

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 68		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 017 Amendment No. (req. for Amendments *) 4	
Filing by Cboe Exchange, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input type="checkbox"/>		Amendment * <input checked="" type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Section 19(b)(2) * <input checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input type="checkbox"/>	
				Section 19(b)(3)(B) * <input type="checkbox"/>	
				Rule	
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Section 806(e)(2) * <input type="checkbox"/>		
			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div></div>					
<b>Contact Information</b> Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * Laura Last Name * Dickman Title * VP, Associate General Counsel E-mail * ldickman@cboe.com Telephone * (312) 786-7572 Fax <input type="text"/>					
<b>Signature</b> Pursuant to the requirements of the Securities Exchange of 1934, Cboe Exchange, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 05/01/2025 (Title *) By Laura G. Dickman (Name *) VP, Associate General Counsel NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <div><div>Laura Dickman</div><div>Date: 2025.05.01 15:55:00 -05'00'</div></div>					

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

**Form 19b-4 Information \***

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25-017 19b-4 (Options on HODL) Am.

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

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25-017 Exhibit 1 (Options on HODL) A

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

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Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

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Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

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Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

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25-017 Exhibit 4 (Options on HODL) -

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

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25-017 Exhibit 5 (Options on HODL) 3

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**Item 1.        Text of the Proposed Rule Change**

(a) Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rules 4.3, 4.20, and 8.30, to allow the Exchange to list and trade options on the VanEck Bitcoin ETF. The Exchange initially submitted this rule filing SR-CBOE-2025-017 to the Securities and Exchange Commission (the “Commission”) on March 14, 2025 (the “Initial Rule Filing”), Amendment No. 1 to the Initial Rule Filing on March 26, 2025, Amendment No. 2 to the Initial Rule Filing on March 27, 2025,<sup>1</sup> and Amendment No. 3 to the Initial Rule Filing on March 27, 2025. This Amendment No. 4 supersedes the Initial Rule Filing and Amendment Nos. 1 through 3 and replaces them in their entirety.<sup>2</sup> The text of the proposed rule change is provided in Exhibit 5.

(b) Not applicable.

(c) Not applicable.

**Item 2.        Procedures of the Self-Regulatory Organization**

(a) The Exchange’s President (or designee) pursuant to delegated authority approved the proposed rule change on March 13, 2025.

(b) Please refer questions and comments on the proposed rule change to Pat Sexton, Executive Vice President, General Counsel, and Corporate Secretary, (312) 786-7467, or Laura G. Dickman, (312) 786-7572, Cboe Exchange, Inc., 433 West Van Buren Street, Chicago, Illinois 60607.

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<sup>1</sup> The Exchange withdrew Amendment No. 1 and Amendment No. 2 on March 27, 2025.

<sup>2</sup> The Exchange submits this Amendment No. 4 to clarify certain points and add additional details to the proposal.

**Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

(a) Purpose

The Exchange proposes to amend Rule 4.3 regarding the criteria for underlying securities. Specifically, the Exchange proposes to amend Rule 4.3, Interpretation and Policy .06(a)(4) to allow the Exchange to list and trade options on Units<sup>3</sup> that represent interests in the VanEck Bitcoin ETF,<sup>4</sup> designating them as “Units” deemed appropriate for options trading on the Exchange. Current Rule 4.3, Interpretation and Policy .06 provides that, subject to certain other criteria set forth in that Rule, securities deemed appropriate for options trading include Units that represent certain types of interests,<sup>5</sup> including interests in

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<sup>3</sup> Rule 1.1 defines a “Unit” (which may also be referred to as an ETF) as a share or other security traded on a national securities exchange and defined as an NMS stock as set forth in Rule 4.3.

<sup>4</sup> See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-CboeBZX-2023-040) (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) (“Bitcoin ETP Approval Order”).

<sup>5</sup> See Rule 4.3, Interpretation and Policy .06(a), which permits options trading on Units that represent (1) interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse purchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); (2) interests in a trust or similar entity that holds a specified non-U.S. currency deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency and pays the beneficial owner interest and other distributions on deposited non-U.S. currency, if any, declared and paid by the trust (“Currency Trust Shares”); (3) commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool Units”); (4) represent interests in the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs

certain specific trusts that hold financial instruments, money market instruments, or precious metals (which are deemed commodities).

The VanEck Bitcoin ETF is a Bitcoin-backed commodity ETF structured as a trust. Similar to any Unit currently deemed appropriate for options trading under Rule 4.3, Interpretation and Policy .06, the investment objective of the VanEck Bitcoin ETF is for its shares to reflect the performance of Bitcoin (less the expenses of the trust's operations), offering investors an opportunity to gain exposure to Bitcoin without the complexities of Bitcoin delivery. As is the case for Units currently deemed appropriate for options trading, the VanEck Bitcoin ETF's shares represent units of fractional undivided beneficial interest in the trust, the assets of which consist principally of Bitcoin and are designed to track Bitcoin or the performance of the price of Bitcoin and offer access to the Bitcoin market.<sup>6</sup> The VanEck Bitcoin ETF provides investors with cost-efficient alternatives that allow a level of participation in the Bitcoin market through the securities market.

The Exchange believes the VanEck Bitcoin ETF satisfies the Exchange's initial listing standards for Units on which the Exchange may list options. Specifically, the VanEck Bitcoin ETF satisfies the initial listing standards set forth in Rule 4.3, Interpretation and Policy .06(b),

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Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF; or (5) an interest in a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share").

<sup>6</sup> The trust may include minimal cash and cash equivalents (i.e., short-term instruments with maturities of less than three months).

as is the case for other Units on which the Exchange lists options (including trusts that hold commodities). Rule 4.3, Interpretation and Policy .06 requires that Units must either (1) meet the criteria and standards set forth in Rule 4.3, Interpretation and Policy .01(a),<sup>7</sup> or (2) be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue Units in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investments has undertaken to deliver the investment assets as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer, as provided in the respective prospectus. The VanEck Bitcoin ETF satisfies Rule 4.3, Interpretation and Policy .06(b)(2), as each is subject to this creation and redemption process.

While not required by the Rules for purposes of options listings, the Exchange believes the VanEck Bitcoin ETF satisfies the criteria and guidelines set forth in Rule 4.3, Interpretation and Policy .01. Pursuant to Rule 4.3(a), a security (which includes a Unit) on which options may be listed and traded on the Exchange must be duly registered (with the Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, as amended (the “Act”)), and be characterized by a substantial number of outstanding shares that are widely held and actively traded.<sup>8</sup> The VanEck Bitcoin ETF is an NMS Stock as defined in Rule 600 of Regulation NMS under the

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<sup>7</sup> Rule 4.3, Interpretation and Policy .01 provides for guidelines to be by the Exchange when evaluating potential underlying securities for Exchange option transactions.

<sup>8</sup> The criteria and guidelines for a security to be considered widely held and actively traded are set forth in Rule 4.3, Interpretation and Policy .01, subject to exceptions.

Act.<sup>9</sup> The Exchange believes the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares that are widely held and actively traded.

As of March 5, 2025, the VanEck Bitcoin ETF had the following number of shares outstanding:

<u>Bitcoin Fund</u>	<u>Shares Outstanding</u>
VanEck Bitcoin ETF	49,900,000

The VanEck Bitcoin ETF had significantly more than 7,000,000 shares outstanding (approximately 7 times that amount), which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(1). The Exchange believes this demonstrates that the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares.

Further, the below table contains information regarding the number of beneficial holders of the VanEck Bitcoin ETF as of the specified dates:

<u>Bitcoin Fund</u>	<u>Beneficial Holders</u>	<u>Date</u>
VanEck Bitcoin ETF	32,469	1/31/25

As this table shows, the VanEck Bitcoin ETF has significantly more than 2,000 beneficial holders (approximately 16 times more), which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant

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<sup>9</sup> An “NMS stock” means any NMS security other than an option, and an “NMS security” means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan (or an effective national market system plan for reporting transaction in listed options). See 17 CFR § 242.600(b)(64) (definition of “NMS security”) and (65) (definition of “NMS stock”).

to Rule 4.3, Interpretation and Policy .01(a)(2). Therefore, the Exchange believes the shares of the VanEck Bitcoin ETF are widely held.<sup>10</sup>

The Exchange also believes the shares of the VanEck Bitcoin ETF are actively traded. As of March 5, 2025, the total trading volume (by shares) for the trust for the six-month period of September 5, 2024, through March 5, 2025, and the approximate average daily volume (“ADV”) (in shares and notional) over the 30-day period of January 21, 2025, through March 5, 2025, for the VanEck Bitcoin ETF was as follows:

<u>Bitcoin Fund</u>	<u>6-Month Trading Volume (Shares)</u>	<u>30-Day ADV (Shares)</u>	<u>30-Day ADV (Notional \$)</u>
VanEck Bitcoin ETF	133,275,448	794,677	39,163,513.72

As demonstrated above, as of March 5, 2025, the six-month trading volume for the VanEck Bitcoin ETF as of that date was substantially higher than 2,400,000 shares (approximately 55 times that amount), which is the minimum 12-month volume the Exchange generally requires for a corporate stock in order to list options on that security as set forth in Rule 4.3, Interpretation and Policy .01. The Exchange believes this data demonstrates the VanEck Bitcoin ETF is characterized as having shares that are actively traded.

