁰ The Exchange would review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement. The Exchange would be

⁴⁷ See Rule 5055(e)(2)(i).

⁴⁸ The Exchange would be required to submit a separate rule filing to permit the Exchange to authorize for trading FLEX Equity Options on the Trust (which filing may propose changes to existing FLEX Equity Option position limits for such options if appropriate).

⁴⁹ See proposed Rule 5055(e)(2)(i).

⁵⁰ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, phishing).

able to obtain information regarding trading in shares of the Trust from Nasdaq and other markets that trade shares of the Trust through ISG. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁵¹

The underlying shares of spot Bitcoin ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its orders approving proposals of several exchanges to list and trade shares of spot bitcoin-based exchange-traded products (“Bitcoin ETP Order”): Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁵² Given the consistently high correlation between the CME Bitcoin futures

⁵¹ Section 19(g)(1) of the Act, among other things, requires every SRO registered as a national securities exchange or 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.

⁵² See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008, 3009 (January 17, 2024) (File Nos. SR-NYSEArca-2021-90; SR-NYSEArca-2023-44; SR-NYSEArca-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SRCboeBZX-2023-044; and SR-CboeBZX-2023-072) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units).

market and the spot Bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”⁵³ In light of surveillance measures related to both options and futures as well as the underlying Trust,⁵⁴ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and the Options Price Reporting Authority or “OPRA” have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on the Trust up to the number of expirations currently permissible under the Exchange Rules. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of the Trust options will be manageable.

Finally, the Exchange proposes a technical amendment to Rule 5020(h)(iv) to amend the names “ETFS Gold Trust” to “abrdn Gold ETF Trust,”⁵⁵ “ETFS Silver trust” to “abrdn

⁵³ See Bitcoin ETP Order, 89 FR at 3010-11.

⁵⁴ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (SR-NASDAQ-2023-016) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change To List and Trade Shares of the iShares Bitcoin Trust Under Nasdaq Rule 5711(d)).

⁵⁵ Effective October 1, 2018, ETFS Gold Trust was renamed Aberdeen Standard Gold ETF Trust. See <https://www.sec.gov/Archives/edgar/data/1450923/000138713118005292/ex10-2.htm>. Effective March 31, 2022, Aberdeen Standard Gold ETF Trust was renamed abrdn Gold ETF Trust. See <https://www.sec.gov/Archives/edgar/data/1450923/000138713122003628/ex10-2.htm>.

Silver ETF Trust,”⁵⁶ “ETFS Palladium Trust” to “abrdrn Palladium ETF Trust,”⁵⁷ and “ETFS Platinum Trust” to “abrdrn Platinum ETF Trust.”⁵⁸ In 2018 and again in 2022 these trusts were renamed. As such, the Exchange proposes to amend the names of the ETFs to reflect their current names.

2. Statutory Basis

The Exchange believes that the proposal is consistent with the requirements of Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),⁵⁹ in general, and Section 6(b)(5) of the Act,⁶⁰ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in 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.

In particular, the Exchange believes that the proposal to list and trade options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the Trust will provide investors with a greater opportunity to realize the benefits of utilizing options on

⁵⁶ Effective October 1, 2018 ETFS Silver Trust was renamed Aberdeen Standard Silver ETF Trust. <https://www.sec.gov/Archives/edgar/data/1450922/000138713118005294/ex10-2.htm>. Effective March 31, 2022 Aberdeen Standard Silver ETF Trust was renamed abrdrn Silver ETF Trust. <https://www.sec.gov/Archives/edgar/data/1450922/000138713122003632/ex10-2.htm>.

⁵⁷ Effective October 1, 2018 ETFS Palladium Trust was renamed Aberdeen Standard Palladium ETF Trust. <https://www.sec.gov/Archives/edgar/data/1459862/000138713118005304/ex10-2.htm>. Effective March 31, 2022 Aberdeen Standard Palladium ETF Trust was renamed abrdrn Palladium ETF Trust. <https://www.sec.gov/Archives/edgar/data/1459862/000138713122003629/ex10-2.htm>.

⁵⁸ Effective October 1, 2018 ETFS Platinum Trust was renamed Aberdeen Standard Platinum ETF Trust. <https://www.sec.gov/Archives/edgar/data/1460235/000138713118005301/ex10-2.htm>. Effective March 31, 2022 Aberdeen Standard Platinum ETF Trust was renamed abrdrn Platinum ETF Trust. <https://www.sec.gov/Archives/edgar/data/1460235/000138713122003633/ex10-2.htm>.

⁵⁹ 15 U.S.C. 78f(b).

