

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-103594; File No. SR-CboeBZX-2025-104]**

**Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Permit the Generic Listing and Trading of Commodity-Based Trust Shares that Meet the Requirements Set Forth in Proposed Rule 14.11(e)(4)**

July 30, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on July 30, 2025, Cboe BZX Exchange, Inc. (the “Exchange” or “BZX”) 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 Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

Cboe BZX Exchange, Inc. (“BZX” or the “Exchange”) is filing with the Securities and Exchange Commission (“Commission” or “SEC”) a proposed rule change to amend Rule 14.11(e)(4) to permit the generic listing and trading of Commodity-Based Trust Shares that meet the requirements set forth in proposed Rule 14.11(e)(4). The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange’s website ([http://markets.cboe.com/us/equities/regulation/rule\\_filings/bzx/](http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/)) and at the Exchange’s Office of the Secretary.

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

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

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

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

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

#### **1. Purpose**

The Exchange adopted rules to list and trade Commodity-Based Trust Shares under Rule 14.11(e) in 2013.<sup>3</sup> The Exchange now proposes to amend Rule 14.11(e)(4) for the purpose of permitting the generic listing and trading, or trading pursuant to unlisted trading privileges, of Commodity-Based Trust Shares that meet the amended requirements of Rule 14.11(e)(4) as set forth below.<sup>4</sup>

#### **Proposed Listing Rules**

Rule 14.11(e)(4)(A) currently provides that the Exchange will consider for trading, whether by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares that meet the criteria of Rule 14.11(e)(4), however the Exchange will file separate proposals under Section 19(b) of the Act before listing Commodity-Based Trust Shares. The Exchange proposes to amend Rule 14.11(e)(4)(A) to provide that the Exchange will consider for trading, whether by

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<sup>3</sup> See Securities Exchange Act No. 70250 (August 29, 2013) 78 FR 53510 (SR-BATS-2013-038) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, To Adopt Listing Standards for Certain Securities).

<sup>4</sup> As discussed further below, the Exchange may submit a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Commodity-Based Trust Shares that do not meet the proposed generic listing requirements on an initial or continuing basis.

listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares that meet the criteria of proposed Rule 14.11(e)(4). The Exchange may list and trade Commodity-Based Trust Shares pursuant to Rule 19b-4(e) under the Exchange Act or may submit a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Commodity-Based Trust Shares that do not meet the standards set forth in this proposed Rule 14.11(e)(4) on an initial or continuing basis.<sup>5</sup> All statements or representations contained in such rule filing regarding (1) the description of the index, portfolio or reference asset, (2) limitations on index, portfolio holdings or reference assets, or (3) the applicability of Exchange listing rules specified in such rule filing will constitute continued listing requirements. An issuer of a series of Commodity-Based Trust Shares must notify the Exchange of any failure to comply with such continued listing requirements. If Commodity-Based Trust Shares do not satisfy these requirements, the Exchange may suspend trading in the Trust shares and will initiate delisting proceedings pursuant to Rule 14.12.

Existing Rule 14.11(e)(4)(B) provides for the applicability of Rule 14.11(e)(4), and states that it is applicable only to Commodity-Based Trust Shares. Except to the extent inconsistent with Rule 14.11(e)(4), or unless the context otherwise requires, the provisions of the trust issued receipts rules, Bylaws, and all other rules and procedures of the Board of Directors shall be applicable to the trading on the Exchange of such securities. Commodity-Based Trust Shares are included within the definition of “security” or “securities” as such terms are used in the Rules of the Exchange. The Exchange proposes to modify the applicability provision under Rule 14.11(e)(4)(B) to remove the provisions that the trust issued receipt rules shall be applicable to the trading on the Exchange of

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<sup>5</sup> Any current or future products listed pursuant to Exchange Rule 14.11(e)(4) would adhere to the requirements of proposed Rule 14.11(e)(4).

Commodity-Based Trust Shares. As discussed further below, the proposal seeks to provide that Commodity-Based Trust Shares may be issued by diverse entity structures including trusts, limited liability companies, or other similar vehicles and acknowledges that these entities may hold diversified portfolios encompassing multiple commodities, Commodity-Based Assets (as defined in proposed Rule 14.11(e)(4)(C)(iii)), securities, cash, and Cash Equivalents (as defined in proposed Rule 14.11(e)(4)(C)(iv)). The Exchange further proposes to amend the applicability section to provide that Commodity-Based Trust Shares are included in the definition of “security” or “securities” as such terms are used in the Bylaws and Rules of the Exchange and are subject to the Exchange rules governing the trading of equity securities.

