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Page 1 of * 70

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
Form 19b-4

File No. * SR 2026 - * 44
Amendment No. (req. for Amendments *)

Filing by Miami International Securities Exchange, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * ☑ Amendment * ☐ Withdrawal ☐

Section 19(b)(2) * ☐ Section 19(b)(3)(A) * ☑ Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

19b-4(f)(1) ☐ 19b-4(f)(4) ☐
19b-4(f)(2) ☐ 19b-4(f)(5) ☐
19b-4(f)(3) ☐ 19b-4(f)(6) ☑

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Proposal to amend certain Exchange Rules to permit the listing and trading of binary options on broad-based indexes.

Contact Information

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 * Michael Last Name * Slade

Title * AVP, Associate Counsel

E-mail * mslade@miaxglobal.com

Telephone * (609) 955-0460 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Miami International Securities Exchange, I has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/12/2026

By Michael Slade
(Name *)

(Title *)
AVP, Associate 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.

Michael Slade Date: 2026.11.12 16:15:35 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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SR-MIAX-2026-44 - 19b4 (11-12-26).c

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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SR-MIAX-2026-44 - Exhibit 1.docx

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.

☐ 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.

☐ Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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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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SR-MIAX-2026-44 - Exhibit 5 (11-12-2

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.

1. Text of the Proposed Rule Change

(a) Miami International Securities Exchange, LLC ("MIAX" or "Exchange"), pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act" or "Exchange Act")[1] and Rule 19b-4 thereunder,[2] proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary options on broad-based indexes ("binary index options"), and (2) make related amendments to Exchange Rules 100 and 521.

A notice of the proposed rule change for publication in the Federal Register is attached hereto as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Chief Executive Officer of the Exchange or his designee pursuant to authority delegated by the Exchange Board of Directors on March 26, 2026. Exchange staff will advise the Board of Directors of any action taken pursuant to delegated authority. No other action by the Exchange is necessary for the filing of the proposed rule change.

Questions and comments on the proposed rule change may be directed to Tanya Kitaigorovski, AVP and Associate Counsel, at (609) 413-5787.

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

a. Purpose

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

The Exchange proposes to amend its Rules to permit the listing and trading of binary options on broad-based indexes.[3] Specifically, the Exchange proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary index options, and (2) to make related amendments to Exchange Rules 100 and 521. All of the proposed rules and changes to existing Exchange Rules are based on the existing rules of other options exchanges.[4]

Binary index options are binary options that are European-style, cash-settled, and each class would be designated as to expiration date, exercise price, exercise settlement amount, contract multiplier, and underlying index. Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except that the payout of a binary option is an amount contingent upon the option being in- or at-the-money at expiration, rather than the degree to which the option is in-the-money.

The Exchange proposes to define "binary option" as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible

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3 Rules permitting the listing and trading of binary options products currently exist on NYSE American LLC ("NYSE American"), Nasdaq MRX, LLC ("Nasdaq MRX"), and Cboe Exchange, Inc. ("Cboe"). See Securities Exchange Act Release Nos. 55843 (June 1, 2007), 72 FR 31636 (June 7, 2007) (Notice); 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (SR-Amex-2004-27) (Approval); 105342 (April 30, 2026), 91 FR 24299 (May 5, 2026) (SR-MRX-2026-05) (Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing of Amendment Nos. 3 and 4, and Order Granting Accelerated Approval of a Proposed Rule Change, as Superseded by Amendment No. 3 and Modified by Amendment No. 4, To Adopt New Options Rule 3B To List and Trade Binary Broad-Based Index Options); 105936 (July 17, 2026), 91 FR 46205 (July 22, 2026) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified and Superseded by Amendment No. 1, to Amend Its Rules Related to Binary Options) (SR-CBOE-2026-032) (the "Cboe Binary Approval Order"); and 106743 (October 27, 2026), 91 FR 68563 (October 30, 2026) (SR-NYSEAMER-2026-96) (Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Binary Return Derivatives Rules). See also NYSE American Rules at Section 18 (describing broad-based index binary options), Nasdaq MRX Rules at Options 3B, Nasdaq Event Options, and Cboe Rules at Chapter 4, Section H, Binary Index Options.

