

# SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103569; File No. SR-CBOE-2025-017]

## **Self-Regulatory Organizations; Cboe Exchange, Inc.; Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 4, to Amend Rules 4.3, 4.20, and 8.30, to Allow the Exchange to List and Trade Options on the VanEck Bitcoin ETF**

July 29, 2025.

### **I. Introduction**

On March 14, 2025, Cboe Exchange, Inc. (“Cboe” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> a proposed rule change to list and trade options on the VanEck Bitcoin Trust.<sup>3</sup> On March 26, 2025, the Exchange filed Amendment No. 1 to the proposed rule change. On March 27, 2025, the Exchange withdrew Amendment No. 1, filed and withdrew Amendment No. 2, and filed Amendment No. 3 to the proposal, which superseded and replaced the original proposal in its entirety.<sup>4</sup> The proposed rule change, as modified by Amendment No. 3, was published for comment in the Federal Register

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> On January 10, 2024, the Commission approved proposals by NYSE Arca, Inc., The Nasdaq Stock Market LLC, and Cboe BZX Exchange, Inc. to list and trade the shares of 11 spot bitcoin-based trust shares and trust units, including the trust underlying the proposed options herein. See Securities Exchange Act Release No. 99306 (Jan. 10, 2024), 89 FR 3008 (Jan. 17, 2024) (order approving File Nos. SR-NYSEARCA-2021-90; SR-NYSEARCA-2023-44; SR-NYSEARCA-2023-58; SR-NASDAQ-2023-016; SR-NASDAQ-2023-019; SR-CboeBZX-2023-028; SR-CboeBZX-2023-038; SR-CboeBZX-2023-040; SR-CboeBZX-2023-042; SR-CboeBZX-2023-044; SR-CboeBZX-2023-072).

<sup>4</sup> Amendment No. 3 modified the original filing by adding information regarding the proposed changes to Rule 4.20 and correcting minor technical errors.

on April 3, 2025.<sup>5</sup> On May 1, 2025, the Exchange filed Amendment No. 4 to the proposed rule change, which superseded the initial proposed rule change and Amendment Nos. 1 through 3 and replaced them in their entirety.<sup>6</sup> On May 14, 2025, the Commission designated a longer period within which to take action on the proposed rule change, as modified by Amendment No. 4.<sup>7</sup> On June 27, 2025, the Commission published for comment the proposed rule change, as modified by Amendment No. 4, and instituted proceedings under Section 19(b)(2)(B) of the Act<sup>8</sup> to determine whether to approve or disapprove the proposed rule change, as modified by Amendment No. 4.<sup>9</sup> The Commission did not receive any comments on the proposal. The Commission is approving the proposed rule change, as modified by Amendment No. 4, on an accelerated basis.

## II. Description of the Proposal, as Modified by Amendment No. 4<sup>10</sup>

As described more fully in the OIP, the Exchange has proposed to amend Rules 4.3 (Criteria for Underlying Securities), 4.20 (FLEX Option Classes), and 8.30 (Position Limits), to allow the Exchange to list and trade options on the VanEck Bitcoin ETF.<sup>11</sup> First, the Exchange

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<sup>5</sup> See Securities Exchange Act Release No. 102742 (Mar. 28, 2025), 90 FR 14670 (April 3, 2025).

<sup>6</sup> Amendment No. 4 modified the original filing, as modified by Amendment No. 3, by changing references to the VanEck Bitcoin Trust to the VanEck Bitcoin ETF and correcting a description of the 30-day period over which average daily volume was measured for shares of the VanEck Bitcoin ETF. Amendment No. 4 is available at <https://www.sec.gov/comments/sr-cboe-2025-017/srcboe2025017-600895-1751482.pdf>.

<sup>7</sup> See Securities Exchange Act Release No. 103046 (May 14, 2025), 90 FR 21524 (May 20, 2025). The Commission designated July 2, 2025, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change as modified by Amendment No. 4.

<sup>8</sup> 15 U.S.C. 78s(b)(2)(B).

<sup>9</sup> See Securities Exchange Act Release No. 103340 (Jun. 27, 2025), 90 FR 29088 (July 2, 2025) (“OIP”).

<sup>10</sup> For a full description of the proposed rule change, refer to OIP, supra note 9.

