SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106928; File No. SR-24X-2026-33]

Self-Regulatory Organizations; 24X National Exchange LLC; Notice of Filing of a Proposed Rule Change to Adopt Rules to Govern the Trading of Options on the Exchange

November 18, 2026.

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 6, 2026, 24X National Exchange LLC ("24X" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 adopt rules to govern the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on the Exchange (referred to herein as "24X Options Exchange" or "24X Options"). The proposed rule change is available on the Exchange's website at https://equities.24exchange.com/regulation and at the principal office of the Exchange.

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

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those 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 parts of such statements.

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

1. Purpose

The Exchange is proposing to adopt a series of rules in connection with the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on 24X Options, which will be a facility of the Exchange. 24X Options will operate an electronic trading system developed to trade options (the "System"). The Exchange will operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, with a comprehensive suite of conventional order types and functionality that is designed to provide for an efficient, robust, and transparent order matching process. The proposed functionality for 24X Options is substantially similar to that offered by other options exchanges. Thus, the Exchange proposes to adopt rules applicable to 24X Options that are substantively identical or substantially similar to the approved options rules of MEMX, except for the rules related to binary KPI options which are substantively identical or substantially similar to the approved rules of Cboe Exchange, Inc. ("Cboe") for binary KPI options.

The System will provide for the electronic display and execution of orders in price/time priority without regard to the status of the entities that are entering orders. All Exchange Members will be eligible to participate in 24X Options provided that the Exchange specifically authorizes them to trade in the System. The System will provide a routing service via unaffiliated routing broker-dealers for orders when trading interest is not present on 24X Options

and will comply with all applicable securities laws and regulations and the obligations of the Options Order Protection and Locked/Crossed Market Plan.

24X Options Members

Pursuant to the proposed rules in Chapter 17 (Participation on 24X Options), the Exchange will authorize any Exchange Member that meets certain enumerated qualification requirements (any such Member, an "Options Member") and any Options Member's Sponsored Participants to obtain access to, and transact business on, 24X Options.

There will be two types of Options Members—Options Order Entry Firms ("OEFs") and Options Market Makers.[3] OEFs will be those Options Members representing Customer Orders as agent on 24X Options or trading as principal on 24X Options. Options Market Makers will be those Options Members registered with the Exchange as Options Market Makers pursuant to proposed Rule 22.2. To become an Options Market Maker, an Options Member will be required to register by filing a written application.[4] The Exchange will not place any limit on the number of entities that may become Options Market Makers, the number of appointments an Options Market Maker may have, or the number of Options Market Makers that may have appointments in a class unless the Exchange determines to impose any such limit based on system constraints, capacity restrictions, or other factors relevant to protecting the integrity of the System.[5] The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the Commission for its review and approval.[6]

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3 As set forth in proposed Rule 22.8, no Options Member may make transactions on 24X Options unless a Letter of Guarantee has been issued for such Member by a Clearing Member and such Letter of Guarantee has been filed with the Exchange and remains in effect. Proposed Rule 22.8 is substantively identical to MEMX Rule 22.8.

4 See Proposed Rule 22.2(a).

5 See Proposed Rules 22.2(c) and 22.3(c).

6 See Proposed Rule 22.2(c).

As set forth in proposed Rule 22.6, Options Market Makers will be required to electronically engage in a course of dealing reasonably calculated to contribute to the maintenance of fair and orderly markets. Among other things, an Options Market Maker would generally have to satisfy the following responsibilities and duties during trading: (1) on a daily basis maintain a two-sided market on a continuous basis in at least 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Options Market Maker's appointed classes are open for trading, excluding any adjusted series, any intraday add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days;[7] (2) enter a size of at least one contract for its best bid and its best offer;[8] and (3) maintain minimum net capital in accordance with Commission and Exchange rules.[9] Substantial or continued failure by an Options Market Maker to meet any of its obligations and duties will subject the Options Market Maker to disciplinary action, suspension, or revocation of the Options Market Maker's registration as such or its appointment in one or more of its appointed options classes.[10] The quoting obligations of Options Market Makers set forth in proposed Rule 22.6 are substantively identical to MEMX Rule 22.6.

Options Market Makers would also be required to (1) identify all accounts related to their market making activities to the Exchange; [11] (2) report to the Exchange upon request all orders in

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7 See Proposed Rule 22.6(c)-(d). The Exchange notes that it also proposes to adopt provisions that exclude from the calculation of continuous quoting those times that an Options Market Maker is experiencing a technical failure or limitation, during a trading halt, suspension or pause in the underlying security, or when the underlying security is in a limit up-limit down state. See Proposed Rule 22.6(d)(2)-(3).

8 See Proposed Rule 22.6(b).

9 See Proposed Rule 22.9.

10 See Proposed Rule 22.5(c).

11 See Proposed Rule 22.7(a).

securities underlying options traded on the Exchange or securities convertible into or exchangeable for such underlying security;[12] and (3) comply with certain joint account restrictions.[13] The foregoing requirements are set forth in proposed Rule 22.7, which is substantively identical to MEMX Rule 22.7.

Options Market Makers receive certain benefits for carrying out their duties. For example, a lender may extend credit to a broker-dealer without regard to the restrictions in Regulation T of the Board of Governors of the Federal Reserve System if the credit is to be used to finance the broker-dealer's activities as a specialist or market maker on a national securities exchange. Thus, an Options Market Maker has a corresponding obligation to hold itself out as willing to buy and sell options for its own account on a regular or continuous basis to justify this favorable treatment.

Every Options Member shall at all times maintain membership in another registered options exchange that is not registered solely under Section 6(g) of the Exchange Act[14] or in FINRA. OEFs that transact business with Public Customers must at all times be members of FINRA. Pursuant to proposed Rule 17.2(g), every Options Member will be required to have at least one registered Options Principal who satisfies the criteria of that rule, including the satisfaction of a proper qualification examination. An OEF may only transact business with Public Customers if such Options Member also is an Options Member of another registered national securities exchange or association with which the Exchange has entered into an

12 See Proposed Rule 22.7(b).

13 See Proposed Rule 22.7(c).

14 15 U.S.C. 78f(g).

agreement under Rule 17d-2 under the Exchange Act[15] pursuant to which such other exchange or association shall be the designated options examining authority for the OEF.

The proposed rules relating to qualification and participation on 24X Options as an Options Member (including as an OEF and an Options Market Maker) are substantively identical to the relevant rules of MEMX Options.[16]

As provided in proposed Rule 16.2, existing Exchange Rules applicable to the 24X equities market contained in Chapters 1 through 15 of the Exchange Rules will apply to Options Members unless a specific Exchange Rule applicable to the 24X Options market (proposed Chapters 16 through 30 of the Exchange Rules) governs or unless the context otherwise requires. Options Members can therefore provide sponsored access to the 24X Options Exchange to a non-Member (i.e., a Sponsored Participant) pursuant to Rule 11.3 of the Exchange Rules.

Definitions

The Exchange proposes to define a series of terms under proposed Rule 16.1 (Definitions), which are to be used in proposed Chapters 16 to 30 relating to the trading of options contracts on the Exchange (unless the context otherwise requires). Each of the terms defined in proposed Rule 16.1 is either identical or substantially similar to definitions included in MEMX Rule 16.1.[17]

- **24X Exchange and Exchange.** The terms "24X Exchange" and "Exchange" mean 24X National Exchange LLC.

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15 17 CFR 240.17d-2.

16 See MEMX Rules, Chapters 17 and 22.

17 The Exchange notes that it is not currently proposing the term "index options" as set forth MEMX Rule 16.1, nor the references to complex options as set forth in paragraphs (a) and (c) of Interpretation .01 of MEMX Rule 16.1.

- **24X Exchange Rules and Exchange Rules.** The terms "24X Exchange Rules" and "Exchange Rules" mean the rules of the Exchange, including those for equities and options.
- **24X Options.** The term "24X Options" means the 24X National Exchange LLC Options Market, an options trading facility of the Exchange under Section 3(a)(2) of the Exchange Act.
- **24X Options Book.** The term "24X Options Book" means the electronic book of options orders maintained by the Trading System.
- **24X Options Transaction.** The term "24X Options Transaction" means a transaction involving an options contract that is effected on or through 24X Options or its facilities or systems.
- **ABBO.** The term "ABBO" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in proposed Rule 27.1) and calculated by the Exchange based on market information the Exchange receives from OPRA.
- **Aggregate Exercise Price.** The term "aggregate exercise price" means the exercise price of an options contract multiplied by the number of units of the underlying security covered by the options contract.
- **American-Style Option.** The term "American-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised at any time from its commencement time until its expiration.
- **Associated Person and Person Associated with an Options Member.** The terms "associated person" and "person associated with an Options Member" mean any partner,

officer, director, or branch manager of an Options Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with an Options Member or any employee of an Options Member.

- **Bid.** The term "bid" means a limit order to buy one or more options contracts.
- **Board.** The term "Board" means the Board of Directors of 24X National Exchange LLC.
- **Call.** The term "call" means an options contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of shares of the underlying security covered by the options contract.
- **Capacity.** The term "Capacity" means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. The Capacity codes available on 24X Options will be listed in publicly available specifications and published in a Regulatory Circular.
- **Class of Options.** The terms "class" or "class of options" mean all options contracts with the same unit of trading covering the same underlying security or index.
- **Clearing Corporation and OCC.** The terms "Clearing Corporation" and "OCC" mean The Options Clearing Corporation.
- **Clearing Member.** The term "Clearing Member" means an Options Member that is self-clearing or an Options Member that clears 24X Options Transactions for other Members of 24X Options.
- **Closing Purchase Transaction.** The term "closing purchase transaction" means a 24X Options Transaction that reduces or eliminates a short position in an options contract.

- **Closing Writing Transaction.** The term "closing writing transaction" means a 24X Options Transaction that reduces or eliminates a long position in an options contract.
- **Covered Short Position.** The term "covered short position" means (i) an options position where the obligation of the writer of a call option is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Rules 610(f) or 610(g), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or less than the exercise price of the options contract in such short position; and (ii) an options position where the writer of a put option holds in the same account as the short position, on a share-for-share basis, a long position in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or greater than the exercise price of the options contract in such short position.
- **Customer.** The term "Customer" means a Public Customer or a broker-dealer.
- **Customer Order.** The term "Customer Order" means an agency order for the account of a Customer.
- **Discretion.** The term "discretion" means the authority of a broker or dealer to determine for a Customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.
- **European-Style Option.** The term "European-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for

exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

- **Exchange Act.** The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or Rules thereunder.
- **Exercise Price.** The term "exercise price" means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an options contract.
- **He, Him, and His.** The terms "he," "him" and "his" are deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.
- **Individual Equity Option.** The term "individual equity option" means an options contract which is an option on an equity security.
- **Long Position.** The term "long position" means a person's interest as the holder of one or more options contracts.
- **NBB, NBO, and NBBO.** The term "NBB" means the national best bid, the term "NBO" means the national best offer, and the term "NBBO" means the national best bid or offer as calculated by 24X Options based on market information received by 24X Options from OPRA.
- **Offer.** The term "offer" means a limit order to sell one or more options contracts.
- **Opening Purchase Transaction.** The term "opening purchase transaction" means a 24X Options Transaction that creates or increases a long position in an options contract.
- **Opening Writing Transaction.** The term "opening writing transaction" means a 24X Options Transaction that creates or increases a short position in an options contract.
- **OPRA.** The term "OPRA" means the Options Price Reporting Authority.

- **Options Contracts.** The term "options contract" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.
- **Options Market Close and Market Close.** The terms "options market close" and "market close' mean the time the Exchange specifies for the end of a trading session on the Exchange on that trading day.
- **Options Market Maker and Market Maker.** The terms "Options Market Maker" and "Market Maker" mean an Options Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in proposed Chapter 22.
- **Options Market Open and Market Open.** The terms "options market open" and "market open" mean the time the Exchange specifies for the beginning of a trading session on the Exchange on that trading day.
- **Options Member.** The term "Options Member" means a firm, or organization that is registered with the Exchange pursuant to proposed Chapter 17 for purposes of participating in options trading on 24X Options as an "Options Order Entry Firm" or "Options Market Maker."
- **Options Member Agreement.** The term "Options Member Agreement" means the agreement to be executed by Options Members to qualify to participate on 24X Options.
- **Options Order Entry Firm, Order Entry Firm, and OEF.** The terms "Options Order Entry Firm" and "Order Entry Firm" or "OEF" mean those Options Members representing as agent Customer Orders on 24X Options and those non-Market-Maker Members conducting proprietary trading.

- **Options Principal.** The term "Options Principal" means a person engaged in the management and supervision of the Options Member's business pertaining to options contracts that has responsibility for the overall oversight of the Options Member's options related activities on the Exchange.
- **Order.** The term "order" means a firm commitment to buy or sell options contracts as defined in proposed Rule 21.1(c).
- **Outstanding.** The term "outstanding" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.
- **Primary Market.** The term "primary market" means, in the case of securities listed on Nasdaq Stock Market, LLC ("Nasdaq"), the market that is identified as the listing market pursuant to Section X(d) of the approved national market system plan governing the trading of Nasdaq-listed securities, and, in the case of securities listed on another national securities exchange, the market that is identified as the listing market pursuant to Section XI of the Consolidated Tape Association Plan.
- **Priority Customer and Priority Customer Order.** The term "Priority Customer" means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term "Priority Customer Order" means an order for the account of a Priority Customer.
- **Professional.** The term "Professional" means any person or entity that (A) is not a broker or dealer in securities; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members. Orders for any

customer that had an average of more than 390 orders per day during any calendar month must be represented as Professional orders for the next calendar month. Options Members will be required to conduct a monthly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar month.

- **Protected Quotation.** The term "Protected Quotation" has the meaning provided in proposed Rule 27.1.[18]
- **Public Customer.** The term "Public Customer" means a person that is not a broker or dealer in securities.
- **Put.** The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.
- **Quarterly Options Series.** The term "Quarterly Options Series" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and expires at the close of business on the last business day of a calendar quarter.

[18] As defined in proposed Rule 27.1(a)(20), the term "Protected Quotation" refers to a Protected Bid or Protected Offer, and the terms "Protected Bid" and "Protected Offer" refer to a Bid or Offer in an options series, respectively, that: (A) is disseminated pursuant to the OPRA Plan; and (B) is the highest priced Bid or lowest priced Offer, respectively, displayed by an Eligible Exchange.

- **Quote and Quotation.** The terms "quote" and "quotation" mean a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.
- **Responsible Person.** The term "Responsible Person" means a U.S.-based officer, director, or management-level employee of an Options Member, who is registered with the Exchange as an Options Principal, responsible for the direct supervision and control of associated persons of that Options Member.
- **Rules of 24X Options** The term "Rules of 24X Options" mean the rules contained in Chapters 16 to 30 of 24X Exchange Rules governing the trading of options on the Exchange.
- **Rules of the Clearing Corporation and Rules of the OCC.** The terms "Rules of the Clearing Corporation" and "Rules of the OCC" mean the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.
- **SEC and Commission.** The terms "SEC" and "Commission" mean the United States Securities and Exchange Commission.
- **Series of Options.** The terms "series" or "series of options" mean all options contracts of the same class that are the same type of options and have the same exercise price and expiration date.
- **Short Position.** The term "short position" means a person's interest as the writer of one or more options contracts.
- **Short Term Option Series.** The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is

opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

- **SRO.** The term "SRO" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.
- **Trading System and System.** The terms "Trading System" and "System" mean the automated trading system used by 24X Options for the trading of options contracts.
- **Type of Option.** The term "type of option" means the classification of an options contract as either a put or a call.
- **Uncovered.** The term "uncovered" means a short position in an options contract that is not covered.
- **Underlying Security.** The term "underlying security" means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.
- **User.** The term "User" means any Options Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3 (Access).

Execution System

The Exchange plans to implement an options System that will utilize state of the art technology, including with regard to customer connectivity, messaging protocols, quotation and execution engine, order router, data feeds, and network infrastructure. 24X Options will closely resemble the Exchange's equities market, as well as other options markets, such as MEMX, that offer true price/time priority across all participants rather than differentiating between participant/trading interest.

Like the Exchange's system for equities, as well as the MEMX market, all trading interest entered into the System will be automatically executable. Orders entered into the System will be displayed anonymously. Thus, the System will offer anonymous trading, however, options trades are not currently anonymous through settlement. Accordingly, as set forth in proposed Rule 21.10, aggregated and individual transaction reports produced by the System will indicate the details of a User's transactions, including the contra party's executing firm ID ("EFID"), capacity, and clearing firm account number.[19] The Exchange will become an exchange member of the Options Clearing Corporation ("OCC"). The System will be linked to OCC for the Exchange to transmit locked-in trades for clearance and settlement.