Options on the VanEck Bitcoin ETF will be subject to the Exchange’s continued listing standards set forth in Rule 4.4, Interpretation and Policy .06 for Units deemed appropriate for options trading pursuant to Rule 4.3, Interpretation and Policy .06. Specifically, Rule 4.4, Interpretation and Policy .06 provides that Units that were initially

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<sup>10</sup> The Exchange continues to believe assets under management (“AUM”), rather than shares outstanding and number of holders, is a better measure of investable capacity of ETFs and a more appropriate figure for determining position and exercise limits of ETFs and looks forward to further discussions with the Commission staff on this topic.



approved for options trading pursuant to Rule 4.3, Interpretation and Policy .06 shall be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering that such Units, if the Units cease to be an NMS stock or the Units are halted from trading in their primary market. Additionally, options on Units may be subject to the suspension of opening transactions in any of the following circumstances: (1) in the case of options covering Units approved for trading under Rule 4.3, Interpretation and Policy .06(b)(1), in accordance with the terms of paragraphs (a), (b), and (c) of Rule 4.4, Interpretation and Policy .01; (2) in the case of options covering Units approved for trading under Rule 4.3 Interpretation and Policy .06(b)(2) (as is the case for the VanEck Bitcoin ETF), following the initial twelve-month period beginning upon the commencement of trading in the Units on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such Units for 30 or more consecutive trading days; (3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the Units are based is no longer calculated or available; or (4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

Options on the VanEck Bitcoin ETF will be physically settled contracts with American-style exercise.<sup>11</sup> Consistent with current Rule 4.5, which governs the opening of

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<sup>11</sup> See Rule 4.2, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); and Equity Options Product Specifications January 3, 2024), available at [Equity Options Specifications \(cboe.com\)](https://www.cboe.com/equity/options/specifications); see also OCC Rules,

options series on a specific underlying security (including Units), the Exchange will open at least one expiration month for options on the VanEck Bitcoin ETF<sup>12</sup> at the commencement of trading on the Exchange and may also list series of options on the VanEck Bitcoin ETF for trading on a weekly,<sup>13</sup> monthly,<sup>14</sup> or quarterly<sup>15</sup> basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 180 months from the time they are listed.

Pursuant to Rule 4.5, Interpretation and Policy .07, which governs strike prices of series of options on Units, the interval of strikes prices for series of options on the VanEck Bitcoin ETF will be \$1 or greater when the strike price is \$200 or less and \$5 or greater where the strike price is over \$200.<sup>16</sup> Additionally, the Exchange may list series of options pursuant

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Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

<sup>12</sup> See Rule 4.5(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Rule 4.3. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Rule 4.5(c), additional series of 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 underlying stock moves more than five strike prices from the initial exercise price or prices. New series of options on an individual stock 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 options on an individual stock until the close of trading on the business day prior to expiration.

<sup>13</sup> See Rule 4.5(d).

<sup>14</sup> See Rule 4.5(g).

<sup>15</sup> See Rule 4.5(e).

<sup>16</sup> The Exchange notes that for options listed pursuant to the Short Term Option Series Program, the Monthly Options Series Program, and the Quarterly Options Series Program, Rules 4.5(d), (e), and (g) specifically sets forth intervals between strike prices on Quarterly Options Series, Short Term Option Series, and Monthly Options Series, respectively.

to the \$1 Strike Price Interval Program,<sup>17</sup> the \$0.50 Strike Program,<sup>18</sup> the \$2.50 Strike Price Program,<sup>19</sup> and the \$5 Strike Program.<sup>20</sup> Pursuant to Rule 5.4, where the price of a series of the VanEck Bitcoin ETF option is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10.<sup>21</sup> Any and all new series of VanEck Bitcoin ETF options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 4.5 and 5.4, as applicable.

VanEck Bitcoin ETF options will trade in the same manner as any other Unit options on the Exchange. The Exchange Rules that currently apply to the listing and trading of all Unit options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of VanEck Bitcoin ETF options on the Exchange in the same manner as they apply to other options on all other Units that are listed and traded on the Exchange, including the precious-metal backed commodity Units already deemed appropriate for options trading on the Exchange pursuant to current Rule 4.3, Interpretation and Policy .06(a)(4).

Rule 4.20 currently permits the Exchange to authorize for trading a FLEX option class on any equity security if it may authorize for trading a non-FLEX option class on that equity

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<sup>17</sup> See Rule 4.5, Interpretation and Policy .01(a).

<sup>18</sup> See Rule 4.5, Interpretation and Policy .01(b).

<sup>19</sup> See Rule 4.5, Interpretation and Policy .04.

<sup>20</sup> See Rule 4.5, Interpretation and Policy .01(f).

<sup>21</sup> If options on the VanEck Bitcoin ETF are eligible to participate in the Penny Interval Program, the minimum increment will be \$0.01 for series with a price below \$3.00 and \$0.05 for series with a price at or above \$3.00. See 5.4(d) (which describes the requirements for the Penny Interval Program).

security pursuant to Rule 4.3. The proposed rule change amends Rule 4.20 to exclude the VanEck Bitcoin ETF from this provision.

The Exchange also proposes to amend Rule 8.30. Specifically, the Exchange proposes to amend Rule 8.30, Interpretation and Policy .10 to provide a position limit of 25,000 same side option contracts for the VanEck Bitcoin ETF option. Additionally, pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limits for options on the VanEck Bitcoin ETF will be equivalent to this proposed position limit.

The Exchange determined these proposed position and exercise limits considering, among other things, the approximate six-month average daily volume (“ADV”) and outstanding shares of the VanEck Bitcoin ETF (which as discussed above demonstrate that the VanEck Bitcoin ETF is widely held and actively traded and thus justify these conservatively proposed position limits), as set forth below, along with market capitalization (as of March 5, 2025):

<b>Underlying Bitcoin Fund</b>	<b>Six-Month ADV (shares)</b>	<b>Outstanding Shares</b>	<b>Market Capitalization (\$)</b>
VanEck Bitcoin ETF	1,074,802	49,900,000	1,271,859,416

The Exchange then compared the number of outstanding shares of the VanEck Bitcoin ETF to those of other ETFs. The following table provides the approximate average position (and exercise limit) of ETF options with similar outstanding shares (as of March 5, 2025), compared to the proposed position and exercise limit for the VanEck Bitcoin ETF options:

<b>Underlying Bitcoin Fund</b>	<b>Average Limit of Other ETF Options (contracts)</b>	<b>Proposed Limit (contracts)</b>
VanEck Bitcoin ETF	225,000 <sup>22</sup>	25,000

The Exchange considered current position and exercise limits of options on ETFs with outstanding shares comparable to those of the VanEck Bitcoin ETF, with the proposed limit significantly lower (between two and ten times lower) than the average limits of the options on the other ETFs. As discussed above, the VanEck Bitcoin ETF is actively held and widely traded (all statistics as of March 5, 2025) because it: (1) had significantly more than 7,000,000 shares outstanding, which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(1); (2) had significantly more than 2,000 beneficial holders, which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(2); and (3) had a six-month trading volume substantially higher than 2,400,000 shares, which is the minimum 12-month volume the Exchange generally requires for a security in order to list options on that security as set forth in Rule 4.3, Interpretation and Policy .01.

With respect to outstanding shares, if a market participant held the maximum number of positions possible pursuant to the proposed position and exercise limits, the equivalent shares represented by the proposed position/exercise limit would represent the following approximate percentage of current outstanding shares:

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<sup>22</sup> Over 90% of the ETFs used for comparison have a limit of at least 200,000, and more than 75% have a limit of 250,000.

<b>Underlying Bitcoin Fund</b>	<b>Proposed Position/Exercise Limit (in equivalent shares)</b>	<b>Outstanding Shares</b>	<b>Percentage of Outstanding Shares</b>
VanEck Bitcoin ETF	2,500,000	49,900,000	5.01%

As this table demonstrates, if a market participant held the maximum permissible options positions in VanEck Bitcoin ETF options and exercised all of them at the same time, that market participant would control a small percentage of the outstanding shares of the VanEck Bitcoin ETF.

Cboe Options Rule 8.30, Interpretation and Policy .02, provides two methods of qualifying for a position limit tier above 25,000 option contracts. The first method is based on six-month trading volume in the underlying security, and the second method is based on slightly lower six-month trading volume *and* number of shares outstanding in the underlying security. An underlying stock or ETF that qualifies for method two based on trading volume and number of shares outstanding would be required to have the minimum number of outstanding shares as shown in middle column of the table below.

The table, which provides the equivalent shares of the position limits applicable to equity options, including ETFs, further represents the percentages of the minimum number of outstanding shares that an underlying stock or ETF must have to qualify for that position limit (under the second method described above), all of which are higher than the percentages for the VanEck Bitcoin ETF.

<b>Position/Exercise Limit (in equivalent shares)</b>	<b>Minimum Outstanding Shares</b>	<b>Percentage of Outstanding Shares</b>
2,500,000	6,300,000 <sup>23</sup>	40.0%
5,000,000	40,000,000	12.5%
7,500,000	120,000,000	6.3%
20,000,000	240,000,000	8.3%
25,000,000	300,000,000	8.3%

The equivalent shares represented by the proposed position and exercise limits for the VanEck Bitcoin ETF as a percentage of outstanding shares of the VanEck Bitcoin ETF is significantly lower than the percentage for the lowest possible position limit for equity options of 25,000 (under 6% compared to 40%) and is lower than that percentage for each current position limit bucket.<sup>24</sup>

Further, the proposed position and exercise limits for the VanEck Bitcoin ETF option are significantly below the limits that would otherwise apply pursuant to current Rule 8.30. These position and exercise limits are the lowest position and exercise limits available in the options industry, are extremely conservative and more than appropriate given the market

<sup>23</sup> This is the minimum number of outstanding shares an underlying security must have for the Exchange to continue to list options on that security, so this would be the smallest number of outstanding shares permissible for any corporate option that would have a position limit of 25,000 contract. See Rule 4.4, Interpretation and Policy .01. This rule applies to corporate stock options but not ETF options, which currently have no requirement regarding outstanding shares of the underlying ETF for the Exchange to continue listing options on that ETF. Therefore, there may be ETF options trading for which the 25,000 contract position limits represents an even larger percentage of outstanding shares of the underlying ETF than set forth above.

<sup>24</sup> As these percentages are based on the minimum number of outstanding shares an underlying security must have to qualify for the applicable position limit, these are the highest possible percentages that would apply to any option subject to that position and exercise limit.

capitalization, average daily volume, and high number of outstanding shares of the VanEck Bitcoin ETF.

All of the above information demonstrates that the proposed position and exercise limits for the VanEck Bitcoin ETF options are more than reasonable and appropriate. The trading volume, ADV, and outstanding shares of the VanEck Bitcoin ETF demonstrate that the trust is actively traded and widely held, and proposed position and exercise limits are well below those of other ETFs with similar market characteristics. The proposed position and exercise limits are the lowest position and exercise limits available for equity options in the industry, are extremely conservative, and are more than appropriate given the VanEck Bitcoin ETF's market capitalization, ADV, and high number of outstanding shares.