<sup>11</sup> The Exchange’s rules use the terms “Units” and “ETF” to refer to several types of investment products. See Exchange Rule 1.1. In its proposal to list and trade shares of the VanEck Bitcoin Trust (the “Trust”), CboeBZX Exchange, Inc. states that shares of the Trust will be registered with the Commission on Form S-1. See Securities Exchange Act Release No. 99289 (Jan. 8, 2024), 89 FR 2413, 2414 (Jan. 12, 2024) (File No. SR-CboeBZX-2023-040) (Notice of Filing of Amendment No. 2 to a Proposed Rule Change to List and Trade Shares of the VanEck Bitcoin Trust Under BZX Rule 14.11(e)(4), Commodity-Based Trust Shares). Amendment No. 8 to the Form S-1, dated January 9, 2024, states, “The Trust is not registered

proposes to amend Rule 4.3, Interpretation and Policy .06(a)(4), to allow the Exchange to list and trade options on Units that represent interests in the VanEck Bitcoin ETF, designating them as “Units” deemed appropriate for options trading on the Exchange.<sup>12</sup>

The Exchange states that the VanEck Bitcoin ETF satisfies the criteria and guidelines in Rule 4.3, Interpretation and Policy .01.<sup>13</sup> Rule 4.3(a) sets forth criteria for underlying securities on which option contracts are approved for listing and trading. One of the criteria is that a security must be characterized by a substantial number of outstanding shares that are widely held and actively traded.<sup>14</sup> The Exchange states that, as of March 5, 2025, the VanEck Bitcoin ETF had 49,900,000 shares outstanding,<sup>15</sup> which is more than the minimum of 7,000,000 shares outstanding that the Exchange generally requires to list options on a corporate stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(1).<sup>16</sup> Additionally, the Exchange states that the shares of the VanEck Bitcoin ETF are widely held because, as of January 31, 2025, the VanEck Bitcoin ETF had 32,469 beneficial holders, which is more than the minimum of 2,000 beneficial holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(2).<sup>17</sup>

The Exchange also provides that, as of March 5, 2025, the VanEck Bitcoin ETF had six-month total trading volume of 133,275,448 shares and, for the period from January 21, 2025,

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under the Investment Company Act of 1940, as amended (the ‘1940 Act’) and is not subject to regulation under the 1940 Act.” Amendment No. 8 to the Form S-1 is available at [https://www.sec.gov/Archives/edgar/data/1838028/000093041324000056/c106800\\_s1a.htm](https://www.sec.gov/Archives/edgar/data/1838028/000093041324000056/c106800_s1a.htm).

<sup>12</sup> See OIP, 90 FR at 29089.

<sup>13</sup> See *id.* at 29089.

<sup>14</sup> See *id.* at 29089-90.

<sup>15</sup> See *id.* at 29090.

<sup>16</sup> See *id.*

<sup>17</sup> See *id.*

through March 5, 2025, 30-day average daily volume (“ADV”) of 794,677 shares and 30-day average notional daily volume of \$39,163,513.72.<sup>18</sup> The Exchange states that the VanEck Bitcoin ETF is characterized as having shares that are actively traded because its six-month trading volume of 133,275,448 shares, as of March 5, 2025, is higher than 2,400,000 shares, which is the volume over the preceding 12 months the Exchange generally requires for a corporate stock to list options on that security, as set forth in Rule 4.3, Interpretation and Policy .01(b).<sup>19</sup>

The Exchange states that the VanEck Bitcoin ETF satisfies the Exchange’s initial listing standards set forth in Rule 4.3 (Criteria for Underlying Securities), Interpretation and Policy .06(b)(2), which requires that Units be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue Units in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to conditions.<sup>20</sup> Options on the VanEck Bitcoin ETF will be subject to the Exchange’s continued listing standards set forth in Rule 4.4, Interpretation and Policy .06, for Units deemed appropriate for options trading pursuant to Rule 4.3, Interpretation and Policy .06.<sup>21</sup>

Options on the VanEck Bitcoin ETF will be physically settled contracts with American-style exercise<sup>22</sup> and will trade in the same manner as any other Unit options: the Exchange represents that the same Exchange rules that currently govern the listing and trading of all Unit options, including rules governing listing criteria, expirations, exercise prices, minimum

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<sup>18</sup> See id.

<sup>19</sup> See id.

<sup>20</sup> See id.

<sup>21</sup> See id. at 29090.