Hours of Operation. As stated in proposed Rule 21.2, the 24X Options System will begin accepting orders after 9:30 A.M. Eastern Time pursuant to the market opening procedures described in proposed Rule 21.7. Orders and bids and offers shall be open and available until 4:00 P.M. Eastern Time except for option contracts on Fund Shares, as defined in proposed Rule

[19] The Exchange shall also reveal a User's identity: (i) when a registered clearing agency ceases to act for a participant, or the User's clearing firm, and the registered clearing agency determines not to guarantee the settlement of the User's trades; and (ii) for regulatory purposes or to comply with an order of an arbitrator or court. See Proposed Rule 21.10. The Exchange notes that proposed Rule 21.10 is identical to MEMX Rule 21.10.

19.3(i), and option contracts on exchange-traded notes including Index-Linked Securities, as defined in proposed Rule 19.3(l). The proposed hours of operation of 24X Options are the same as MEMX Options, and the same as Cboe with regard to KPI binary options.

Units of Trading. As stated in proposed Rule 21.3, the unit of trading in each series of options traded on 24X Options will be the unit of trading established for that series by the OCC pursuant to the Rules of the OCC and the agreements of the Exchange with the OCC. The proposed determination of the unit of trading for a series of options traded on 24X Options is the same as on MEMX Options pursuant to MEMX Rule 21.3.

Meaning of Premium Quotes and Orders. As stated in proposed Rule 21.4, except with respect to certain special cases described in proposed Rule 21.4(b), orders shall be expressed in terms of dollars per unit of the underlying security. Proposed Rule 21.4 is substantively identical to MEMX Rule 21.4.

Minimum Quotation and Trading Increments. As stated in proposed Rule 21.5(a), the Exchange is proposing to apply the following quotation increments: (1) if the options series is trading at less than $3.00, five (5) cents; (2) if the options series is trading at $3.00 or higher, ten (10) cents; and (3) if the options series is trading pursuant to the Penny Interval Program one (1) cent if the options series is trading at less than $3.00, five (5) cents if the options series is trading at $3.00 or higher, unless for QQQ, SPY, or IWM where the minimum quoting increment will be one (1) cent for all series regardless of price. In addition, as stated in proposed Rule 21.5(b), the Exchange is proposing that the minimum trading increment for options contracts traded on 24X Options will be one (1) cent for all series. Such proposed minimum quotation and trading increments are the same as on MEMX Options pursuant to MEMX Rules 21.5(a) and (b).

Penny Interval Program. As set forth in proposed Rule 21.5(d), the Exchange is proposing to adopt a Penny Interval Program that is substantially similar to the penny programs of other exchanges, including MEMX Options pursuant to MEMX Rule 21.5(d), which includes minimum quoting requirements for option classes listed under the Penny Interval Program. However, eligibility for inclusion in the Penny Interval Program will be limited to those classes already operating under penny programs of other options exchanges at the time 24X Options is launched. The list of option classes included in the Penny Interval Program will be announced by the Exchange via circular distributed to Options Members and published by the Exchange on its website.

Order Types and Handling Instructions. Proposed Rule 21.1 describes the Order Types and Handling Instructions available on 24X Options. In doing so, paragraphs (a), (b), and (c) in proposed Rule 22.1 provide definitions of "System," "System Securities," and "Order" that are substantively identical to the definitions of such terms provided in MEMX Rule 22.1.

The System will make available to Users two Order Types (as defined in proposed Rule 21.1(d))—Limit Orders and Market Orders—as well as various other instructions and modifiers that can be appended to such orders. The characteristics and functionality of each Order Type is substantially similar to what is currently approved for use in the Exchange's equities trading facility or on other options exchanges, including MEMX Options, except where described below. 24X Options will support bulk messages for Options Market Makers as specified in the description of each Order Type or other instruction. Proposed Rule 21.1(d) includes the following details with respect to Limit Orders and Market Orders:

- **Limit Order.** Limit Orders are orders (including bulk messages) to buy or sell an option at a specified price or better. A Limit Order is marketable when, for a Limit Order to buy,

at the time it is entered into the System, the order is priced at the current inside offer or higher, or for a Limit Order to sell, at the time it is entered into the System, the order is priced at the current inside bid or lower.

- **Market Order.** Market Orders are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on 24X Options will be rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Bulk messages may not be Market Orders.

The System will also make available to Users several additional instructions that can be designated on an order ("Handling Instructions"). A Handling Instruction applied to a bulk message applies to each bid and offer within that bulk message. The Handling Instructions available on 24X Options are described in proposed Rule 21.1(e) and will include the following:

- **Book Only.** Book Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange. Users may designate bulk messages as Book Only as set forth in proposed Rule 21.1(l).
- **Post Only.** Post Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange except that the order will not remove liquidity from the 24X Options Book. The System cancels or rejects a bid (offer) designated as Post Only with a price that locks or crosses the Exchange's best offer (bid). A Market Order cannot be designated as Post Only. Users

may designate bulk messages as Post Only as set forth in proposed Rule 21.1(l).

- **Intermarket Sweep Order ("ISO").** ISOs are orders that shall have the meaning provided in proposed Rule 27.1, which relates to intermarket trading. Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Options Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to proposed Rule 21.9. A Market Order cannot be designated as an ISO. Users may not designate bulk messages as ISOs.

Time-in-Force Designations. Users entering orders into the System may designate such orders to remain in force and available for display and/or potential execution for varying periods of time. Unless cancelled earlier, once these time periods expire, the order (or the unexecuted portion thereof) is returned to the entering party. A Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the Exchange Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class or system basis. The Time-in-Force designations available on 24X Options are described in proposed Rule 21.1(g) and will include the following, both of which are set forth in MEMX Rule 21.1(g):

- **Immediate Or Cancel ("IOC").** IOC means, for an order so designated, an order that is to be executed in whole or in part as soon as such order is received. The portion not so executed immediately on the Exchange or another options exchange is cancelled and is not posted to the 24X Options Book. IOC orders that are not designated as Book Only

and that cannot be executed in accordance with proposed Rule 21.8 on the System when reaching the Exchange will be eligible for routing away pursuant to proposed Rule 21.9. Users may designate bulk messages as IOC.

- **Day.** Day means, for an order so designated, an order to buy or sell which, if not executed, expires at market close. Users may designate bulk messages as Day.

The Exchange notes that each of the proposed Time-in-Force designations available on 24X Options is identical to the same Time-in-Force designation available on MEMX Options.

Member Match Trade Prevention Modifiers. As with its equities market, the Exchange will allow Users to use certain Match Trade Prevention ("MTP") modifiers, which are described in proposed Rule 21.1(g). Any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same EFID, Exchange Member identifier, trading group identifier, or Exchange Sponsored Participant identifier. The Exchange will offer the following MTP modifiers: MTP Cancel Newest, described in proposed Rule 21.1(g)(1); MTP Cancel Oldest, described in proposed Rule 21.1(g)(2); and MTP Cancel Both, described in proposed Rule 21.1(g)(3). The Exchange notes that each of the proposed MTP modifiers available on 24X Options is identical to the same MTP modifier available on MEMX Options.

Re-Pricing Mechanism. Like other options exchanges, the Exchange proposes to offer a re-pricing mechanism to Users to comply with the order protection and trade through restrictions of the Options Order Protection and Locked/Crossed Market Plan.[20] This re-pricing mechanism,

[20] The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

described in proposed Rule 21.1(i), is referred to by the Exchange as Price Adjust and is identical to the Price Adjust mechanism offered by MEMX Options pursuant to MEMX Rule 21.1(i).

EFIDs. As proposed in Rule 21.1(j), the term "EFIDs" means Executing Firm IDs and shall refer to what the System uses to identify the User and the clearing number for the execution of orders and quotes submitted to the System with that EFID. A User may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to its Users. Each EFID corresponds to a single User and a single clearing number of a Clearing Member with the Clearing Corporation. A User may obtain multiple EFIDs, which may be for the same or different clearing numbers. A User is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a User submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote. The Exchange notes that its proposed Rule 21.1(j) is identical to MEMX Rule 21.1(j).

Ports and Bulk Messages. Proposed Rule 21.1(k) defines two types of ports: (1) a "physical port," which provides a physical connection to the System and may provide access to multiple logical ports; and (2) a "logical port" or "application session," which provides Users with the ability within the System to accomplish a specific function through a connection, such as order entry, data receipt, or access to information. The Exchange notes that each of the proposed types of ports available on 24X Options is identical to the same types of ports on MEMX Options.

Under proposed Rule 21.1(l), the term "bulk message" would mean a bid or offer included in a single electronic message a User submits with a Market Maker Capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number

of bids and offers (which number the Exchange will announce via Exchange notice and publicly available technical specifications). The System handles a bulk message in the same manner as it handles an order or quote, unless the Exchange Rules specify otherwise. Users may submit bulk messages through a logical port, subject to the following: bulk messages must contain a Time-in-Force of Day or IOC; a Market Maker with an appointment in a class must designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market Maker must designate a bulk message for that class as Post Only; the System cancels or rejects a Post Only bulk message bid (offer) with a price that locks or crosses the Exchange best offer (bid) or ABO (ABB); the System executes a Book Only bulk message bid (offer) that locks or crosses the ABO (ABB) against offers (bids) resting in the Book at prices the same as or better than the ABO (ABB) and then cancels the unexecuted portion of that bid (offer). Proposed Rule 21.1(l), regarding bulk messages, is substantively identical to MEMX Rule 21.1(l).

Cancel Back. The term "Cancel Back" is proposed to mean an instruction a User designates on an order (including bulk messages) to not be subject to the Price Adjust process pursuant to proposed Rule 21.1(i). The System cancels or rejects an order with a Cancel Back instruction (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of proposed Rule 27.3, or if the order cannot otherwise be executed or displayed in the Book at its limit price. The System executes a Book Only—Cancel Back order against resting orders. The proposed definition of Cancel Back in proposed Rule 21.1(m) is substantively identical to a Cancel Back Order defined in MEMX Rule 21.1(m)

Entry of Orders. As stated in proposed Rule 21.6, Users would be permitted to enter orders into the System subject to certain requirements and conditions set forth therein. The

conditions set forth in proposed Rules 21.6 would be substantively identical to MEMX Rule 21.6.

Market Opening Procedures. As stated in proposed Rule 21.7, the System shall open options for trading after the System's observation after 9:30 A.M. Eastern Time of both: (i) the first transaction on the primary listing market in the security underlying the option, and (ii) the Limit Up-Limit Down price bands applicable to the security underlying the option as disseminated by the applicable Securities Information Processor ("SIP"). Because the Exchange does not propose to adopt an opening cross or similar opening process, the opening trade that occurs on the Exchange will be a trade in the ordinary course of dealings on the Exchange. Accordingly, the System will ensure that the opening trade in an options series will not trade through a Protected Quotation at another options exchange, consistent with the general standard regarding trade throughs articulated in proposed Rule 21.6(e). The proposed market opening procedures are identical to the market opening procedures currently in effect on MEMX Options.[21] Additionally, the Exchange proposes that it may delay the commencement of trading in any class of options in the interests of a fair and orderly market. As stated in proposed Rule 21.6(c), orders received prior to the opening of the System will be cancelled. The Exchange believes that it is appropriate to commence operations on 24X Options with simplified procedures for when the System is open for trading because for a successful opening process to function, an exchange needs a critical mass of liquidity from market participants in order to price and execute opening transactions. In turn, as a new options exchange, 24X Options does not know the amount of preopening interest it will have, and it will have to gain market share in

[21] See Securities Exchange Act Release No. 102338 (Feb. 4, 2025), 90 FR 9266 (Feb. 10, 2025) (SR-MEMX-2025-01) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.7 Related to the Exchange's Opening Procedures on MEMX Options).

order to accumulate such interest. 24X Options will re-evaluate its opening procedures over time and may propose to add an opening process through a rule filing submitted to the Commission in the future.

Order Display/Matching System. The System will be based upon functionality currently approved for use in the Exchange's equities trading system. Specifically, the System will allow Users to enter Market Orders and priced Limit Orders to buy and Sell 24X Options listed options. All orders (including bulk messages) will be designated for display (price and size) on an anonymous basis by the Exchange.

Order Routing. The 24X Options Exchange will support orders that are designated to be routed to the NBBO as well as orders that will execute only within 24X Options. Orders that are designated to execute at the NBBO will be routed to other options markets to be executed when the Exchange is not at the NBBO consistent with the Options Order Protection and Locked/Crossed Market Plan. Subject to the exceptions contained in proposed Rule 27.2(b), the System will ensure that an order will not be executed at a price that trades through another options exchange. An order that is designated by an Options Member as routable will be routed in compliance with applicable trade-through restrictions. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. Bulk messages are not eligible for routing.

The proposed routing functionality for 24X Options is designed to operate much like the routing functionality for the Exchange's equities market, in that the Exchange offers a simple routing service to facilitate compliance with applicable regulations and does not currently offer other complex routing strategies. The Exchange notes that the proposed rules relating to the

routing of orders on 24X Options to away options markets are similar to the approved rules of MEMX Options.[22]

24X Options shall route orders in options via one or more routing brokers that are not affiliated with the Exchange ("Third-Party Routing Brokers"), which provide certain Routing Services to the Exchange, as defined in Rule 2.11. The function of the Third-Party Routing Brokers will be to route orders in options listed and open for trading on 24X Options to other options exchanges pursuant to the proposed rules of 24X Options solely on behalf of 24X Options, subject to the requirements set forth in proposed Rule 21.9(e)(1)-(7). Use of the Third-Party Routing Brokers' Routing Services to route orders to other market centers is optional. Parties that do not desire to use Third-Party Routing Brokers' Routing Services must designate orders as not available for routing.

In connection with the proposed rules regarding routing to away options exchanges, proposed Rule 21.9(f) provides that the Third-Party Routing Brokers providing the Routing Services have, pursuant to Rule 15c3-5 under the Act,[23] implemented certain tests designed to mitigate the financial and regulatory risks associated with providing the Exchange's Users with access to such away options exchanges. If an order or series of orders are deemed to be erroneous or duplicative, would cause the entering User's credit exposure to exceed a preset credit threshold, or are non-compliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3-5), the Third-Party Routing Brokers providing the Routing Services will reject such orders prior to routing and/or seek to cancel any orders that have been routed. This is consistent with the routing implementation of other options exchanges, and the Exchange notes

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22 See MEMX Rule 21.9.

23 17 CFR 240.15c3-5.

that proposed Rule 21.9(f) is substantively similar to MEMX Rule 21.9(f), provided that proposed Rule 21.9(f) deviates from MEMX Rule 21.9(f) in certain ways because the Exchange will route orders to other options exchanges via one or more unaffiliated routing brokers while MEMX Options routes orders to other options exchanges primarily via an affiliated routing broker, MEMX Execution Services LLC, and provides certain back-up routing services via unaffiliated routing brokers.

Order Priority. The System, like the Exchange's equities facility, shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Trading interest will be executed with the order clearly established as the first entered into the System at each price level having priority up to the number of contracts specified in the order. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. The Exchange notes that the proposed price/time priority and book processing is substantially similar to MEMX Options.

Data Dissemination. As set forth in proposed Rule 21.15, the System will include a proprietary data feed which will display without attribution to Users' orders on both the bid and offer side of the market for price levels then within 24X Options using the minimum price variation applicable to that security. Proposed Rule 21.15 is substantively identical to MEMX Rule 21.15.

Risk Controls. The Exchange also proposes to offer to all Users of 24X Options the ability to establish certain risk control parameters and limits that are intended to assist Users in managing their market risk. The proposed risk controls are set forth in proposed Rules 21.16 and

21.17 and are identical to those of MEMX Options described in MEMX Rules 21.16 and 21.17. The proposed risk controls are designed to offer Users protection from entering orders outside of certain size and price parameters, as well as certain standard or Exchange-established parameters based on order type and market conditions.

The Exchange proposes to offer a Risk Monitor Mechanism described in proposed Rule 21.16 that features passive risk counter functionality, which is similar to the risk monitor mechanism functionality offered by other options exchanges, including MEMX Options, as well as active risk counter functionality.