4 The rules contained in MIAX Chapter XVIII, as proposed to be amended herein, are incorporated by reference into the rulebooks of the Exchange's affiliate options exchanges, MIAX PEARL, LLC, MIAX Emerald, LLC, and MIAX Sapphire, LLC.

payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The payout at expiration of a binary option is an all-or-nothing occurrence: the holder receives either a fixed amount established at the creation of the option (the "exercise settlement amount") or nothing.

Binary options on broad-based indexes are not novel. The Securities and Exchange Commission (the "Commission") approved the listing and trading of binary options on broad-based indexes on Cboe in 2008,[5] and Cboe currently lists binary options on broad-based indexes.[6] Other national securities exchanges also have rules permitting the listing and trading of binary options on broad-based indexes,[7] and the Commission recently approved Cboe's amended binary index option rules.[8]

Chapter XVIII describes the Exchange's generic listing rules for listing and trading index options. The Exchange was also approved to list options on the Bloomberg 500 Index (the "B500 Index"),[9] and plans to list options on the B500 Index. The proposed rule change would

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5 See Securities Exchange Act Release No. 57850 (May 22, 2008), 73 FR 31169 (May 30, 2008) (SR-CBOE-2006-105) (Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 2 Thereto, To List for Trading Binary Options on Broad-Based Indexes) (the "Cboe 2008 Approval Order").

6 See Cboe Binary Approval Order.

7 See supra note 3.

8 See Cboe Binary Approval Order. The Cboe Binary Approval Order permits Cboe to, among other things, list A.M.-settlement and P.M.-settlement for all binary index options and list binary options on the Cboe Magnificent 10 Index, which is not a broad-based index, consisting of only 10 component securities. See Cboe Magnificent 10 Index Options Fact Sheet, available at https://cdn.cboe.com/resources/membership/Cboe-Magnificent-10-Index-Options-FS.pdf.

9 See Securities Exchange Act Release No. 102959 (April 30, 2025), 90 FR 19236 (May 6, 2025) (SR-MIAX-2025-08) (Order Granting Approval of a Proposed Rule Change To Amend Certain MIAX Options Exchange Rules To Permit the Listing and Trading of Options on the Bloomberg US Large Cap Price Return Index) (the "B500 Approval Order"). The "Bloomberg US Large Cap Price Return Index was subsequently renamed the "Bloomberg 500 Index." See Securities Exchange Act Release No. 103635 (August 5, 2025), 90 FR 38519 (August 8, 2025) (SR-MIAX-2025-34). In general, the B500 Index is a float market-capitalized weighted benchmark of the approximately 500 most highly capitalized U.S. companies. See B500 Index Fact Sheet, available at https://assets.bbhub.io/professional/sites/27/Bloomberg-500-Index-Fact-Sheet.pdf.

permit the Exchange to list binary options on any broad-based index that satisfies the initial listing criteria in Rule 1802(d), which includes the B500 Index. The Exchange believes that offering binary options on broad-based indexes will provide investors with an exchange-listed product with a simplified, limited-risk payout structure of binary index options. Binary index options will provide investors with the ability to transact options that pay a fixed sum at expiration on a listed exchange market subject to the benefits of a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, real time surveillance, and clearing guaranteed by The Options Clearing Corporation ("OCC").

Proposed Amendment to Rule 100, Definitions

The Exchange proposes to add a definition of "binary option" to Rule 100. Specifically, the proposed rule defines "binary option" as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The proposed definition is consistent with the definition of binary option in the Options Disclosure Document ("ODD"),[10] and provides additional detail regarding how binary options work.

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, will provide that for purposes of the obvious error provisions in Rule 521, the adjusted price of a binary index option transaction (including any applicable adjustment for transactions that are not Priority Customer[11] transactions) may not

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10 See Options Disclosure Document at page 8, available at riskstoc.pdf.

11 The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its

exceed the applicable exercise settlement value for the binary index option.

