

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104284; File No. SR-BOX-2025-29]

Self-Regulatory Organizations; BOX Exchange LLC; Notice of Filing of Proposed Rule Change to amend BOX Rule 5055 (FLEX Equity Options) to permit FLEX Equity Options on the iShares Bitcoin Trust ETF

December 2, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on November 17, 2025, BOX Exchange LLC (“Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule from interested persons.

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

The Exchange proposes to amend BOX Rule 5055 (FLEX Equity Options) to permit FLEX Equity Options on the iShares Bitcoin Trust ETF (“IBIT”). 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 self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization 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 BOX Rule 5055 (FLEX Equity Options) to permit FLEX Equity Options on the iShares Bitcoin Trust ETF (“IBIT”). This is a competitive filing that is based on a proposal recently submitted by Nasdaq PHLX LLC (“Nasdaq PHLX”) and approved by the Commission.³

IBIT is an Exchange-Traded Fund (“ETF”) that holds bitcoin and is listed on The Nasdaq Stock Market LLC (“Nasdaq”).⁴ On September 20, 2024, Nasdaq ISE, LLC (“ISE”) was the first exchange to receive approval to list options on IBIT.⁵ On November 27, 2024, the Exchange began listing and trading IBIT options.⁶ The position and exercise limits for IBIT options are determined pursuant to Rules 3120 and 3140.⁷ Today, pursuant to Rule

³ See Securities Exchange Act Release No. 103565 (July 29, 2025), 90 FR 36233 (August 1, 2025) (SR-Phlx-2024-72) (Order Approving a Proposed Rule Change to Permit the Trading of FLEX Options on Shares of the iShares Bitcoin Trust ETF).

⁴ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (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).

⁵ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (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) (“IBIT Approval Order”).

⁶ See Notice 2024-062, dated November 26, 2024 (Bitcoin ETP Options), available at: <https://boxexchange.com/assets/Notice-2024-062-Bitcoin-ETF-Options-Notice1.pdf>.

⁷ Per Rule 3140, the exercise limit for IBIT options is the same as the position limit for IBIT options as determined by Rule 3120.

5055(e), IBIT options are not approved for FLEX trading.⁸ Today, FLEX Equity Options, other than cash-settled options and those that expire on a third Friday-of-the-month, have no position limits pursuant to Rule 5055(i).⁹ Therefore, the position limit determined pursuant to Rule 3120 and exercise limit determined pursuant to Rule 3140 for IBIT options currently apply to non-FLEX IBIT options.

At this time, the Exchange proposes to permit IBIT options to transact as FLEX Equity Options and would require the aggregation of any FLEX and non-FLEX positions in the same underlying ETF for purposes of calculating position and exercise limits on such ETF. Thus, for example, assuming a 250,000-contract position limit for options on IBIT, the Exchange would restrict a market participant from holding positions that could result in the receipt of more than 250,000,000 shares (if that market participant exercised all its IBIT options). The share creation and redemption process available to each ETF is designed to ensure that an ETF's price closely tracks the value of its underlying asset. For example, if a market participant exercised a long call position for 25,000 contracts and purchased 2,500,000 shares of IBIT and this purchase resulted in the value of IBIT shares to trade at a premium to the value of the (underlying) bitcoin held by IBIT, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short IBIT shares while concurrently purchasing bitcoin. Those market participants (arbitrageurs) would then deliver cash to IBIT and receive shares of IBIT, which would be used to close out any previously established short position in IBIT. Thus, this creation and redemptions process would

⁸ BOX Rule 5055(e) also does not permit FLEX trading on options on Fidelity Wise Origin Bitcoin Fund, ARK 21Shares Bitcoin ETF, Grayscale Bitcoin Trust (BTC), Grayscale Bitcoin Mini Trust BTC, and Bitwise Bitcoin ETF.

⁹ BOX offers FLEX Equity Options which are customized options that allow investors to tailor contract terms for exchange-listed options on its trading floor. See BOX Rule 7605.

significantly reduce the potential risk of price dislocation between the value of IBIT shares and the value of bitcoin holdings.

The Exchange understands that FLEX options on ETFs are currently traded in the over-the-counter (“OTC”) market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds. The Exchange believes there is room for significant growth if a comparable FLEX product were introduced for trading on a regulated market. The Exchange expects that users of these OTC products would be among the primary users of FLEX IBIT options. The Exchange also believes that the trading of FLEX IBIT options would allow these same market participants to better manage the risk associated with the volatility of IBIT (the underlying ETF) positions given the enhanced liquidity that an exchange-traded product would bring.

Additionally, the Exchange believes that FLEX IBIT options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-traded contracts should develop more liquidity. Second, counterparty credit risk would be mitigated by the fact that the exchange-traded contracts are issued and guaranteed by The Options Clearing Corporation (“OCC”). Finally, the price discovery and dissemination provided by the Exchange and its participant organizations would lead to more transparent markets. The Exchange believes that its ability to offer FLEX IBIT options would aid it in competing with the OTC market and at the same time expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

The Exchange has analyzed its capacity and represents that it and The Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of FLEX IBIT options. The Exchange believes any additional traffic that would be generated from the trading of FLEX IBIT options would be manageable. The Exchange believes Participants will not have a capacity issue as a result of this proposed rule change. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on the capacity of the Exchange’s automated systems.