Under the proposed Risk Monitor Mechanism, Users may configure risk limits for various parameters, including number of contracts executed ("volume"), notional value of executions ("notional"), number of executions ("count"), number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day ("percentage"), and the number of times the limits on any of the foregoing parameters are reached ("risk trips"). The System will track each of the parameters within an underlying for an EFID ("underlying limit"), across all underlyings for an EFID ("EFID limit"), across all underlyings for a group of EFIDs ("EFID Group") ("EFID Group limit"), and/or across a customized group of orders designated by the User ("Custom Group Limit"), over a User-established time period ("interval") and on an absolute basis for a trading day ("absolute limits").

When the System determines that a specified parameter has reached the User-defined risk limit, depending on the User's instructions and the applicable limit that has been reached, the Risk Monitor Mechanism either: (1) cancels or rejects such User's orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the counting program resets; or (2) suspends all of a

User's resting orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the Exchange is instructed to reinstate such bids and offers. A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in proposed Rule 22.10 ("mass cancellation") or to suspend all resting bids and offers until the Exchange is instructed to reinstate such bids and offers ("mass suspension").

The proposed Risk Monitor Mechanism functionality described above is identical to the risk monitor mechanism offered on MEMX Options in that it provides for the System to track specified risk parameters across designated underlyings and/or order groups until the counting program is reset by the User (such functionality, the "passive risk counter"). In addition to the Risk Monitor Mechanism's passive risk counter functionality, which is identical to the Risk Monitor Mechanism functionality offered by MEMX Options in MEMX Rule 21.16, the Exchange also proposes to enable a User to optionally manage their risk limits actively using the Exchange's proposed active risk counter functionality within the Risk Monitor Mechanism. As proposed, for a User using the active risk counter, the System will increment the active risk counter associated with a defined parameter when such parameter increments, and the System will decrement the active risk counter upon positive confirmation from the User via an electronic instruction that the User has acknowledged a change in the active risk counter. A User would also be able to specify the value by which each parameter increments and decrements in the active risk counter. The proposed active risk counter therefore enables a User to interact with the Risk Monitor Mechanism dynamically such that the User may actively acknowledge executions and decrement the counting program by a specified amount as such executions occur (or at any

time), rather than waiting until a risk limit is reached or the User otherwise sends a specific instruction to the Exchange to completely reset the counting program.

The following examples illustrate the proposed behavior of the passive risk counter and the active risk counter within the Risk Monitor Mechanism. In each case, assume a User configures a risk limit of 10,000 contracts executed with respect to options contracts on underlying security ABC for a single EFID.

Passive Risk Counter

- The System executes User's order to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 2"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 2 to a total of 8,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 3"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 3 to a total of 11,000 executed options contracts on ABC for the User. As Transaction 3 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.

- The User then submits an electronic instruction to the System to reset the counting program, and the counting program is decremented to zero. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

Active Risk Counter

- The System executes a transaction to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 1. Upon the System's receipt of such instruction, the counting program decrements the active risk counter by 5,000 options contracts for Transaction 1 to a total of zero with respect to the number of executed options contracts on ABC for the User.
- The System then executes two separate transactions to purchase 3,000 call options on ABC per transaction ("Transaction 2" and "Transaction 3" respectively), and the User does not acknowledge a change in the active risk counter due to either of these executions. The System's counting program would increment 3,000 executed options contracts at the time of execution for each of Transaction 2 and Transaction 3, for a total of 6,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due Transaction 3, but not Transaction 2. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 3,000 executed options contracts for Transaction 3 to a total of 3,000 executed options contracts on ABC for the User.

- The User then executes a transaction to purchase 10,000 call options on ABC ("Transaction 4"). The System's counting program would increment an additional 10,000 executed options contracts for Transaction 4 to a total of 13,000 options contracts on ABC for the User. As Transaction 4 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 4. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 10,000 executed options contracts for Transaction 4 to a total of 3,000 executed options contracts on ABC for the User. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

In addition to the Risk Monitor Mechanism functionality described above, the Exchange also proposes to offer additional price protection mechanisms and risk controls that relate to certain standard or Exchange-established parameters based on order type and market conditions, which are described in proposed Rule 21.17. These additional price protection mechanisms and risk controls are substantively identical to those offered on MEMX Options pursuant to MEMX Rule 21.17.

One Second Exposure Period. Proposed Rule 22.11 would require Options Members to expose their customers' orders on the Exchange for at least one second under certain circumstances. During this one second exposure period, other Options Members will be able to

enter orders to trade against the exposed order. In adopting a one second order exposure period, the Exchange is proposing a requirement that is consistent with the rules of other options exchanges.[24] Thus, the exposure period will allow Options Members that are members of other options exchanges to comply with proposed Rule 22.11 without programming separate time parameters into their systems for order entry or compliance purposes. The Exchange believes that market participants are sufficiently automated that a one second exposure period allows an adequate time for market participants to electronically respond to an order. Also, it is possible that market participants might wait until the end of the exposure period, no matter how long, before responding. Thus, the Exchange believes that any longer than one second would not further the protection of investors or market participants, but rather, would potentially increase market risk to investors and other market participants by creating a longer period of time for the exposed order to be subject to market risk.

Options Order Protection and Locked/Crossed Market Plan Rules

The Exchange will participate in the Options Order Protection and Locked/Crossed Market Plan (the "Plan"), and therefore will be required to comply with the obligations of Participants under the Plan. The Exchange proposes to adopt rules relating to the Plan that are substantially similar to the rules in place on all of the options exchanges that are Participants to the Plan. The Plan essentially applies the Regulation NMS price-protection provisions to the options markets. Similar to Regulation NMS, the Plan requires the Plan Participants to adopt rules "reasonably designed to prevent Trade-Throughs", while exempting ISOs from that prohibition. The Plan's definition of an ISO is essentially the same as under Regulation NMS.

[24] See, e.g., BZX Rule 22.12; Cboe Rule 5.9; MIAX Options Rule 520(b); BOX Rule IM-7140-3; MEMX Rule 22.11.

The remaining exceptions to the trade-through prohibition, discussed more specifically below, either track those under Regulation NMS or correspond to unique aspects of the options market, or both.

The proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) conform to the requirements of the Plan. Proposed Rule 27.1 sets forth the defined terms for use under the Plan. Proposed Rule 27.2 prohibits trade-throughs and exempts ISOs from that prohibition. Proposed Rule 27.2 also contains additional exceptions to the trade-through prohibition that track the exceptions under Regulation NMS or correspond to unique aspects of the options market, or both.

Proposed Rule 27.3 sets forth the general prohibition against locking/crossing other eligible exchanges as well as certain enumerated exceptions that permit locked markets in limited circumstances; such exceptions have been approved by the Commission for inclusion in the rules of other options exchanges. Specifically, the exceptions to the general prohibition on locking and crossing occur when: (1) the locking or crossing quotation was displayed at a time when the Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment; (2) the locking or crossing quotation was displayed at a time when there is a Crossed Market; (3) the Options Member simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Bid or Protected Offer; or (4) with respect to a locking quotation, the order entered on the Exchange that will lock a Protected Bid or Protected Offer, is: (i) not a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer does not represent, in whole or in part, a Customer order; or (ii) a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer

does not represent, in whole or in part, a Customer order, and, on a case-by-case basis, the Customer specifically authorizes the Member to lock such Protected Bid or Protected Offer.

The Exchange notes that the proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) are identical to Rules 27.1 – 27.3 of MEMX Options.

Securities Traded on 24X Options

General Listing Standards. The Exchange proposes to adopt listing standards for options traded on 24X Options as described in Chapter 19 (Securities Traded on 24X Options), which are substantively identical to the approved rules of MEMX Options.[25] The Exchange will join the Options Listings Procedures Plan and will list and trade options already listed on other options exchanges. The Exchange will gradually phase-in its trading of options, beginning with a selection of actively traded options.

Conduct and Operational Rules for Options Members

The Exchange proposes to adopt rules for 24X Options that are substantively identical to the rules of MEMX Options regarding: business conduct as described in Chapter 18 (Business Conduct); the binding nature of transaction prices as described in proposed Rule 21.11 (Transaction Price Binding); clearing member give ups as described in proposed Rule 21.12 (Clearing Member Give Up); clearing of options transactions as described in proposed Rule 21.13 (Submission for Clearance); message traffic mitigation as described in proposed Rule 21.14 (Message Traffic Mitigation); exercises and deliveries as described in Chapter 23 (Exercises and Deliveries); records, reports and audits as described in Chapter 24 (Records, Reports and Audits); minor rule violations as described in Chapter 25 (Discipline and Summary

[25] See MEMX Rules, Chapter 19. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in MEMX Chapter 29.

Suspensions); doing business with the public as described in Chapter 26 (Doing Business With the Public); and margin as described in Chapter 28 (Margin Requirements).[26]

National Market System

24X Options will operate as a full and equal participant in the national market system for options trading established under Section 11A of the Exchange Act,[27] just as its equities market participates today. 24X Options will become a member of the Options Price Reporting Authority ("OPRA"), the Options Linkage Authority ("OLA"), the Options Regulatory Surveillance Authority ("ORSA"), and the Options Listing Procedures Plan ("OLPP"). The Exchange expects to participate in those plans on the same terms currently applicable to current members of those plans. The Exchange will be contacting the leadership of each options-related national market system plan to begin the membership process.

Regulation

The Exchange will leverage many of the structures it established to operate a national securities exchange in compliance with Section 6 of the Exchange Act.[28] As described in more detail below, there will be three elements of that regulation: (1) the Exchange will join the existing options industry agreements pursuant to Section 17(d) of the Exchange Act prior to commencing operations,[29] as it did with respect to equities; (2) the Exchange's Regulatory Services Agreement with FINRA will be amended as necessary prior to commencing operations and will govern many aspects of the regulation and discipline of Members that participate in

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26 See MEMX Rules, Chapters 18, 21, 23, 24, 25, 26 and 28. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in in MEMX Options Rules. See references to index options in Chapters 16, 18, 19, 20, 21, 23, 25 and 29 of MEMX Options Rules.

27 15 U.S.C. 78k-1.

28 15 U.S.C. 78f.

29 15 U.S.C. 78q(d).

options trading, just as it does for equities regulation; and (3) the Exchange will perform options listing regulation, as well as authorize Options Members to trade on 24X Options, and conduct surveillance of options trading as it does today for equities. Section 17(d) of the Exchange Act and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Under Exchange Act Rule 17d-1,[30] the SEC designates one SRO to be the Designated Examining Authority, or DEA, for each broker-dealer that is a member of more than one SRO. The DEA is responsible for the financial aspects of that broker-dealer's regulatory oversight. Because 24X Options Members also must be members of at least one other SRO, the Exchange would generally not be designated as the DEA for any of its members.

Exchange Act Rule 17d-2[31] permits SROs to file with the Commission plans under which the SROs allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with specified provisions of the Exchange Act and rules thereunder and SRO rules by, firms that are members of more than one SRO ("common members"). If such a plan is declared effective by the Commission, an SRO that is a party to the plan is relieved of regulatory responsibility as to any common member for whom responsibility is allocated under the plan to another SRO.

All of the options exchanges, FINRA, and NYSE have entered into the Options Sales Practices Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options. Under this Agreement, the examining SROs will examine firms that are common members of the Exchange and the

30 17 CFR 240.17d-1.

31 17 CFR 240.17d-2.

particular examining SRO for compliance with certain provisions of the Exchange Act, certain of the rules and regulations adopted thereunder, certain examining SRO rules, and certain proposed 24X Options rules. In addition, the proposed 24X Options rules contemplate participation in this Agreement by requiring that any Options Member also be a member of at least one of the examining SROs. The Exchange and FINRA are also party to a bilateral Rule 17d-2 agreement that requires minor modifications due to the proposed launch of 24X Options. The Exchange intends to modify and seek Commission approval of the modified bilateral Rule 17d-2 agreement prior to commencing of operations for 24X Options. Additionally, all of the options exchanges and FINRA have entered into the Options-Related Market Surveillance Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options.

For those regulatory responsibilities that fall outside the scope of any Rule 17d-2 agreements, the Exchange will retain full regulatory responsibility under the Exchange Act. However, the Exchange has entered into a Regulatory Services Agreement with FINRA, pursuant to which FINRA personnel operate as agents for the Exchange in performing certain of these functions. The Exchange and FINRA will continue to operate under the Regulatory Services Agreement that is currently in place but with modifications as necessary to accommodate the expanded scope of the relationship. The necessary modifications will be implemented prior to the commencement of operations of 24X Options. As is the case with the Exchange's equities market, the Exchange will supervise FINRA and continue to bear ultimate regulatory responsibility for the 24X Options Exchange.

Consistent with the Exchange's existing regulatory structure, the Exchange's Chief Regulatory Officer shall have general supervision of the regulatory operations of 24X Options,

including responsibility for overseeing the surveillance, examination, and enforcement functions and for administering all regulatory services agreements applicable to 24X Options. Similarly, the Exchange's existing Regulatory Oversight Committee will be responsible for overseeing the adequacy and effectiveness of Exchange's regulatory and self-regulatory organization responsibilities, including those applicable to 24X Options.

Finally, as it does with equities, the Exchange will perform automated surveillance of trading on 24X Options for the purpose of maintaining a fair and orderly market at all times. As it does with its equities trading, the Exchange will monitor 24X Options to identify unusual trading patterns and determine whether particular trading activity requires further regulatory investigation by FINRA.

In addition, the Exchange will oversee the process for determining and implementing trade halts, identifying and responding to unusual market conditions, and administering the Exchange's process for identifying and remediating "obvious errors" by and among its Options Members. The proposed rules in Chapter 20 (Regulation of Trading on 24X Options) regarding halts, unusual market conditions, extraordinary market volatility, obvious errors, audit trail, and rules regarding prohibited and permissible transfers of options positions off the Exchange are substantively identical to the approved rules of MEMX Options.[32] In addition, the Exchange is not proposing to adopt language in Chapter 20 of the MEMX Rules related to index options.

Minor Rule Violation Plan

The Exchange's disciplinary rules, including Exchange Rules applicable to "minor rule violations," are set forth in Chapter 8 of the Exchange's current Rules. Such disciplinary rules will apply to Options Members and their associated persons.

[32] See MEMX Rules, Chapter 20.

The Commission approved the Exchange's Minor Rule Violation Plan ("MRVP") in 2025.[33] The Exchange's MRVP specifies those uncontested minor rule violations with sanctions not exceeding $2,500 that would not be subject to the provisions of Rule 19d-1(c)(1) under the Act[34] requiring that an SRO promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.[35] The Exchange's MRVP includes the policies and procedures included in Exchange Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and in Exchange Rule 8.15, Interpretations and Policy .01.

The Exchange proposes to amend its MRVP and Exchange Rule 8.15, Interpretation and Policy .01 to include proposed Rule 25.3 (Penalty for Minor Rule Violations).[36] The rules included in proposed Rule 25.3 as appropriate for disposition under the Exchange's MRVP are: (a) position limit and exercise limit violations; (b) violations regarding the failure to accurately report position and account information; (c) Market Maker quoting obligations; (d) violations regarding expiring exercise declarations; (e) violations relating to the failure to respond to the Exchange's requests for the submission of trade data; and (f) violations relating to noncompliance with the Consolidated Audit Trail Compliance Rule requirements. The rules

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33 See Securities Exchange Act Rel. No. 103837 (Sept. 3, 2025), 90 FR 43255 (Sept. 8, 2025) (Order Declaring Effective a Minor Rule Violation Plan).

34 17 CFR 240.19d-1(c)(1).

35 The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Rel. No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission will not be considered "final" for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding $2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

36 In its proposal to adopt the MRVP, the Exchange requested that, going forward, to the extent that there are any changes to the rules applicable to the Exchange's MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange's MRVP.

included in proposed Rule 25.3 are the same as the rules included in the MRVPs of other options exchanges.[37]

Upon implementation of this proposal, the Exchange will include the enumerated options trading rule violations in the Exchange's standard quarterly report of actions taken on minor rule violations under the MRVP. The quarterly report includes: the Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the fine imposed, the number of times the rule violation has occurred, and the date of disposition. The Exchange's MRVP, as proposed to be amended, is consistent with Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the exchange.[38] In addition, because amended Rule 8.15 will offer procedural rights to a person sanctioned for a violation listed in proposed Rule 25.3, the Exchange will provide a fair procedure for the disciplining of members and associated persons, consistent with Section 6(b)(7) of the Act.[39]

This proposal to include the rules listed in proposed Rule 25.3 in the Exchange's MRVP is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,[40] because it should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of the particular violation. In requesting the proposed change to the MRVP, the Exchange in no

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37 See, e.g., BZX Rules, Chapter XXV; MEMX Rules, Chapter 25. The Exchange is not proposing language in MEMX Rule 25.3 related to index options.

