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## **Nasdaq PHLX LLC Rules**

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## **Options Rules**

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## **Options 3 Options Trading Rules**

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## **Section 3. Minimum Increments**

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### *Supplementary Material to Options 3, Section 3*

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.06 All Nasdaq Bitcoin Index Options shall have a minimum increment of \$.01.

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## **Options 4D Nasdaq Bitcoin Index Options**

### **Section 1. Applicability**

(a) The Rules in Options 4D are applicable to Nasdaq Bitcoin Index Options. All Options Rules shall apply to Nasdaq Bitcoin Index Options, in addition to the Options 4D Rules, however where the Options 4D Rules disagree with another Options Rule not within Options 4D, a conflict shall be resolved in favor of the Options 4D Rule as it applies to Nasdaq Bitcoin Index Options.

### **Section 2. Definitions**

(a) The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

(1) The term “**aggregate exercise price**” shall mean the exercise price of the option contract times the index multiplier.

(2) The term “**CME CF Bitcoin Real Time Index (“BRTI”)**” shall mean a once a second benchmark index price for Bitcoin that aggregates order data from Bitcoin-USD markets operated by Constituent Exchanges.

(3) The term “**CME CF Cryptocurrency Reference Rate - New York Variant (“BRRNY”)**” shall mean the once a day benchmark index price for Bitcoin that aggregates trade data from Constituent Exchanges.

(4) The term “**CME CF Cryptocurrency Pricing Products Oversight Committee**” or “**Oversight Committee**” shall mean the committee established jointly by Crypto

Facilities Ltd. or “CF” and Chicago Mercantile Exchange Inc. or “CME” to protect the integrity of the methodology and calculation process of the BRTI and the BRRNY and to address potential conflicts of interest. The role of the Oversight Committee is to provide an oversight function to review and provide challenge on all aspects of the methodology and calculation process and provide effective oversight of CF as the administrator of the BRTI and BRRNY.

(5) The term “**Constituent Exchange**” shall mean the cryptocurrency trading venues approved by the CME CF Cryptocurrency Pricing Products Oversight Committee to serve as pricing source for the calculation of the BRTI and BRRNY.

(6) The term “**current index value**” shall mean the aggregated last reported sale price of each Constituent Exchange comprising the BRTI divided by a factor of one hundred (100).

(7) The term “**exercise price**” shall mean the specific price at which the current index value may be purchased in the case of a call or sold in the case of a put upon the exercise of the option.

(8) The term “**European-style index option**” shall mean an option on an industry or market index that can be exercised only on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day prior to the day it expires.

(9) The term “**final settlement value**” shall be calculated as described at Options 4D, Section 8.

(10) The term “**index multiplier**” shall mean the amount by which the current index value is to be multiplied to arrive at the value required to be delivered to the holder of a call or by the holder of a put upon valid exercise of the contract. The index multiplier shall be \$100.

(11) The term “**Nasdaq Bitcoin Index**” for purposes of the Options 4D rules shall mean the BRTI divided by a factor of one hundred. The settlement value will be based on the BRRNY divided by a factor of one hundred.

(12) The term “**P.M-settled Index Options**” shall mean an index options where the last day of trading shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date.

(13) The term “**reporting authority**” shall mean the institution or reporting service designated by the Exchange as the official source for (1) calculating the level of the index and (2) reporting such level. The “reporting authority” for the BRTI, BRRNY, and the BRRNY – NOS “Nasdaq Options Settlement” is CF Benchmarks.

(14) The term “**underlying**” shall mean the Nasdaq Bitcoin Index.

### **Section 3. Trading Sessions**

(a) **Days and Hours of Trading.** Nasdaq Bitcoin Index Options may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:15 p.m. (Eastern time), except that on the last trading day, transactions in expiring in Nasdaq Bitcoin Index Options may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time). General 3, Rule 1030 governs the days the Exchange will be open for business.

### **Section 4. Designation of Index**

(a) The Nasdaq Bitcoin Index Options need not meet the requirements of Options 4, Section 3 or Options 4A, Section 3.

### **Section 5. Minimum Increments**

(a) All Nasdaq Bitcoin Index Options shall have a minimum increment of \$.01.

### **Section 6. Position and Exercise Limits**

(a) Nasdaq Bitcoin Index Options shall be subject to a position limit of 24,000 contracts.

(b) Nasdaq Bitcoin Index Options contracts shall not be aggregated with any other options contracts. Positions in Short Term Option Series, Monthly Options Series, and Quarterly Options Series shall be aggregated with positions in options contracts in the Nasdaq Bitcoin Index and shall be subject to the overall position limit.