Today, the Exchange has an adequate surveillance program in place for options. Cboe intends to apply those same program procedures to options on the VanEck Bitcoin ETF that it applies to the Exchange's other options products.<sup>25</sup> Cboe's market surveillance staff would have access to the surveillances conducted by Cboe BZX Exchange, Inc.<sup>26</sup> with respect to the VanEck Bitcoin ETF and would review activity in the underlying VanEck Bitcoin ETF when conducting surveillances for market abuse or manipulation in the options on the VanEck Bitcoin ETF. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining information from BZX, the Exchange would be able to obtain information regarding trading of shares of the VanEck Bitcoin ETF through ISG.

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<sup>25</sup> The surveillance program includes surveillance patterns for price and volume movements as well as patterns for potential manipulation (e.g., spoofing and marking the close).

<sup>26</sup> Cboe BZX Exchange, Inc. is an affiliated market of the Exchange.



In addition, Cboe has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”) for certain market surveillance, investigation and examinations functions. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related market surveillance that are common to rules of all options exchanges.<sup>27</sup>

The underlying shares of spot bitcoin exchange-traded products (“ETPs”), including the VanEck Bitcoin ETF, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its order approving proposals of several exchanges to list and trade shares of spot bitcoin-based ETPs:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.<sup>28</sup>

The Exchange states that, given the consistently high correlation between the CME Bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”<sup>29</sup>

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<sup>27</sup> Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization (“SRO”) registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO’s own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO (“common members”). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

<sup>28</sup> See Bitcoin ETP Approval Order at 3009.

<sup>29</sup> See Bitcoin ETP Approval Order, 89 FR at 3010-11.

In light of surveillance measures related to both options and futures as well as the VanEck Bitcoin ETF,<sup>30</sup> the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the VanEck Bitcoin ETF. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the VanEck Bitcoin ETF.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and OPRA have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on VanEck Bitcoin ETF up to the number of expirations currently permissible under the Rules. Because the proposal is limited to two classes, the Exchange believes any additional traffic that may be generated from the introduction of VanEck Bitcoin ETF options will be manageable.

The Exchange believes that offering options on the VanEck Bitcoin ETF will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Bitcoin and hedging vehicle to meet their investment needs in connection with Bitcoin-related products and positions. The Exchange expects investors will transact in options on the VanEck Bitcoin ETF in the unregulated over-the-counter (“OTC”) options market,<sup>31</sup> but may prefer to trade such options in a listed environment to receive the benefits of trading listing options, including (1) enhanced efficiency in initiating and closing

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<sup>30</sup> See supra note 4.

<sup>31</sup> The Exchange understands from customers that investors have historically transacted in options on Units in the OTC options market if such options were not available for trading in a listed environment.

out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes that listing the VanEck Bitcoin ETF options may cause investors to bring this liquidity to the Exchange, would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Units that hold financial instruments, money market instruments, or precious metal commodities on which the Exchange may already list and trade options are trusts structured in substantially the same manner as the VanEck Bitcoin ETF and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any Unit options, including Units that hold commodities (i.e., precious metals) that it currently lists and trades on the Exchange.

(b) 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>32</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>33</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 remove impediments to and perfect the mechanism

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<sup>32</sup> 15 U.S.C. 78f(b).

<sup>33</sup> 15 U.S.C. 78f(b)(5).

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>34</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the VanEck Bitcoin ETF will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the VanEck Bitcoin ETF will provide investors with an opportunity to realize the benefits of utilizing options on the VanEck Bitcoin ETF, including cost efficiencies and increased hedging strategies. The Exchange believes that offering the VanEck Bitcoin ETF options will benefit investors by providing them with a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risk in their portfolios more easily in connection with exposure to the price of Bitcoin and with Bitcoin-related products and positions. Additionally, the Exchange's offering of VanEck Bitcoin ETF options will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated OTC options market, 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. The Exchange also notes that it already lists options on other commodity-based Units,<sup>35</sup> which, as described above, are trusts structured in substantially the same manner as the VanEck Bitcoin ETF and essentially offer the same objectives and benefits

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<sup>34</sup> Id.

<sup>35</sup> See Rule 4.3, Interpretation and Policy .06(a)(4).

to investors and for which the Exchange has not identified any issues with the continued listing and trading of commodity-backed Unit options it currently lists for trading.<sup>36</sup>

The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules previously filed with the Commission.<sup>37</sup> Options on the VanEck Bitcoin ETF satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all Units, including Units that hold other commodities already deemed appropriate for options trading on the Exchange. Additionally, as demonstrated above, the VanEck Bitcoin ETF is characterized by a substantial number of shares that are widely held and actively traded. VanEck Bitcoin ETF options will trade in the same manner as any other Unit options — the same Exchange Rules that currently govern the listing and trading of all Unit options, including permissible expirations, strike prices and minimum increments, and applicable margin requirements, will govern the listing and trading of options on the VanEck Bitcoin ETF in the same manner.

The Exchange believes the proposed rule change to exclude the VanEck Bitcoin ETF from being eligible for trading as FLEX options is consistent with the Act, because it

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<sup>36</sup> See Securities Exchange Act No. 101387 (October 18, 2024) 89 FR 84948 (October 24, 2024) (SR-CBOE-2024-035) (Notice of Filing of Amendment Nos. 2 and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, To Permit the Listing and Trading of Options on Bitcoin Exchange-Traded Funds).

<sup>37</sup> Id.

will permit the Exchange to continue to participate in ongoing discussions with the Commission regarding appropriate position limits for ETF options.<sup>38</sup>

The Exchange believes the proposed position and exercise limits are designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade, as they are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. The proposed position and exercise limits in this proposal for the VanEck Bitcoin ETF options are 25,000 contracts, which is currently the lowest limit applicable to any equity options (including ETF options). The Exchange believes the proposed position and exercise limits are extremely conservative for the VanEck Bitcoin ETF option given the trading volume and outstanding shares for each. The information above demonstrates that the average position and exercise limits of options on ETFs with comparable outstanding shares and trading volume to those of the VanEck Bitcoin ETF is significantly higher than the proposed position and exercise limits for the VanEck Bitcoin ETF options. Therefore, the proposed position and exercise limits for the VanEck Bitcoin ETF options are conservative relative to options on ETFs with comparable market characteristics.

Further, given that the issuer of the VanEck Bitcoin ETF may create and redeem shares that represent an interest in Bitcoin, the Exchange believes it is relevant to compare the size of a position limit to the market capitalization of the Bitcoin market. As of March 5, 2025, the global supply of Bitcoin was 19,832,309, and the price of one Bitcoin was

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<sup>38</sup> The Exchange may submit a separate rule filing that would permit the Exchange to authorize for trading FLEX options on the VanEck Bitcoin ETF (which filing may propose changes to existing FLEX option position limits for such options if appropriate).

approximately \$90,608.57,<sup>39</sup> which equates to a market capitalization of approximately \$1.797 trillion. Consider the proposed position and exercise limit of 25,000 option contracts for the VanEck Bitcoin ETF option. A position and exercise limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 of VanEck Bitcoin ETF shares, as applicable (if that market participant exercised all of its options). The following table shows the share price of the VanEck Bitcoin ETF on March 5, 2025, the value of 2,500,000 shares of the VanEck Bitcoin ETF at that price, and the approximate percentage of that value of the size of the Bitcoin market:

<b>Bitcoin Fund</b>	<b>March 5, 2025 Share Price (\$)</b>	<b>Value of 2,500,000 Shares of Bitcoin Fund (\$)</b>	<b>Percentage of Bitcoin Market</b>
VanEck Bitcoin ETF	25.60	64,000,000	0.0035%

Therefore, if a market participant with the maximum 25,000 same side contracts in VanEck Bitcoin ETF options exercised all positions at one time, such an event would have no practical impact on the Bitcoin market.

The Exchange also believes the proposed limits are appropriate given position limits for Bitcoin futures. For example, the Chicago Mercantile Exchange (“CME”) imposes a position limit of 2,000 futures (for the initial spot month) on its Bitcoin futures contract.<sup>40</sup> On March 5, 2025, CME Mar 25 Bitcoin Futures settled at \$90,935. A position

<sup>39</sup> See [Blockchain.com | Charts - Total Circulating Bitcoin](https://blockchain.com/charts-total-circulating-bitcoin).

<sup>40</sup> See CME Rulebook Chapter 350 (description of CME Bitcoin Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Bitcoin futures contract is valued at five Bitcoins as defined by the CME CF Bitcoin Reference Rate (“BRR”). See CME Rule 35001.

of 2,000 CME Bitcoin futures, therefore, would have a notional value of \$909,350,000.

The following table shows the share price of the VanEck Bitcoin ETF on March 5, 2025, and the approximate number of option contracts that equates to that notional value:

<b>Bitcoin Fund</b>	<b>March 5, 2025 Share Price (\$)</b>	<b>Number of Option Contracts</b>
VanEck Bitcoin ETF	25.60	355,214

The approximate number of option contracts for the VanEck Bitcoin ETF that equate to the notional value of CME Bitcoin futures is significantly higher than the proposed limit of 25,000 options contract for the VanEck Bitcoin ETF option. The fact that many options ultimately expire out-of-the-money and thus are not exercised for shares of the underlying, while the delta of a Bitcoin Future is 1, further demonstrates how conservative the proposed limits of 25,000 options contracts are for the VanEck Bitcoin ETF options.

The Exchange notes, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).<sup>41</sup> Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.<sup>42</sup> If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one

<sup>41</sup> See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

<sup>42</sup> Id.



business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for Bitcoin, the Exchange believes that the proposed same side position limits are more than appropriate for the VanEck Bitcoin ETF options.