38 15 U.S.C. 78f(b)(1), 78f(b)(5) and 78f(b)(6).

39 15 U.S.C. 78f(b)(7).

40 17 CFR 240.19d-1(c)(2).

way minimizes the importance of compliance with Exchange Rules and all other rules subject to the imposition of fines under the MRVP. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Exchange will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires a formal disciplinary action.

Section 36 Exemption Request

The Exchange proposes to incorporate by reference as 24X Options rules certain rules of the Cboe, the New York Stock Exchange ("NYSE"), and FINRA. Specifically, 24X Options Rule 26.16 proposes to incorporate by reference the applicable rules of FINRA with respect to Communications with Public Customers; and 24X Options Rule 28.3 proposes to incorporate by reference initial and maintenance margin requirements of either Cboe or NYSE. Thus, for certain 24X Options rules, Exchange members will comply with a 24X Options rule by complying with the Cboe, NYSE, or FINRA rule referenced. Using its authority under Section 36 of the Act, the Commission has previously exempted certain SROs from the requirement to file proposed rule changes under Section 19(b) of the Act when incorporating another SRO's rules by reference.[41] Each such exempt SRO has agreed to be governed by the incorporated rules, as amended from time to time, but, has not been required to file a separate proposed rule change with the Commission each time the SRO whose rules are incorporated by reference seeks to modify its

41 See, e.g., Securities Exchange Act Release No. 49260 (Feb. 17, 2004), 69 FR 8500 (Feb. 24, 2004). See also Securities Exchange Act Release Nos. 57478 (Mar. 12, 2008), 73 FR 14521, 14539-40 (Mar. 18, 2008); 53128 (Jan. 13, 2006), 71 FR 3550, 3565-66 (Jan. 23, 2006), 85 FR 27451, 27463 (May 8, 2020).

rules. In addition, each SRO incorporated by reference only regulatory rules (e.g., margin, suitability, arbitration), not trading rules, and incorporated by reference whole categories of rules (i.e., did not "cherry-pick" certain individual rules within a category). Last, each exempt SRO had reasonable procedures in place to provide written notice to its members each time a change is proposed to the incorporated rules of another SRO in order to provide its members with notice of a proposed rule change that affects their interests, so that they would have an opportunity to comment on it.

In connection with this proposal, the Exchange respectfully requests, pursuant to Rule 0-12 under the Act,[42] an exemption under Section 36 of the Act from the rule filing requirements of Section 19(b) of the Act for changes to those 24X Options rules that are effected solely by virtue of a change to a cross-referenced Cboe, NYSE, or FINRA rule. The Exchange proposes to incorporate by reference categories of rules (rather than individual rules within a category) that are not trading rules. The Exchange also agrees to provide written notice to Options Members prior to the launch of 24X Options of the specific Cboe, NYSE, and FINRA rules that it will incorporate by reference. In addition, the Exchange will notify Options Members whenever Cboe, NYSE, or FINRA proposes a change to a cross-referenced Cboe, NYSE, or FINRA rule.[43] For the foregoing reasons, the Exchange believes that its request for exemptive relief is consistent with prior requests for, and provision of, similar exemptive relief.

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42 17 CFR 240.0-12.

43 The Exchange will provide such notice through a posting on the same website location where the Exchange will post its own rule filings pursuant to Rule 19b-4(l) under Act, within the time frame required by that rule. The website posting will include a link to the location on the Cboe, NYSE, or FINRA website where the proposed rule change is posted.

Amendments to Existing Exchange Rules

In addition to the rules of 24X Options proposed above, the Exchange proposes to amend certain of its existing Exchange Rules that currently apply to the Exchange's equities market in order to reflect the Exchange's proposed operation of 24X Options.

First, the Exchange proposes to amend paragraph (d) of Interpretations and Policies .01 to Rule 2.5 (Restrictions), which generally requires each Member to register at least two Principals with the Exchange subject to certain exceptions described therein, to provide that such paragraph (d) shall not apply to a Member that solely conducts business on the Exchange as an Options Member, however, Options Members must comply with the registration requirements set forth in proposed Rule 17.2(g). The Exchange notes that proposed Rule 17.2(g), which provides that every Options Member shall have at least one Options Principal and sets forth the Exchange's Options Principal registration requirements, is identical to MEMX Rule 17.2(g). In connection with this proposed change, the Exchange also proposes to amend paragraph (i) of Interpretations and Policies .01 to Rule 2.5 to include Options Principal as a registration category and to set forth the Exchange's qualification requirements for an Options Principal, which are the same as those for an Options Principal on MEMX Options.

Second, the Exchange proposes to amend Interpretations and Policies .01 of Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules), which contains the list of Exchange Rule violations and recommended fine schedule pursuant to Rule 8.15, to include a new paragraph (i) referencing proposed Rule 25.3 for the recommended fines for minor rule violations of the Exchange Rules applicable to 24X Options, which the Exchange notes are the same as those of MEMX Options.

Binary KPI Options

The Exchange proposes to amend its Rules to permit the listing of binary options overlying KPIs reported by certain issuers of stock ("binary KPI options"). The Exchange proposes to adopt Chapter 30 (Binary KPI Options) to describe binary KPI options. The Exchange's proposal is substantively identical to Cboe Exchange, Inc.'s ("Cboe) recently approved rules which permit the listing of binary options that overlie KPIs.[44]

Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except the payout of a binary option is an amount contingent upon the occurrence of the option being in- or at-the-money rather than the degree to which the option is in-the-money. As a result, payout at expiration of a binary option is an all-or-nothing occurrence.

Similar to the Cboe's approved rules regarding binary KPI options, the Exchange proposes to amend its Rules to permit the listing of binary KPI options. Binary KPI options are European-style, cash-settled options contracts listed on an underlying KPI of an issuer whose exercise settlement value is determined not by the market price of the issuer's stock, but by whether a specific financial or operating metric reported by the issuer in an earnings-related filing submitted to the U.S. Securities and Exchange Commission (the "Commission") meets or exceeds a pre-specified strike level.

Proposed Rule 30.1. – Applicability, Definitions. The Exchange proposes to adopt Rule 30.1 (Applicability, Definitions) to describe the applicability of the rules in proposed Chapter 30 and to define terms used in proposed Chapter 30.

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44 See Securities Exchange Act Rel. No. 106659 (Oct. 13, 2026), 91 Fed. Reg. 65854 (Oct. 16, 2026) ("Cboe KPI Approval Order").

Paragraph (a) of proposed Rule 30.1 states that the rules in proposed Chapter 30 apply only to binary KPI options. All other rules apply to the trading of binary KPI options, except as otherwise provided or the context otherwise requires.[45]

Like other standardized options, binary KPI options have standardized terms that are established by the Exchange. Standardized terms for binary KPI options include the exercise criteria that is the condition or criteria of a binary KPI option, the exercise settlement amount (i.e., payout amount), strike prices, expiration dates, settlement type as A.M.-settlement or P.M.-settlement, the settlement style (as European), and the requirements used to determine if the KPI condition or criteria of a binary KPI option has been met (the "payout determination requirement"). The Exchange proposes to define terms related to binary KPI options in proposed Rule 30.1.

The Exchange proposes to define a "binary KPI option" in proposed Rule 30.1(b)(1) as a cash-settled option contract listed on an underlying KPI of an issuer with an exercise settlement amount that is established at the creation of the option and with a settlement value that is determined by whether a specific KPI disclosed by the issuer in an earnings-related filing submitted to the Commission meets or exceeds its exercise price. Binary KPI options are paid out if the reported value of the applicable KPI (1) equals or is greater than the exercise price for a call binary KPI option or (2) is less than the exercise price for a put binary KPI option. Proposed Rule 30.1(b)(1) also would provide that unless the context dictates otherwise, the terms

[45] Paragraph (a) of proposed Rule 30.1 is the same as the introductory language to Cboe Chapter 4, Section I.

underlying security, equity, or index, or any variations of these terms, in the Rules mean KPI for purposes of binary KPI options.[46]

The Exchange proposes to define a "call binary KPI option" in proposed Rule 30.1(b)(2) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is at or above the exercise price at expiration (i.e., in- or at-the money).[47]

The Exchange proposes to define the term "Clearing Corporation" in proposed Rule 30.1(b)(3) to mean the registered clearing agency designated by the Exchange to clear binary KPI options.[48]

The Exchange proposes to define "exercise price" (also referred to as "strike price") in proposed Rule 30.1(b)(4) as the value[49] to which the settlement value of the underlying KPI is compared to determine whether the holder of a binary KPI option is entitled to the exercise settlement amount.[50] For binary KPI options, the exercise price is the exercise threshold of an option contract that establishes a number, value, or measure that is compared against the price of the settlement value of the underlying index or the KPI to determine if the cash payout amount (i.e., the exercise settlement amount) will be paid out. In other words, binary options will have a

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46 Paragraph (b)(1) of proposed Rule 30.1 contains the same language as the definition of "Binary KPI Option" in Cboe Rule 4.80 as well as the last clause regarding binary KPI options in the definition of "underlying security" in Cboe Rule 1.1.

47 Paragraph (b)(2) of proposed Rule 30.1 is the same as the definition of "call binary KPI option" in Cboe Rule 4.80.

48 The definition of Clearing Corporation reflects that the Exchange may designate the Options Clearing Corporation ("OCC") or another registered clearing agency to clear binary KPI options. References in this filing to the Clearing Corporation with regard to binary KPI options therefore are intended to be clearing agency-neutral. The proposed definition does not alter the requirement that clearing and settlement occur through a registered clearing agency subject to the applicable provisions of the Act and the rules and oversight applicable to that clearing agency. Upon designation of a clearing agency to clear binary KPI options, the Exchange will submit a separate rule filing to update Rules to reflect such designation.

49 The value of an exercise price is measured in the applicable units of the KPI. For example, some KPIs are measured in U.S. dollars while others may be measured in percentages or numbers.

50 Paragraph (b)(4) of proposed Rule 30.1 is the same as the definition of "exercise price" in Cboe Rule 4.80.

threshold number as the exercise price that will be used to determine if the exercise criteria of the binary option has been met and the option will be exercised (and if holders will receive the cash payout amount). For binary KPI options, the exercise threshold will be a number that reflects or is compared to the underlying KPI of the binary option.

The Exchange proposes to define the term "exercise settlement amount" for binary KPI options in proposed Rule 30.1(b)(5) to be $1 (unless otherwise adjusted pursuant to Rule 30.5 or modified pursuant to the Rules of the Clearing Corporation).[51]

The Exchange proposes to define the term KPI (or "key performance indicator") in proposed Rule 30.1(b)(6) as a key financial or operating metric disclosed by an issuer in its earnings-related filings submitted to the Commission (i.e., Form 8-K, Form 10-Q, or Form 10-K, as applicable).[52]

The Exchange proposes to define "put binary KPI option" in proposed Rule 30.1(b)(7) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is below the exercise price at expiration (i.e., in-the-money).[53]

The Exchange proposes to define "settlement value" in proposed Rule 30.1(b)(8) as the value of the underlying KPI that is used to determine whether a binary KPI option is in-, at-, or out-of-the-money. The proposed definition specifies that the "settlement value" is the value of the applicable KPI as disclosed in the applicable issuer's earnings-related filing submitted to, the Commission on applicable expiration date (for both A.M.-settled and P.M.-settled binary KPI

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51 Paragraph (b)(5) of proposed Rule 30.1 is the same as the definition of "exercise settlement amount" in Cboe Rule 4.80.

52 Paragraph (b)(6) of proposed Rule 30.1 is the same as the definition of "KPI" in Cboe Rule 4.80.

53 Paragraph (b)(7) of proposed Rule 30.1 is the same as the definition of "put binary KPI option" in Cboe Rule 4.80.

options).[54] Proposed paragraph (a) of the settlement value definition states the Exchange designates the applicable KPI and the relevant reporting period (for example, a calendar quarter) at the time of listing a binary KPI option series. Proposed paragraph (b) of the settlement value definition provides if the applicable KPI is not reported or otherwise unavailable on the expiration date, settlement will occur in accordance with the Rules of the Clearing Corporation. Additionally, proposed paragraph (c) of the settlement value definition states that, if an applicable KPI is restated after the expiration date and settlement of a binary KPI option, the settlement value (and the exercise settlement amount) of the binary KPI option does not change.[55] In other words, the value of the applicable KPI as reported by the issuer on the applicable expiration date is final, and the amount paid (or not paid) at settlement will not change, regardless of whether it is later restated by the issuer.

Proposed Rule 30.2 – Designation of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.2 (Designation of Binary KPI Option Contracts) to identify the binary KPI options that may be listed for trading on the Exchange. Pursuant to proposed Rule 30.2(a), the Exchange may from time to time approve for listing and trading on the Exchange any of the following binary KPI options contracts for the following issuers:[56]

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54 While the timing of an issuer's official disclosure informs whether the Exchange will establish a binary KPI option as A.M.-settled or P.M.-settled (as further discussed below), the Exchange will use the KPI value included in an issuer's report submitted to the Commission (and not the press release announcing earnings results, for example) as the settlement value. The Exchange understands, however, these values are generally the same.

55 Paragraph (b)(8) of proposed Rule 30.1 is the same as the definition of "settlement value" in Cboe Rule 4.80.

56 Proposed Rule 30.2(a) is the same as Cboe Rule 4.81(a).

Company	**KPI (each financial metric is measured in $ unless otherwise specified)**
Apple, Inc.	Earnings per share: diluted Total net sales Net sales by category: iPhone Net sales by category: Services Net sales by reportable segment: Americas Net sales by reportable segment: Greater China
Advanced Micro Devices, Inc.	GAAP Diluted earnings per share GAAP Revenue Net Revenue: Data Center Segment Net Revenue: Client and Gaming Segment GAAP Operating Margin (%)
Alphabet Inc.	Diluted net income per share Revenues YouTube ads Revenues Google Cloud Revenues
Amazon.com, Inc.	Diluted earnings per share Total Net sales AWS: Net sales North America: Net sales International: Net sales Net Sales: Advertising services
Bank of America Corporation	Diluted earnings per share Total Revenue, net of interest expense

	Net Interest Income Provision for credit losses Net Income
Citigroup Inc.	Diluted earnings per share Total Revenue, net of interest expense Net Interest Income Total Provision for credit losses Net Income
Coinbase Global, Inc.	Net income per share - Diluted Total Revenue Transaction Revenue Total Trading Volume Subscription and Services Revenue
Ford Motor Company	GAAP Earnings per share - Diluted Total Revenues Ford Pro Segment: Revenue Ford Model e Segment: Revenue Ford Blue Segment: Revenue
Intel Corporation	GAAP Earnings per share attributable to Intel - diluted Net revenue Revenue: Client Computing Group (CCG) Revenue: Data Center and AI (DCAI) Revenue: Intel Foundry GAAP operating margin (%)

JPMorgan Chase & Co.	Earnings per share - diluted Net revenue - reported Net Interest Income Provision for credit losses Net Income
Marathon Digital Holdings, Inc.	Earnings (Net loss) per share of common stock - diluted Revenues Number of Blocks Won (# Bitcoin (BTC)) Energized Hashrate (EH) (# EH/s) Total Bitcoin Holdings (# BTC) BTC Produced (# BTC) BTC Purchased (# BTC)
Meta Platforms, Inc.	Earnings per share: Diluted Revenue Family Daily Active People (DAP) (#) Revenue: Advertising Operating Margin (%)
Microsoft Corporation	Diluted Earnings per Share Revenue Intelligent Cloud: Revenue Microsoft Cloud revenue More Personal Computing: Revenue
Netflix, Inc.	Earnings per share: Diluted Revenues

	United States and Canada (UCAN): Revenue Europe, Middle East, and Africa (EMEA): Revenue Operating Margin (%)
NVIDIA Corporation	GAAP Diluted earnings per share Revenue Data Center Revenue Edge Computing Revenue Automotive Revenue
Palantir Technologies Inc.	Earnings per share attributable to common stockholders, diluted Revenue Net Income Closed Deals of at Least $1 Million (#)
Robinhood Markets, Inc.	Net income attributable to Robinhood common stockholders: Diluted Total net revenues Funded Customers (#) Average Revenue Per User (“ARPU”) Robinhood Gold Subscribers (#)
SoFi Technologies, Inc.	Earnings per share attributable to common stockholders – diluted Total net revenue Total net revenue – Technology Platform Total net revenue – Financial Services Total net revenue – Lending
Space Exploration	Earnings per share: Diluted

Technologies Corp	Total Revenues
Super Micro Computer, Inc.	Net income per common share: Diluted Net sales Gross Margin (%) Cash flow used in operations Net Income
Target Corporation	Diluted earnings per share Net sales Food & Beverage Net sales Apparel & Accessories Net sales Operating income: Rate (%)
Tesla, Inc.	Net Income per share of common stocks attributable to common stockholders: diluted Total Revenues Total Automotive Revenue Model 3/Y Production (#) Supercharger Connectors (#) Free Cash Flow
The Walt Disney Company	Diluted earnings per share Revenues Entertainment Subscription Video On Demand(SVOD) Operating Income Revenues: Experiences Segment operating income: Sports

The Exchange proposes to add Rule 30.2(b) to clarify that binary KPI options are a separate class from other options overlying the stock of the issuer and are a separate class from other binary KPI options with differently underlying KPIs for the same issuer.[57] The Exchange believes this is reasonable given that an individual KPI is the specific underlying of binary KPI options, and generally options with different underlyings (e.g., different underlying security or index) are different option classes.