<sup>22</sup> See id.

increments, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of VanEck Bitcoin ETF options on the Exchange in the same manner as they apply to other options on all other Units that are listed and traded on the Exchange.<sup>23</sup>

Second, the Exchange proposes to amend Rule 4.20 (FLEX Option Classes), which currently permits the Exchange to authorize for trading a FLEX option class on any equity security if it may authorize for trading a non-FLEX option class on that equity security pursuant to Rule 4.3.<sup>24</sup> The proposed rule change would amend Rule 4.20 to exclude the VanEck Bitcoin ETF from being eligible for trading as FLEX options.<sup>25</sup>

Finally, the Exchange proposes to amend Rule 8.30 (Position Limits), Interpretation and Policy .10, to provide a position limit of 25,000 same-side option contracts for options on the VanEck Bitcoin ETF.<sup>26</sup> Pursuant to Rule 8.42 (Exercise Limits), Interpretation and Policy .02, the exercise limits for options on the VanEck Bitcoin ETF will be equivalent to this proposed position limit.<sup>27</sup> The Exchange states that the proposed position and exercise limits are well below those of other ETFs with similar market characteristics and are the lowest position and exercise limits available for equity options in the industry, and are more than appropriate given the VanEck Bitcoin ETF's market capitalization, ADV, and number of outstanding shares.<sup>28</sup>

In determining the proposed position and exercise limits, the Exchange considered the

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<sup>23</sup> See id. at 29091.

<sup>24</sup> See id.

<sup>25</sup> See id.

<sup>26</sup> See id.

<sup>27</sup> See id. The Exchange is not proposing to amend Rule 8.42, Interpretation and Policy .02, which provides that exercise limits for options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Rule 4.3, Interpretation and Policy .06 shall be equivalent to the position limits for such options provided in Rule 8.30, Interpretation and Policy .10.

<sup>28</sup> See OIP, 90 FR at 29092.

six-month ADV, shares outstanding and market capitalization of the VanEck Bitcoin ETF. As of March 5, 2025, the VanEck Bitcoin ETF had a six-month ADV of 1,074,802 shares, 49,900,000 shares outstanding, and a market capitalization of \$1,271,859,416.<sup>29</sup> The Exchange also compared the number of outstanding shares of the VanEck Bitcoin ETF to those of other ETFs with similar outstanding shares (as of March 5, 2025).<sup>30</sup> The Exchange calculated the approximate average position (and exercise limit) of options on those ETFs to be 225,000 contracts.<sup>31</sup> The Exchange states that the proposed position and exercise limits are significantly lower than the average limit of the options on the other ETFs.<sup>32</sup>

The Exchange states that if a market participant held the maximum number of positions possible in VanEck Bitcoin ETF options pursuant to the proposed position and exercise limits, the equivalent shares represented by the proposed position/exercise limit (2,500,000 shares) would represent approximately 5.01% of the current outstanding shares of the VanEck Bitcoin ETF (49,900,000 shares).<sup>33</sup> Therefore, according to the Exchange, if a market participant exercised all of these positions at the same time, that market participant would control a small percentage of the outstanding shares of the VanEck Bitcoin ETF.<sup>34</sup>

The Exchange also compared the size of the proposed position limit to the market capitalization of the bitcoin market.<sup>35</sup> The Exchange states that, as of March 5, 2025, the bitcoin

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<sup>29</sup> See id. at 29091.

<sup>30</sup> See id.

<sup>31</sup> See id.

<sup>32</sup> See id.

<sup>33</sup> See id. at 29092

<sup>34</sup> See id.

<sup>35</sup> See id. at 29094.

market had a market capitalization of approximately \$1.797 trillion.<sup>36</sup> The Exchange explains that the proposed position and exercise limit of 25,000 same-side contracts would prevent a market participant from holding positions that could result in the receipt of more than 2,500,000 shares of the VanEck Bitcoin ETF.<sup>37</sup> The Exchange calculated that the value of 2,500,000 shares of the VanEck Bitcoin ETF, as of March 5, 2025, represented 0.0035% of the value of the bitcoin market. The Exchange concluded that if a market participant with the maximum 25,000 same-side contracts in options in the VanEck Bitcoin ETF decided to simultaneously exercise its positions, its actions would have no practical impact on the bitcoin market.<sup>38</sup>

