

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-103283; File Nos. SR-MIAX-2025-07; SR-PEARL-2025-08; SR-SAPPHIRE-2025-12]

Self-Regulatory Organizations; Miami International Securities Exchange, LLC; MIAX PEARL, LLC; MIAX Sapphire, LLC; Order Instituting Proceedings to Determine Whether to Approve or Disapprove Proposed Rule Changes, as Modified by Partial Amendments Thereto, to Amend Rule 402, Criteria for Underlying Securities, to List and Trade Options on Commodity-Based Trust Shares

June 17, 2025.

I. Introduction

On March 5, 2025, Miami International Securities Exchange, LLC (“MIAX”), MIAX PEARL, LLC (“MIAX Pearl”), and MIAX Sapphire, LLC (“MIAX Sapphire”) (each an “Exchange”; collectively, the “Exchanges”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² proposed rule changes to amend Rule 402, Criteria for Underlying Securities, of their respective rulebooks to list and trade options on units that represent interests in a trust that is a Commodity-Based Trust.³ On March 11, 2025, MIAX, MIAX Pearl and MIAX Sapphire each filed Partial Amendment No. 1 to their respective proposed rule changes.⁴ On March 12, 2025, MIAX Pearl and MIAX Sapphire each filed Partial Amendment No. 2 to their

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See, *infra*, note 11 and accompanying text.

⁴ Partial Amendment No. 1 made technical changes to each Exchange’s proposed rule change and corrected marking errors in each Exchange’s proposed changes to its rule text.

respective proposed rule changes.⁵ The proposed rule changes, as modified by the applicable Partial Amendments, were published for comment in the Federal Register on March 19, 2025.⁶ The Commission has not received any comments on the proposed rule changes, as modified by the applicable Partial Amendments.

On April 25, 2025, pursuant to Section 19(b)(2) of the Act,⁷ the Commission designated a longer period within which to approve the proposed rule changes, disapprove the proposed rule changes, or institute proceedings to determine whether to disapprove the proposed rule changes, as modified by the applicable Partial Amendments.⁸ This order institutes proceedings under Section 19(b)(2)(B) of the Act⁹ to determine whether to approve or disapprove the proposed rule changes, as modified by the applicable Partial Amendments.

II. Description of the Proposed Rule Changes, as Modified by Partial Amendments Thereto

As described more fully in the Notices, the Exchanges propose to amend Rule 402, Criteria for Underlying Securities, of their respective rulebooks to allow the listing and trading of options on units that represent interests in a trust that is a Commodity-Based Trust.¹⁰

⁵ Partial Amendment No. 2 (with Partial Amendment No. 1, collectively “Partial Amendments”) to MIAX Pearl and MIAX Sapphire’s proposals, each as modified by its respective Partial Amendment No. 1, corrected marking errors in each Exchange’s proposed changes to its rule text.

⁶ See Securities Exchange Act Release Nos. 102658 (Mar. 13, 2025), 90 FR 12870 (SR-MIAX-2025-07) (“MIAX Notice”); 102659 (Mar. 13, 2025), 90 FR 12876 (SR-PEARL-2025-08) (“MIAX Pearl Notice”); 102660 (Mar. 13, 2025), 90 FR 12859 (SR-SAPPHIRE-2025-12) (“MIAX Sapphire Notice”) (collectively, “Notices”).

⁷ 15 U.S.C. 78s(b)(2).

⁸ See Securities Exchange Act Release Nos. 102928, 90 FR 18717 (May 1, 2025) (SR-SAPPHIRE-2025-12); 102929, 90 FR 18718 (May 1, 2025) (SR-PEARL-2025-08); 102932, 90 FR 18715 (May 1, 2025) (SR-MIAX-2025-07) (each designating June 17, 2025, as the date by which the Commission shall either approve, disapprove, or institute proceedings to determine whether to disapprove the proposed rule changes, as modified by the applicable Partial Amendments).

⁹ 15 U.S.C. 78s(b)(2)(B).

¹⁰ See, e.g., MIAX Notice, supra note 6. See also id. at 12871, n.4 (stating, “The Exchange notes that its affiliate options exchanges, MIAX PEARL, LLC (‘MIAX Pearl’) and MIAX Sapphire, LLC (‘MIAX Sapphire’), submitted (or will submit) substantively similar proposals. The Exchange notes that the rules of

Specifically, each Exchange proposes to remove references in Rule 402(i) to the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Silver ETF Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Palladium ETF Trust, the Aberdeen Standard Platinum ETF Trust, the Goldman Sachs Physical Gold ETF, the Sprott Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, the Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, and the ARK 21 Shares Bitcoin ETF, which are all Commodity-Based Trust Shares, and update the provision to state that securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that “represent interests in (a) a security issued by a trust that holds (1) a specified commodity deposited with the trust, or (2) a specified commodity and, in addition to such specified commodity, cash; (b) that is issued by such trust in a specified aggregate minimum number in return for a deposit of a quantity of the underlying commodity and/or cash; and (c) that, 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 the quantity of the underlying commodity and/or cash (‘Commodity-Based Trust Share’).”¹¹