Proposed Rule 30.3 – Terms of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.3 (Terms of Binary KPI Option Contracts) to describe the permissible terms of binary KPI option series. Proposed Rule 30.3 provides that binary KPI options listed and traded on the Exchange are designated as to expiration date, exercise price, settlement type, exercise style, exercise settlement amount, contract multiplier, and underlying KPI. After approving a particular binary KPI option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that binary KPI option class.[58]

Proposed Rule 30.3(a) provides that the Exchange may designate the settlement type for binary KPI options as A.M.-settled or P.M.-settled. Binary KPI options for issuers[59] that disclose their earnings results before the open of Regular Trading Hours on a given trading day are designated as A.M.-settled binary KPI options, and binary KPI options for issuers that disclose their earnings results after the close of Regular Trading Hours on a given trading day are

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57 Proposed Rule 30.2(b) is the same as Cboe Rule 4.81(b).

58 The introductory paragraph for proposed Rule 30.3 is the same as the introductory paragraph for Cboe Rule 4.82.

59 The Exchange determines whether an issuer discloses its earnings results before or after the close of Regular Trading Hours on a given trading day based on publicly available information regarding the issuer's disclosure practice. Proposed Rule 30.3(a).

designated as P.M.-settled binary KPI options. The Exchange believes the proposed description of A.M.-settlement and P.M.-settlement appropriately reflects the earnings disclosure practices of issuers, and are consistent with the binary KPI options described in the Cboe binary KPI options rules.[60]

Proposed Rule 30.3(a) further states that the exercise style of binary KPI options is European-style, which is consistent with the exercise style of the binary KPI options that Cboe's recently received approval to list.[61] A European-style option may only be exercised on its expiration date.

Proposed Rule 30.3(b) describes permissible expirations for binary KPI options.[62] Specifically, the proposed rule change will permit the Exchange to list series that expire on the date the issuer discloses its earnings results for the applicable reporting period (such as calendar quarter). The expiration date for a binary KPI option will be the date on which an issuer discloses the applicable KPI in its earnings results (for example, the date on which it issues an earnings results press release) for the specified reporting period (with the specific expiration date to be finalized when an issuer announces the date on which it will disclose its earnings results for that reporting period).[63] If that date is a Tuesday, Wednesday, Thursday, or Friday and the Exchange is not open for business on that date, the expiration date will be the first business day

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60 Proposed Rule 30.3(a) is the same as Cboe Rule 4.82(a).

61 See Cboe Rule 4.82(a).

62 Proposed Rule 30.3(b) is the same as Cboe Rule 4.82(b).

63 For example, for a binary KPI option series, the Exchange may designate the reporting period for a series to be the fourth quarter of 2026. The expiration date for that series would be the date on which the applicable issuer establishes as the date it will announce earnings results for that quarter. The Exchange will issue a notice when the specific expiration date for a binary KPI option is finalized. Additionally, the Exchange will maintain a reference data file for each issuer KPI on which the Exchange lists binary KPI options (as will be described in the Exchange's technical specifications available on its public website), and that reference data file will be updated with the specific expiration date for a binary KPI option once known.

immediately prior to that day. If that date is a Monday and the Exchange is not open for business on that date, the expiration date will be the first business day immediately following that Monday. The disclosed KPIs relate to a specific reporting period (such as a calendar quarter), which KPIs an issuer publicly announces on a date following the end of that reporting period.[64]

While an expiration date for a binary KPI option will be a specific date, as is the case for traditional options, the Exchange's proposed designation of expiration dates for binary KPI options will differ to reflect standard issuer disclosure practices. In some instances, an issuer might not establish the specific date on which it will announce its earnings results for a reporting period until weeks prior to the disclosure date. Consequently, unlike standard equity and index options that have an exact expiration date when strikes are first listed, a binary KPI option will be listed for trading with a placeholder expiration date if the date the KPI information will be disclosed by the issuer is not publicly known. If a placeholder expiration date is required, it will be set as the first trading day following the date of the deadline for the issuer's submission of its earnings-related filing for the reporting period applicable to the series. Once an issuer announces the disclosure date of the KPI information, the expiration date will be updated as the finalized expiration date of the option contract.[65] Ultimately, the expiration date for a binary KPI option is the issuer's earnings disclosure date, even if that date is unknown at the time the series is listed.

The Exchange may designate binary KPI option series to expire up to 12 months from the time they are listed and may list up to two expirations at one time for a binary KPI option (per

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64 While earnings results are often reported with respect to the time period covered by the issuer's earnings release, such as a calendar quarter, certain issuers may disclose results for different time periods. For example, it is possible in an earnings release for an issuer to announce a KPI that covers a calendar month rather than a calendar quarter.

65 Issuers have different practices as to when they disclose their earnings results (and when they announce their earnings disclosure dates); however, each issuer's practice is generally consistent and predictable.

KPI per issuer). The Exchange may open for trading a series of binary KPI options at least one business week prior to the expiration date of a binary KPI option.

Proposed Rule 30.3(c) describes the automatic exercise feature of binary KPI options. Specifically, the proposed rule states that binary KPI options will be automatically exercised at expiration if the settlement value of the underlying KPI is equal to or greater than the exercise price of a call binary KPI option or less than the exercise price in the case of a put binary KPI option.[66]

Proposed Rule 30.3(d) describes the permissible exercise prices (or strike prices) the Exchange may designate for series of binary KPI options.[67] Proposed Rule 30.3(d)(1) describes how the value of exercise prices of binary KPI options are measured. Specifically, the exercise price of each binary KPI option series will be fixed at an amount equal to an underlying KPI value divided by a scaling factor. Because the value of certain KPIs may be very large (e.g., billions of dollars), the Exchange proposes that the exercise value of the underlying KPI will be divided by a scaling factor based on the value of the KPI in the issuer's most recent earnings-related disclosure as of the time a binary KPI option class is listed) as follows:

- if the most recently disclosed KPI value is greater than or equal to one trillion, the exercise price equals that value divided by one trillion (e.g., for such KPIs, an exercise price of 27.00 is equivalent to a KPI value of 27,000,000,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one billion but less than one trillion, the exercise price equals that value divided by one billion (e.g., for

66 Proposed Rule 30.3(c) is the same as Cboe Rule 6.20(g)(2).

67 Proposed Rule 30.3(d) is the same as Cboe Rule 4.82(c).

such KPIs, an exercise price of 112.00 is equivalent to a KPI value of 112,000,000,000.00);

- if the most recently disclosed KPI value is greater than or equal to one million but less than one billion, the exercise price equals that value divided by one million (e.g., for such KPIs, an exercise price of 900.00 is equivalent to a KPI value of 900,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one thousand but less than one million, the exercise price equals that value divided by one thousand (e.g., for such KPIs, an exercise price of 42.00 is equivalent to a KPI value of 42,000.00); and
- if the most recently disclosed KPI value is less than one thousand, the exercise price equals that value and is not divided by a scaling factor (e.g., for such KPIs, an exercise price of 774.00 is equivalent to a KPI value of 774.00).[68]

The Exchange will apply a different scaling factor to binary KPI option series for a new expiration only after the value of the KPI in the issuer's earnings-related filing submitted to the Commission has a value in a different scaling tier for four consecutive reporting periods or if the Exchange deems it necessary in the interests of a fair and orderly market. Application of a different scaling factor will not affect the exercise prices of any series of the binary KPI options previously opened. For example, if the Exchange begins listing a new class of binary KPI options and the most recently disclosed KPI value for the issuer at the time of that listing was for the third quarter of 2026 and was $892,000, the exercise prices for that class of binary KPI

[68] When applying the scaling factor, the Exchange will not round the scaled KPI value and instead will truncate the value so the scaled strike price value fits within standard strike listing format.

options will be scaled by 1,000, and thus exercise prices of 895, 995, and 1005, would represent $895,000, $995,000, and $1,005,000, respectively. If the issuer discloses a KPI value of $1,020,000 in its fourth quarter 2026 earnings disclosure, the Exchange will continue to list exercise prices scaled by 1,000. If the issuer then discloses KPI values of $1,112,000, $1,237,000, and $1,064,000 for the first, second, and third quarters, respectively, of 2027, the Exchange will begin scaling the exercise prices by 1,000,000 for the fourth quarter 2027 expirations (or for the first quarter 2028 expirations if the Exchange had already listed fourth quarter 2027 expirations prior to the disclosure of the third quarter 2027 KPI value). The Exchange believes this will permit consistency for listing scaled KPI values while allowing the Exchange to update strike prices to reflect long-term changes to an issuer's KPI values.

The Exchange will announce if the scaling factor applied to a binary KPI options changes (for example, the KPIs will be scaled in billions rather than in millions). Additionally, the Exchange will update this information in the Exchange's technical specifications regarding binary KPI options and reference data file that describes the terms of binary KPI options, both of which will be available on the Exchange's website (customers receive notifications of such updates).[69]

It is possible for a KPI to have a negative value, such as earnings per share (which is equivalent to a loss per share). Proposed Rule 30.3(d)(1)(B) provides the Exchange may list binary KPI options series with exercise prices representing negative KPI values. For these series, the exercise price will equal the absolute value of the KPI and will be scaled as described above. For example, if an issuer's earnings per share in the last reporting period was $3.52 (and

[69] The binary KPI option contract specifications available on the Exchange's public website will set forth the scaling factor for each binary KPI option.

thus was a loss per share), a binary KPI option for such issuer with a strike of 3.58 will reflect an expected loss of $3.58 per share. The Exchange will incorporate into symbology for binary KPI options whether the value of the strike price is positive or negative, including if the Exchange lists binary KPI option series with both positive and negative strike prices. Whether a symbol reflects a positive or negative value will be available on contract specifications as well as the reference data file for the specific binary KPI option on the Exchange's public website.

Proposed Rule 30.3(d)(2) states that the minimum interval between strike prices for binary KPI options series is:

- where the strike price is less than 10;
- 0.10 where the strike price is 10 or greater but less than 100;
- 1.00 where the strike price is 100 or greater but less than 1,000;
- 10.00 where the strike price is 1,000 or greater but less than 10,000; and
- 100.00 where the strike price is 10,000 or greater.

As discussed above, while KPI values above 1,000 are generally scaled, there may be circumstances in which the Exchange lists strikes above 1,000 or even 10,000 given the Exchange's proposal to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters). This may occur when a KPI value is near the top of a scaling range; for continuity, the Exchange will continue listing strike prices using the lower scaling factor and not change to a higher scaling factor until the KPI value is regularly within that higher range (as noted above). Suppose a KPI value is 995,000,000; in this case, strike prices will be scaled by 1,000,000. Thus, the Exchange may list binary KPI options above and below 995 (995,000,000 divided by 1,000,000). However, it is realistic that the KPI may increase to above 1,000,000,000. As proposed, the Exchange may list strike prices,

for example, of 1,000 (representing 1,000,000,000) and above, for expirations until the KPI value is above 1,000,000,000 for four consecutive reporting periods. To reduce confusion, the Exchange would not scale strike prices using different scaling factors within a single expiration (and would not change the scale until the KPI value is consistently at the higher level). Therefore, it is possible the Exchange may list strikes greater than 1,000. Similarly, while strikes above 10,000 may be rare, given the Exchange proposes to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters, as proposed), depending on market factors and demand, it is possible (although unlikely) the Exchange may determine it is appropriate to list strikes above 10,000 if market factors or expectations signify a significant increase of the KPI value. The proposed strike intervals accommodate the listing of binary KPI options in these circumstances before the Exchange shifts the strike prices for an issuer's KPI to a different scaling level.

The proposed strike intervals are identical to the strike intervals applicable to the binary KPI options that Cboe's recently received approval to list.[70] Given the scaling factor for larger KPI values, it may appear the proposed rule change will permit smaller strike intervals for larger KPI values if those intervals are considered solely on a nominal basis. However, that is not the case if the actual values of the strike intervals are considered. The corresponding actual value of the strike interval for a strike price that was subject to a larger scale value is higher than the actual value of the strike interval for a strike price that was subject to a smaller scale value. For example, suppose a strike price of 950 represents $950 million. The proposed rule change would permit strike intervals of $1.00. However, that $1.00 corresponds to $1,000,000. In other words, if the Exchange listed strikes of 950, 951, and 952, the difference in values of those strikes are $1

70 See Cboe Rule 4.82(c)(2).

million, not $1 (i.e., the strikes represent values of $950,000,000, $951,000,000, and $952,000,000). Similarly, suppose a strike price of 3 represents $3,000,000,000. The proposed rule change would permit strike intervals of $0.01. However, in this case, that $0.01 corresponds to $10,000,000. If the Exchange listed strikes of 3.00, 3.01, and 3.02, the difference in values of those strikes are $10,000,000, not $0.01 (i.e., the strikes represent values of $3,000,000,000, $3,010,000,000, and $3,020,000,000, respectively). As a result, the permissible strike intervals for strike prices representing values in the billions are actually larger than the permissible strike intervals for strike prices representing values in the millions. This is consistent with the general premise underlying current strike intervals that larger strike intervals apply to larger strike values.

Proposed Rule 30.3(e) addresses bid and offer conventions for binary KPI options with multipliers other than 100.[71] Proposed Rule 30.3(e) provides that bids and offers for a binary KPI option with a multiplier other than 100 must be expressed in terms of dollars per 1/multiplier of the total value of the contract. For example, if a binary option has a multiplier of 1, an offer of "0.50" represents an offer of $0.50. It will provide clarity and consistency in market quotations relative to the notional size of the option, promotes investor understanding of the cost and value of binary KPI option contracts. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

Proposed Rule 30.3(f) describes the initial series of a binary KPI option the Exchange may open for trading.[72] Specifically, the Exchange may open for trading one or more binary KPI

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71 Proposed Rule 30.3(e) is the same as Cboe Rule 5.3(c)(3).

72 Proposed Rule 30.3(f) is the same as Cboe Rule 4.82(d).

option series with a fixed KPI value as the strike price (scaled as described above), with approximately the same number of strike prices being opened above and below the at-the-money KPI value (i.e., the value of the KPI in the issuer's most recent earnings-related disclosure) at the time the binary KPI options are opened. The "at-the-money" KPI value may be the value of the KPI in the issuer's most recent earnings-related filing submitted to the Commission, the issuer's disclosed estimate of the KPI for the next reporting period, or analysts' consensus estimate as reported by major market vendors, as the Exchange deems appropriate based on the most recent market information available to the Exchange. Because KPIs are static values, the Exchange believes it is appropriate to determine strike prices based on all available information that would inform expectations about the KPIs (as investors would do). The Exchange understands that an issuer's previously disclosed KPI, as well as issuer and analyst estimates of the KPI, are primary factors investors may consider when determining in which direction the KPI value may move in the next reporting period (similar to how investors consider the then-current price of an underlying stock when considering their options investment strategies and which direction the stock price may move). Therefore, the Exchange believes using the most recently available of these values is appropriate to use for determining which strikes it should list for a specific issuer KPI. The Exchange believes this flexibility to select the most appropriate at-the-money value is similar to current exchange rules that permit the listing of additional series to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially. The Exchange believes the proposed definition of at-the-money will allow the Exchange to list series with strike prices that are consistent with investor expectations and demands and that are based on information available in the market.