The Exchange believes that the proposed position limit is appropriate when compared to the bitcoin futures contract position limit imposed by the Chicago Mercantile Exchange (“CME”), which is 2,000 futures for the initial spot month.<sup>39</sup> According to the Exchange, on March 5, 2025, CME Mar 25 bitcoin futures settled at \$90,935, so a position of 2,000 CME bitcoin futures had a notional value of \$909,350,000.<sup>40</sup> Based on the share price of the VanEck Bitcoin ETF on March 5, 2025, the Exchange calculated that 335,214 VanEck Bitcoin ETF option contracts would equal the notional value of the 2,000 CME bitcoin futures, a “significantly higher” number of contracts than the proposed position limit of 25,000 contracts.<sup>41</sup>

Additionally, based on the number of outstanding shares of the VanEck Bitcoin ETF (49,900,000 shares as of March 5, 2025), the Exchange calculated that approximately 20 market

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<sup>36</sup> See id.

<sup>37</sup> See id.

<sup>38</sup> See id.

<sup>39</sup> See id.

<sup>40</sup> See id.

<sup>41</sup> See id. at 29095.

participants holding the maximum of 25,000 same-side positions in options on the VanEck Bitcoin ETF would have to simultaneously exercise all of those options to put the underlying security under stress.<sup>42</sup> The Exchange states that this would be unlikely to happen, but if it did, the Exchange does not expect the VanEck Bitcoin ETF to be under stress because more shares could be created through the trust's creation and redemption process.<sup>43</sup>

The Exchange represents that it has an adequate surveillance program in place for options and intends to apply the same program procedures to options on the VanEck Bitcoin ETF that it applies to the Exchange's other options products.<sup>44</sup> The Exchange states that its existing surveillance procedures are designed to deter and detect possible manipulative behavior which might arise from listing and trading the proposed options on the VanEck Bitcoin ETF.<sup>45</sup> The Exchange states that its market surveillance staff would have access to the surveillances conducted by Cboe BZX Exchange, Inc., an affiliated market of the Exchange, with respect to the VanEck Bitcoin ETF, and would review activity in the VanEck Bitcoin ETF when conducting surveillances for market abuse or manipulation in the VanEck Bitcoin ETF options.<sup>46</sup> The Exchange also represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the VanEck Bitcoin ETF.<sup>47</sup>

Additionally, the Exchange states that it is a member of the Intermarket Surveillance Group ("ISG"), and that ISG members coordinate surveillance and investigative information

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<sup>42</sup> See id.

<sup>43</sup> See id.

<sup>44</sup> See id. at 29092.

<sup>45</sup> See id. at 29093.

<sup>46</sup> See id. at 29092-93.

<sup>47</sup> See id. at 29093.



sharing in the stock, options, and futures markets.<sup>48</sup> The Exchange would be able to obtain information regarding trading of shares of the VanEck Bitcoin ETF through ISG.<sup>49</sup>

The Exchange states that it has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”) for certain market surveillance, investigation and examinations functions,<sup>50</sup> and that all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related market surveillance that are common to rules of all options exchanges, pursuant to a multi-party 17d-2 joint plan.<sup>51</sup> The Exchange also represents that it and the Options Price Reporting Authority have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on the VanEck Bitcoin ETF.<sup>52</sup>

### III. Discussion and Commission Findings

After careful consideration, the Commission finds that the proposed rule change, as modified by Amendment No. 4, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange,<sup>53</sup> and, in particular, the requirements of Section 6 of the Act.<sup>54</sup> Specifically, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,<sup>55</sup> which requires that an exchange have rules designed to prevent fraudulent and manipulative acts and practices and to protect investors and

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<sup>48</sup> See id.

<sup>49</sup> See id.

<sup>50</sup> See id.

<sup>51</sup> See id.

<sup>52</sup> See id.

<sup>53</sup> In approving this proposed rule change, the Commission has considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

<sup>54</sup> 15 U.S.C. 78f.

<sup>55</sup> 15 U.S.C. 78f(b)(5).

the public interest.