Proposed Amendment to Rule 1800, Application of Index Rules

The Exchange proposes to amend Rule 1800 to provide that the Rules in Chapter XVIII are applicable to binary index options (as defined in proposed Rule 1818), in addition to index options. The Exchange also proposes to specify that all Rules in Chapter XVIII apply to the listing and trading of binary index options, except as otherwise provided or the context otherwise requires (for example, as described below, the Exchange proposes to provide that the trading hours for binary index options will be the same as for traditional index options).

Rule 1800 also specifies that the Rules in Chapters I through XVII are also applicable to options provided for in Chapter XVIII (i.e., index options), unless such Rules are specifically replaced or are supplemented by Rules in Chapter XVIII. Further, where Rules in Chapter XVIII indicate that particular indices or requirements with respect to particular indices will be "Specified," the Exchange shall file a proposed rule change with the Commission to specify such indices or requirements. The Exchange proposes that by establishing proposed Rule 1818 relating to Binary Index Options, the Rules in Chapters I through XVII will also be applicable to binary index options as provided for in proposed Rule 1818, unless such Rules are specifically replaced or are supplemented by proposed Rule 1818.

Proposed Rule 1818. Binary Index Options
Proposed Rule 1818(a). Definitions

Proposed Rule 1818(a) sets forth definitions applicable to binary index options. Specifically, the following definitions will apply to binary index options:

(1) A "binary index option" is an option contract having an exercise settlement amount that

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own beneficial account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01. See Exchange Rule 100.

is established at the creation of the option. Binary index options are paid out if the settlement value of the underlying index (1) equals or is greater than the exercise price for a call binary index option or (2) is less than the exercise price for a put binary index option.

(2) A "call binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is at or above the exercise price at expiration (i.e., in- or at-the-money).

(3) The "contract multiplier" is the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The Exchange establishes the contract multiplier on a class-by-class basis, which multiplier must be at least one.

(4) The "exercise price" is the value to which the settlement value of the underlying index is compared to determine whether the holder of a binary index option is entitled to have the option be paid out.

(5) The "exercise settlement amount" is the amount of cash that a holder will receive upon exercise of the contract. It is a set amount equal to the exercise settlement value multiplied by the contract multiplier. The Exchange determines the exercise settlement value on a class-by-class basis, which may be an amount between $1 and $1,000 (unless otherwise adjusted pursuant to Rule 405). For example, if the exercise settlement value is $1 and the contract multiplier is 100, the exercise settlement amount is $100; if the exercise settlement value is $10 and the contract multiplier is 100, the exercise settlement amount is $1,000.

(6) A "market capitalization ratio" means the ratio of the market capitalization of an index to the market capitalization of the S&P 500 Index.

(7) A "put binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is below the exercise price at expiration (i.e., in-the-money).

(8) The "settlement value" is the value of the underlying index used to determine whether a binary index option is in-, at-, or out-of-the-money. For A.M.-settled binary index options, the settlement value is the reported opening level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index. For P.M.-settled binary index options, the settlement value is the reported closing level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index.

Proposed Rule 1818(b). Designation of Binary Index Option Contracts.

Proposed Rule 1818(b)(1) provides that the Exchange may from time to time approve for listing and trading on the Exchange binary index options on any broad-based index, as defined in Rule 1801(l), on which the Exchange is approved to trade index options pursuant to Chapter 18 and that satisfies the initial listing criteria in Rule 1802(d). Additionally, proposed Rule 1818(b)(1) provides that the maintenance listing criteria in Rule 1802(e) apply to binary index options. The initial and continued listing standards will apply to binary index options as they apply to other broad-based index options.

Proposed Rule 1818(b)(2) provides that binary index options are a separate class from other options overlying the same index.

Proposed Rule 1818(c). Terms of Binary Index Option Contracts

Proposed Rule 1818(c)(1) provides that the Exchange may designate binary index options

as A.M.-settled or P.M.-settled, and that binary index options are European-style options. Current Rule 1809(a)(4) allows traditional (i.e., non-binary) index options to be either A.M.- or P.M.-settled. The Exchange proposes to permit both A.M.- and P.M.-settlement for binary index options for all broad-based indexes as this will provide investors further flexibility (coupled with the flexibility of permissible expirations) with respect to their investment strategies, regardless of the index option market in which investors participate. Additionally, the Exchange believes it is appropriate to be able to list A.M.- and P.M.- settled binary index options to provide investors with the same flexibility currently available for similar products currently available on other trading platforms (as further discussed below).