(c) *Reporting Requirements.* Each member or member organization that maintains a position on the same side of the market in excess of 100,000 contracts for its own account or for the account of a customer in excess of 100,000 contracts for its own account or for the account of a customer in Nasdaq Bitcoin Index Options, must file a report with the Exchange that includes, but is not limited to, data related to the option positions, whether such positions are hedged and if applicable, a description of the hedge and information concerning collateral used to carry the positions. Market Makers are exempt from this reporting requirement.

(d) Exercise limits for Nasdaq Bitcoin Index Options shall be equivalent to the position limits described in this rule.

### **Section 7. Terms of Index Options Contracts**

(a) *General.*

(1) *Meaning of Premium Bids and Offers.* Bids and offers shall be expressed in terms of dollars and cents per unit of the underlying index, which is the Nasdaq Bitcoin Index.

(2) Exercise Prices. The Exchange shall determine fixed-point intervals of exercise prices for call and put options.

(3) Strike Prices. Strike price intervals of no less than \$2.50 are generally permitted for Nasdaq Bitcoin Index Options if the strike price is less than \$200. The Exchange may also determine to list strike prices at \$1 or greater, subject to the following conditions:

(A) Initial Series. The Exchange may list series at \$1 or greater strike price intervals for Nasdaq Bitcoin Index Options and will list at least two strike prices above and two strike prices below the current value of the Nasdaq Bitcoin Index Options at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for Nasdaq Bitcoin Index Options that are within 5 points from the closing value of the Nasdaq Bitcoin Index on the preceding day.

(B) Additional Series. Additional series of the same class of Nasdaq Bitcoin Index Options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the Nasdaq Bitcoin Index moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing value of Nasdaq Bitcoin Index Options. The Exchange may also open additional strike prices that are more than 30% above or below the current Nasdaq Bitcoin Index divided by a factor of one hundred (100) value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to sixty (60) additional series per expiration month for each series in Nasdaq Bitcoin Index Options.

(C) The Exchange shall not list LEAPS on Nasdaq Bitcoin Index Options at intervals less than \$5.

(D) Delisting Policy. With respect to Nasdaq Bitcoin Index Options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five (5) strikes above and five (5) strikes below the current value of the Nasdaq Bitcoin Index divided by a factor of one hundred (100), and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(i) Notwithstanding the above referenced delisting policy, Customer requests to add strikes and/or maintain strikes in Nasdaq Bitcoin Index Options series eligible for delisting shall be granted.

(ii) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar

delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Nasdaq Bitcoin Index Options.

(E) Notwithstanding any other provision regarding strike prices in this Options 4D, Section 6, non-Short Term Options that are on Nasdaq Bitcoin Index Options that have been selected to participate in the Short Term Option Series Program (referred to as a “Related non-Short Term Option series”) shall be opened during the month prior to expiration of such Related non-Short Term Option series in the same manner as permitted in Supplementary .01 of Options 4D, Section 7 and in the same strike price intervals that are permitted in Supplementary .01 of Options 4D, Section 7.

(4) Expiration Months and Weeks. Nasdaq Bitcoin Index Options contracts may expire at three (3) month intervals, in consecutive weeks or in consecutive months. The Exchange may list: (i) up to six (6) standard monthly expirations of Nasdaq Bitcoin Index Options at any one time in a class, but will not list index options that expire more than twelve (12) months out.

(5) European-Style Exercise. Nasdaq Bitcoin Index Options are European-style index options.

(6) P.M. - Settled Index Options. Nasdaq Bitcoin Index Options shall be P.M.-settled.

(b) After a particular class of Nasdaq Bitcoin Index Options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of Nasdaq Bitcoin Index Options, the Exchange shall open for trading a minimum of one expiration month and series and may also open for trading series of options having not less than twelve and up to 60 months to expiration (long-term options series) as provided in subparagraph (b)(2).

Prior to the opening of trading in any series of Nasdaq Bitcoin Index Options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

(1) Additional series of Nasdaq Bitcoin Index Options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the Nasdaq Bitcoin Index moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened. New series of Nasdaq Bitcoin Index Options may be added until the beginning of the month, in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of Nasdaq Bitcoin Index Options until the fourth business day prior to the business day of expiration, or, in the case of a Nasdaq Bitcoin Index Options contract expiring on a day that is not a business day, up to the fifth business day prior to expiration.

(2) Long-Term Index Options Series.