A. Widely Held and Actively Traded

The Exchange’s initial listing standards require, among other things, that the security underlying a listed option be “characterized by a substantial number of outstanding shares that are widely held and actively traded.”<sup>56</sup> As described above, the Exchange states that, as of March 5, 2025, the VanEck Bitcoin ETF had 49,900,000 shares outstanding and that, as of January 31, 2025, VanEck Bitcoin ETF had 32,469 beneficial holders.<sup>57</sup> In addition, the Exchange states that, as of March 5, 2025, the VanEck Bitcoin ETF had six-month total trading volume of 133,275,448 shares and, for the period from January 21, 2025, through March 5, 2025, 30-day ADV of 794,677 shares and 30-day average notional daily volume of \$39,163,513.72.<sup>58</sup> The Exchange also states that, as of March 5, 2025, the VanEck Bitcoin ETF had a market capitalization of \$1,271,859,416.<sup>59</sup>

The Commission has reviewed the Exchange’s analysis and publicly available data regarding the VanEck Bitcoin ETF. Based on this review of information provided by the Exchange and publicly available information—including information regarding the number of shares outstanding and the number of beneficial holders for the VanEck Bitcoin ETF, the ADV of the VanEck Bitcoin ETF, and the market capitalization of the VanEck Bitcoin ETF—the Commission concludes that it is reasonable for the Exchange to determine that the VanEck Bitcoin ETF satisfies the requirement of Cboe Rule 4.3(a)(2) that the security underlying a listed option be widely held and actively traded.

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<sup>56</sup> See Cboe Rule 4.3(a)(2).

<sup>57</sup> See OIP, 90 FR at 29090.

<sup>58</sup> Id.

<sup>59</sup> Id. at 29091.

B. Position and Exercise Limits

Position and exercise limits serve as a regulatory tool designed to deter manipulative schemes and adverse market impact surrounding the use of options. Since the inception of standardized options trading, the options exchanges have had rules limiting the aggregate number of options contracts that a member or customer may hold or exercise. Options position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market to benefit the options position.<sup>60</sup> In addition, such limits serve to reduce the possibility of disruption in the options market itself, especially in illiquid classes.<sup>61</sup> As the Commission has previously recognized, markets with active and deep trading interest, as well as with broad public ownership, are more difficult to manipulate or disrupt than less active and deep markets with smaller public floats.<sup>62</sup> The Commission also has recognized that position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.<sup>63</sup> At the same time, the Commission has recognized that limits must not be established at levels that are so low as to discourage participation in the options market by institutions and other investors with substantial hedging needs or to prevent specialists and market-makers from adequately meeting their obligations to maintain a fair and

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<sup>60</sup> See Securities Exchange Act Release No. 39489 (Dec. 24, 1997), 63 FR 276, 279 (Jan. 5, 1998) (order approving File No. SR-CBOE-97-11) (“Position Limit Order”).

<sup>61</sup> Id.

<sup>62</sup> Id.

<sup>63</sup> See, e.g., Securities Exchange Act Release Nos. 21907 (Mar. 29, 1985), 50 FR 13440, 13441 (Apr. 4, 1985) (order approving File Nos. SR-CBOE-84-21, SR-Amex-84-30, SR-Phlx-84-25, and SR-PSE-85-1); and 40875 (Dec. 31, 1998), 64 FR 1842, 1843 (Jan. 12, 1999) (order approving File Nos. SR-CBOE-98-25; Amex-98-22; PCX-98-33; and Phlx-98-36).

orderly market.<sup>64</sup>

The Exchange proposes a position limit of 25,000 contracts on the same side of the market for options on the VanEck Bitcoin ETF and an equivalent exercise limit.<sup>65</sup> In proposing these position and exercise limits, the Exchange considered, among other things, the approximate six-month ADV, outstanding shares, and market capitalization of the VanEck Bitcoin ETF.<sup>66</sup> The Exchange states that the proposed position and exercise limits of 25,000 contracts are significantly lower than the position and exercise limits of options on other ETFs with a similar number of outstanding shares.<sup>67</sup> In addition, the Exchange states that the number of shares represented by the proposed position and exercise limits were equal to approximately 5.01% of the outstanding shares of the VanEck Bitcoin ETF.<sup>68</sup> The Exchange further states that “[t]he proposed position and exercise limits are the lowest position and exercise limits available for equity options in the industry, are extremely conservative, and are more than appropriate given the VanEck Bitcoin ETF’s market capitalization, ADV, and high number of outstanding shares.”<sup>69</sup>

The Exchange also compared the size of the position and exercise limits to the market

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<sup>64</sup> See id.

<sup>65</sup> See OIP, 90 FR at 29091; proposed Cboe Rule 8.30, Interpretation and Policy .10 (establishing a 25,000-contract position limit for options on the VanEck Bitcoin ETF); Cboe Rule 8.42, Interpretation and Policy .02 (stating that exercise limits for options on shares or other securities that represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that satisfy the criteria set forth in Rule 4.3, Interpretation and Policy .06 shall be equivalent to the position limits prescribed for such options in Rule 8.30, Interpretation and Policy .10).

