

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102825; File No. SR-Phlx-2025-18]

Self-Regulatory Organizations; Nasdaq PHLX LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend its Rules to Allow the Exchange to List Options on the iShares Ethereum Trust, the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust

April 11, 2025

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that April 10, 2025, Nasdaq PHLX LLC (“Phlx” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the Exchange. The Exchange filed the proposal as a “non-controversial” proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Options 9, Section 13, Position Limits, for options on the iShares Ethereum Trust, the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust, (collectively “Ether Trusts”).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

Additionally, the Exchange proposes to amend Options 8, Section 34, FLEX Trading, to except FLEX Options on these ether trusts from trading as a FLEX option contract.

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/phlx/rulefilings>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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 proposes to amend Options 9, Section 13, Position Limits, for options on the iShares Ethereum Trust, the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust, (collectively "Ether Trusts"). Additionally, the Exchange proposes to amend Options 8, Section 34, FLEX Trading, to except FLEX Options on these Ether Trusts from trading as a FLEX option contract.

Options 9, Section 13

Recently, Nasdaq ISE, LLC ("ISE") received approval to list options on iShares Ethereum Trust, Cboe Exchange, Inc. ("Cboe") received approval to list options on the Fidelity Ethereum Fund, and NYSE American LLC ("NYSE American") received approval to list

options on the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust (collectively, “Ether Trusts”).⁵ ISE filed a rule change to list and trade options on the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust.⁶

Phlx’s Options 4 Rules were amended by the ISE rule changes to list options on the Ether Trusts, as those Rules are incorporated by reference to Phlx’s Options 4 Rules, so ISE has the ability to list the options on the Ether Trusts. The Ether Approval Orders stated that the position and exercise limits for each of the Ether Trusts shall be 25,000 contracts. At this time, the Exchange proposes to amend Phlx Option 9, Section 13 to note that options on each Ether Trust shall have position and exercise limits of 25,000 contracts to mirror the Ether Approval Orders.⁷ Phlx Options 9, Section 15(a) provides that the exercise limits shall be determined in the manner described in Options 9, Section 13, therefore the exercise limits would also be 25,000 contracts for each of the Ether Trusts.

Options 8, Section 34

Today, all options series listed on Phlx may trade as a FLEX Order on Phlx’s trading floor.⁸ At this time, the Exchange proposes to note within Options 8, Section 34(a) that it will not authorize for trading a FLEX Option on each of the Ether Trusts. The Exchange proposes this amendment in light of the position and exercise limits of 25,000 contracts that were set for

⁵ See Securities Exchange Act Release Nos. 102798 (April 9, 2025) (SR-ISE-2024-35) (not yet noticed); 102797 (April 9, 2025) (SR-Cboe-2024-036) (not yet published); 102799 (April 9, 2025), (not yet published) (SR-NYSEAMER-2024-45).

⁶ See SR-ISE-2024-11[sic] (not yet noticed).

⁷ The Exchange notes that the exercise limit for an equity option is the same as the position limit established in Options 9, Section 13 for that equity options. See Options 9, Section 15.

⁸ Phlx Options 8, Section 34 rule text was previously amended by two rule changes which are effective, but not yet operative. See Securities Exchange Act Release Nos. 97658 (June 7, 2023), 88 FR 38562 (June 13, 2023) (SR-Phlx-2023-22); and 100321 (June 12, 2024), 89 FR 51580 (June 18, 2024) (SR-Phlx-2024-24).

each Ether Trust in the Ether Approval Orders. The Exchange proposes this amendment in light of the position and exercise limits of 25,000 contracts that were set for each Ether Trust in the Ether Approval Order. Permitting trading a FLEX Option on each Ether Trust would otherwise establish different position and exercise limits than those set by the Ether Approval Order.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

The Exchange's proposal to amend Options 9, Section 13, Position Limits, to provide that the position limits (and exercise limits) for each of the Ether Trusts shall be 25,000 contracts is consistent with the Act as it will conform Phlx's options position limits (and exercise limits) with ISE's options position and exercise limits for the Ether Trusts in order that there would be the same position and exercise limits on Phlx and ISE.¹¹ Phlx Options 9, Section 15(a) provides that the exercise limits shall be determined in the manner described in Options 9, Section 13, therefore the exercise limits would also be 25,000 contracts and also consistent with ISE's options position and exercise limits for the Ether Trusts.

The Exchange's proposal to amend Options 8, Section 34 to note that it will not authorize for trading a FLEX Option on each of the Ether Trusts is consistent with the spirit of the Ether

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

¹¹ The Exchange believes that other exchanges will adopt position and exercise limits of 25,000 contracts for each of the Ether Trusts. All Nasdaq affiliated markets are filing to adopt a 25,000 contract position and exercise limit for options on the Ether Trusts.

Approval Orders that limited the position and exercise limits for the Ether Trusts to 25,000 contracts. The proposal will protect investors and the general public because without this prohibition, trading a FLEX Option on the Ether Trusts, would otherwise establish different position and exercise limits than those set by the Ether Approval Orders.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Amending Options 9, Section 13 to provide that the position and exercise limits for options on each of the Ether Trusts shall be 25,000 contracts does not impose an undue burden on competition as the position and exercise limits will apply to all trading for options on the Ether Trusts trading on the Exchange as well as those trading on other exchanges that file a similar proposal.¹²

The Exchange's proposal to note that it will not authorize for trading a FLEX Option on any of the Ether Trusts does not impose an undue burden on competition as no Phlx member will be able to transact a FLEX Option on any of Ether Trusts.

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

No written comments were either solicited or received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6) thereunder.¹⁴ Because the foregoing proposed rule change does not:

¹² All Nasdaq affiliated markets are filing to adopt a 25,000 contract position and exercise limit for options on the Ether Trusts.

¹³ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁴ 17 CFR 240.19b-4(f)(6).

(i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹⁵ and Rule 19b-4(f)(6)¹⁶ thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)¹⁷ under the Act does not normally become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),¹⁸ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission previously approved the listing of options on iShares Ethereum Trust, the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust.¹⁹ As noted above, Phlx's Options 4 Rules were amended by an ISE rule change²⁰ as those Rules are incorporated by reference to ISE's Options 4 Rules, so Phlx has the ability to list the options on the Ether Trusts. This proposal establishes position and exercise limits for options on the Ether Trusts. The Commission believes that waiver of the

¹⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁶ 17 CFR 240.19b-4(f)(6).

¹⁷ 17 CFR 240.19b-4(f)(6).

¹⁸ 17 CFR 240.19b-4(f)(6)(iii).

¹⁹ See Securities Exchange Act Release No. 102797 (April 9, 2025), (SR-Cboe-2024-036) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Listing and Trading of Options on Shares of the Fidelity Ethereum Fund) See also Securities Exchange Act Release No. 102798 (April 9, 2025), (SR-ISE-2024-35) (Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Listing and Trading of Options on the iShares Ethereum Trust). See also Securities Exchange Act Release No. 102799 (April 9, 2025), (SR-NYSEAMER-2024-45) (Notice of Filing of Amendment No. 2 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 2, to Amend Exchange Rule 915 To Permit the Listing and Trading of Options on the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust).

²⁰ See SR-ISE-2025-11.

operative delay could benefit investors by assuring that trading in Ether Trust options are subject to the same position and exercise limits in place on other exchanges. Therefore, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.²¹

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

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-Phlx-2025-18 on the subject line.

²¹ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

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-Phlx-2025-18. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change 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 filing also 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-Phlx-2025-18 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.²²

Sherry R. Haywood,

Assistant Secretary.

²² 17 CFR 200.30-3(a)(12).