As a result of these proposed rule changes, as modified by the applicable Partial Amendments, each Exchange’s listing criteria would permit any Exchange-Traded Fund Shares (“ETFs”) that are approved to list on a primary equities market as a Commodity-Based Trust Share to qualify as an underlying for options traded on the Exchange, provided other listing criteria have been met, without any additional approvals from the Commission. Each Exchange states that offering options on Commodity-Based Trust Shares provides investors with the ability

Chapter IV of MIAX, including Exchange Rule 402, are incorporated by reference into the MIAX Emerald, LLC (‘MIAX Emerald’) rulebook.”).

¹¹ See, e.g., proposed MIAX Rule 402(i)(4).

to hedge exposure to the underlying security similar to options on any other securities.¹²

Additionally, each Exchange states that options on a Commodity-Based Trust Share provide investors with the ability to transact in such options in a listed market environment, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow to the benefit of all investors.¹³

Each Exchange states that options on a Commodity-Based Trust Share will trade in the same manner as options on other ETFs on the Exchange.¹⁴ The Exchanges' rules that currently apply to the listing and trading of all options on ETFs on each Exchange, including, for example, rules that govern listing criteria,¹⁵ including continued listing standards,¹⁶ expirations,¹⁷ exercise/strike prices,¹⁸ minimum increments,¹⁹ position and exercise limits,²⁰ margin

¹² See, e.g., MIAX Notice, supra note 6, at 12874.

¹³ See, e.g., id.

¹⁴ See, e.g., id. See also, e.g., MIAX Rule 402(i)(5)(i) (regarding certain criteria and guidelines for ETFs).

¹⁵ See, e.g., MIAX Notice, supra note 6, at 12871. See also, e.g., MIAX Rule 402(a), (i).

¹⁶ See, e.g., MIAX Notice, supra note 6, at 12871-72. Each Exchange states that the options approved for trading pursuant to Rule 402(i) will not be deemed to meet the requirements for continued approval, and each Exchange shall not open for trading any additional series of option contracts of the class covering such ETFs, if the ETFs are delisted from trading as provided in subparagraph (b)(4) of Rule 403 or the ETFs are halted or suspended from trading on their primary market. See, e.g., id. at 12871. Additionally, options on ETFs may be subject to the suspension of opening transactions in any series of options of the class covering ETFs in certain other circumstances pursuant to Exchange rules. See, e.g., id. at 12871-72.

¹⁷ See, e.g., id. at 12872. Each Exchange states that it would open at least one expiration month for options on a Commodity-Based Trust Share and may also list series of options on a Commodity-Based Trust Share for trading on a weekly, monthly, or quarterly basis. See, e.g., id. Each Exchange states that it may also list long-term equity option series ("LEAPS") that expire from twelve to thirty-nine months from the time they are listed. See, e.g., id.

¹⁸ See, e.g., MIAX Notice, supra note 6, at 12872. See also, e.g., MIAX Rule 404(b) (relating to exercise price of options upon commencement of trading of a particular class of options on the Exchange); MIAX Rule 404, Interpretations and Policies .06 (relating to strike prices of series of options on ETFs).

¹⁹ See, e.g., MIAX Notice, supra note 6, at 12872. See also, e.g., MIAX Rule 510.

²⁰ See, e.g., MIAX Notice, supra note 6, at 12872. Each Exchange states that position and exercise limits for options on a Commodity-Based Trust Share would be determined pursuant to MIAX Rules 307 and 309, respectively, and that position and exercise limits for ETF options vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six months. Id.

requirements,²¹ customer accounts,²² and trading halt procedures²³ would apply to the listing and trading of options on a Commodity-Based Trust Share on each Exchange in the same manner as they apply to other options on all other ETFs that are listed and traded on the Exchange.

In addition, each Exchange states that the same surveillance procedures applicable to all other options on other ETFs currently listed and traded on the Exchange will apply to options on a Commodity-Based Trust Share, and that it and the Options Price Reporting Authority have the necessary systems capacity to support the new option series.²⁴ Each Exchange represents that it is a member of the Intermarket Surveillance Group (“ISG”) and that ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets.²⁵ Also, each Exchange states that it may obtain information from CME Group Inc.’s designated contract markets that are members of the ISG related to a financial instrument that is based, in whole or in part, upon an interest in or performance of a commodity, as applicable.²⁶ Each Exchange states that it has a Regulatory Services Agreement with the Financial Industry Regulatory Authority.²⁷ Further, each Exchange states that it has not identified any issues with the continued listing and trading of any ETF options, including ETFs that hold commodities (e.g., precious metals, cryptocurrencies) that it currently lists and trades on the Exchange.²⁸

²¹ See, e.g., id. See also MIAX Rule 1502, which governs margin requirements applicable to trading on MIAX and its affiliates MIAX Pearl and MIAX Sapphire. See MIAX Pearl Notice, supra note 6, at 12878; MIAX Sapphire Notice, supra note 6, at 12861.