(a) The Exchange may list long-term index options series on Nasdaq Bitcoin Index Options that expire from twelve (12) to sixty (60) months from the date of issuance. There may be up to ten (10) expiration months, none further out than sixty (60) months. Strike price intervals and continuity Rules shall not apply to such options series until the time to expiration is less than twelve (12) months. Bid/ask differentials for long-term options contracts are specified within Options 2, Section 4(b)(4)(i)(A).

(i) When new Nasdaq Bitcoin Index Options long term options series are listed, such series will be opened for trading either when there is buying or selling interest, or forty (40) minutes prior to the close, whichever occurs first. No quotations will be posted for such options series until they are opened for trading.

(c) *Index Level*. The reported level of the Nasdaq Bitcoin Index that is calculated by the reporting authority, CF Benchmarks, for purposes of determining the current index value at expiration will be disseminated as the Nasdaq Bitcoin Index Options.

### **Supplementary Material to Options 4D, Section 7**

.01 The Short Term Options Series Program listing rules at Options 4A, Section 12(b)(4) shall be applicable to Nasdaq Bitcoin Index Options. The Monthly Options Series Program at Options 4A, Section 12(b)(5) shall be applicable to Nasdaq Bitcoin Index Options. Finally, the Quarterly Options Series Program at Options 4A, Section 12(b)(3) shall be applicable to Nasdaq Bitcoin Index Options.

### **Section 8. Final Settlement Value**

(a) Nasdaq Bitcoin Index Options are settled in U.S. dollars on the business day following expiration. Cash settlement is equal to the difference between the final settlement value and the strike price of the contract, multiplied by an index multiplier of \$100.

(b) The Nasdaq Bitcoin Index Options final settlement value is the BRRNY on the expiration date (usually a Friday). BRRNY will be divided by a factor of one hundred (100) and published as BRRNY – NOS (Nasdaq Options Settlement). The BRRNY is calculated daily based on the Relevant Transactions and is calculated on the expiration date for purposes of final settlement. Relevant Transactions include those that trade Bitcoin versus U.S. Dollars on a Constituent Exchange from 15:00 to 16:00 New York Time. The final settlement value is calculated and reported by the reporting authority. The final settlement value is determined by the aggregated last reported sale price of each Constituent Exchange. Specifically, the final settlement value is calculated by combining all Relevant Transactions from each Constituent Exchange on a joint list and recording the trade price and size for each transaction. That list is partitioned into a number of equally-sized time intervals, of 5 minutes. For each partition separately, the volume-weighted median trade price is calculated from the trade prices and sizes of all Relevant Transactions across all Constituent Exchanges. The BRRNY is the equally weighted average of the volume-weighted medians of all partitions. In the event that the Nasdaq Bitcoin Index is not open for trading on the expiration date, the value of the Nasdaq Bitcoin Index shall be the last reported sale price prior to the expiration date.

(c) Neither the Exchange, nor any agent of the Exchange shall have any liability for damages, claims, losses or expenses caused by any errors, omissions, or delays in calculating or disseminating the final settlement value resulting from an act, condition, or cause beyond the reasonable control of the Exchange including but not limited to, an act of God; fire; flood; extraordinary weather conditions; war; insurrection; riot; strike; accident; action of government; communications or power failure; equipment or software malfunction; any error, omission, or delay in the reports of transactions in one or more underlying transaction in the BRRNY or any error, omission or delay in the reports of the current settlement value or the closing settlement value by the Exchange.

(d) The Exchange shall post the final settlement value on its website or disseminate it through one or more major market data vendors.

### **Section 9. Disclaimers**

(a) Applicability of Disclaimers. The disclaimers in paragraph (b) below shall apply to the reporting authority, CF Benchmarks, as identified in Options 4D, Section 2(a)(13).

(b) *Disclaimer.* Neither CF Benchmarks nor any of its affiliates, make any warranty, express or implied, as to the results to be obtained by any person or entity from the use of an index it publishes, any opening, intra-day or closing value therefor, or any data included therein or relating thereto, in connection with the trading of any options contract based thereon or for any other purpose. CF Benchmarks shall obtain information for inclusion in, or for use in the calculation of, such index from sources it believes to be reliable, but the CF Benchmarks does not guarantee the accuracy or completeness of such index, any opening, intra-day or closing value therefor, or any data included therein or related thereto. The CF Benchmarks hereby disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such index, any opening, intra-day, or closing value therefor, any data included therein or relating thereto, or any options contract based thereon. The CF Benchmarks shall have no liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the person's use of such index, any opening, intra-day or closing value therefor, any data included therein or relating thereto, or any options contract based thereon, or arising out of any errors or delays in calculating or disseminating such index.

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