The Exchange believes the proposed position and exercise limits in this proposal will have no material impact to the supply of Bitcoin. For example, consider again the proposed position limit of 25,000 option contracts for the VanEck Bitcoin ETF option. As noted above, a position limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 shares of the applicable VanEck Bitcoin ETF (if that market participant exercised all its options). As of March 5, 2025, the VanEck Bitcoin ETF had the number of shares outstanding set forth in the table below. The table below also sets forth the approximate number of market participants that could hold the maximum of 25,000 same side positions in the VanEck Bitcoin ETF that would equate to the number of shares outstanding of the VanEck Bitcoin:

<u>Bitcoin Fund</u>	<u>Shares Outstanding</u>	<u>Number of Market Participants with 25,000 Same Side Positions</u>
VanEck Bitcoin ETF	49,900,000	20

This means if 20 market participants had 25,000 same side positions in VanEck Bitcoin ETF options, each of them would have to simultaneously exercise all of those options to create a scenario that may put the underlying security under stress. The Exchange believes it is highly unlikely for either such event to occur; however, even if either such event did occur, the Exchange would not expect the VanEck Bitcoin ETF to be under stress because such an event would merely induce the creation of more shares through the trust's creation and redemption process.

As of March 5, 2025, the global supply of Bitcoin was approximately 19,832,309.<sup>43</sup> Based on the \$25.60 price of VanEck Bitcoin ETF share on March 5, 2025, a market participant could have redeemed one Bitcoin for approximately 3,539 VanEck Bitcoin ETF shares. Another 70,194,417,201 VanEck Bitcoin ETF shares could be created before the supply of Bitcoin was exhausted. As a result, 28,078 market participants would have to simultaneously exercise 25,000 same side positions in VanEck Bitcoin ETF options to receive shares of the VanEck Bitcoin ETF holding the entire global supply of Bitcoin. Unlike the VanEck Bitcoin ETF, the number of shares that corporations may issue is limited. However, like corporations, which authorize additional shares, repurchase shares, or split their shares, the VanEck Bitcoin ETF may create, redeem, or split shares in response to demand. While the supply of Bitcoin is limited to 21,000,000, it is believed that it will

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<sup>43</sup> See [Blockchain.com | Charts - Total Circulating Bitcoin](https://blockchain.com/charts-total-circulating-bitcoin) (which also shows the price of one Bitcoin equal to \$90,608.57).

take more than 100 years to fully mine the remaining Bitcoin. The supply of Bitcoin is larger than the available supply of most securities.<sup>44</sup> Given the significant unlikelihood of any of these events ever occurring, the Exchange does not believe options on the VanEck Bitcoin ETF should be subject to position and exercise limits even lower than those proposed (which are already equal to the lowest available limit for equity options in the industry) to protect the supply of Bitcoin.<sup>45</sup>

The Exchange believes the available supply of Bitcoin is not relevant to the determination of position and exercise limits for options overlying the VanEck Bitcoin ETF. Position and exercise limits are not a tool that should be used to address a potential limited supply of the underlying of an underlying. Position and exercise limits do not limit the total number of options that may be held, but rather they limit the number of positions a single customer may hold or exercise at one time.<sup>46</sup> “Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of options contracts that a member or customer could hold or exercise.”<sup>47</sup> Position and exercise limit rules are intended “to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so

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<sup>44</sup> The market capitalization of Bitcoin would rank in the top 10 among securities. See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

<sup>45</sup> This would be even more unlikely with respect to the VanEck Bitcoin ETF for which the Exchange proposes lower position limits.

<sup>46</sup> For example, suppose an option has a position limit of 25,000 option contracts and there are a total of 10 investors trading that option. If all 10 investors max out their positions, that would result in 250,000 option contracts outstanding at that time. However, suppose 10 more investors decide to begin trading that option and also max out their positions. This would result in 500,000 option contracts outstanding at that time. An increase in the number of investors could cause an increase in outstanding options even if position limits remain unchanged.

<sup>47</sup> See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

as to benefit the options position. In particular, position and exercise limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes.”<sup>48</sup>

The Exchange notes that a Registration Statement on Form S-1 was filed with the Commission for the VanEck Bitcoin ETF, each of which described the supply of Bitcoin as being limited to 21,000,000 (of which approximately 90% had already been mined), and that the limit would be reached around the year 2140.<sup>49</sup> The Registration Statement permits an unlimited number of shares of the applicable the VanEck Bitcoin ETF to be created. Further, the Commission approved proposed rule changes that permitted the listing and trading of shares of the VanEck Bitcoin ETF, which approval did not comment on the sufficient supply of Bitcoin or address whether there was a risk that permitting an unlimited number of shares for the VanEck Bitcoin ETF would impact the supply of Bitcoin.<sup>50</sup> Therefore, the Exchange believes the Commission had ample time and opportunity to consider whether the supply of Bitcoin was sufficient to permit the creation of unlimited the VanEck Bitcoin ETF shares, and does not believe considering this supply with respect to the establishment of position and exercise limits is appropriate given its lack of relevance to the purpose of position and exercise limits. However, given the significant size of the Bitcoin supply, the proposed positions limits are more than sufficient to protect investors and the market.

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<sup>48</sup> See id.

<sup>49</sup> See Amendment No. 8 to Form S-1 Registration Statement No. 333-251808, filed January 9, 2024.

<sup>50</sup> See Bitcoin ETP Approval Order.

Based on the above information demonstrating, among other things, that the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares that are actively traded and widely held, the Exchange believes the proposed position and exercise limits are extremely conservative compared to those of ETF options with similar market characteristics. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.<sup>51</sup>

The Exchange represents that it has the necessary systems capacity to support VanEck Bitcoin ETF options. As discussed above, the Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading Unit options, including VanEck Bitcoin ETF options.

**Item 4. 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. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as the VanEck Bitcoin ETF will be equally available to all market participants who wish to trade such options and will trade generally in the same manner as

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<sup>51</sup> See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

other options. The Exchange Rules that currently apply to the listing and trading of all Unit options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of the VanEck Bitcoin ETF options on the Exchange in the same manner as they apply to other options on all other Units that are listed and traded on the Exchange. Also, and as stated above, the Exchange already lists options on other commodity-based Units.<sup>52</sup> Further, the VanEck Bitcoin ETF would need to satisfy the maintenance listing standards set forth in the Exchange Rules in the same manner as any other Unit for the Exchange to continue listing options on them.

The Exchange does not believe that the proposal to list and trade options on the VanEck Bitcoin ETF will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that the advent of the VanEck Bitcoin ETF options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange. Additionally, other options exchanges are free to amend their listing rules, as applicable, to permit them to list and trade options on the VanEck Bitcoin ETF. The Exchange notes that listing and trading VanEck Bitcoin ETF options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market.

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<sup>52</sup> See Rule 4.3, Interpretation and Policy .06(a)(4).

The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering VanEck Bitcoin ETF options for trading on the Exchange will promote competition by providing investors with an additional, relatively low-cost means to hedge their portfolios and meet their investment needs in connection with Bitcoin prices and Bitcoin-related products and positions on a listed options exchange.

**Item 5. 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 comments on the proposed rule change.

**Item 6. Extension of Time Period for Commission Action**

The Exchange does not consent to an extension of the time period for Commission action on the proposed rule change specified in Section 19(b)(2) of the Act.<sup>53</sup>

**Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.

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15 U.S.C. 78s(b)(2).

(d) This Amendment No. 4 is filed for accelerated effectiveness pursuant to Section 19(b)(2) of the Act.<sup>54</sup> The Exchange requests that the Commission approve this Amendment No. 4 on an accelerated basis pursuant to Section 19(b)(2) of the Act so that it may be operative as soon as practicable. This Amendment No. 4 adds clarifying information to the proposed rule change but makes no substantive changes to the proposal as described in the Initial Rule Filing, which was subject to public comment.<sup>55</sup> The Exchange notes the Commission recently approved a similar rule filing of another options exchange on September 20, 2024,<sup>56</sup> and of the Exchange on October 18, 2024.<sup>57</sup> While those filings apply to options on a different Bitcoin ETFs, the substantive issues to be considered are the same for options on the VanEck Bitcoin ETF set forth in this proposal. Accelerated approval is essential for competitive purposes given this recent approval. The proposed rule change includes substantially similar information for the VanEck Bitcoin ETF as set forth in that filing with respect to the iShares Bitcoin Trust, and it is necessary and appropriate for the Commission to act upon comparable filings of all options exchanges. The Exchange believes the proposal will protect investors by providing them with the benefits of options on the VanEck Bitcoin ETF, thereby providing investors hedging and other investment protections and benefits that options offer. Accelerated approval of this Amendment No. 4 will provide investors with these benefits as soon as possible.

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<sup>54</sup> 15 U.S.C. 78s(b)(2).

<sup>55</sup> No comments were submitted in response to the Initial Rule Filing.

<sup>56</sup> Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03).

<sup>57</sup> See supra note 36.



**Item 8.        Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on a rule either of another self-regulatory organization or of the Commission.

**Item 9.        Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**Item 10.      Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**Item 11.      Exhibits**

Exhibit 1.      Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 4.      Marked copy of changes to the rule text proposed in an amendment compared against the version of the rule text that was initially filed.

Exhibit 5.      Proposed rule text.

EXHIBIT 1**SECURITIES AND EXCHANGE COMMISSION**

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

[Insert date]

Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of a Proposed Rule Change to Amend Rules 4.3, 4.20, and 8.30, to Allow the Exchange to List and Trade Options on the VanEck Bitcoin ETF

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 [insert date], Cboe Exchange, Inc. (the “Exchange” or “Cboe Options”) 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 Exchange, Inc. (the “Exchange” or “Cboe Options”) proposes to amend Rules 4.3, 4.20, and 8.30, to allow the Exchange to list and trade options on the VanEck Bitcoin ETF. 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://www.cboe.com/AboutCBOE/CBOELegalRegulatoryHome.aspx>), at the Exchange’s Office of the Secretary, and at the Commission’s Public Reference Room.

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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 proposes to amend Rule 4.3 regarding the criteria for underlying securities. Specifically, the Exchange proposes to amend Rule 4.3, Interpretation and Policy .06(a)(4) to allow the Exchange to list and trade options on Units<sup>3</sup> that represent interests in the VanEck Bitcoin ETF,<sup>4</sup> designating them as “Units” deemed appropriate for options trading on the Exchange. Current Rule 4.3, Interpretation and Policy .06 provides that, subject to certain other criteria set forth in that Rule, securities deemed appropriate for options trading include Units that represent certain types of interests,<sup>5</sup> including interests in

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<sup>3</sup> Rule 1.1 defines a “Unit” (which may also be referred to as an ETF) as a share or other security traded on a national securities exchange and defined as an NMS stock as set forth in Rule 4.3.