Existing Rule 14.11(e)(4)(C) sets forth the definitions applicable to Rule 14.11(e)(4). The Exchange first proposes to amend the definition of Commodity-Based Trust Shares under Rule 14.11(e)(4)(C)(i) to provide that it means a security that:

- (a) is issued by a trust, limited liability company, or other similar entity<sup>6</sup> (“Trust”) that, if applicable, is operated by a registered commodity pool operator pursuant to the Commodity Exchange Act, and is not registered as an investment company pursuant to the Investment Company Act of 1940, or series or class thereof;
- (b) is designed to reflect the performance of one or more reference assets or an index of reference assets, less expenses and other liabilities;
- (c) in order to reflect the performance as provided in proposed Rule 14.11(e)(4)(C)(i)(b), is issued by a Trust that holds (1) one or more commodities or Commodity-Based Assets as defined in proposed Rule 14.11(e)(4)(C)(iii), as described below; and (2) in addition

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<sup>6</sup> For example, a partnership may be considered an “other similar entity” under the proposed Rule.

to such commodities or Commodity-Based Assets, may hold securities, cash, and Cash Equivalents;

- (d) is issued by a Trust in a specified aggregate minimum number in return for a deposit of
  - (1) a specified quantity of the underlying commodities, Commodity-Based Assets, securities, cash, and Cash Equivalents, or (2) a cash amount with a value based on the next determined Net Asset Value per Trust share; and
- (e) when aggregated in the same specified minimum number, may be redeemed at a holder's request by such Trust which will deliver to the redeeming holder (1) the specified quantity of the underlying commodities, Commodity-Based Assets and securities, cash and Cash Equivalents or (2) a cash amount with a value based on the next determined Net Asset Value per Trust share.

The Exchange proposes no change to the definition of Commodity provided under Rule 14.11(e)(4)(C)(ii), which states that the term "Commodity" is defined in Section 1a(9) of the Commodity Exchange Act.

The Exchange also proposes to adopt new definitions under proposed Rules 14.11(e)(4)(C)(iii) through (x).

Proposed 14.11(e)(4)(C)(iii) would provide that the term "Commodity-Based Asset" means any of commodity futures, commodity options, commodity swap.

Proposed 14.11(e)(4)(C)(iv) would provide that the term "Cash Equivalent" means short-term instruments with maturities of less than three months as follows: (a) U.S. Government securities, including bills, notes and bonds differing as to maturity and rates of interest, which are either issued or guaranteed by the U.S. Treasury or by U.S. Government agencies or instrumentalities; (b) certificates of deposit issued against funds deposited in a bank or savings and

loan association; (c) bankers' acceptances, which are short-term credit instruments used to finance commercial transactions; (d) repurchase agreements and reverse repurchase agreements; (e) bank time deposits, which are monies kept on deposit with banks or savings and loan associations for a stated period of time at a fixed rate of interest; (f) commercial paper, which are short-term unsecured promissory notes; and (g) money market funds.

Proposed 14.11(e)(4)(C)(v) would provide that the term "Net Asset Value" means the value of Commodity-Based Trust Shares that is used in computing periodically the current price for the purpose of creation and redemption of Trust shares and is an amount which reflects the current market value of the assets held by the Trust less expenses and liabilities.

Proposed 14.11(e)(4)(C)(vi) would provide that the term "Designated Contract Market" means a board of trade or exchange that has been designated as a contract market under Section 5 of the Commodity Exchange Act and operates under the regulatory oversight of the Commodity Futures Trading Commission, pursuant to Section 5 of the Commodity Exchange Act.

Proposed Rule 14.11(e)(4)(C)(vii) would provide that the term "Exchange-Traded Fund" means an open-end management investment company or a unit investment trust as defined in Section 4(2) of the Investment Company Act of 1940 or series or class thereof, the shares of which are listed and traded on a national securities exchange, and that has formed and operates under an exemptive order under the Investment Company Act of 1940 or in reliance on an exemptive rule adopted by the Securities and Exchange Commission.

Proposed Rule 14.11(e)(4)(C)(viii) would provide that the term "Intraday Indicative Value" means the estimated indicative value of a Trust share based on current information regarding the value of the Trust's underlying assets.

Proposed Rule 14.11(e)(4)(C)(ix) would provide that the term “Market Price” means: (a) the official closing price of a Trust share; or (b) if it more accurately reflects the market value of a Trust share at the time as of which the trust calculates current Net Asset Value per share, the price that is the midpoint between the national best bid and national best offer as of that time.

Proposed Rule 14.11(e)(4)(C)(x) would provide that the term “Premium or Discount” means the positive or negative difference between the Market Price of a Trust share at the time as of which the current Net Asset Value is calculated and the Trust’s current Net Asset Value per share, expressed as a percentage of the Trust share’s current Net Asset Value per share.