²² See, e.g., MIAX Notice, supra note 6, at 12872.

²³ See, e.g., id.

²⁴ See, e.g., id. at 12872-73.

²⁵ See, e.g., id. at 12873.

²⁶ See, e.g., id.

²⁷ See, e.g., id.

²⁸ See, e.g., MIAX Notice, supra note 6, at 12872.

III. Proceedings to Determine Whether to Approve or Disapprove SR-MIAX-2025-07, SR-PEARL-2025-08, SR-SAPPHIRE-2025-12 and Grounds for Disapproval under Consideration

The Commission is instituting proceedings pursuant to Section 19(b)(2)(B) of the Act²⁹ to determine whether the proposed rule changes, as modified by the applicable Partial Amendments, should be approved or disapproved. Institution of such proceedings is appropriate at this time in view of the legal and policy issues raised by the proposed rule changes, as modified by the applicable Partial Amendments. Institution of proceedings does not indicate that the Commission has reached any conclusions with respect to any of the issues involved. Rather, as described below, the Commission seeks and encourages interested persons to provide comments on the proposed rule changes, as modified by the applicable Partial Amendments.

Pursuant to Section 19(b)(2)(B) of the Act,³⁰ the Commission is providing notice of the grounds for disapproval under consideration. The Commission is instituting proceedings to allow for additional analysis of the proposals' consistency with Section 6(b)(5) of the Act,³¹ which requires, among other things, that the rules of a national securities exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and protect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.

Under the Commission's Rules of Practice, the "burden to demonstrate that a proposed rule change is consistent with the [Act] and the rules and regulations issued thereunder . . . is on the self-regulatory organization that proposed the rule change."³² The description of a proposed

²⁹ 15 U.S.C. 78s(b)(2)(B).

³⁰ See id.

³¹ 15 U.S.C. 78f(b)(5).

³² 17 CFR 201.700(b)(3).

rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,³³ and any failure of a self-regulatory organization to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Act and the applicable rules and regulations.³⁴ The Commission is instituting proceedings to allow for additional consideration and comment on the issues raised herein, including as to whether the proposals, as modified by the applicable Partial Amendments, are consistent with the Act. In particular, the Commission asks commenters to address the potential market impacts of allowing the listing and trading of options on Commodity-Based Trust Shares.

IV. Procedure: Request for Written Comments

The Commission requests that interested persons provide written submissions of their views, data, and arguments with respect to the issues identified above, as well as any other concerns they may have with the proposals, as modified by the applicable Partial Amendments. In particular, the Commission invites the written views of interested persons concerning whether the proposals, as modified by the applicable Partial Amendments, are consistent with Section 6(b)(5) or any other provision of the Act, and the rules and regulations thereunder. Although there do not appear to be any issues relevant to approval or disapproval that would be facilitated

³³ See id.

³⁴ See id.

by an oral presentation of views, data, and arguments, the Commission will consider, pursuant to Rule 19b-4 under the Act,³⁵ any request for an opportunity to make an oral presentation.³⁶

Interested persons are invited to submit written data, views, and arguments regarding whether the proposed rule changes, as modified by the applicable Partial Amendments, should be approved or disapproved by [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Any person who wishes to file a rebuttal to any other person's submission must file that rebuttal by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

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 numbers SR-MIAX-2025-07, SR-PEARL-2025-08, and SR-SAPPHIRE-2025-12 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.

³⁵ 17 CFR 240.19b-4.

³⁶ Section 19(b)(2) of the Act, as amended by the Securities Acts Amendments of 1975, Pub. L. 94-29 (June 4, 1975), grants the Commission flexibility to determine what type of proceeding—either oral or notice and opportunity for written comments—is appropriate for consideration of a particular proposal by a self-regulatory organization. *See* Securities Acts Amendments of 1975, Senate Comm. on Banking, Housing & Urban Affairs, S. Rep. No. 75, 94th Cong., 1st Sess. 30 (1975).

All submissions should refer to file numbers SR-MIAX-2025-07, SR-PEARL-2025-08, and SR-SAPPHIRE-2025-12. These file numbers 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 submission, all subsequent amendments, all written statements with respect to the proposed rule changes that are filed with the Commission, and all written communications relating to the proposed rule changes between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filings also will be available for inspection and copying at the principal office of the Exchanges. 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 numbers SR-MIAX-2025-07, SR-PEARL-2025-08, and SR-SAPPHIRE-2025-12 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]. Rebuttal comments should be submitted by [INSERT DATE 35 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁷

Sherry R. Haywood,

Assistant Secretary.

³⁷ 17 CFR 200.30-3(a)(57).