<sup>66</sup> See OIP, 90 FR at 29091.

<sup>67</sup> The Exchange states that options on ETFs with outstanding shares similar to the VanEck Bitcoin ETF had average position and exercise limits of 225,000 contracts. See id.

<sup>68</sup> See id. at 29092.

<sup>69</sup> See id.

capitalization of the bitcoin market, which, according to the Exchange, had a market capitalization of \$1.797 trillion as of March 5, 2025.<sup>70</sup> The Exchange calculated that, with a position limit of 25,000 contracts (2,500,000 shares of the VanEck Bitcoin ETF), as of March 5, 2025, a market participant could hold a position in shares of the VanEck Bitcoin ETF that represented 0.0035% of the bitcoin market, a position that the Exchange states “would have no practical impact on the Bitcoin market.”<sup>71</sup>

The Exchange states that the proposed position and exercise limits also are appropriate given position limits for bitcoin futures.<sup>72</sup> The Exchange states that the CME establishes a position limit of 2,000 bitcoin futures for the spot month and that, as of March 5, 2025, such a position would have had a notional value of \$909,350,000.<sup>73</sup> The Exchange states that, as of that date, 355,214 option contracts on the VanEck Bitcoin ETF would be the equivalent of the \$909,350,000 CME bitcoin futures notional value.<sup>74</sup> The Exchange states that the option contract equivalent numbers are significantly higher than the proposed position and exercise limit of 25,000 contracts.<sup>75</sup>

In addition, the Exchange states that with a position limit of 25,000 contracts, 20 market participants, each with a position of 25,000 contracts, would have to exercise all of their VanEck Bitcoin ETF options to place the VanEck Bitcoin ETF shares under stress.<sup>76</sup> Based on the

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<sup>70</sup> See id. at 29094.

<sup>71</sup> See id.

<sup>72</sup> See id.

<sup>73</sup> See id.

<sup>74</sup> See id. at 29094-95.

<sup>75</sup> See id. at 29095.

<sup>76</sup> The Exchange bases this calculation on the number of VanEck Bitcoin ETF shares outstanding as of March 5, 2025. See id.

information provided, demonstrating, among other things, that the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares that are actively traded and widely held, the Exchange believes the proposed position and exercise limits are extremely conservative compared to those of ETF options with similar market characteristics.<sup>77</sup> The Exchange states that the proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange further states that the proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the bitcoin market.<sup>78</sup>

The Commission finds that the proposed position and exercise limits are consistent with the Act, and in particular, with the requirements in Section 6(b)(5) that the rules of a national securities exchange are designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest. As discussed above, the Commission has recognized that position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.<sup>79</sup> In addition, the Commission has stated previously that rules regarding position and exercise limits are intended to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.<sup>80</sup> Based on its review of the data and analysis provided by the Exchange, the

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<sup>77</sup> See id. at 29096.

<sup>78</sup> See id. (citing the Position Limit Order, supra note 60).

<sup>79</sup> See supra note 63 and accompanying text.

<sup>80</sup> See Securities Exchange Act Release No. 57352 (Feb. 19, 2008), 73 FR 10076, 10080 (Feb. 25, 2008) (order approving File No. SR-CBOE-2008-07).

Commission concludes that the proposed position and exercise limits satisfy these objectives. Specifically, the Commission has considered and reviewed the Exchange's analysis that, as of March 5, 2025, the proposed position and exercise limits of 25,000 contracts represented 5.01% of the outstanding shares of the VanEck Bitcoin ETF.<sup>81</sup> The Commission also has considered and reviewed the Exchange's statement that with a position limit of 25,000 contracts, 20 market participants, each with a same side position of 25,000 contracts, would have to exercise all of their VanEck Bitcoin ETF options to place the VanEck Bitcoin ETF shares under stress.<sup>82</sup> Based on the Commission's review of this information and analysis, the Commission concludes that the proposed position and exercise limits are designed to prevent investors from disrupting the market for the underlying securities by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.<sup>83</sup>

### C. Surveillance

As described more fully above, the Exchange states that it will apply its existing options surveillance program procedures to options on the VanEck Bitcoin ETF<sup>84</sup> and it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options

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<sup>81</sup> See supra note 68.

<sup>82</sup> See supra note 76.