Existing Rule 14.11(e)(4)(D) currently provides for the Designation of an Underlying Commodity and provides that the Exchange may trade, either by listing or pursuant to unlisted trading privileges, Commodity-Based Trust Shares based on an underlying commodity. Each issue of a Commodity-Based Trust Share shall be designated as a separate series and shall be identified by a unique symbol. The Exchange proposes to replace Rule 14.11(e)(4)(D) to instead provide initial and, except for proposed Rule 14.11(e)(4)(D)(i)(c) discussed below, continued listing eligibility criteria for Commodity-Based Trust Shares. Specifically, as proposed, each commodity or commodity that underlies a Commodity-Based Asset held by the trust must meet at least one of the following three criteria on an initial and, except for proposed Rule 14.11(e)(4)(D)(i)(c), continuing basis.<sup>7</sup>

Proposed Rule 14.11(e)(4)(D)(i)(a) provides the first criteria, which states that the commodity trades on a market that is an Intermarket Surveillance Group (“ISG”) member, provided that the Exchange may obtain information about trading in such commodity from the ISG member.

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<sup>7</sup> Following Commission approval of these proposed generic listing standards, the Exchange will submit a separate proposal for an additional quantitative generic listing standard.

This proposed criteria establishes a conditional framework that extends to any commodity traded on individual foreign or domestic markets, contingent upon two essential requirements: the market must maintain ISG membership status,<sup>8</sup> and the Exchange must retain the ability to access trading information for the relevant commodity through the ISG relationship.

Proposed Rule 14.11(e)(4)(D)(i)(b) provides the second criteria, which states that the commodity underlies a futures contract that has been made available to trade on a Designated Contract Market for at least six months, provided that the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in ISG, with such Designated Contract Market.

Proposed Rule 14.11(e)(4)(D)(i)(c) provides the third criteria, which states that an Exchange-Traded Fund designed to provide economic exposure of no less than 40% of its Net Asset Value to the relevant commodity lists and trades on a national securities exchange.<sup>9</sup>

In addition to the above, Rule 14.11(e)(4)(D)(ii) provides that each security held by the Trust shall meet the criteria of Exchange Rule 14.11(i) (Managed Fund Shares), paragraphs (4)(C)(i) and (ii),<sup>10</sup> or if the security is a listed option, trades on an ISG market.

The Exchange proposes to adopt Rule 14.11(e)(4)(E) to address disclosed information by the Trust. Specifically, the Rule would require the Trust to disclose prominently on its website, which is publicly available and free of charge, the following information:

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<sup>8</sup> For a list of the current members of ISG, see [www.isgportal.com](http://www.isgportal.com).

<sup>9</sup> As provided in proposed Rule 14.11(e)(4)(D), the proposed criteria shall only be applicable on an initial listing basis.

<sup>10</sup> Rule 14.11(i)(4)(C)(i) sets forth the requirements for equity component securities for Managed Fund Shares and Rule 14.11(i)(4)(C)(ii) sets forth the requirements for fixed income component securities for Managed Fund Shares.



- (i) Before the opening of regular trading on the Exchange, for the Trust's commodities, Commodity-Based Assets, securities, cash and Cash Equivalent, to the extent applicable: (a) ticker symbol; (b) identifier; (c) description of the holding; (d) the quantity of each commodity, Commodity-Based Asset, security, cash, and Cash Equivalent held; and (e) the percentage weighting of the Trust's assets.
- (ii) The Trust's current Net Asset Value per share, Market Price, and Premium or Discount, each as of the end of the prior business day;
- (iii) A table showing the number of days the Trust's shares traded at a Premium or Discount during the most recently completed calendar year and the most recently completed calendar quarters since that year (or the life of the Trust, if shorter);
- (iv) A line graph showing the Trust share's Premiums or Discounts for the most recently completed calendar year and the most recently completed calendar quarters since that year (or the life of the Trust, if shorter);
- (v) The Trust share's median-ask spread, expressed as a percentage rounded to the nearest hundredth, computed by: (a) identifying the Trust share's national best bid and national best offer as of the end of each 10-second interval during each trading day of the last 30 calendar days; (b) dividing the difference between each such bid and offer by the midpoint of the national best bid and national best offer; and (c) identifying the median of those values.
- (vi) Liquidity risk policies and procedures as described in proposed paragraph (G) of Rule 14.11(e)(4) as further explained below;
- (vii) The Trust's methodology for the calculation of its Net Asset Value;

- (viii) The Trust's trading volume for the previous day; and
- (ix) The Trust's effective prospectus, in a form available for download.

This comprehensive website disclosure requirement provides substantial benefits for market transparency, investor protection, and market efficiency by creating a centralized, accessible information hub that addresses the unique challenges of Commodity-Based Trust Shares.

Proposed Rule 14.11(e)(4)(F) generally prohibits a leveraged or inversed series of Commodity-Based Trust Shares to be listed generically on the Exchange. Specifically, the proposed Rule provides that the Trust may not seek, directly or indirectly, to provide investment returns that correspond to the performance of an index, benchmark, or reference value by a specified multiple, or to provide investment returns that have an inverse or multiple inverse relationship to the performance of an index, benchmark, or reference value, over a predetermined period of time.