Proposed Rule 1818 (c)(2) provides that after approving a particular binary index option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Additionally, the Exchange may designate binary index option series to expire from one day up to 36 months from the time they are listed to afford investors maximum flexibility.

Proposed Rule 1818(c)(3) provides that the Exchange may add new series of options of the same class as provided for in Rule 404 and Rule 1809(c) and the Interpretations and Policies thereunder. Additional series of the same binary index option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of binary index options on the Exchange will not affect any other series of options of the same class previously opened. Binary options will be quoted based on the existing strike intervals utilized for traditional, non-binary index options with minimum price variations, established by class, to be no less than $0.01.[12]

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[12] See Rule 1809.

Proposed Rule 1818(d). Determination of Settlement Value of Binary Index Option Contracts

Proposed Rule 1818(d) provides that binary index options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying index in relation to the type of binary index option (i.e., put or call) and the exercise price. For binary options on a broad-based index on which traditional options on the same broad-based index are A.M.-settled, the "settlement value" is the reported opening level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority[13] for the index. For binary options on a broad-based index on which traditional options on the same broad-based index are P.M.-settled, the "settlement value" is the reported closing level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority for the index. Binary options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying broad-based index in relation to the type of binary option (i.e., put or call) and the exercise price.

Proposed Rule 1818(e). Adjustment of Binary Index Option Contracts.

Proposed Rule 1818(e) provides that binary index option contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation.[14] When any such adjustment has been determined, the Exchange will announce the adjustment, which will become effective as of the time specified in that announcement.

Proposed Rule 1818(f). Exercise of Binary Index Options

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13 The term "reporting authority" with respect to a particular index means the institution or reporting service designated by the Exchange as the official source for (1) calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and (2) reporting such level. The reporting authority for each index approved for options trading on the Exchange shall be Specified (as provided in Rule 1800) in the Interpretations and Policies to this Rule 1801. See Rule 1801(r).

14 The term "Clearing Corporation" means The Options Clearing Corporation. See Exchange Rule 100.

Proposed Rule 1818(f) provides that binary index options will be automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary index option or less than the exercise price in the case of a put binary index option.

Proposed Rule 1818(g). Position Limits and Reports for Binary Index Option Contracts

Proposed Rule 1818(g)(1) provides that in determining compliance with Rule 307, the position limits for binary index options on an index for which traditional options on the same index have no position limit pursuant to Rule 1804 is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration (e.g., if the binary index option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary index option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary index option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration).

Proposed Rule 1818(g)(2) provides that for binary index options on an index for which traditional options on the same index have a position limit pursuant to Rule 1804 the position limit is the number of contracts equal to the ratio of 10,000 to the exercise settlement amount multiplied by the number of contracts set forth in the table below (based on the market capitalization ratio of the underlying index) per expiration:[15]

Market Capitalization Ratio of Underlying Index	**Number of Contracts**
Greater than or equal to 0.50	10,000

[15] The rule provides that the Exchange would need to seek approval from the Commission prior to establishing position limits for binary options on broad based indexes that have a market capitalization ratio that is less than 0.10.

Market Capitalization Ratio of Underlying Index	Number of Contracts
Less than 0.50 but greater than or equal to 0.25	5,000
Less than 0.25 but greater than or equal to 0.10	2,500

The proposed rule applies the fixed and formulaic limits to all indexes that may underlie binary options as proposed (i.e., all broad-based indexes) and applies the proposed position limits on an expiration basis. Specifically, the proposed rule provides that the position limits for binary options for which the traditional options on the same index have no position limit pursuant to Rule 1804,[16] is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration.[17]

For reference, the table below sets forth the approximate market capitalizations that would equate to the above ratios based on a market capitalization of the S&P 500 Index of $62.5 trillion as of February 20, 2026:

Market Capitalization Ratio of Underlying Index	Range of Underlying Market Capitalizations	Number of Contracts
Greater than or equal to 0.50	Greater than or equal to $31.3 trillion	10,000
Less than 0.50 but greater than or equal to 0.25	Less than $31.3 trillion but greater than or equal to $15.6 trillion	5,000
Less than 0.25 but greater than or equal to 0.10	Less than $15.6 trillion but greater than or equal to $6.3 trillion	2,500

16 Rule 1804 provides for position limits on broad based index options the Exchange may list for trading.

17 For example, if the binary option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration.

Proposed Rule 1818(g)(3) provides that positions in binary index options on the same index that have different exercise settlement amounts are aggregated.