The Exchange will list strike prices for binary KPI option series that are reasonably close to the at-the-money KPI value at the time of listing. A strike is "reasonably close" to the at-the-money KPI value if (1) for KPIs less than or equal to 1, it is no more than 2;[73] (2) for KPIs greater than 1 and less than or equal to 10, it is no more than 100% above or below the at-the-money KPI value; and (3) for KPIs greater than 10, it is no more than 30% above or below the at-the money KPI value. The Exchange may also open binary KPI option series that are more than 30% above or below the at-the-money KPI value (if the KPI is greater than 10) provided demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers.

Per proposed Rule 30.3(g), the Exchange may add new series of binary KPI options when the Exchange deems it necessary to maintain a fair and orderly market or to meet customer demand, and the opening of a new series of binary KPI options on the Exchange will not affect any other series of options of the same binary KPI option class previously opened. This is consistent with Cboe's authority to add new series of binary KPI options.[74] The Exchange may list additional series using updated at-the-money KPI values, such as if the Exchange lists binary KPI options series for an expiration before the applicable issuer has disclosed the KPI value in a filing submitted to the Commission for the immediately preceding reporting period and that value is then disclosed in a filing submitted to the Commission or if the issuer or major market data vendors publish estimates of the KPI value. For example, before expiration of a binary KPI options series set to expire on the date of an issuer's disclosure of its third quarter earnings

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73 The Exchange believes this is appropriate given the potentially small values of certain KPIs. For example, suppose the second quarter earnings per share of a company were $0.04. In such a case, if strikes were limited to 100% above this value, the Exchange could only list strikes up to $0.08, which would provide investors with minimal investment options. Therefore, the Exchange believes this provision is appropriate to provide the Exchange with authority to list meaningful strikes for smaller-valued KPIs.

74 Proposed Rule 30.3(g) is the same as Cboe Rule 4.82(e).

results, the Exchange lists series of that binary KPI option to expire on the date of an issuer's disclosure of its fourth quarter earnings results (using the KPI from the second quarter earnings results as the at-the-money KPI value). After the issuer discloses its third quarter earnings results in a filing submitted to the Commission, including the applicable KPI, the Exchange may list additional series for the fourth quarter binary KPI options using the third quarter KPI result as the at-the-money KPI value. Suppose, further, that after the issuer discloses its third quarter earnings results, the issuer publishes an estimate of the fourth quarter KPI value. As investors may see this estimate (and possibly factor it into their investment decisions), the Exchange may determine it is appropriate to consider this estimate the "at-the-money" value and list additional strikes above and below this value. Any additional strike prices the Exchange lists will be reasonably close (as defined above) to the at-the-money KPI value at the time of listing.

Continuing the above example, suppose the Exchange lists binary KPI options for the fourth quarter before the binary KPI options for the third quarter have expired. As proposed, the Exchange would list strikes above and below the at-the-money strike, which at the time of listing would be the settlement value KPI from the issuer's second quarter earnings results disclosure (the most recently available KPI). If the KPI for the option was net sales, and the second quarter value was $45.093 billion, the at-the-money strike would be 45.10, and the Exchange could list strikes within 30% of that value, and additional series based on customer demand or market changes. After the Exchange lists those series, the issuer discloses its third quarter earnings results, including net sales of $57.241 billion. As proposed, after that disclosure, the Exchange may list additional strikes within 30% of $57.24 to reflect the change in value of the underlying (as well as additional series based on customer demand or market changes).

This proposed framework for listing and adding series is identical to recently approved framework for Cboe to list and add binary KPI options.

Proposed Rule 30.3(h) provides that the contract multiplier for each class of binary KPI options is one.[75]

Proposed Rule 30.4 – Determination of Settlement Value. The Exchange proposes to add new Rule 30.4 (Determination of Settlement Value) to establish that binary KPI options that are "at-the-money," "in-the money," or "out-of-the-money" are a function of the settlement value of the underlying KPI in relation to the type of binary KPI option (i.e., put or call) and the exercise price.[76] As described above, the settlement value for a binary KPI option is the value of the KPI for the applicable reporting period as disclosed in the applicable issuer's earnings-related filing submitted to the Commission. While the Exchange factors the timing of an issuer's disclosure of a KPI value into the determination of whether the Exchange lists a binary KPI option as A.M.-settled or P.M.-settled, the Exchange will source the settlement value from the earnings-related filing for the applicable reporting period that the issuer submits to the Commission. Generally, companies issue press releases that contain earnings results and near contemporaneously submit a Form 8-K to the Commission with the press release as an exhibit. Therefore, it is unlikely the value of the KPI in the Commission filing will differ from the value in the initial announcement; however, the value in the Commission filing will be the ultimate settlement value.

Proposed Rule 30.5 – Adjustment. Proposed Rule 30.5 (Adjustment) provides that binary KPI option contracts are subject to adjustment only in accordance with and to the extent

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75 Proposed Rule 30.3(h) is the same as Cboe Rule 4.82(f).

76 Proposed Rule 30.4 is the same as Cboe Rule 4.83.

specified in the Rules of the Clearing Corporation. When any such adjustment has been made pursuant to Rule 30.5 (and Rules of the Clearing Corporation), the Exchange will announce this adjustment, which will become effective as of the time specified in that announcement.[77]

As described above, binary KPI options would be cleared by the Clearing Corporation, which would serve as the central counterparty to each transaction and facilitate standardized clearing, settlement, and contract administration processes pursuant to its Rules. Consistent with this centralized clearing framework, proposed Rule 30.5 provides that binary KPI options would be subject to adjustment only in accordance with and to the extent specified in the Rules of the Clearing Corporation. When any such adjustment has been determined, the Exchange will announce this adjustment, which will become effective at the time specified in that announcement. The Exchange believes that limiting contract adjustments to those provided under the Rules of the Clearing Corporation provides a clear and transparent framework under which any adjustments to binary KPI options would be administered. A registered clearing agency designated to clear binary KPI options would be subject to Commission oversight and would possess expertise in the clearance and settlement of financial products. Because binary KPI options represent a novel product type, the Exchange anticipates that the Clearing Corporation would develop adjustment procedures designed to address the unique characteristics of these contracts and the types of events that may require adjustment. To the extent the Clearing Corporation adopts new adjustment procedures for binary KPI options, those procedures would be subject to the applicable regulatory process, including review and approval by the Commission, as applicable, before the Exchange commences trading in the product.

[77] Proposed Rule 30.5 is the same as Cboe Rule 4.84.

Proposed Rule 30.6 – Binary KPI Options Trading Hours. The Exchange proposes to add Rule 30.6 to describe the trading hours for binary KPI options.[78] As set forth in Proposed Rule 30.6, binary KPI options may be traded on the Exchange from 9:30 A.M. to 4:00 P.M.[79] Further, the last day of trading for P.M.-settled binary KPI options is the day of expiration, and the last day of trading for A.M.-settled binary KPI options is the trading day prior to expiration.

The Exchange recognizes it is possible, although unusual and unlikely, that KPI information may become available at unexpected times. Proposed Rule 30.6 addresses the impact on trading and expiration that such disclosure may have. First, proposed Rule 30.6(c) provides if the Exchange confirms an issuer discloses the KPI prior to the expiration date (i.e., the date on which the issuer had announced it would disclose its earnings results for the applicable reporting period), trading in the applicable binary KPI options series will cease, and the expiration date for the option accelerates to a date on or shortly after the date of that disclosure in accordance with the Rules of the Clearing Corporation. This may occur if, for example, the applicable issuer discloses the KPI information in advance of the expiration date of the option. If the issuer discloses KPI information after the expiration date, which may be the case if, for example, the issuer's disclosure of its earnings is delayed, trading in the option will not be impacted and will cease as of the expiration date. While the expiration date will not change, expiration and settlement processing of such options will be delayed until the KPI information becomes available, in accordance with the rules of the Clearing Corporation.

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78 Proposed Rule 30.6 is the same as Cboe Rule 5.1(b)(3)(F).

79 Unless otherwise specified, all times in this proposal are Eastern Time.

Additionally, proposed Rule 30.6(d) provides if there is an unofficial disclosure[80] of the KPI prior to the expiration date, the Exchange may determine to halt (and resume) trading in the applicable binary KPI options series in accordance with Rule 20.3. In certain circumstances, the expiration date for the option may accelerate in accordance with the rules of the Clearing Corporation rules; if this occurs, trading in the binary KPI will cease. This proposed provision addresses the unlikely event that KPI information becomes available through sources other than the issuer in advance of the expiration date. If the Exchange determines the KPI information reported from the unofficial source is unreliable, trading in the binary KPI option may resume until it expires.

Finally, proposed Rule 30.6(e) states that the System shall open binary KPI options for trading at 9:30 A.M. Eastern Time.[81]

Proposed Rule 30.7 – Position Limits for Binary KPI Options. The Exchange proposes to adopt Rule 30.7 (Position Limits for Binary KPI Options) to set forth position limit requirements for binary KPI options. Proposed Rule 30.7(a) would provide that, in determining compliance with Rule 18.7, the position limit for binary KPI options is 25,000 standard option contracts per expiration and 100 binary KPI option contracts equal one standard option contract.[82]

Per proposed Rule 30.7(b), positions in binary KPI options on the same KPI that have different expiration dates are not aggregated (as proposed position limits are calculated per

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80 Unofficial disclosure of a KPI may include, for example, an unsanctioned leak of the KPI or disclosure of the KPI by a source other than the issuer.

81 Proposed Rule 30.6(e) is similar to Cboe Rule 5.31(d)(1)(D). The proposed language, however, recognizes that 24X would not have an opening rotation like Cboe does.

82 Proposed Rule 30.7(a) is the same as Cboe Rule 8.36(a)(3).

expiration) and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated.[83]

The Exchange proposes to adopt Rule 30.7(c) to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer.[84] Finally, proposed Rule 30.7(d), provides a hedge exemption for Market Makers with respect to binary KPI options.[85] A binary KPI option short position coupled with a binary KPI option short call position held by a Market Maker, regardless of the KPI option strike price, shall be exempt from the established position limits as discussed above.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge

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83 Proposed Rule 30.7(b) is the same as Cboe Rule 8.36(b)(2).

84 Proposed Rule 30.7(c) is the same as Cboe Rule 8.36(c)(2).

85 Proposed Rule 30.7(d) is the same as Cboe Rule 8.36(e)(2).

exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

Proposed Rule 30.8 – Reporting of Positions. The Exchange also proposes to adopt Rule 30.8 (Reporting of Positions).[86] Positions in binary KPI options shall be reported pursuant to Rule 18.10, except, in computing reportable binary KPI options thereunder, aggregation of positions shall be in accordance with proposed Rule 30.7. Proposed Rule 30.8 further provides that, for purposes of this report, 100 binary KPI option contracts equal one standard option contract.

Proposed Rule 30.9 – Minimum Increment for Bids and Offers. The Exchange proposes to adopt Rule 30.9 to establish the minimum increment for bids and offers on orders for binary KPI options.[87] Proposed Rule 30.9 states that the minimum price variation for binary KPI options shall be established on a case-by-case basis by the Exchange and shall not be less than $0.01.

Proposed Rule 20.6 – Nullification and Adjustment of Options Contracts including Obvious Errors. In proposed interpretation .04 to Rule 20.6, the Exchange proposes to exclude binary KPI options from the obvious error provisions in Rule 20.6.[88]

Proposed Rule 21.17 – Additional Price Protection Mechanisms and Risk Controls. Proposed paragraph (h) of Proposed Rule 21.17 states that, in addition to the order and quote price protection mechanisms and risk controls described in this Rule, the Exchange may apply a maximum execution price protection for binary options on a class basis, pursuant to which the

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86 Proposed Rule 30.8 is based on Cboe Rule 8.43(f).

87 Proposed Rule 30.9 is the same as Cboe Rule 5.4(c)(1).

88 Proposed Interpretation .04 of Rule 20.6 is the same as Cboe Rule 6.5, Interpretation .01.

System adjusts any execution price for a binary option above the Exchange-designated maximum execution price for that class down to that maximum execution price.[89]

Application of Other Rules. Except as otherwise described above, all binary KPI options will be listed and traded on the Exchange in a substantially similar manner as standard equity options are proposed to be listed and traded on the Exchange. The Rules that will apply to the listing and trading of non-binary options on the Exchange, including those related to customer accounts, margin requirements and trading halt procedures,[90] which are designed to prevent fraudulent and manipulative acts and practices, will apply to the listing and trading of binary KPI options. The Exchange has analyzed its planned capacity and represents that it believes the Exchange will have the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary KPI options.

OPRA. The Exchange will send quotation and transaction price information for binary KPI options to The Options Price Reporting Authority ("OPRA") in the same manner it will send this information to OPRA for all other options the Exchange lists. Additionally, the Exchange understands from OPRA that it will disseminate information regarding binary KPI options in the same manner it does for all other options the Exchange lists. The Exchange intends to follow OPRA's standard capacity monitoring process for binary KPI options (in accordance with OPRA instructions), which includes submission of quarterly capacity projections (the Exchange will include its projected binary KPI option volume in the applicable submission). Further, the Exchange understands from OPRA that no technical changes are required to accommodate the

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89 Proposed paragraph (h) of Proposed Rule 21.17 is the same as Cboe Rule 5.34(d).

90 Binary KPI options will not be tied to the trading state of the underlying issuer stock and thus, trading in binary KPI options will not be affected by halts in the underlying issuer stock. The binary KPI options will halt in accordance with proposed Rule 20.3

reporting to OPRA of quotation and transaction information regarding binary KPI options (the Exchange represents, if later required by OPRA, it will adhere to any new technical requirements OPRA deems necessary to accommodate binary KPI options).[91]

Capacity. The Exchange does not believe Options Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary KPI options and the effect (if any) of binary KPI options on market fragmentation and the capacity of the Exchange's automated system.

Surveillance. The Exchange represents that the same surveillance procedures that will be applicable to all other options that will be listed and traded on the Exchange will apply to binary KPI options, and that it has the necessary systems capacity to support the option series. The Exchange's surveillance and reporting safeguards for options will be designed to deter and detect possible manipulative behavior and other improper trading. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority, Inc. ("FINRA") with regard to its equity trading; the Exchange intends to extend this agreement to cover options as well. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.[92] The Exchange intends to participate in this joint plan. The Exchange is also a member of the

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91 The Exchange understands OPRA may need to update how it disseminates open interest information for binary KPI options, as its current process incorporates information from OCC and references in this filing are clearing agency-neutral.

92 Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization ("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.

Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary KPI options.

CAT. The Exchange will report any information regarding binary KPI options required to be reported to the Consolidated Audit Trail ("CAT") in the same manner it reports this information to CAT for all other options the Exchange lists.[93] The Exchange represents, if later required by FINRA CAT, it will adhere to any new technical requirements FINRA CAT deems necessary to accommodate binary KPI options).

Linkage Plan. Pursuant to the Options Order Protection and Locked/Crossed Market Plan ("Linkage Plan"),[94] participant exchanges to the Linkage Plan established a framework to provide order protection. The Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage) applies during all trading sessions during which multiply listed options trade. Proposed Rule 27.2 addresses order routing away from the Exchange to promote compliance with the Linkage Plan. If the proposed binary KPI options become multiply listed options, Users may designate an order for routing (or not available for routing), and the Exchange System is designed to, at all times, prevent trade-throughs and avoid displaying

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93 CAT reporting requirements will apply to broker-dealers with respect to binary KPI options in the same manner as they apply to any other options the Exchange lists. The Exchange understands from the CAT Plan Processor that there will be no changes to the reporting specifications for broker-dealers to accommodate the reporting of information regarding binary KPI options to CAT.

94 The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

locked/crossed markets in accordance with the Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage).

Clearance. Upon launch, binary KPI options will clear through the Clearing Corporation as that term is defined in proposed Rule 30.1. In doing so, the proposal would bring these securities products within the established regulatory infrastructure applicable to listed options, including exchange trading and surveillance, standardized disclosure, and centralized clearance and settlement through a registered clearing agency, as further described below. Additionally, binary KPI options would be cleared through a registered clearing agency, which would serve as the central counterparty to each transaction and facilitate risk mitigation through established clearing, settlement, contract adjustment, and other standardized operational processes.

The Exchange represents it will not list for trading binary KPI options until the registered clearing agency designated as the Clearing Corporation is authorized and operationally ready to clear the options and until all applicable filings and documents of the Clearing Corporation related to binary KPI options being cleared through the Clearing Corporation are approved by the Commission or effective after review by the Commission, as applicable.