Proposed Rule 14.11(e)(4)(G) provides for liquidity risk policies and procedures. If a Trust has on a daily basis less than 85% of its assets readily available to meet redemption requests, the Trust must have written liquidity risk policies and procedures reasonably designed to address the risk that it could not meet requests to redeem shares issued by the Trust without significant dilution of remaining shareholders' interest in the Trust. Such policies and procedures must be periodically reviewed (with such review occurring no less frequently than annually) by the Trust. For purposes of this Rule 14.11(e)(4), an asset is deemed not readily available to meet redemption requests if it is segregated, pledged, hypothecated, encumbered or otherwise

restricted or prevented from being liquidated, sold, transferred, or assigned within one business day.<sup>11</sup> The policies and procedures must address the following, as applicable:

- (i) The Trust's investment strategy and liquidity of the Trust's assets during normal and stressed conditions, including use of derivatives and whether the investment strategy is appropriate for effective and efficient arbitrage;
- (ii) Holdings of cash and Cash Equivalents, as well as borrowing arrangements and other funding sources; and
- (iii) Percentage and description<sup>12</sup> of the Trust's assets that are segregated, pledged, hypothecated, encumbered, or otherwise restricted or prevented from being liquidated, sold, transferred or assigned.

Current Rule 14.11(e)(4)(E) provides for the initial and continued listing standards for Commodity-Based Trust Shares. The Exchange proposes to bifurcate the initial listing standards from the continued listing standards under proposed Rules 14.11(e)(4)(H) and (I), respectively. Proposed Rule 14.11(e)(4)(H) provides that Commodity-Based Trust Shares that meet the following initial criteria will be listed and traded on the Exchange subject to the application of the following criteria. Proposed Rule 14.11(e)(4)(H)(i) would state that the Exchange will establish a minimum number of Commodity-Based Trust Shares required to be outstanding at the time of commencement of trading on the Exchange. Proposed Rule 14.11(e)(4)(H)(ii) would state that all Commodity-Based Trust Shares shall have a stated investment objective, which shall be adhered to under normal market conditions.

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<sup>11</sup> Proposed Rule 14.11(e)(4)(G) would apply, for example, in situations such as where assets held by the Trust are crypto assets and are subject to protocol staking. Specifically, to the extent that the Trust stakes more than 15% of its assets, the Trust will be required to comply with the liquidity risk policies and procedures as provided under proposed Rule 14.11(e)(4)(G).

<sup>12</sup> For example, for crypto ETPs that have staked assets, this would describe the asset that is staked and the percentage.

The current continued listing requirements for Commodity-Based Trust Shares provide that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if certain enumerated circumstances are met. The Exchange proposes to modify this requirement under proposed Rule 14.11(e)(4)(I) to codify that the Exchange will maintain surveillance procedures for Trust shares listed under Rule 14.11(e)(4). The Exchange also proposes to amend and renumber the enumerated criteria as follows.

Proposed Rule 14.11(e)(4)(I)(i) is substantively identical to existing Rule 14.11(e)(4)(E)(ii)(a), which provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if following the initial 12 month period following commencement of trading on the Exchange, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Commodity-Based Trust Shares for 30 or more consecutive trading days.

Proposed Rule 14.11(e)(4)(I)(ii) maintains the same substantive content as the current Rule 14.11(e)(4)(E)(ii)(b), with the Exchange making a clarifying modification to replace “receipts” with “shares” for improved terminology. Proposed Rule 14.11(e)(4)(I)(ii) provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if following the initial 12 month period following commencement of trading on the Exchange, the Trust has fewer than 50,000 shares issued and outstanding.

Proposed Rule 14.11(e)(4)(I)(iii) maintains substantive equivalence with existing Rule 14.11(e)(4)(E)(ii)(c), incorporating two Exchange clarifications: the terminological improvement

of replacing “receipts” with “shares” and the explicit specification that this provision applies to Commodity-Based Trust Shares trading on the Exchange. Proposed Rule 14.11(e)(4)(I)(iii) provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if following the initial 12 month period following commencement of trading on the Exchange of Commodity-Based Trust Shares, the market value of all shares issued and outstanding is less than \$1,000,000.

Existing Rule 14.11(e)(4)(E)(ii)(d) provides that the Exchange will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if an interruption to the dissemination of the value of the underlying commodity persists past the trading day in which it occurred or is no longer calculated or available on at least a 15- second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its website to any such unaffiliated commodity value. The Exchange proposes to change the continued listing requirement under proposed Rule 14.11(e)(4)(I)(iv) to provide that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 when the interruption to the dissemination of the value of the underlying reference asset(s) or index persists past the trading day in which it occurred or is no longer calculated or made widely available on at least a 15- second delayed basis from a source unaffiliated with the sponsor, Trust, custodian or the Exchange or the Exchange stops providing a hyperlink on its website to any such unaffiliated commodity value.