The Exchange represents that the same surveillance procedures applicable to the Exchange’s other options products listed and traded on the Exchange, including non-FLEX IBIT options, will apply to FLEX IBIT options, and that it has the necessary systems capacity to support such options. FLEX options products (and their respective symbols) are integrated into the Exchange’s existing surveillance system architecture and are thus subject to the relevant surveillance processes.¹⁰ 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.¹¹ The Exchange would review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for non-FLEX IBIT options, or equity options in general, more susceptible to manipulative practices.

¹⁰ BOX FLEX trading occurs on the Trading Floor, in an open outcry environment. Surveillance staff monitors FLEX trading in open outcry.

¹¹ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, phishing).

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in IBIT (as well as FLEX IBIT) on the Exchange. 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. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities. In addition, the Exchange has a regulatory services agreement with the Financial Industry Regulatory Authority (“FINRA”), pursuant to which FINRA conducts certain surveillances on behalf of the Exchange. Further, pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.¹² The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of IBIT options.

The proposed rule change is designed to allow investors seeking to trade options on IBIT to utilize FLEX IBIT options. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to Participants’ evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange believes that introducing FLEX IBIT

¹² 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. 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.

options would further broaden the base of investors that use FLEX Equity Options (and options on IBIT in general) to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market to the Exchange, which, it believes, will enhance the process of price discovery conducted on the Exchange through increased order flow.

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”),¹³ in general, and Section 6(b)(5) of the Act,¹⁴ 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. Specifically, the Exchange believes that introducing FLEX IBIT options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk. The proposed rule change is designed to allow investors seeking to trade options on IBIT to utilize FLEX IBIT options.

The Exchange believes that the proposal to permit FLEX IBIT options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX IBIT options will benefit investors by providing them with an additional,

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

relatively lower cost investing tool to gain exposure to the price of bitcoin and provide a hedging vehicle to meet their investment needs in connection with a bitcoin-related product. Moreover, the proposal would broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. By trading a product in an exchange-traded environment (that is currently being used in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading to the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that offering FLEX IBIT options may open up the market for options on IBIT to more retail investors. Additionally, offering FLEX IBIT options would serve two primary client types in the capital markets by permitting ETF and structured return issuers to more precisely tailor their settlement style and allow other investors to align their contract durations for calls and puts, as well as settlement-style.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX IBIT options. Further,

the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently used in the OTC market.

The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to evolving needs in the market by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for equity options more susceptible to manipulative practices.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in FLEX IBIT options. Regarding the proposed FLEX IBIT options, the Exchange would use the same surveillance procedures currently utilized for FLEX Equity Options listed on the Exchange (as well as for non-FLEX IBIT options). The Exchange would review activity in the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. In light of surveillance measures related to both options and IBIT (the underlying ETF),¹⁵ 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 FLEX IBIT options.

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

¹⁵ 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)).

competitive response to a filing submitted by Nasdaq PHLX that was recently approved by the Commission.¹⁶

The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as all market participants would have the option of utilizing the FLEX IBIT options. The proposed rule change is designed to allow investors seeking option exposure to bitcoin to trade FLEX IBIT options. Moreover, the Exchange believes that the proposal to permit FLEX IBIT options would broaden the base of investors that use FLEX Equity Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options.

The Exchange does not believe that its proposed rule change will impose any burden on intermarket competition as all market participants would have the option of utilizing the FLEX IBIT options. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues. The proposed rule change would support that intermarket competition by allowing the Exchange to offer additional functionality to Participants. The Exchange believes that the proposed FLEX IBIT options will increase the variety of options products available for trading in general and bitcoin-related products in particular and, as such, will provide a valuable tool for investors to manage risk.

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

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

¹⁶ See supra note 3.

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

Pursuant to Section 19(b)(3)(A) of the Act¹⁷ and Rule 19b-4(f)(6)¹⁸ 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 Exchange has requested that the Commission waive the 30-day operative delay period. The Exchange stated that waiver of the operative delay is consistent with the protection of investors and the public interest because it will ensure fair competition among the exchanges by allowing the Exchange to offer FLEX trading on IBIT options, without delay, to investors seeking a customized option.

The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest because the proposal does not raise any novel regulatory issues and waiver will allow the Exchange to offer FLEX trading on IBIT options, without delay, to investors seeking a customized option. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposed rule change to be operative upon filing.¹⁹

¹⁷ 15 U.S.C. 78s(b)(3)(A).

¹⁸ 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 Exchange has satisfied this requirement.

¹⁹ 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).

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-BOX-2025-29 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-2025-29. 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 filing 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-2025-29 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.²⁰

Sherry R. Haywood,

Assistant Secretary.

²⁰ 17 CFR 200.30-3(a)(12), (59).