<sup>4</sup> See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-CboeBZX-2023-040) (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) (“Bitcoin ETP Approval Order”).

<sup>5</sup> See Rule 4.3, Interpretation and Policy .06(a), which permits options trading on Units that represent (1) interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse purchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered

certain specific trusts that hold financial instruments, money market instruments, or precious metals (which are deemed commodities).

The VanEck Bitcoin ETF is a Bitcoin-backed commodity ETF structured as a trust. Similar to any Unit currently deemed appropriate for options trading under Rule 4.3, Interpretation and Policy .06, the investment objective of the VanEck Bitcoin ETF is for its shares to reflect the performance of Bitcoin (less the expenses of the trust's operations), offering investors an opportunity to gain exposure to Bitcoin without the complexities of Bitcoin delivery. As is the case for Units currently deemed appropriate for options trading, the VanEck Bitcoin ETF's shares represent units of fractional undivided beneficial interest in the trust, the assets of which consist principally of Bitcoin and are designed to track Bitcoin or the performance of the price of Bitcoin and offer access to the Bitcoin market.<sup>6</sup> The

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investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments); (2) interests in a trust or similar entity that holds a specified non-U.S. currency deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency and pays the beneficial owner interest and other distributions on deposited non-U.S. currency, if any, declared and paid by the trust ("Currency Trust Shares"); (3) commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency ("Commodity Pool Units"); (4) represent interests in the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, or the Bitwise Bitcoin ETF; or (5) an interest in a registered investment company ("Investment Company") organized as an open-end management investment company or similar entity, that invests in a portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share").

<sup>6</sup> The trust may include minimal cash and cash equivalents (i.e., short-term instruments with maturities of less than three months).

VanEck Bitcoin ETF provides investors with cost-efficient alternatives that allow a level of participation in the Bitcoin market through the securities market.

The Exchange believes the VanEck Bitcoin ETF satisfies the Exchange's initial listing standards for Units on which the Exchange may list options. Specifically, the VanEck Bitcoin ETF satisfies the initial listing standards set forth in Rule 4.3, Interpretation and Policy .06(b), as is the case for other Units on which the Exchange lists options (including trusts that hold commodities). Rule 4.3, Interpretation and Policy .06 requires that Units must either (1) meet the criteria and standards set forth in Rule 4.3, Interpretation and Policy .01(a),<sup>7</sup> or (2) be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue Units in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investments has undertaken to deliver the investment assets as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer, as provided in the respective prospectus. The VanEck Bitcoin ETF satisfies Rule 4.3, Interpretation and Policy .06(b)(2), as each is subject to this creation and redemption process.

While not required by the Rules for purposes of options listings, the Exchange believes the VanEck Bitcoin ETF satisfies the criteria and guidelines set forth in Rule 4.3, Interpretation and Policy .01. Pursuant to Rule 4.3(a), a security (which includes a Unit) on which options may be listed and traded on the Exchange must be duly registered (with the

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<sup>7</sup> Rule 4.3, Interpretation and Policy .01 provides for guidelines to be by the Exchange when evaluating potential underlying securities for Exchange option transactions.

Commission) and be an NMS stock (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934, as amended (the “Act”)), and be characterized by a substantial number of outstanding shares that are widely held and actively traded.<sup>8</sup> The VanEck Bitcoin ETF is an NMS Stock as defined in Rule 600 of Regulation NMS under the Act.<sup>9</sup> The Exchange believes the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares that are widely held and actively traded.

As of March 5, 2025, the VanEck Bitcoin ETF had the following number of shares outstanding:

<u>Bitcoin Fund</u>	<u>Shares Outstanding</u>
VanEck Bitcoin ETF	49,900,000

The VanEck Bitcoin ETF had significantly more than 7,000,000 shares outstanding (approximately 7 times that amount), which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(1). The Exchange believes this demonstrates that the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares.

Further, the below table contains information regarding the number of beneficial holders of the VanEck Bitcoin ETF as of the specified dates:

<u>Bitcoin Fund</u>	<u>Beneficial Holders</u>	<u>Date</u>
VanEck Bitcoin ETF	32,469	1/31/25

<sup>8</sup> The criteria and guidelines for a security to be considered widely held and actively traded are set forth in Rule 4.3, Interpretation and Policy .01, subject to exceptions.

<sup>9</sup> An “NMS stock” means any NMS security other than an option, and an “NMS security” means any security or class of securities for which transaction reports are collected, processed, and made available pursuant to an effective transaction reporting plan (or an effective national market system plan for reporting transaction in listed options). See 17 CFR § 242.600(b)(64) (definition of “NMS security”) and (65) (definition of “NMS stock”).

As this table shows, the VanEck Bitcoin ETF has significantly more than 2,000 beneficial holders (approximately 16 times more), which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(2). Therefore, the Exchange believes the shares of the VanEck Bitcoin ETF are widely held.<sup>10</sup>

The Exchange also believes the shares of the VanEck Bitcoin ETF are actively traded. As of March 5, 2025, the total trading volume (by shares) for the trust for the six-month period of September 5, 2024, through March 5, 2025, and the approximate average daily volume (“ADV”) (in shares and notional) over the 30-day period of January 21, 2025, through March 5, 2025, for the VanEck Bitcoin ETF was as follows:

<u>Bitcoin Fund</u>	<u>6-Month Trading Volume (Shares)</u>	<u>30-Day ADV (Shares)</u>	<u>30-Day ADV (Notional \$)</u>
VanEck Bitcoin ETF	133,275,448	794,677	39,163,513.72

As demonstrated above, as of March 5, 2025, the six-month trading volume for the VanEck Bitcoin ETF as of that date was substantially higher than 2,400,000 shares (approximately 55 times that amount), which is the minimum 12-month volume the Exchange generally requires for a corporate stock in order to list options on that security as set forth in Rule 4.3, Interpretation and Policy .01. The Exchange believes this data demonstrates the VanEck Bitcoin ETF is characterized as having shares that are actively traded.

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<sup>10</sup> The Exchange continues to believe assets under management (“AUM”), rather than shares outstanding and number of holders, is a better measure of investable capacity of ETFs and a more appropriate figure for determining position and exercise limits of ETFs and looks forward to further discussions with the Commission staff on this topic.

Options on the VanEck Bitcoin ETF will be subject to the Exchange's continued listing standards set forth in Rule 4.4, Interpretation and Policy .06 for Units deemed appropriate for options trading pursuant to Rule 4.3, Interpretation and Policy .06. Specifically, Rule 4.4, Interpretation and Policy .06 provides that Units that were initially approved for options trading pursuant to Rule 4.3, Interpretation and Policy .06 shall be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering that such Units, if the Units cease to be an NMS stock or the Units are halted from trading in their primary market. Additionally, options on Units may be subject to the suspension of opening transactions in any of the following circumstances: (1) in the case of options covering Units approved for trading under Rule 4.3, Interpretation and Policy .06(b)(1), in accordance with the terms of paragraphs (a), (b), and (c) of Rule 4.4, Interpretation and Policy .01; (2) in the case of options covering Units approved for trading under Rule 4.3 Interpretation and Policy .06(b)(2) (as is the case for the VanEck Bitcoin ETF), following the initial twelve-month period beginning upon the commencement of trading in the Units on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such Units for 30 or more consecutive trading days; (3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the Units are based is no longer calculated or available; or (4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.



Options on the VanEck Bitcoin ETF will be physically settled contracts with American-style exercise.<sup>11</sup> Consistent with current Rule 4.5, which governs the opening of options series on a specific underlying security (including Units), the Exchange will open at least one expiration month for options on the VanEck Bitcoin ETF<sup>12</sup> at the commencement of trading on the Exchange and may also list series of options on the VanEck Bitcoin ETF for trading on a weekly,<sup>13</sup> monthly,<sup>14</sup> or quarterly<sup>15</sup> basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 180 months from the time they are listed.

Pursuant to Rule 4.5, Interpretation and Policy .07, which governs strike prices of series of options on Units, the interval of strikes prices for series of options on the VanEck Bitcoin ETF will be \$1 or greater when the strike price is \$200 or less and \$5 or greater where

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<sup>11</sup> See Rule 4.2, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation (“OCC”); and Equity Options Product Specifications January 3, 2024), available at [Equity Options Specifications \(cboe.com\)](https://www.cboe.com/equity/options/specifications); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

<sup>12</sup> See Rule 4.5(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Rule 4.3. Monthly listings expire the third Friday of the month. The term “expiration date” (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Rule 4.5(c), additional series of 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 underlying stock moves more than five strike prices from the initial exercise price or prices. New series of options on an individual stock 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 options on an individual stock until the close of trading on the business day prior to expiration.

<sup>13</sup> See Rule 4.5(d).

<sup>14</sup> See Rule 4.5(g).

<sup>15</sup> See Rule 4.5(e).

the strike price is over \$200.<sup>16</sup> Additionally, the Exchange may list series of options pursuant to the \$1 Strike Price Interval Program,<sup>17</sup> the \$0.50 Strike Program,<sup>18</sup> the \$2.50 Strike Price Program,<sup>19</sup> and the \$5 Strike Program.<sup>20</sup> Pursuant to Rule 5.4, where the price of a series of the VanEck Bitcoin ETF option is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10.<sup>21</sup> Any and all new series of VanEck Bitcoin ETF options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Rules 4.5 and 5.4, as applicable.

VanEck Bitcoin ETF options will trade in the same manner as any other Unit options on the Exchange. The Exchange Rules that currently apply to the listing and trading of all Unit options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of VanEck Bitcoin ETF options on the Exchange in the same manner as they apply to other options on all other Units that are listed and traded on the Exchange, including the precious-

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<sup>16</sup> The Exchange notes that for options listed pursuant to the Short Term Option Series Program, the Monthly Options Series Program, and the Quarterly Options Series Program, Rules 4.5(d), (e), and (g) specifically sets forth intervals between strike prices on Quarterly Options Series, Short Term Option Series, and Monthly Options Series, respectively.

<sup>17</sup> See Rule 4.5, Interpretation and Policy .01(a).

<sup>18</sup> See Rule 4.5, Interpretation and Policy .01(b).

<sup>19</sup> See Rule 4.5, Interpretation and Policy .04.