Existing Rule 14.11(e)(4)(E)(ii)(e) provides the Exchange will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if an

interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made available on at least a 15-second delayed basis. The Exchange proposes to reword the continued listing requirement under proposed Rule 14.11(e)(4)(I)(v) to provide that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 when the interruption to the dissemination of the Intraday Indicative Value persists past the trading day in which it occurred or is no longer made widely available on at least a 15-second delayed basis during Regular Trading Hours.<sup>13</sup>

The Exchange proposes to adopt Rule 14.11(e)(4)(I)(vi) which provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if the Net Asset Value is not calculated at least once daily or made widely available to all market participants at the same time.

The Exchange also proposes to adopt Rule 14.11(e)(4)(I)(vii) which provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if the information as set forth in proposed Rule 14.11(e)(4) is no longer being disclosed in accordance with the requirements of proposed Rule 14.11(e)(4)(E), discussed above.

Proposed Rule 14.11(e)(4)(I)(viii) is substantively identical to existing Rule 14.11(e)(4)(E)(ii)(f) except that the Exchange proposes to add clarifying changes so that the rule provides that the Exchange will consider the suspension of trading in and will commence

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<sup>13</sup> See Exchange Rule 1.5(w).

delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if any of the other requirements set forth in Rule 14.11(e)(4) are not continuously maintained.

The Exchange proposes to delete existing Rule 14.11(e)(4)(g) as it duplicative of the requirements set forth in proposed Rule 14.11(e)(4)(I)(viii).

The Exchange proposes to adopt Rule 14.11(e)(4)(I)(ix) which provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if the Exchange submits a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Commodity-Based Trust Shares that do not otherwise meet the standards set forth in this proposed Rule 14.11(e)(4) and any of the statements or representations regarding (a) the description of the index, portfolio, or reference asset; (b) limitations on the index, portfolio holdings, or reference assets, or (c) the applicability of Exchange listing rules specified in such rule filing are not continuously maintained.

Proposed Rule 14.11(e)(4)(I)(x) is substantively identical to existing Rule 14.11(e)(4)(E)(ii)(h) and provides that the Exchange will consider the suspension of trading in and will commence delisting proceedings for a series of Commodity-Based Trust Shares pursuant to Rule 14.12 if such other event shall occur or condition exists which in the opinion of the Exchange makes further dealings on the Exchange inadvisable. Upon termination of a Trust, the Exchange requires that Commodity-Based Trust Shares issued in connection with such Trust be removed from Exchange listing. A Trust may terminate in accordance with the provisions of the Trust prospectus, which may provide for termination if the value of the Trust falls below a specified amount.

The Exchange proposes to adopt Rule 14.11(e)(4)(J) which provides for Trading Halts in Commodity-Based Trust Shares. Under proposed Rule 14.11(e)(4)(J)(i) the Exchange may halt trading during the day in which the interruption to the following occurs. If the interruption persists past the trading day in which it occurred, the Exchange will halt trading no later than the beginning of the trading day following the interruption. If Commodity-Based Trust Shares are trading on the Exchange pursuant to unlisted trading privileges, the Exchange will halt trading as specified in Rule 11.18. Specifically, the Exchange may halt if: (a) the value of the underlying reference asset(s) or index is not made widely available on at least a 15-second basis from a source unaffiliated with the sponsor or the Trust; (b) the Intraday Indicative Value is not made widely available to all market participants at the same time on at least a 15-second basis during Regular Trading Hours; or (c) the information as set forth in this proposed Rule 14.11(e)(4) is not being disclosed in accordance with the requirement of proposed paragraph (E) above.

Proposed Rule 14.11(e)(4)(J)(ii) further provides that if the Exchange becomes aware that the Net Asset Value is not disseminated to all market participants at the same time, it will halt trading in the Commodity-Based Trust Shares until such time as the Net Asset Value is available to all market participants.

Proposed Rule 14.11(e)(4)(J)(iii) provides that the Exchange may also exercise discretion to halt trading in a Series of Commodity-Based Trust Shares based on a consideration of the following factors: (A) the extent to which trading has ceased in underlying Commodity(s) or Commodity-Based Assets comprising the index or portfolio, (B) in the event of national, regional, or localized disruption that necessitates a trading halt to maintain a fair and orderly market, or (C) the presence of other unusual conditions or circumstances detrimental to the maintenance of a fair and orderly market.



The Exchange proposes to delete existing Rule 14.11(e)(4)(E)(iii) through (v), which provides for initial and continued listing standards related to the term of the trust, the trustee requirements, and voting rights.

The Exchange proposes to re-letter Rule 14.11(e)(4)(F) to 14.11(e)(4)(K). Proposed Rule 14.11(e)(4)(K) provides for limited liability of the Exchange in certain circumstances and is substantively identical to existing Rule 14.11(e)(4)(F), with a conforming change to reflect that the Trust may hold multiple commodities.