⁶⁰ 15 U.S.C. 78f(b)(5).

an ETF based on spot Bitcoin, including cost efficiencies and increased hedging strategies. The Exchange believes that offering options on a competitively priced ETF based on spot Bitcoin will benefit investors by providing them with an additional, relatively lower cost risk management tool allowing them to manage, more easily, their positions, and associated risks, in their portfolios in connection with exposure to spot Bitcoin. Today, BOX lists options on other commodity ETFs structured as a trust, which essentially offer the same objectives and benefits to investors, and for which the Exchange has not identified any issues with the continued listing and trading of options on those ETFs. The Exchange also believes the proposal to permit options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system because options on the Trust will comply with current Exchange Rules. As discussed above, options on the Trust must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules, applicable to options on all ETFs, including options on other commodity ETFs already deemed appropriate for options trading on BOX pursuant to Rule 5020(h). Further, Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed herein), and margin requirements will govern the listing and trading of options on the Trust. The proposed position and exercise limits for options on the Trust is 25,000 contracts. These position and exercise limits are the lowest position and exercise limits available in the options industry, are extremely conservative and more than appropriate given the Trust's market capitalization, average daily volume, and high number of outstanding shares. The proposed position limit, and exercise limit, is consistent with the Act as it addresses concerns related to manipulation and protection of investors because the position

limit (and exercise limit) is extremely conservative and more than appropriate given the Trust is actively traded. In support of the proposed position and exercise limits for options on the Trust of 25,000 contracts, the Exchange is citing the in depth analysis ISE did in its filing. As noted above, in the IBIT Approval Order, ISE considered the: (i) Trust's market capitalization and ADV, and prospective position limit in relation to other securities; (ii) market capitalization of the entire Bitcoin market in terms of exercise risk and availability of deliverables; (iii) proposed position limit by comparing it to position limits for derivative products regulated by the CFTC; and (iv) supply of Bitcoin. Based on the Exchange's review of IBIT Approval Order, the Exchange believes that setting position and exercise limits for options on the Trust of 25,000 contracts is more than appropriate for the Trust. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.⁶¹

The Exchange believes the proposed rule change to exclude options on the Trust from being eligible for trading as FLEX Equity Options is consistent with the Act because, without this prohibition, trading a FLEX Equity Option in the Trust would otherwise establish different position and exercise limits than those proposed herein.⁶²

⁶¹ See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

⁶² The Exchange would need to submit a separate rule filing to permit the Exchange to authorize for trading FLEX Equity Options on the Trust (which filing may propose changes to existing FLEX Equity Option position limits for such options if appropriate).

The Exchange represents that BOX has the necessary systems capacity to support options on the Trust. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on ETFs, including the Trust options.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to options on the Trust that it applies to the Exchange's other options products.⁶³ The Exchange will review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, the Exchange is a member of the ISG under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. The Exchange will be able to obtain information from Nasdaq, LLC and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with FINRA. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.⁶⁴

The underlying shares of spot bitcoin ETPs, including the Trust, are also subject to

⁶³ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, 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.

safeguards related to addressing market abuse and manipulation. As the Commission stated in Bitcoin ETP Order:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.⁶⁵

Given the consistently high correlation between the CME Bitcoin futures market and the spot Bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”⁶⁶

In light of surveillance measures related to both options and futures as well as the underlying Trust,⁶⁷ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

Finally, the Commission has previously approved the listing and trading of options on other commodity ETFs structured as a trust, such as SPDR® Gold Trust,⁶⁸ the iShares

⁶⁵ See supra note 4.

⁶⁶ See Bitcoin ETP Order, 89 FR at 3010-11.

⁶⁷ See Securities Exchange Act Release No. 99295 (January 8, 2024), 89 FR 2321, 2334-35 (January 12, 2024) (SR-NASDAQ-2023-016) (Notice of Filing of Amendment No. 1 to a Proposed Rule Change To List and Trade Shares of the iShares Bitcoin Trust Under Nasdaq Rule 5711(d)).

⁶⁸ See Securities Exchange Act Release No. 57897 (May 30, 2008), 73 FR 32061 (June 5, 2008) (SR-Amex-2008-15; SR-CBOE-2005-11; SR-ISE-2008-12; SR-NYSEArca-2008-52; and SR-Phlx-2008-17) (Order Granting Approval of a Proposed Rule Change, as Modified, and Notice of Filing and Order Granting

COMEX Gold Trust⁶⁹ the iShares Silver Trust,⁷⁰ the ETFS Gold Trust,⁷¹ and the ETFS Silver Trust.⁷²

Further, the Exchange's proposal to amend the names "ETFS Gold Trust" to "abrdn Gold ETF Trust," "ETFS Silver trust" to "abrdn Silver ETF Trust," "ETFS Palladium Trust" to "abrdn Palladium ETF Trust," and "ETFS Platinum Trust" to "abrdn Platinum ETF Trust" in Rule 5020(h)(iv) is consistent with the Act and the protection of investors as this amendment reflects the current names of these products.