<sup>20</sup> See Rule 4.5, Interpretation and Policy .01(f).

<sup>21</sup> If options on the VanEck Bitcoin ETF are eligible to participate in the Penny Interval Program, the minimum increment will be \$0.01 for series with a price below \$3.00 and \$0.05 for series with a price at or above \$3.00. See 5.4(d) (which describes the requirements for the Penny Interval Program).

metal backed commodity Units already deemed appropriate for options trading on the Exchange pursuant to current Rule 4.3, Interpretation and Policy .06(a)(4).

Rule 4.20 currently permits the Exchange to authorize for trading a FLEX option class on any equity security if it may authorize for trading a non-FLEX option class on that equity security pursuant to Rule 4.3. The proposed rule change amends Rule 4.20 to exclude the VanEck Bitcoin ETF from this provision.

The Exchange also proposes to amend Rule 8.30. Specifically, the Exchange proposes to amend Rule 8.30, Interpretation and Policy .10 to provide a position limit of 25,000 same side option contracts for the VanEck Bitcoin ETF option. Additionally, pursuant to Rule 8.42, Interpretation and Policy .02, the exercise limits for options on the VanEck Bitcoin ETF will be equivalent to this proposed position limit.

The Exchange determined these proposed position and exercise limits considering, among other things, the approximate six-month average daily volume (“ADV”) and outstanding shares of the VanEck Bitcoin ETF (which as discussed above demonstrate that the VanEck Bitcoin ETF is widely held and actively traded and thus justify these conservatively proposed position limits), as set forth below, along with market capitalization (as of March 5, 2025):

<b>Underlying Bitcoin Fund</b>	<b>Six-Month ADV (shares)</b>	<b>Outstanding Shares</b>	<b>Market Capitalization (\$)</b>
VanEck Bitcoin ETF	1,074,802	49,900,000	1,271,859,416

The Exchange then compared the number of outstanding shares of the VanEck Bitcoin ETF to those of other ETFs. The following table provides the approximate average position

(and exercise limit) of ETF options with similar outstanding shares (as of March 5, 2025), compared to the proposed position and exercise limit for the VanEck Bitcoin ETF options:

<b>Underlying Bitcoin Fund</b>	<b>Average Limit of Other ETF Options (contracts)</b>	<b>Proposed Limit (contracts)</b>
VanEck Bitcoin ETF	225,000 <sup>22</sup>	25,000

The Exchange considered current position and exercise limits of options on ETFs with outstanding shares comparable to those of the VanEck Bitcoin ETF, with the proposed limit significantly lower (between two and ten times lower) than the average limits of the options on the other ETFs. As discussed above, the VanEck Bitcoin ETF is actively held and widely traded (all statistics as of March 5, 2025) because it: (1) had significantly more than 7,000,000 shares outstanding, which is the minimum number of shares of a corporate stock that the Exchange generally requires to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(1); (2) had significantly more than 2,000 beneficial holders, which is the minimum number of holders the Exchange generally requires for corporate stock in order to list options on that stock pursuant to Rule 4.3, Interpretation and Policy .01(a)(2); and (3) had a six-month trading volume substantially higher than 2,400,000 shares, which is the minimum 12-month volume the Exchange generally requires for a security in order to list options on that security as set forth in Rule 4.3, Interpretation and Policy .01.

With respect to outstanding shares, if a market participant held the maximum number of positions possible pursuant to the proposed position and exercise limits, the equivalent

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<sup>22</sup> Over 90% of the ETFs used for comparison have a limit of at least 200,000, and more than 75% have a limit of 250,000.

shares represented by the proposed position/exercise limit would represent the following approximate percentage of current outstanding shares:

<b>Underlying Bitcoin Fund</b>	<b>Proposed Position/Exercise Limit (in equivalent shares)</b>	<b>Outstanding Shares</b>	<b>Percentage of Outstanding Shares</b>
VanEck Bitcoin ETF	2,500,000	49,900,000	5.01%

As this table demonstrates, if a market participant held the maximum permissible options positions in VanEck Bitcoin ETF options and exercised all of them at the same time, that market participant would control a small percentage of the outstanding shares of the VanEck Bitcoin ETF.

Cboe Options Rule 8.30, Interpretation and Policy .02, provides two methods of qualifying for a position limit tier above 25,000 option contracts. The first method is based on six-month trading volume in the underlying security, and the second method is based on slightly lower six-month trading volume *and* number of shares outstanding in the underlying security. An underlying stock or ETF that qualifies for method two based on trading volume and number of shares outstanding would be required to have the minimum number of outstanding shares as shown in middle column of the table below.

The table, which provides the equivalent shares of the position limits applicable to equity options, including ETFs, further represents the percentages of the minimum number of outstanding shares that an underlying stock or ETF must have to qualify for that position limit (under the second method described above), all of which are higher than the percentages for the VanEck Bitcoin ETF.

<b>Position/Exercise Limit (in equivalent shares)</b>	<b>Minimum Outstanding Shares</b>	<b>Percentage of Outstanding Shares</b>
2,500,000	6,300,000 <sup>23</sup>	40.0%
5,000,000	40,000,000	12.5%
7,500,000	120,000,000	6.3%
20,000,000	240,000,000	8.3%
25,000,000	300,000,000	8.3%

The equivalent shares represented by the proposed position and exercise limits for the VanEck Bitcoin ETF as a percentage of outstanding shares of the VanEck Bitcoin ETF is significantly lower than the percentage for the lowest possible position limit for equity options of 25,000 (under 6% compared to 40%) and is lower than that percentage for each current position limit bucket.<sup>24</sup>

Further, the proposed position and exercise limits for the VanEck Bitcoin ETF option are significantly below the limits that would otherwise apply pursuant to current Rule 8.30. These position and exercise limits are the lowest position and exercise limits available in the options industry, are extremely conservative and more than appropriate given the market

<sup>23</sup> This is the minimum number of outstanding shares an underlying security must have for the Exchange to continue to list options on that security, so this would be the smallest number of outstanding shares permissible for any corporate option that would have a position limit of 25,000 contract. See Rule 4.4, Interpretation and Policy .01. This rule applies to corporate stock options but not ETF options, which currently have no requirement regarding outstanding shares of the underlying ETF for the Exchange to continue listing options on that ETF. Therefore, there may be ETF options trading for which the 25,000 contract position limits represents an even larger percentage of outstanding shares of the underlying ETF than set forth above.

<sup>24</sup> As these percentages are based on the minimum number of outstanding shares an underlying security must have to qualify for the applicable position limit, these are the highest possible percentages that would apply to any option subject to that position and exercise limit.

capitalization, average daily volume, and high number of outstanding shares of the VanEck Bitcoin ETF.

All of the above information demonstrates that the proposed position and exercise limits for the VanEck Bitcoin ETF options are more than reasonable and appropriate. The trading volume, ADV, and outstanding shares of the VanEck Bitcoin ETF demonstrate that the trust is actively traded and widely held, and proposed position and exercise limits are well below those of other ETFs with similar market characteristics. The proposed position and exercise limits are the lowest position and exercise limits available for equity options in the industry, are extremely conservative, and are more than appropriate given the VanEck Bitcoin ETF's market capitalization, ADV, and high number of outstanding shares.

Today, the Exchange has an adequate surveillance program in place for options. Cboe intends to apply those same program procedures to options on the VanEck Bitcoin ETF that it applies to the Exchange's other options products.<sup>25</sup> Cboe's market surveillance staff would have access to the surveillances conducted by Cboe BZX Exchange, Inc.<sup>26</sup> with respect to the VanEck Bitcoin ETF and would review activity in the underlying VanEck Bitcoin ETF when conducting surveillances for market abuse or manipulation in the options on the VanEck Bitcoin ETF. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition to obtaining information from BZX, the Exchange would be able to obtain information regarding trading of shares of the VanEck Bitcoin ETF through ISG.

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<sup>25</sup> The surveillance program includes surveillance patterns for price and volume movements as well as patterns for potential manipulation (e.g., spoofing and marking the close).

<sup>26</sup> Cboe BZX Exchange, Inc. is an affiliated market of the Exchange.

In addition, Cboe has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”) for certain market surveillance, investigation and examinations functions. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate amongst themselves and FINRA responsibilities to conduct certain options-related market surveillance that are common to rules of all options exchanges.<sup>27</sup>

The underlying shares of spot bitcoin exchange-traded products (“ETPs”), including the VanEck Bitcoin ETF, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its order approving proposals of several exchanges to list and trade shares of spot bitcoin-based ETPs:

Each Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME bitcoin futures market.<sup>28</sup>

The Exchange states that, given the consistently high correlation between the CME Bitcoin futures market and the spot bitcoin market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Bitcoin ETPs].”<sup>29</sup>

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<sup>27</sup> Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization (“SRO”) registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO’s own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO (“common members”). Specifically, Section 17(d)(1) allows the Commission to relieve an SRO of its responsibilities to: (i) receive regulatory reports from such members; (ii) examine such members for compliance with the Act and the rules and regulations thereunder, and the rules of the SRO; or (iii) carry out other specified regulatory responsibilities with respect to such members.

<sup>28</sup> See Bitcoin ETP Approval Order at 3009.

<sup>29</sup> See Bitcoin ETP Approval Order, 89 FR at 3010-11.



In light of surveillance measures related to both options and futures as well as the VanEck Bitcoin ETF,<sup>30</sup> the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the VanEck Bitcoin ETF. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the VanEck Bitcoin ETF.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and OPRA have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on VanEck Bitcoin ETF up to the number of expirations currently permissible under the Rules. Because the proposal is limited to two classes, the Exchange believes any additional traffic that may be generated from the introduction of VanEck Bitcoin ETF options will be manageable.

The Exchange believes that offering options on the VanEck Bitcoin ETF will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Bitcoin and hedging vehicle to meet their investment needs in connection with Bitcoin-related products and positions. The Exchange expects investors will transact in options on the VanEck Bitcoin ETF in the unregulated over-the-counter (“OTC”) options market,<sup>31</sup> but may prefer to trade such options in a listed environment to receive the benefits of trading listing options, including (1) enhanced efficiency in

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<sup>30</sup> See supra note 4.