The Exchange proposes to amend Rule 14.11(e)(4)(G) and re-letter as Rule 14.11(e)(4)(L), which generally provides that a registered Market Maker in Commodity-Based Trust Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in certain related instruments. Proposed Rule 14.11(e)(4)(L) states that a registered Market Maker in Commodity-Based Trust Shares must file with the Exchange in a manner prescribed by the Exchange and keep current a list identifying all accounts for trading in each underlying commodity and Commodity-Based Asset which the registered Market Maker may have or over which it may exercise investment discretion. No registered Market Maker in Commodity-Based Trust Shares shall trade in an underlying commodity, Commodity-Based Asset or any other related commodity derivative thereon in an account in which a registered Market Maker (1) directly or indirectly controls trading activities or has a direct interest in the profits or losses thereof, (2) is required by this rule to disclose to the Exchange, and (3) has not been reported to the Exchange. In addition to the existing obligations under Exchange rules regarding the production of books and records (see, e.g., Rule 4.2), the registered Market Maker in Commodity-Based Trust Shares shall make available to the Exchange such books, records or other information pertaining to transactions by such entity or registered or

non-registered employee affiliated with such entity for its or their own accounts for trading the underlying physical commodity or Commodity-Based Asset or applicable derivatives of each of the foregoing, as may be requested by the Exchange.

The Exchange proposes to adopt Rule 14.11(e)(4)(M) which would provide for firewall requirements for Commodity-Based Trust Shares. Proposed Rule 14.11(e)(4)(M)(i) provides that if the value of a Commodity-Based Trust Shares is based in whole or in part on an index that is maintained by a broker-dealer, the broker-dealer shall erect and maintain a “firewall” around the personnel responsible for maintenance of such index or who have access to information concerning changes and adjustments to the index.

Proposed Rule 14.11(e)(4)(M)(ii) provides that any advisory committee, supervisory board, or similar entity that advises an index licensor or administrator or that makes decisions regarding the index composition, methodology, and related matters must implement and maintain, or be subject to, procedures designed to prevent the use and dissemination of material, non-public information regarding the applicable index.

Proposed Rule 14.11(e)(4)(M)(iii) provides that if the Trust is affiliated with an entity that has the ability to influence the price or supply of a commodity, or a commodity underlying a Commodity-Based Asset, held by the Trust, the Trust shall (a) implement and maintain a “firewall” between any such entity and the Trust, (b) have written policies and procedures designed to prevent the use and dissemination of material, non-public information regarding the Trust, and (c) have written policies and procedures designed to prevent fraudulent, deceptive or manipulative acts, practices, or courses of business with respect to the Trust and such commodity.

Last, the Exchange proposes to delete the existing language of Interpretation and Policy .01 to Rule 14.11(e)(4) which provides that a Commodity-Based Trust Share is a Trust Issued Receipt that holds a specified commodity deposited with the Trust. The Exchange proposes to replace the deleted text to provide that an issue of Commodity-Based Trust Shares must notify the Exchange of any failure to comply with the continued listing requirements. The Exchange proposes no change to existing Interpretation and Policies .02 and .03 of Rule 14.11(e)(4). Specifically, Interpretation and Policy .02 to Rule 14.11(e)(4) states that the Exchange requires that Members provide all purchasers of newly issued Commodity-Based Trust Shares a prospectus for the series of Commodity-Based Trust Shares. Interpretation and Policy .03 to Rule 14.11(e)(4) states that transactions in Commodity-Based Trust Shares will occur during Regular Trading Hours<sup>14</sup> and the Early Trading,<sup>15</sup> Pre-Opening<sup>16</sup> and After Hours Trading Sessions.<sup>17</sup>

## 2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.<sup>18</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>19</sup> requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to

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<sup>14</sup> See Exchange Rule 1.5(w).

<sup>15</sup> See Exchange Rule 1.5(ff).

<sup>16</sup> See Exchange Rule 1.5(r).

<sup>17</sup> See Exchange Rule 1.5(c).

<sup>18</sup> 15 U.S.C. 78f(b).

<sup>19</sup> 15 U.S.C. 78f(b)(5).

remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>20</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed amendments to Rule 14.11(e)(4) are designed to prevent fraudulent and manipulative acts and practices in that the proposed amended rules relating to listing and trading Commodity-Based Trust Shares on the Exchange provide specific initial and continued listing criteria required to be met by such securities. The proposed Rules set forth initial and continued listing criteria applicable to Commodity-Based Trust Shares, and proposed Rule 14.11(e)(4)(A) specifically provides that the Exchange may approve a series of Commodity-Based Trust Shares for listing and trading (including pursuant to unlisted trading privileges) on the Exchange pursuant to Rule 19b-4(e) under the Act, provided such series of Commodity-Based Trust Shares meet the standards set forth in proposed Rule 14.11(e)(4) on an initial or continuing basis. The Exchange will submit a Form 19b-4(e) for all series of Commodity-Based Trust Shares upon being listed pursuant to proposed Rule 14.11(e)(4). Furthermore, the Exchange may submit a rule filing pursuant to Section 19(b) of the Exchange Act to permit the listing and trading of Commodity-Based Trust Shares that do not meet the proposed generic listing requirements on an initial or continuing basis under proposed Rule 14.11(e)(4)(A). By allowing rule filings for Commodity-Based Trust Shares that don't meet generic requirements, the Exchange maintains flexibility to seek approval from the Commission

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<sup>20</sup> Id.

to list innovative products that may still serve investor interests and market efficiency, even if they don't meet the proposed standards.