The Exchange notes that the proposed rule change is substantively the same as a rule change proposed by Nasdaq ISE which the Commission recently approved.⁷³

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 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

Accelerated Approval of Proposed Rule Changes, as Modified, Relating to Listing and Trading Options on the SPDR Gold Trust).

⁶⁹ See Securities Exchange Act Release No. 59055 (December 4, 2008), 73 FR 75148 (December 10, 2008) (SR-Amex-2008-68; SR-BSE-2008-51; SR-CBOE-2008-72; SR-ISE-2008-58; SR-NYSEArca-2008-66; and SR-Phlx-2008-58) (Notice of Filing and Order Granting Accelerated Approval of Proposed Rule Changes Relating to the Listing and Trading Options on Shares of the iShares COMEX Gold Trust and the iShares Silver Trust).

⁷⁰ Id.

⁷¹ See Securities Exchange Act Release No. 61483 (February 3, 2010), 75 FR 6753 (February 10, 2010) (SR-CBOE-2010-007; SR-ISE-2009-106; SR-NYSEAmex-2009-86; and SR-NYSEArca-2009-110) (Order Granting Approval of Proposed Rule Changes and Notice of Filing and Order Granting Accelerated Approval of a Proposed Rule Change Relating to Listing and Trading Options on the ETFS Gold Trust and the ETFS Silver Trust).

⁷² Id.

⁷³ See supra note 3.

competitive response to a filing submitted by Nasdaq ISE that was recently approved by the Commission.⁷⁴

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as options on the Trust will be subject to initial listing standards and continued listing standards the same as other options on ETFs listed on BOX. Further, options on the Trust will be subject to Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed to modify herein), and margin requirements. Options on the Trust will be equally available to all market participants who wish to trade such options. Also, and as stated above, the Exchange already lists options on other commodity ETFs structured as a trust. The Exchange does not believe that the proposal to list and trade options on the Trust will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that permitting options on the Trust to trade on BOX may make BOX a more attractive marketplace to market participants, such market participants are free to elect to become market participants on BOX. Additionally, other options exchanges are free to amend their listing rules, as applicable, to permit them to list and trade options on the Trust. The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on BOX 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

⁷⁴

Id.

market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering options on the Trust for trading on BOX will promote competition by providing investors with an additional, relatively low-cost means to hedge their portfolios and meet their investment needs in connection with spot Bitcoin prices and Bitcoin related products and positions.

Additionally, the Exchange's proposal to amend the names "ETFS Gold Trust" to "abrdn Gold ETF Trust," "ETFS Silver trust" to "abrdn Silver ETF Trust," "ETFS Palladium Trust" to "abrdn Palladium ETF Trust," and "ETFS Platinum Trust" to "abrdn Platinum ETF Trust" in Rule 5020(h)(iv) does not impose an undue burden on competition as this amendment reflects the current names of these products.

Finally, the proposed rule change to exclude options on the Trust from being eligible for trading as FLEX Equity Options does not impose an undue burden on competition as no BOX Participant will be able to transact a FLEX Equity Option on the Trust.

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

The Exchange neither solicited nor received written comments on the proposed rule change.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time

as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act⁷⁵ and Rule 19b-4(f)(6) thereunder.⁷⁶

A proposed rule change filed pursuant to Rule 19b-4(f)(6) under the Act normally does not become operative for 30 days after the date of its filing. However, Rule 19b-4(f)(6)(iii)⁷⁷ permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission previously approved the listing of options on the shares of the Trust.⁷⁸ The Exchange has provided information regarding the underlying Trust, including, among other things, information regarding trading volume, the number of beneficial holders, and the market capitalization of the Trust. The proposal also establishes position and exercise limits for options on the Trust and provides information regarding the surveillance procedures that will apply to options on the Trust. In addition, the proposal updates the names of certain commodity-based trusts, as described above, which will ensure that the Exchange's rules identify these trusts by their current names. The Commission believes that waiver of the operative delay could benefit investors by providing an additional venue for trading Bitcoin Fund options and helping to ensure that the accuracy of the Exchange's rules. Therefore, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public

⁷⁵ 15 U.S.C. 78s(b)(3)(A).

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

⁷⁷ 17 CFR 240.19b-4(f)(6)(iii).

⁷⁸ See supra note 3.

interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change operative upon filing.⁷⁹

At any time within 60 days of the filing of such 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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BOX-2024-27 on the subject line.

Paper Comments:

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

All submissions should refer to file number SR-BOX-2024-27. 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

⁷⁹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-BOX-2024-27 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.⁸⁰

Vanessa A. Countryman,
Secretary.

⁸⁰ 17 CFR 200.30-3(a)(12), (59).