OLPP. The Options Listings Procedure Plan (the "OLPP") sets forth procedures to facilitate the listing and trading of standardized options. This plan currently describes procedures with respect to options issued by and cleared at the OCC. If the Exchange ultimately does not designate the OCC as the Clearing Corporation for the purposes of the definition set forth in proposed Rule 30.1, the Exchange will take steps necessary and within its authority to amend the OLPP to reflect listing procedures applicable to binary KPI Options to the extent not cleared by the OCC.

Standardized Options. As discussed in further detail below, the Exchange intends for binary KPI options to be treated as listed standardized options. Rule 9b-1 under the Act establishes a disclosure framework for standardized options pursuant to which investors receive a disclosure document describing the terms, characteristics, and risks of the product before trading. Depending on which registered clearing agency is designated as the Clearing Corporation, the applicable Rule 9b-1 disclosure document may be based on an existing options disclosure document utilized by that clearing agency, as modified or supplemented, as appropriate, or another comparable disclosure document prepared in connection with the clearance of binary KPI options. In either case, the disclosure document would contain substantially similar information regarding the terms, characteristics, risks, settlement mechanics, and other material features of binary KPI options and would be tailored, as necessary, to address the product's unique features and distinctions from traditional listed options. The Exchange believes that disclosure through the Rule 9b-1 framework would better serve the informational needs of investors than a traditional prospectus because binary KPI options are standardized options for which the principal investor considerations relate to the contract's terms, payout structure, settlement mechanics, and trading characteristics rather than the disclosure typically provided in connection with an offering of a corporate issuer's securities.

Conditions. The Exchange will not commence listing and trading of binary KPI options until a registered clearing agency is authorized and operationally ready to clear the contracts; the applicable disclosure document under Rule 9b-1 is in place; any necessary changes relating to CAT, FINRA, OPRA, the Linkage Plan, and OLPP have been completed; and the Exchange has issued an implementation notice to Members.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[95] in general, and furthers the objectives of Section 6(b)(5) of the Act[96] 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 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange proposes to operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, namely MEMX Options. As a result, the proposed rules of 24X Options are substantially similar to the approved rules of MEMX Options, Cboe, Nasdaq ISE Options, and Cboe EDGX, which have already been found to be consistent with the Exchange Act. Therefore, the Exchange does not believe that any of the proposed rules raise any new or novel issues that have not been previously considered by the Commission. The Exchange believes that 24X Options will benefit individual investors, options trading firms, and the options markets generally by providing an additional competitive dynamic to the options landscape, thereby promoting further initiative and innovation among market centers and market participants. The entry of an innovative, cost-competitive market such as 24X Options will promote competition, spurring existing exchanges to improve their own execution systems and reduce trading costs.

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95 15 U.S.C. 78f(b).

96 15 U.S.C. 78f(b)(5).

General

More broadly, the Exchange believes that the functionality that it proposes to offer is consistent with Section 6(b)(5) of the Act because the System is designed to be efficient and its operation transparent, thereby facilitating transactions in securities, removing impediments to and perfecting the mechanisms of a free and open national market system. As described above, the Exchange's proposed rules, including the proposed Order Types and Handling Instructions, opening procedures, routing services, and order matching process are designed to provide a comprehensive suite of conventional features and to comply with all applicable regulatory requirements, including the obligations of the Options Order Protection and Locked/Crossed Market Plan.

The Exchange believes that the proposed rules of 24X Options, as well as the proposed method of monitoring for compliance with and enforcing such rules is also consistent with the Exchange Act, particularly Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Exchange Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the Exchange. The Exchange has proposed to adopt rules necessary to regulate Options Members that are either substantively identical or substantially similar to the approved rules of other options exchanges, as described above. The Exchange proposes to regulate activity on 24X Options in the same way it regulates activity on its equities market, specifically through various Exchange-specific functions, an RSA with FINRA, as well as participation in industry plans, including plans pursuant to Rule 17d-2 under the Exchange Act.

Binary KPI Options

As an initial matter, the Exchange's proposal is identical to the recently approved proposal made by the Cboe to list binary KPI options.[97] Similar to Cboe, the Exchange believes that trading such instruments as binary KPI options would promote a fair and orderly market and facilitate new investment and hedging opportunities on a Commission-regulated exchange.

The Exchange believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest because it establishes a clear and transparent framework for a new category of listed options (binary KPI options) that are tied to financial and operating metrics of issuers that are publicly disclosed in reports submitted to the Commission. Currently, investors wishing to position their investment strategies around earnings disclosures must rely primarily on equity options, whose pricing is affected by a wide range of variables beyond the reported financial or operating measure of interest (e.g., implied volatility, delta, time value, and general market movement). Binary KPI options allow investors to take a targeted, defined-risk position directly on a specific financial or operating measure (i.e., a KPI) for a particular reporting period. The Exchange believes this additional investment tool will protect investors and the public interest because it will promote market efficiency, enable more precise price discovery around earnings events, allow investors to hedge against potential idiosyncratic risks, and remove a gap in current national securities exchange-listed products available to market participants.

The Exchange believes the proposed list of issuers and KPIs on which the Exchange may list binary KPI options will prevent fraudulent and manipulative acts and practices, remove

97 See Cboe Binary KPI Approval Order

impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. First, as noted above, the Exchange is proposing to list binary KPI contracts based on specific financial and operating metrics reported by the following issuers in their earnings-related disclosures submitted to the Commission: Apple, Inc.; Advanced Micro Devices, Inc.; Alphabet Inc.; Amazon.com, Inc.; Bank of America Corporation; Citigroup Inc.; Coinbase Global, Inc.; Ford Motor Company; Intel Corporation; JPMorgan Chase & Co.; Marathon Digital Holdings, Inc.; Meta Platforms, Inc.; Microsoft Corporation; Netflix, Inc.; NVIDIA Corporation; Palantir Technologies Inc.; SoFi Technologies, Inc.; Space Exploration Technologies Corp.; Super Micro Computer, Inc.; Target Corporation; Tesla, Inc.; and The Walt Disney Company. The Exchange believes offering investors an additional investment tool on a national securities exchange related to some of the most actively traded stocks and options will perfect the mechanism of a free and open market and benefit investors by allowing them to further refine their investment strategies, including using these options to hedge idiosyncratic, even-specific risk embedded in the specific KPIs (as further discussed below), for these actively traded companies.

The Exchange believes the proposed universe of issuers will prevent fraudulent and manipulative acts and practices, because the proposed issuers are large, well capitalized, and widely followed issuers with highly liquid underlying securities and options markets. As noted in its filing to amend its rules to permit the listing of binary KPI options,[98] Cboe noted that during May 2026, each of the issuers exceeded $3 billion in market capitalization and ranked among the top 200 U.S. companies by average daily options or stock volume, with the exception of Space Exploration Technologies Corp (commonly referred to as SpaceX), which had not been

[98] See Securities Exchange Act Rel. No. 105877 (July 10, 2026), 91 Fed. Reg. 43418 (July 15, 2026).

trading for a full calendar month but which the Exchange believes will satisfy these measures with its first month of trading results based on its volumes since it began trading.[99]

Securities with high market capitalizations and liquid markets are generally less susceptible to manipulation because of the substantial capital required to artificially influence prices of those securities. The depth and breadth of trading activity for securities with significant market capitalizations, such as the stocks of the proposed issuers, make it unlikely that a single market participant would be able to exert undue influence on the price of such a stock, as large volumes of buyers and sellers are what ultimately continuously reflect the true market value of the stock. The Exchange believes the KPIs of issuers with high market capitalizations proposed to underlie binary KPI options are similarly less susceptible to manipulation because any attempt to distort a financial metric of such an issuer would require an enormous and economically impractical deployment of capital, which would likely exceed the fixed payout of a binary KPI option. Therefore, like stocks of large-cap issuers, KPIs of large-cap issuers are less susceptible to manipulation due to the structural barriers that would make manipulating KPI values operationally difficult and financially irrational (in addition to the rigorous financial oversight to which these issuers are subject, as further discussed below).

In addition to the proposed issuers being highly capitalized and having actively traded stocks and options on such stocks, the Exchange also believes the proposed limited universe of issuers for binary KPI options to those proposed will prevent fraudulent and manipulative acts and practices because each issuer is subject to periodic reporting requirements under the Act. Therefore, each of the proposed issuers must file annual reports on Form 10-K, quarterly reports

[99] As noted by Cboe, the ADV of SpaceX stock between June 12 and June 22, 2026 was approximately 290,009,963 shares. The market capitalization of SpaceX as of June 22, 2026 was $2.145 trillion.

on Form 10-Q, and current reports on Form 8-K with the Commission, which as discussed above disclose information the issuer believes is necessary for an investor to understand its financial condition, changes in financial condition and results of operations, which can include KPIs. Further, each issuer maintains audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and is subject to executive certification requirements under the Sarbanes-Oxley Act. As a result, the settlement-determining KPI values for each eligible issuer are produced within the Commission's supervisory jurisdiction, are publicly verifiable from a Commission-regulated source and are subject to relevant anti-fraud provisions under the Act, which the Exchange believes will reduce the potential for manipulation of the underlying KPIs as well as the applicable issuer's stock.

Further, the Exchange believes the proposed limited universe of issuers will introduce binary KPI options in a well-developed, well-understood, and transparent Commission-regulated market environment. Each issuer is among the most widely followed, actively traded, and extensively analyzed issuer in its respective sector, with deep and liquid equity and derivatives markets and a broad institutional and retail investor base. The depth of existing market activity surrounding these issuers supports fair and orderly pricing by ensuring that binary KPI options are listed in markets where price discovery is well-established, liquidity is readily available, and participants have broad access to the information necessary to form and express informed views on KPI outcomes. The Exchange believes the continuous public scrutiny to which these issuers are subject substantially reduces the likelihood that any market participant could obtain or maintain an informational advantage sufficient to manipulate the settlement value of the binary KPI options.

The Exchange believes the proposed KPI metrics will similarly prevent fraudulent and manipulative acts and practices, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest. The Exchange's proposal limits eligible KPIs to GAAP and non-GAAP measures and other statistics related to an issuer's financial condition and operational results, all of which the proposed issuers disclose in their earnings-related filings (i.e., Forms 8-K, 10-Q, and 10-K) submitted to the Commission. As such, the settlement values of the proposed binary KPI options are derived exclusively from information that issuers deem as material information required to be disclosed in reports submitted to the Commission. These metrics are routinely referenced and tracked in the investment community and are figures that the market recognizes as a meaningful and central indicator of issuer performance. The Exchange believes that the inclusion of well-established metrics as eligible KPIs expands the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process.

The proposed KPI metrics are among the most widely followed and extensively analyzed measures for the proposed issuers. Specifically, the Exchange proposes to be able to list a binary KPI option on earnings per share (prepared in accordance with GAAP) for each proposed issuer. This metric is among the most widely followed and extensively analyzed figures in public company financial disclosure and is disclosed in each issuer's periodic Commission filings. Similarly, the Exchange proposes to list binary KPI options on revenue, prepared in accordance with the applicable GAAP, for each issuer. As is the case for earnings per share, revenue is a widely followed financial metric for publicly reporting companies and is the subject of extensive analyst coverage.

The Exchange proposes KPIs representing revenues broken out by applicable reportable segment, business unit, or product category, including cloud and artificial intelligence infrastructure revenues, streaming and geographic subscription revenues, automotive segment revenues, financial services segment revenues, consumer product category revenues, and digital asset exchange transaction and subscription revenues, among others, for several of the proposed issuers. Each such metric is a GAAP-defined figure required to be disclosed in the issuer's periodic Commission filings. The Exchange understands these metrics enable market participants to express views on specific high-profile business lines that are extensively covered by analysts and subject to a high volume of publicly available forecasts.

The Exchange proposes KPIs for the proposed financial institution issuers that are specific to financial institution income statement presentation, including net interest income, provision for credit losses, and net income. Each such metric reflects the distinct GAAP reporting framework applicable to banking institutions and is subject to the same periodic disclosures as other proposed KPIs.

The proposed rule change also includes operating margin, gross margin, or cash flow from operations KPIs for several issuers, each of which is computed directly from GAAP financial statement line items disclosed in the issuer's periodic Commission filings. These metrics provide market participants with insight into issuer profitability and capital generation and complement other revenue and earnings figures when market participants are evaluating the value of an issuer and its stock.

The Exchange also proposes several non-financial operational KPIs that issuers disclosed in their periodic Commission filings, including relevant production volumes, network and infrastructure counts, user engagement metrics, deal counts, digital asset trading volume, and

digital asset mining and holdings metrics. Each designated non-financial operational metric is closely tied to the core economic activity of the respective issuer's business and is a figure that the issuer has affirmatively chosen to disclose to the public as a key indicator of business performance. Issuers typically designate and disclose such metrics precisely because they are understood by the market to be among the most meaningful measures of their business activities. As discussed above, this is consistent with Commission guidance that an issuer should include KPIs in these report that the issuer believes an investor needs to gain understanding of its financial condition, changes in financial condition and results of operations, as such KPIs present the "pulse" of the issuer's business. The market significance of these metrics is further reflected in the extensive analyst coverage and investor attention, particularly near each reporting date. Each metric is subject to executive certification as part of the periodic report in which it appears and is widely tracked by financial data services and equity research analysts.

Overall, the Exchange believes that the proposed well-established, publicly reported metrics as eligible KPIs will expand the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process. As a result, the Exchange believes the proposed KPIs will protect investors and the public interest as it will permit the Exchange to offer investors additional investment and hedging tools on the Exchange that investors can incorporate into their investment strategies regarding the proposed issuers.

The Exchange believes the proposed contract terms for binary KPI options will promote just and equitable principles of trade, remove impediments to and perfect a free and open market and national market system, and protect investors. As discussed above, the Exchange believes the proposed contract terms for binary KPI options are standardized option terms. Like standard option contracts, each proposed binary KPI option will be a call or a put, will have an underlying

exercise price, an expiration date, a settlement type, a settlement style, and a multiplier. As is the case for binary index options, each proposed binary KPI option will have an exercise settlement amount paid depending on how the settlement value of the underlying compares to the exercise price.

The proposed binary KPI options will function identically to, and carry the same contractual terms as, the binary KPI options the Cboe has recently been approved to list. The proposed definitions of binary KPI option, call binary KPI option, exercise price, and put binary KPI option are the same as those terms employed by Cboe for its binary KPI options.

The proposed definition of settlement value for binary KPI options is identical to the definition applied by Cboe for binary KPI options. The Exchange believes the proposed $1 exercise settlement amount is reasonable given the retail nature of the proposed binary KPI options and merely adds specificity to the Rules for binary KPI options. The Exchange notes binary KPI options differ from standardized index options (which are also cash-settled) in that the exercise settlement amount is $1.00 rather than the cash difference amount between the settlement value of the index and the strike price of an option. Since the $1.00 exercise settlement amount will be paid out to the option holder if the criteria of the binary KPI option have been met, binary KPI options utilize a fixed exercise settlement amount.

The Exchange proposes new Rule 30.2 to list the specific binary KPI option contracts with the KPI criteria for each option contract. Such KPI criteria are established as the set of KPI events that will be used to determine whether an option contract will be exercised by comparing the strike price of the binary KPI option to the KPI value. The Exchange believes these proposed contracts (including the issuers and KPIs) are consistent with the Act for the reasons set forth above.

The Exchange believes the proposed expirations for binary KPI options will remove impediments to and perfect the mechanism of a free and open market and a national market system because they will align with the reporting periods for which the proposed issuers disclose earnings results and submit corresponding reports to the Commission. These expirations will, therefore, permit investors to incorporate binary KPI options into their investment strategies that correspond to issuers' earnings results. Further, as discussed above, the Exchange believes aligning expirations with Commission-regulated sources will reduce the potential for manipulation of the underlying KPIs, which will ultimately protect investors and the public interest.

The proposed rule establishes a strike regime for binary KPI options similar to that for traditional options. As is the case for traditional options and binary index options, the proposed rule change establishes permissible strike intervals, the amounts of which increase as the value of the strike increases. Additionally, the Exchange proposes to list initial and additional series pursuant to a similar framework as traditional equity options. The differences in the proposed strike regime compared to that of standard equity and index options are necessary and appropriate to reflect the static nature of KPIs (unlike underlying equities and indexes, the values of which change throughout the trading day) and the timing of their disclosure. As noted above, the Exchange intends to list binary KPI options aligned with the cadence of the KPI disclosures as their expiration cycle (generally quarterly). The Exchange intends to list for trading binary KPI options with expirations for the then-current reporting period (e.g., third quarter) as well as the following period (e.g., fourth quarter) prior to the expiration of the binary KPI options for the then-current reporting period.