The Exchange believes the proposed changes to Rule 14.11(e)(4)(B) and (C) will remove market impediments and enhance the national market system by clarifying the Rule's applicability and providing clear definitions.

The Exchange believes that the eligibility criteria under proposed Rule 14.11(e)(4)(D) to list and trade a series of Commodity-Based Trust Shares is consistent with the Act. In particular, the criteria under proposed Rule 14.11(e)(4)(D)(i)(a) aligns with the requirement under Section 6(b)(5) of the Act that requires rules that promote "just and equitable principles of trade" by ensuring surveillance capabilities of the underlying commodity through established ISG relationships. The ISG framework has been repeatedly recognized by the Commission as providing adequate surveillance for commodity-based products, creating regulatory consistency with existing approved ETPs.<sup>21</sup>

The six-month trading criteria on Designated Contract Markets ("DCMs") with comprehensive surveillance sharing agreements as provided under proposed Rule 14.11(e)(4)(D)(i)(b) ensures that there is a developed regulated futures market which addresses fraud and manipulation.

The criteria under proposed Rule 14.11(e)(4)(D)(i)(c) aligns products that may be listed generically under Rule 6c-11 of the Investment Company Act of 1940 and Rule 14.11(l) with the

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<sup>21</sup> See e.g., Securities Exchange Act Nos. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units) (the "Spot Bitcoin ETP Approval Order"); 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (Self-Regulatory Organizations; NYSE Arca, Inc.; The Nasdaq Stock Market LLC; Cboe BZX Exchange, Inc.; Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products) (the "Spot ETH ETP Approval Order").

generic listing requirements for Commodity-Based Trust Shares thereby removing impediments to and perfecting the mechanism of a free and open market.

The requirement that each security held by the Trust meets the criteria applicable to Managed Fund Shares,<sup>22</sup> or if the security is a listed option, trades on an ISG market,<sup>23</sup> is consistent with Section 6(b)(5) because these provisions prevent fraudulent and manipulative acts through substantial market capitalization thresholds, minimum trading volume requirements, concentration limits restricting single holdings of portfolio weight, and diversification mandates that ensure adequate liquidity and prevent over-concentration. The criteria promote just and equitable principles of trade by requiring securities to be listed on national securities exchanges, qualify as NMS Stocks under Regulation NMS, and meet established reporting and transparency standards, while fostering cooperation with regulatory entities through existing exchange surveillance mechanisms and national market system infrastructure. These comprehensive safeguards remove market impediments by establishing clear, objective standards that provide market certainty while maintaining the market integrity and investor protection characteristics mandated by Section 6(b)(5) through proven regulatory frameworks adapted to Commodity-Based Trust Shares.

Requiring the Trust to publicly disclose this comprehensive information under proposed Rule 14.11(e)(4)(E) is consistent with the Act by ensuring all market participants have equal access to critical information needed for informed investment decisions, including real-time portfolio composition, NAV calculations, and trading metrics that enable investors to assess fair value and market efficiency.

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<sup>22</sup> See Exchange Rules 14.11(i)(4)(C)(i) and (ii).

<sup>23</sup> See proposed Exchange Rule 14.11(e)(4)(D)(ii).

The Exchange believes proposed Rule 14.11(e)(4)(F) adds clarity to the Exchange's Rules by explicitly stating that the Trust may not provide investment returns that correspond to inverse or leveraged performance of an index, benchmark, or reference value under the proposed generic listing standards.

The liquidity risk policies and procedures requirement under proposed Rule 14.11(e)(4)(G) is consistent with the Act because it provides information to investors that Trusts with significant illiquid holdings maintain comprehensive risk management frameworks relating to situations where redemption requests cannot be met without harming remaining shareholders, thereby protecting investors from potential dilution or unfair treatment that could result from liquidity mismatches. The requirement promotes just and equitable principles of trade by mandating transparency and systematic assessment of liquidity risks, ensuring that all shareholders are treated fairly during redemption processes and that the Trust maintains adequate procedures to manage both normal and stressed market conditions without disadvantaging any particular group of investors. These policies and procedures remove impediments to and perfect the mechanism of a free and open market by ensuring that ETPs maintain the operational integrity necessary for efficient arbitrage mechanisms and price discovery, as the requirement for readily available assets (85% threshold) and comprehensive liquidity planning aims to provide that authorized participants can effectively create and redeem shares to keep market prices aligned with Net Asset Value, which is fundamental to the proper functioning of exchange-traded products and the fair and orderly markets.

The Exchange believes that proposed Rules 14.11(e)(4)(H) and (I) are designed to prevent fraudulent and manipulative acts and practices in that the proposed rules relating to listing and trading of Commodity-Based Trust Shares provide specific initial and continued

listing criteria required to be met by such securities. These proposed rules are largely the same under existing Commodity-Based Trust Shares rules, but the proposed rules add additional clarity and guidance to Exchange Rules.