<sup>83</sup> The proposal also excludes the VanEck Bitcoin ETF options from FLEX trading. The Exchange states that the Exchange may submit a separate rule filing that would permit the Exchange to authorize for trading FLEX options on the VanEck Bitcoin Trust (which filing may propose changes to existing FLEX option position limits for such options if appropriate). See OIP, 90 FR at 29094, n. 42. Excluding VanEck Bitcoin ETF options from FLEX trading will allow the Commission to consider the listing of FLEX options on the VanEck Bitcoin ETF in the context of any separate proposal the Exchange files to list such options.

<sup>84</sup> The surveillance program includes surveillance patterns for price and volume movements as well as patterns for potential manipulation (e.g., spoofing and marking the close). See id. at 29092, n.29.

on the VanEck Bitcoin ETF.<sup>85</sup> The Exchange states that its market surveillance staff would have access to the surveillances conducted by Cboe BZX Exchange, Inc.<sup>86</sup> with respect to the VanEck Bitcoin ETF and would review activity in the underlying VanEck Bitcoin ETF when conducting surveillances for market abuse or manipulation in the options on the VanEck Bitcoin ETF.<sup>87</sup> In addition, the Exchange states that it is a member of the ISG and that, in addition to the surveillances conducted by Cboe BZX Exchange, Inc., the Exchange would be able to obtain information regarding trading of shares of the VanEck Bitcoin ETF through ISG.<sup>88</sup> The Exchange further states that ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets.<sup>89</sup> Together, these surveillance procedures should allow the Exchange to investigate suspected manipulations or other trading abuses in options on the VanEck Bitcoin ETF.

Accordingly, the Commission finds that the Exchange's surveillance procedures for the proposed options are designed to prevent fraudulent and manipulative acts and practices and to protect investors and the public interest.

#### D. Retail Customers

Existing rules governing broker-dealer conduct when dealing with retail customers will apply to the proposed options on the VanEck Bitcoin ETF. For example, the Exchange's rules require its members to "exercise due diligence to learn the essential facts as to the customer and his investment objectives and financial situation" when approving a customer's account for

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<sup>85</sup> See id. at 29093

<sup>86</sup> Cboe BZX Exchange, Inc. is an affiliated market of the Exchange. See id. at 29092, n.30.

<sup>87</sup> See id. at 29092-93.

<sup>88</sup> See id. at 29093.

<sup>89</sup> See id.



options transactions.<sup>90</sup> In fulfilling this obligation, the member must consider, among other things, a customer's investment objectives; employment status; estimated annual income; estimated net worth; and investment experience and knowledge.<sup>91</sup> Further, FINRA's heightened suitability requirements for options trading accounts require that a person recommending an opening position in any option contract have "a reasonable basis for believing, at the time of making the recommendation, that the customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks of the recommended transaction, and is financially able to bear the risks of the recommended position in the option contract."<sup>92</sup>

#### IV. Accelerated Approval of Amendment No. 4

The Commission finds good cause, pursuant to Section 19(b)(2) of the Act, for approving Amendment No. 4 prior to the 30<sup>th</sup> day after the date of publication of notice of Amendment No. 4 in the Federal Register. Amendment No. 4 changes references to the VanEck Bitcoin Trust in the proposed rule change to the VanEck Bitcoin ETF and corrects a description in the proposed rule change of the 30-day period over which ADV was measured for shares of the VanEck Bitcoin ETF. The correction of the 30-day period over which ADV was measured improves the accuracy of the Exchange's proposal. Accordingly, the Commission finds good cause, pursuant to Section 19(b)(2) of the Act,<sup>93</sup> to approve the proposed rule change, as modified by Amendment No. 4, on an accelerated basis.

#### V. Conclusion

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<sup>90</sup> See Cboe Rule 9.1(b).

<sup>91</sup> See id.

<sup>92</sup> See FINRA Rule 2360(b)(19).

<sup>93</sup> 15 U.S.C. 78s(b)(2).

For the reasons set forth above, the Commission finds that the proposed rule change, as modified by Amendment No. 4, is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b)(5) of the Act.<sup>94</sup>

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,<sup>95</sup> that the proposed rule change (SR-CBOE-2025-017), as modified by Amendment No. 4, is approved.

By the Commission.

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>94</sup> 15 U.S.C. 78f(b)(5).

<sup>95</sup> 15 U.S.C. 78s(b)(2)