<sup>31</sup> The Exchange understands from customers that investors have historically transacted in options on Units in the OTC options market if such options were not available for trading in a listed environment.

initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes that listing the VanEck Bitcoin ETF options may cause investors to bring this liquidity to the Exchange, would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Units that hold financial instruments, money market instruments, or precious metal commodities on which the Exchange may already list and trade options are trusts structured in substantially the same manner as the VanEck Bitcoin ETF and essentially offer the same objectives and benefits to investors, just with respect to different assets. The Exchange notes that it has not identified any issues with the continued listing and trading of any Unit options, including Units that hold commodities (i.e., precious metals) that it currently lists and trades on the Exchange.

## 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>32</sup> Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)<sup>33</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 remove impediments to and perfect the mechanism

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<sup>32</sup> 15 U.S.C. 78f(b).

<sup>33</sup> 15 U.S.C. 78f(b)(5).

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>34</sup> requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the VanEck Bitcoin ETF will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the VanEck Bitcoin ETF will provide investors with an opportunity to realize the benefits of utilizing options on the VanEck Bitcoin ETF, including cost efficiencies and increased hedging strategies. The Exchange believes that offering the VanEck Bitcoin ETF options will benefit investors by providing them with a relatively lower-cost risk management tool, which will allow them to manage their positions and associated risk in their portfolios more easily in connection with exposure to the price of Bitcoin and with Bitcoin-related products and positions. Additionally, the Exchange's offering of VanEck Bitcoin ETF options will provide investors with the ability to transact in such options in a listed market environment as opposed to in the unregulated OTC options market, 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. The Exchange also notes that it already lists options on other commodity-based Units,<sup>35</sup> which, as described above, are trusts structured in substantially the same manner as the VanEck Bitcoin ETF and essentially offer the same objectives and benefits

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<sup>34</sup> Id.

<sup>35</sup> See Rule 4.3, Interpretation and Policy .06(a)(4).

to investors and for which the Exchange has not identified any issues with the continued listing and trading of commodity-backed Unit options it currently lists for trading.<sup>36</sup>

The Exchange also believes the proposed rule change will remove impediments to and perfect the mechanism of a free and open market and a national market system, because it is consistent with current Exchange Rules previously filed with the Commission.<sup>37</sup> Options on the VanEck Bitcoin ETF satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all Units, including Units that hold other commodities already deemed appropriate for options trading on the Exchange. Additionally, as demonstrated above, the VanEck Bitcoin ETF is characterized by a substantial number of shares that are widely held and actively traded. VanEck Bitcoin ETF options will trade in the same manner as any other Unit options — the same Exchange Rules that currently govern the listing and trading of all Unit options, including permissible expirations, strike prices and minimum increments, and applicable margin requirements, will govern the listing and trading of options on the VanEck Bitcoin ETF in the same manner.

The Exchange believes the proposed rule change to exclude the VanEck Bitcoin ETF from being eligible for trading as FLEX options is consistent with the Act, because it will permit the Exchange to continue to participate in ongoing discussions with the Commission regarding appropriate position limits for ETF options.<sup>38</sup>

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<sup>36</sup> See Securities Exchange Act No. 101387 (October 18, 2024) 89 FR 84948 (October 24, 2024) (SR-CBOE-2024-035) (Notice of Filing of Amendment Nos. 2 and 3 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, To Permit the Listing and Trading of Options on Bitcoin Exchange-Traded Funds).

<sup>37</sup> Id.

<sup>38</sup> The Exchange may submit a separate rule filing that would permit the Exchange to authorize for trading FLEX options on the VanEck Bitcoin ETF (which filing may propose changes to existing

The Exchange believes the proposed position and exercise limits are designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade, as they are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. The proposed position and exercise limits in this proposal for the VanEck Bitcoin ETF options are 25,000 contracts, which is currently the lowest limit applicable to any equity options (including ETF options). The Exchange believes the proposed position and exercise limits are extremely conservative for the VanEck Bitcoin ETF option given the trading volume and outstanding shares for each. The information above demonstrates that the average position and exercise limits of options on ETFs with comparable outstanding shares and trading volume to those of the VanEck Bitcoin ETF is significantly higher than the proposed position and exercise limits for the VanEck Bitcoin ETF options. Therefore, the proposed position and exercise limits for the VanEck Bitcoin ETF options are conservative relative to options on ETFs with comparable market characteristics.

Further, given that the issuer of the VanEck Bitcoin ETF may create and redeem shares that represent an interest in Bitcoin, the Exchange believes it is relevant to compare the size of a position limit to the market capitalization of the Bitcoin market. As of March 5, 2025, the global supply of Bitcoin was 19,832,309, and the price of one Bitcoin was approximately \$90,608.57,<sup>39</sup> which equates to a market capitalization of approximately \$1.797 trillion. Consider the proposed position and exercise limit of 25,000 option

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FLEX option position limits for such options if appropriate).

<sup>39</sup>

See [Blockchain.com | Charts - Total Circulating Bitcoin](https://blockchain.com/charts-total-circulating-bitcoin).

contracts for the VanEck Bitcoin ETF option. A position and exercise limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 of VanEck Bitcoin ETF shares, as applicable (if that market participant exercised all of its options). The following table shows the share price of the VanEck Bitcoin ETF on March 5, 2025, the value of 2,500,000 shares of the VanEck Bitcoin ETF at that price, and the approximate percentage of that value of the size of the Bitcoin market:

<b>Bitcoin Fund</b>	<b>March 5, 2025 Share Price (\$)</b>	<b>Value of 2,500,000 Shares of Bitcoin Fund (\$)</b>	<b>Percentage of Bitcoin Market</b>
VanEck Bitcoin ETF	25.60	64,000,000	0.0035%

Therefore, if a market participant with the maximum 25,000 same side contracts in VanEck Bitcoin ETF options exercised all positions at one time, such an event would have no practical impact on the Bitcoin market.

The Exchange also believes the proposed limits are appropriate given position limits for Bitcoin futures. For example, the Chicago Mercantile Exchange (“CME”) imposes a position limit of 2,000 futures (for the initial spot month) on its Bitcoin futures contract.<sup>40</sup> On March 5, 2025, CME Mar 25 Bitcoin Futures settled at \$90,935. A position of 2,000 CME Bitcoin futures, therefore, would have a notional value of \$909,350,000. The following table shows the share price of the VanEck Bitcoin ETF on March 5, 2025, and the approximate number of option contracts that equates to that notional value:

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<sup>40</sup> See CME Rulebook Chapter 350 (description of CME Bitcoin Futures) and Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices. Each CME Bitcoin futures contract is valued at five Bitcoins as defined by the CME CF Bitcoin Reference Rate (“BRR”). See CME Rule 35001.

<b>Bitcoin Fund</b>	<b>March 5, 2025 Share Price (\$)</b>	<b>Number of Option Contracts</b>
VanEck Bitcoin ETF	25.60	355,214

The approximate number of option contracts for the VanEck Bitcoin ETF that equate to the notional value of CME Bitcoin futures is significantly higher than the proposed limit of 25,000 options contract for the VanEck Bitcoin ETF option. The fact that many options ultimately expire out-of-the-money and thus are not exercised for shares of the underlying, while the delta of a Bitcoin Future is 1, further demonstrates how conservative the proposed limits of 25,000 options contracts are for the VanEck Bitcoin ETF options.

The Exchange notes, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).<sup>41</sup> Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.<sup>42</sup> If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading but does not exceed

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<sup>41</sup> See CME Rulebook Chapter 5, Position Limit, Position Accountability and Reportable Level Table in the Interpretations & Special Notices.

<sup>42</sup> Id.

the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Considering CME's position limits on futures for Bitcoin, the Exchange believes that that the proposed same side position limits are more than appropriate for the VanEck Bitcoin ETF options.

The Exchange believes the proposed position and exercise limits in this proposal will have no material impact to the supply of Bitcoin. For example, consider again the proposed position limit of 25,000 option contracts for the VanEck Bitcoin ETF option. As noted above, a position limit of 25,000 same side contracts effectively restricts a market participant from holding positions that could result in the receipt of no more than 2,500,000 shares of the applicable VanEck Bitcoin ETF (if that market participant exercised all its options). As of March 5, 2025, the VanEck Bitcoin ETF had the number of shares outstanding set forth in the table below. The table below also sets forth the approximate number of market participants that could hold the maximum of 25,000 same side positions in the VanEck Bitcoin ETF that would equate to the number of shares outstanding of the VanEck Bitcoin:

<u>Bitcoin Fund</u>	<u>Shares Outstanding</u>	<u>Number of Market Participants with 25,000 Same Side Positions</u>
VanEck Bitcoin ETF	49,900,000	20

This means if 20 market participants had 25,000 same side positions in VanEck Bitcoin ETF options, each of them would have to simultaneously exercise all of those options to create a scenario that may put the underlying security under stress. The Exchange believes it is highly unlikely for either such event to occur; however, even if either such event did occur, the Exchange would not expect the VanEck Bitcoin ETF to be



under stress because such an event would merely induce the creation of more shares through the trust's creation and redemption process.

As of March 5, 2025, the global supply of Bitcoin was approximately 19,832,309.<sup>43</sup> Based on the \$25.60 price of VanEck Bitcoin ETF share on March 5, 2025, a market participant could have redeemed one Bitcoin for approximately 3,539 VanEck Bitcoin ETF shares. Another 70,194,417,201 VanEck Bitcoin ETF shares could be created before the supply of Bitcoin was exhausted. As a result, 28,078 market participants would have to simultaneously exercise 25,000 same side positions in VanEck Bitcoin ETF options to receive shares of the VanEck Bitcoin ETF holding the entire global supply of Bitcoin. Unlike the VanEck Bitcoin ETF, the number of shares that corporations may issue is limited. However, like corporations, which authorize additional shares, repurchase shares, or split their shares, the VanEck Bitcoin ETF may create, redeem, or split shares in response to demand. While the supply of Bitcoin is limited to 21,000,000, it is believed that it will take more than 100 years to fully mine the remaining Bitcoin. The supply of Bitcoin is larger than the available supply of most securities.<sup>44</sup> Given the significant unlikelihood of any of these events ever occurring, the Exchange does not believe options on the VanEck Bitcoin ETF should be subject to position and exercise limits even lower than those proposed (which are already equal to the lowest available limit for equity options in the industry) to protect the supply of Bitcoin.<sup>45</sup>

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<sup>43</sup> See [Blockchain.com | Charts - Total Circulating Bitcoin \(which also shows the price of one Bitcoin equal to \\$90,608.57\)](#).