The Exchange believes proposed Rule 14.11(e)(4)(J) is consistent with the Act because it provides the Exchange with discretion as to when trading may be halted during the day in which interruption to certain information becomes unavailable and specifically provides when the Exchange will halt on the day following the interruption if the interruption persists. Such halts may be necessary to prevent fraudulent and manipulative acts when critical pricing information becomes unavailable, ensuring that no market participants can exploit informational advantages while others lack access to essential valuation data.

The Exchange believes that removing existing Rules 14.11(e)(4)(E)(iii), (iv), and (v), which establish continued listing standards for trust term, trustee requirements, and voting rights, aligns with the Act because these provisions are either inapplicable under the proposed rules or adequately addressed elsewhere. Trustee requirements may no longer be relevant since Commodity-Based Trust Shares can be issued by trusts, limited liability companies, or other similar entities. The term requirement is redundant because trust termination provisions are already comprehensively covered under proposed Rule 14.11(e)(4)(I)(x). Similarly, the voting rights provision is unnecessary since shareholder rights must be disclosed in the applicable trust prospectus pursuant to other securities laws.

The Exchange considers the proposed amendments to the market maker accounts requirement under proposed Rule 14.11(e)(4)(L) to be reasonable and consistent with existing regulatory frameworks. Current Rule 14.11(e)(4)(G) establishes a comprehensive disclosure obligation requiring Market Makers to maintain and file updated lists of all accounts used for



trading underlying commodities, related commodity futures, options on commodity futures, and other related commodity derivatives over which they maintain trading authority or investment discretion. The proposed amendments clarify these requirements to align with other proposed changes.

The Exchange believes the proposal to adopt firewall requirements for Commodity-Based Trust Shares, as provided under proposed Rule 14.11(e)(4)(M), are designed to prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and to protect investors and the public interest. The firewall requirements establish structural barriers against the use and dissemination of material, non-public information which could be used to manipulate a series of Commodity-Based Trust Shares. The consistency of the proposed firewall requirements with existing ETF Share firewall requirements promotes consistent and equitable standards across similar investment products.<sup>24</sup>

The Exchange believes that deleting existing Interpretation and Policy .01 to Rule 14.11(e)(4) is necessary to align the rule text with the comprehensive structural changes proposed throughout the regulatory framework. The current interpretation reflects an outdated paradigm that narrowly characterizes Commodity-Based Trust Shares as Trust Issued Receipts backed exclusively by specified commodities held in deposit, which conflicts with the expanded definitional scope established under proposed Rule 14.11(e)(4)(C)(i). The proposed rule recognizes that Commodity-Based Trust Shares may be issued by diverse entity structures including trusts, limited liability companies, or other similar vehicles, and acknowledges that these entities may hold diversified portfolios encompassing multiple commodities, Commodity-Based Assets, securities, cash, and Cash Equivalents rather than single commodity deposits. The

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<sup>24</sup> See Exchange Rule 14.11(l)(4)(a)(ii) and (iii).

proposed replacement of Interpretation and Policy .01 strengthens the regulatory framework by requiring issuers of Commodity-Based Trust to notify the Exchange of any failure to comply with the continued listing requirements.

The proposed rule change is designed to perfect the mechanism of a free and open market and, in general, to protect investors and the public interest in that it will facilitate the listing and trading of Commodity-Based Trust Shares in a manner that will enhance competition among market participants, to the benefit of investors and the marketplace. The Exchange believes that approval of this proposal will streamline current procedures, reduce the costs and timeline associated with bringing Commodity-Based Trust Shares to market, and provide significantly greater regulatory certainty to potential issuers considering bringing Commodity-Based Trust Shares to market, thereby enhancing competition among Commodity-Based Trust Shares issuers and reducing costs for investors

For the above reasons, the Exchange believes that the proposed rule change is consistent with the requirements of Section 6(b)(5) of the Act.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the contrary, the Exchange believes that the proposed rule change would enhance competition by streamlining current procedures, reducing the costs and timeline associated with bringing Commodity-Based Trust Shares to market, and providing significantly greater regulatory certainty to potential issuers considering bringing Commodity-Based Trust Shares to market, all of which the Exchange believes would enhance competition among Commodity-Based Trust Shares issuers and reduce costs for investors. The Exchange also believes that the proposed

change would enhance competition among Commodity-Based Trust Shares by ensuring the application of uniform listing standards.

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

The Exchange neither solicited nor received written comment letters on this proposal.

**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 Exchange consents, the Commission will:

- A. by order approve or disapprove such 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](mailto:rule-comments@sec.gov). Please include file number SR-CboeBZX-2025-104 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-CboeBZX-2025-104. 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-CboeBZX-2025-104 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.<sup>25</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>25</sup> 17 CFR 200.30-3(a)(12).