As described above, the Exchange intends to list strikes for binary KPI options by listing strikes relative to the then-current value of the underlying KPI or publicly available estimates from the issuer or major market data vendors. The Exchange believes it is consistent with just and equitable principles of trade to permit the Exchange to list strikes based on all available information that would inform expectations about the KPIs (as investors would do), and then add strikes based on new or updated information, as it will allow the Exchange to list series with strikes consistent with investor expectations and demands. This will enable the Exchange to respond to changes in market conditions for binary KPI options, factoring in the static value of KPIs. Specifically, the Exchange believes this flexibility is appropriate for binary KPI options because the value of a KPI changes only when an issuer discloses that KPI, which generally happens every three months, unlike other underlyings, the value of which changes every trading day. This proposed strike listing regime for binary KPI options permits the Exchange to list strikes reflective of the then-current value of the underlying and in response to customer demand. It is possible the changed value of an underlying KPI in a more recent earnings disclosure or new or updated estimates may be more sudden and pronounced than changes in the value of an underlying equity or index (which are susceptible to sudden value changes); however, like the listing rules for equity and index options, the proposed rules permit the Exchange to list strikes to reflect changes in the value of the underlying, including substantial changes.

The Exchange believes the proposed scaling of strike prices is reasonable and will protect investors, as it will permit the Exchange to list strike values in amounts similar to current strike values for other options. As noted above, values of certain KPIs may be large (e.g., in the billions). The proposed scaling will permit the Exchange, for example, to list a strike of 27 rather than 27,000,000,000, which the Exchange believes will be simpler for investors to

understand (as it will be made clear that 27 will reflect billions in this example) and consistent with current strike levels. The proposed scaling also permits the strike prices for binary KPI options to fit within current system capabilities regarding strike price values. The Exchange believes scaling rather than modifying its systems (and potentially causing investors to modify their systems) will benefit investors by allowing them to trade binary KPI options in the same manner as they trade other options today.

The Exchange believes the proposed strike intervals promote just and equitable principles of trade because it will permit the Exchange to list commercially meaningful strikes that will permit investors to tailor their trading strategies with precision. The Exchange acknowledges the proposed strike intervals are smaller than those in exchange rules for other types of options. However, the Exchange believes the precision is appropriate and necessary given the nature of KPIs and the proposed options. The purpose of binary KPI options is to permit investors to take discrete and precise positions on KPIs. Therefore, the Exchange needs the ability to list strikes with the precision necessary to permit investors to take these positions. For example, earnings per share is generally a relatively small number (under $10). While strike intervals for other options are limited to $0.50 intervals, that would not be meaningful in the context of binary KPI options when investors are looking to take positions for a specific KPI, which will be measured in penny intervals. Therefore, the Exchange believes smaller strike intervals will benefit investors because they will allow the Exchange to list binary KPI options that will enable investors to use these options in the precise nature for which they are intended and provide sufficient flexibility for the Exchange to list series to respond to changes in market conditions and customer demand, while other rules will place bounds around the strikes the Exchange may

list. Further, as discussed above, the proposed strike intervals are consistent with the strike intervals used by Cboe for the binary KPI options it recently received approval to list.

The Exchange believes this proposed rule change clearly describes the proposed terms of binary KPI options, such as with respect to expirations (including the Exchange's announcement of the specific expiration date after binary KPI options series for that expiration are listed) and exercise prices (including the scaling factor, negative values, and potential changes to that scaling factor for a binary KPI option class) for all investors. As discussed above, these terms and changes to such terms will be described in Exchange notices, technical specifications (including binary KPI option reference data files), and contract specifications (all of which are posted on the Exchange's public website and thus available to all investors). Exchange Options Members and retail brokerage firms are highly sophisticated investors that intake information regarding other Exchange-listed options (including changes) in the same manner that the Exchange plans to release this information for binary KPI options. Therefore, the Exchange expects retail customers to have access to all relevant information regarding the terms of binary KPI options they choose to trade, including changes to expiration dates and exercise price values as announced by the Exchange.

Proposed Rule 30.3(e) specifies a multiplier of one for binary KPI options rather than require the Exchange to designate a multiplier of at least one as the rules for binary index options do. This proposed multiplier is consistent with the definition of contract multiplier applicable to the binary KPI options approved for listing on Cboe. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

The Exchange believes proposed Rule 30.6, which establishes trading hours for binary KPI options, is consistent with the Act, protects investors, and prevents fraudulent and manipulative practices. The Exchange believes the proposed structure ensures that trading in binary KPI options ceases before the earnings disclosure that determines settlement. The distinction between A.M.- and P.M.-settled contracts mirrors the settlement terms applicable to the binary KPI options approved for listing on Cboe.

The Exchange believes proposed Rule 30.6(e), which states that the System shall open binary KPI options for trading at 9:30 A.M., removes impediments to a free and open market by applying the same opening process to binary KPI options that will govern other listed options classes on the Exchange. Additionally, unlike equity options, for which the underlying opens for trading and can trigger the market opening, KPIs do not trade, so setting the opening based on a set time is reasonable for binary KPI options.

The Exchange believes excluding binary KPI options from the obvious error provisions in Rule 20.6 is consistent with the Act and promotes just and equitable principles of trade because the standard obvious error framework, which evaluates whether an execution price deviates from a "theoretical value" by a prescribed amount, is incompatible with the structure of binary KPI options. Binary KPI options have no continuously observable theoretical value (unlike equity and index options) prior to the date of the earnings-related disclosure. Rather, their exercise settlement amount is fixed at either a pre-specified dollar amount or zero, depending entirely on whether the reported KPI satisfies the exercise condition, which itself is based on a single, publicly verifiable metric, disclosed in Commission filings. Applying an obvious error framework premised on theoretical value calculations to a product with a binary, fixed payout would be technically inapplicable and could produce unjust or arbitrary results.

Moreover, because settlement of binary KPI options is determined by issuer-reported metrics disclosed through Commission filings (i.e., figures produced pursuant to established accounting standards, subject to independent audit, and certified under the Sarbanes-Oxley Act), the settlement process is itself governed by a comprehensive external regulatory framework. The Exchange believes that establishing any alternative dispute mechanism in this context would be not only unnecessary, but potentially disruptive to market integrity, as it may introduce an element of post-hoc discretion into a settlement process that is expressly designed to be objective, verifiable, and rule bound.

Finally, the Exchange notes that it is planning to implement a systemic maximum execution price protection for binary KPI options on a class basis, pursuant to which any execution price for a binary KPI option above the Exchange designated maximum execution price for that class is either rejected or adjusted down to that maximum execution price. This protection will provide investors with an additional safeguard against executions at potential erroneous prices, further limiting the need for a separate obvious error provision applicable to binary KPI options, which the Exchange believes protects investors and the public interest. The Exchange represents it will not list for trading binary KPI options until such systemic control is in place.

The Exchange believes the proposed amendments related to position limits for binary KPI options are consistent with the Act because they establish a rational position limit framework for binary KPI options that protects against manipulation while facilitating legitimate trading activity in a novel product.

As proposed, binary KPI options with a multiplier of one will count toward applicable limits on a proportional basis relative to standard equity options on the issuer's stock, which

carry a multiplier of 100. Because the proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 25,000 contracts with a value of $1.00 with a multiplier of 100 would equate to $2,500,000 notional value, while 25,000 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $25,000 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of calculating compliance with position limits effectively calibrates these limits so that investors may hold positions in binary KPI options for an economically equivalent number of contracts as they may hold in standard equity options. Therefore, the Exchange believes this proposed treatment is consistent with just and equitable principles of trade, as it counts option positions in a manner equivalent with their value.

The Exchange further believes the proposal is reasonable given the nature of binary KPI options and their relationship to the underlying issuer. Because binary KPI options have a fixed maximum notional value and settle on an all-or-nothing basis based on a KPI of the issuer rather than the price of the issuer's stock as with a standard equity option, the Exchange believes the proposed position limits appropriately reflects the distinct structure of these contracts and limits the potential for any single market participant to exert undue influence over binary KPI option settlement. With respect to binary KPI options, the economic risk of a position is binary, in that the contract either settles in-the-money at $1.00 or out-of-the-money at $0.00. Additionally, with respect to binary KPI options, the maximum notional exposure per contract is fixed in advance; it cannot exceed $1.00.

Further, the Exchange's proposal to provide that positions in binary KPI options on the same KPI with different expiration dates and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated reflects the distinct structure of binary KPI options. Each binary KPI option expiration corresponds to a separate event tied to a specific issuer reporting period. Thus, the Exchange believes aggregating positions across different expiration dates would not accurately reflect the risk profile of these positions and would impose an unnecessary burden on market participants seeking exposure to company KPI events across different reporting periods.

Similarly, the Exchange believes it is reasonable to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer. Because binary KPI options and equity options overlying the same issuer have different risk profile (i.e., binary KPI options settle based on a KPI of the issuer rather than its stock price), the Exchange believes it would be inappropriate and misleading to require aggregation of these positions for purposes of position limits. As noted above, binary KPI options are based solely on whether a single, specified-issuer KPI meets a discrete threshold at a defined future date, and their value reflects the market's probability assessment of that singular outcome. Standard equity options, on the other hand, reflect a broad array of factors bearing on the price of the underlying security, including macroeconomic conditions and sector dynamics, of which any individual KPI is only one component. Because the two products are not priced off of a common reference and do not represent economically equivalent or fungible exposures, aggregating positions across them would not meaningfully advance the prevention of manipulative practices with respect to the underlying security. The Exchange further notes that this proposed non-aggregation framework in proposed Rule 30.7(b) is consistent with that applied by Cboe regarding binary KPI options.

Finally, the Exchange believes the amendments to the hedge exemption provision in proposed Rule 30.7(d) is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Proposed Rule 30.7(d) provides a hedge exemption for Market Makers with respect to binary KPI options, a binary KPI option short position coupled with a binary KPI option short call position, regardless of the KPI option strike, shall be exempt from the established position limits proscribed in Rule 18.7.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

The Exchange also believes the proposed adoption of Rule 30.8 consistent with the Act. By establishing tailored reporting requirements for binary KPI options, the Exchange will be able to monitor positions effectively and detect any accumulation of positions that may approach or

exceed applicable limits, to the benefit of investors. The Exchange believes it is consistent with just and equitable principles of trade for 100 binary KPI option contracts to equal one standard option contract for purposes of determining whether the report in proposed Rule 30.8 is required given the size of binary KPI contracts. As discussed above, proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100. Therefore, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 200 contracts with a value of $1.00 with a multiplier of 100 would equate to $20,000 notional value, while 200 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $200 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of this report effectively calibrates the reporting requirement so that investors are required to submit the report for an economically equivalent number of contracts, which promotes just and equitable principles of trade.

The Exchange believes the proposal will provide the Exchange and regulators with visibility into large position concentrations in binary KPI options, preserving the ability to identify unusual activity and respond to any unforeseen concerns, while calibrating the threshold to a metric that is meaningful for this contract given its smaller multiplier relative to that of standard equity options. The Exchange believes this reporting framework, coupled with the position limits amendments, provides a fully adequate regulatory framework for these instruments.

Further, as noted above, the Exchange believes it has an adequate surveillance program in place to detect potentially manipulative trading in binary KPI options. The Exchange notes that

manipulation of the reported KPI would constitute securities fraud and expose the issuer to liability under federal securities law, separate and apart from any exchange-related violation.

The Exchange believes the proposed binary KPI options will serve as a vehicle to hedge idiosyncratic, event-specific risk embedded in the specific KPIs. Standard equity options are calibrated to the price of the underlying security and capture a full spectrum of factors or risks which may affect issuer value, such as macroeconomic conditions or sector dynamics. Because equity option pricing incorporates this full spectrum, a participant seeking to hedge exposure to a single, discrete KPI outcome cannot do so precisely using standard equity options. Because settlement of a binary KPI option is determined solely by whether a specified-issuer KPI meets a defined threshold, the contract effectively isolates certain individual risks an investor may seek to manage. For example, consider an investor holding a long-term position in a particular issuer stock, who believes the issuer's quarterly revenue will fall short of expectations (for reasons unrelated to the issuer's long-term prospects). The investor may utilize the binary KPI option to hedge precisely against the near-term risk without disruption to the underlying equity position. This targeted hedging utility represents a distinct and additive function relative to existing listed products, which the Exchange believes will serve the interests of investors and provide an efficient mechanism for managing event-specific, KPI-driven risk.

The Exchange believes the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice for these instruments, offering price transparency and the regulatory protections of a national securities exchange. The Exchange believes the proposed rule change will permit investors to manage their risk exposures and carry

out their investment objectives on a securities exchange with more flexibility and broader applicability. The Exchange also believes the proposed rule change will promote competition, as it will meet demands of investors that currently may trade products structured in substantively the same manner as the proposed binary KPI options in other markets (as further discussed below). Binary KPI options would provide investors with a straightforward means of expressing a directional view on key financial and operating metrics. The Exchange further believes the proposed rule change is consistent with the protection of investors and the public interest, as binary KPI options would be subject to the Exchange's existing rules governing the listing and trading of options. The Exchange believes expanding the universe of binary options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options.

The proposed rule change will permit the Exchange to list binary KPI options on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the OTC market and on other platforms. The Exchange understands investors have traded binary options similar to the proposed binary options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listing options. These benefits include: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary KPI options as a standardized product without the

credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counter party credit risk for Exchange-listed binary KPI options is significantly reduced through the issuance and guarantee of the contracts by a registered clearing agency. Further, as an exchange-traded option, binary options will have the advantage of liquidity provided by Market-Makers, which the Exchange believes may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as binary options that the Exchange may list pursuant to current Rules and as proposed. These platforms offer binary option products overlying issuer KPIs, which may be settled at varying points of the day (not just at the open and close of the trading day). However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a national securities exchange would create a centralized and standardized marketplace for these products, which promotes price discovery and transparency, within an established regulatory framework designed to afford investors in securities with important protections. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market or other market platforms offer. It would contribute to leveling the playing field with these alternative markets and provide

investors with safeguards associated with Commission and SRO oversight of the trading activity in these exchange-listed binary KPI options.

Ultimately, the Exchange believes the proposed rule change will provide investors with greater trading tools and opportunities and flexibility, resulting in investors having additional means to carry out their investment objectives and manage their risk exposures through products listed and traded on a national securities exchange. The Exchange believes the proposed rule change will offer market participants a simplified, transparent, and limited risk investment choice that may be more aligned with their specific timing needs, investment and hedging strategies, and risk tolerances. The Exchange believes it benefits the investing public to continue to enhance its listed product offerings to respond to continuously changing needs of investors and to a continuously changing competitive environment.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in an intensely competitive global marketplace for transaction services. Relying on its array of services and benefits, the Exchange competes for the privilege of providing market services to broker-dealers. The Exchange's ability to compete in this environment is based in large part on the quality of its trading systems, the overall quality of its market and its attractiveness to the largest number of investors, as measured by speed, likelihood and cost of executions, as well as spreads, fairness, and transparency.

Consolidation amongst U.S. options exchanges has led to concentration of ownership by certain exchange groups, thereby diminishing the competitive landscape among options exchanges. This proposal will enhance competition by allowing the Exchange to introduce a robust technology platform for trading options. The proposed rule change will insert an

additional competitive dynamic into the options landscape by allowing the Exchange to compete with existing options exchanges and will promote further initiative and innovation among market centers and market participants.

The basis for the functionality contemplated by the proposed rules of 24X Options are the approved rules of MEMX Options and Cboe, which have already been found not to result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Therefore, the Exchange does not believe that any of its proposed rules raise any new or novel competitive issues that have not been previously considered by the Commission.

In addition, the Exchange does not believe that the proposed rule change related to binary KPI options will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange does not believe that the proposed rule change related to binary KPI options will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to the payout terms and amount). All market participants will be subject to the same rules applicable to binary KPI options, as described in this proposed rule change. Except as set forth in the proposed rule change, binary KPI options will trade in the same manner as binary KPI options on Cboe.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options have been approved to be listed on Cboe and other options exchanges may propose similar products. Additionally, as noted above, substantively similar

products to binary KPI options, as proposed, are available in the OTC market and various other markets.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to Cboe, the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. As a result, the Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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

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

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

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-24X-2026-33 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-24X-2026-33. 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-24X-2026-33 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.[100]

Vanessa A. Countryman,

Secretary.

[100] 17 CFR 200.30-3(a)(12).