<sup>44</sup> The market capitalization of Bitcoin would rank in the top 10 among securities. See <https://companiesmarketcap.com/usa/largest-companies-in-the-usa-by-market-cap/>.

<sup>45</sup> This would be even more unlikely with respect to the VanEck Bitcoin ETF for which the Exchange proposes lower position limits.

The Exchange believes the available supply of Bitcoin is not relevant to the determination of position and exercise limits for options overlying the VanEck Bitcoin ETF. Position and exercise limits are not a tool that should be used to address a potential limited supply of the underlying of an underlying. Position and exercise limits do not limit the total number of options that may be held, but rather they limit the number of positions a single customer may hold or exercise at one time.<sup>46</sup> “Since the inception of standardized options trading, the options exchanges have had rules imposing limits on the aggregate number of options contracts that a member or customer could hold or exercise.”<sup>47</sup> Position and exercise limit rules are intended “to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position. In particular, position and exercise limits are designed to minimize the potential for mini-manipulations and for corners or squeezes of the underlying market. In addition, such limits serve to reduce the possibility for disruption of the options market itself, especially in illiquid options classes.”<sup>48</sup>

The Exchange notes that a Registration Statement on Form S-1 was filed with the Commission for the VanEck Bitcoin ETF, each of which described the supply of Bitcoin as being limited to 21,000,000 (of which approximately 90% had already been mined), and

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<sup>46</sup> For example, suppose an option has a position limit of 25,000 option contracts and there are a total of 10 investors trading that option. If all 10 investors max out their positions, that would result in 250,000 option contracts outstanding at that time. However, suppose 10 more investors decide to begin trading that option and also max out their positions. This would result in 500,000 option contracts outstanding at that time. An increase in the number of investors could cause an increase in outstanding options even if position limits remain unchanged.

<sup>47</sup> See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

<sup>48</sup> See id.

that the limit would be reached around the year 2140.<sup>49</sup> The Registration Statement permits an unlimited number of shares of the applicable the VanEck Bitcoin ETF to be created. Further, the Commission approved proposed rule changes that permitted the listing and trading of shares of the VanEck Bitcoin ETF, which approval did not comment on the sufficient supply of Bitcoin or address whether there was a risk that permitting an unlimited number of shares for the VanEck Bitcoin ETF would impact the supply of Bitcoin.<sup>50</sup> Therefore, the Exchange believes the Commission had ample time and opportunity to consider whether the supply of Bitcoin was sufficient to permit the creation of unlimited the VanEck Bitcoin ETF shares, and does not believe considering this supply with respect to the establishment of position and exercise limits is appropriate given its lack of relevance to the purpose of position and exercise limits. However, given the significant size of the Bitcoin supply, the proposed positions limits are more than sufficient to protect investors and the market.

Based on the above information demonstrating, among other things, that the VanEck Bitcoin ETF is characterized by a substantial number of outstanding shares that are actively traded and widely held, the Exchange believes the proposed position and exercise limits are extremely conservative compared to those of ETF options with similar market characteristics. The proposed position and exercise limits reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation. The Exchange believes these proposed limits are effectively designed to prevent an

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<sup>49</sup> See Amendment No. 8 to Form S-1 Registration Statement No. 333-251808, filed January 9, 2024.

<sup>50</sup> See Bitcoin ETP Approval Order.

individual customer or entity from establishing options positions that could be used to manipulate the market of the underlying as well as the Bitcoin market.<sup>51</sup>

The Exchange represents that it has the necessary systems capacity to support VanEck Bitcoin ETF options. As discussed above, the Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading Unit options, including VanEck Bitcoin ETF options.

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. The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as the VanEck Bitcoin ETF will be equally available to all market participants who wish to trade such options and will trade generally in the same manner as other options. The Exchange Rules that currently apply to the listing and trading of all Unit options on the Exchange, including, for example, Rules that govern listing criteria, expirations, exercise prices, minimum increments, margin requirements, customer accounts, and trading halt procedures will apply to the listing and trading of the VanEck Bitcoin ETF options on the Exchange in the same manner as they apply to other options on all other Units that are listed and traded on the Exchange. Also, and as stated above, the Exchange already lists options on other commodity-based Units.<sup>52</sup> Further, the VanEck

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<sup>51</sup> See Securities Exchange Act Release No. 39489 (December 24, 1997), 63 FR 276 (January 5, 1998) (SR-CBOE-1997-11).

<sup>52</sup> See Rule 4.3, Interpretation and Policy .06(a)(4).

Bitcoin ETF would need to satisfy the maintenance listing standards set forth in the Exchange Rules in the same manner as any other Unit for the Exchange to continue listing options on them.

The Exchange does not believe that the proposal to list and trade options on the VanEck Bitcoin ETF will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. To the extent that the advent of the VanEck Bitcoin ETF options trading on the Exchange may make the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange. Additionally, other options exchanges are free to amend their listing rules, as applicable, to permit them to list and trade options on the VanEck Bitcoin ETF. The Exchange notes that listing and trading VanEck Bitcoin ETF options on the Exchange will subject such options to transparent exchange-based rules as well as price discovery and liquidity, as opposed to alternatively trading such options in the OTC market.

The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it is designed to increase competition for order flow on the Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering VanEck Bitcoin ETF options for trading on the Exchange will promote competition by providing investors with an additional, relatively low-cost means to hedge

their portfolios and meet their investment needs in connection with Bitcoin prices and Bitcoin-related products and positions on a listed options exchange.

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 comments on the proposed rule change.

**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-CBOE-2025-017 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-CBOE-2025-017. 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-CBOE-2025-017 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>53</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>53</sup> 17 CFR 200.30-3(a)(12).



## EXHIBIT 4

Additions set forth in the proposed rule text of original SR-CBOE-2025-017 are underlined and deletions set forth in the proposed rule text of original SR-CBOE-2025-017 are bracketed. Additions being made pursuant to Amendment No. 4 to SR-CBOE-2025-017 are double-underlined and deletions being made pursuant to Amendment No. 4 to SR-CBOE-2025-017 are struck.

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**Rules of Cboe Exchange, Inc.**

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**Rule 4.3. Criteria for Underlying Securities**

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***Interpretations and Policies***

\* \* \* \* \*

.06

(a) Securities deemed appropriate for options trading include Units that:

(1) – (3) No change.

(4) represent interests in the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, ~~or the Bitwise Bitcoin ETF;~~, or the VanEck Bitcoin TrustETF; or

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**Rule 4.20. FLEX Option Classes**

The Exchange may authorize for trading a FLEX Option class on any equity security (except the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, [or ]the Bitwise Bitcoin ETF, or the VanEck Bitcoin TrustETF) or index if it may authorize for trading a non-FLEX Option class on that equity security or index pursuant to Rules 4.3 and 4.10, respectively, even if the Exchange does not list that non-FLEX Option class for trading.

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**Rule 8.30. Position Limits**

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***Interpretations and Policies***

.01 – .09 No change.

.10 *Interests in Commodities-Based Trusts*. The position limits under this Rule 8.30 applicable to options on shares or other securities that represent interests in commodities-based trusts that satisfy the criteria set forth in Rule 4.3.06(a)(4) shall be the same as the position limits applicable to equity options under this Rule 8.30 and Interpretations and Policies thereunder, except that the position limits under this Rule 8.30 applicable to option contracts on the securities listed in the below chart are as follows:

Commodities-Based Trust Underlying Option	Position Limit
Fidelity Wise Origin Bitcoin Fund	25,000
ARK 21Shares Bitcoin ETF	25,000
iShares Bitcoin Trust	25,000
Grayscale Bitcoin Trust	25,000
Grayscale Bitcoin Mini Trust	25,000
Bitwise Bitcoin ETF	25,000
<u>VanEck Bitcoin ETF</u>	<u>25,000</u>

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## EXHIBIT 5

(additions are underlined; deletions are [bracketed])

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**Rules of Cboe Exchange, Inc.**

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**Rule 4.3. Criteria for Underlying Securities**

\* \* \* \* \*

***Interpretations and Policies***

\* \* \* \* \*

.06

(a) Securities deemed appropriate for options trading include Units that:

(1) – (3) No change.

(4) represent interests in the SPDR Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Silver Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Physical Palladium Trust, the Aberdeen Standard Physical Platinum Trust, the Sprott Physical Gold Trust, the Goldman Sachs Physical Gold ETF, the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, [or ]the Bitwise Bitcoin ETF[;], or the VanEck Bitcoin ETF; or

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**Rule 4.20. FLEX Option Classes**

The Exchange may authorize for trading a FLEX Option class on any equity security (except the Fidelity Wise Origin Bitcoin Fund, the ARK 21Shares Bitcoin ETF, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, [or ]the Bitwise Bitcoin ETF, or the VanEck Bitcoin ETF) or index if it may authorize for trading a non-FLEX Option class on that equity security or index pursuant to Rules 4.3 and 4.10, respectively, even if the Exchange does not list that non-FLEX Option class for trading.

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**Rule 8.30. Position Limits**

\* \* \* \* \*

***Interpretations and Policies***

.01 – .09 No change.

.10 *Interests in Commodities-Based Trusts*. The position limits under this Rule 8.30 applicable to options on shares or other securities that represent interests in commodities-based trusts that satisfy the criteria set forth in Rule 4.3.06(a)(4) shall be the same as the position limits applicable to equity options under this Rule 8.30 and Interpretations and Policies thereunder, except that the position limits under this Rule 8.30 applicable to option contracts on the securities listed in the below chart are as follows:

<b>Commodities-Based Trust Underlying Option</b>	<b>Position Limit</b>
Fidelity Wise Origin Bitcoin Fund	25,000
ARK 21Shares Bitcoin ETF	25,000
iShares Bitcoin Trust	25,000
Grayscale Bitcoin Trust	25,000
Grayscale Bitcoin Mini Trust	25,000
Bitwise Bitcoin ETF	25,000
<u>VanEck Bitcoin ETF</u>	<u>25,000</u>

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