Proposed Rule 1818(g)(4) provides that in determining compliance with the position limits set forth in proposed Rule 1818(g), binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index. In addition, binary index options on an index are not aggregated with non-binary option contracts on an underlying security or securities included within such index, and binary index options on one index are not aggregated with binary index options on any other index.

Proposed Rule 1818(g)(5) provides that for purposes of the position limits established under proposed Rule 1818(g), long positions in put binary index options and short positions in call binary index options are considered to be on the same side of the market, and short positions in put binary index options and long positions in call binary index options are considered to be on the same side of the market.

Proposed Rule 1818(g)(6) provides that binary index options are not subject to the hedge exemptions to position limits in Rule 308 and Rule 1806. Notwithstanding proposed paragraphs 1818(g)(1) and 1818(g)(2) described above, the position limits for the hedged positions and strategies defined below is equal to five times the position limits established under paragraphs 1818(g)(1) and 1818(g)(2):

(i) a binary index option position "hedged" or "covered" by an appropriate amount of cash to meet the settlement obligation (e.g., $1,000 for a binary index option with an exercise settlement amount of $1,000);

(ii) a binary index option position "hedged" or "covered" by a sufficient amount of a related or similar security to meet the settlement obligation; and

(iii) a binary index option position "hedged" or "covered" by a traditional option covering the same underlying index (which includes, among other strategies, a vertical spread with strikes reasonably close[18] to the binary index option strike) sufficient to meet the settlement obligation.

The proposed rule imposes a position limit on these hedged positions and strategies higher than the position limit for non-hedged positions and strategies.

Pursuant to Rule 1807, there are no exercise limits for options on broad-based indexes. The Exchange does not propose to implement exercise limits for binary index options on broad-based indexes. Binary index options, as discussed above, are European-style and are automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary option or less than the exercise price in the case of a put binary option. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because investors have no discretion regarding whether to exercise their binary index options due to their automatic exercise at expiration, there is no need for exercise limits.

With respect to reports related to position limits, proposed Rule 1818(g)(7) provides that in computing reportable positions under Rule 310: (i) positions in binary index options on the same index that have different exercise settlement amounts are aggregated; (ii) positions in binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index; (iii) positions in binary index options are not aggregated with non-binary option contracts on an underlying security or securities included within the underlying

[18] The Exchange will determine strikes that are "reasonably close" in the same manner it currently does pursuant to Rule 1809.

index; and (iv) positions in binary index options on one index are not aggregated with binary index options on any other index.

Because binary index options are European-style and are cash-settled, Exchange Rules that apply only to American-style options, or only to options settled by delivery of an underlying security, do not apply to binary index options.

Trading Sessions and Hours

The Exchange proposes that the trading sessions and hours for binary index options will be the same as the trading sessions and hours for traditional (i.e., non-binary) index options. Rule 1808(a)(i) provides that transactions in index options may be effected on the Exchange between the hours of 9:30 a.m. and 4:15 p.m. Eastern time. Rule 1809(a)(5) provides that the last day of trading for A.M.-settled index options shall be the business day preceding the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day preceding the last day of trading in the underlying securities prior to the expiration date. Rule 1809(a)(6) provides that the last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. As it pertains specifically to B500 Index options, Rule 1808(a)(1) provides that on their last trading day, transactions in B500 Index options that are P.M.-settled may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern time. As described above, the Exchange proposes to provide in Rule 1800 that all Rules in Chapter XVIII apply to the listing and trading of binary index options (i.e., the trading hours described above for traditional index options), except as otherwise provided or the context otherwise requires.

Margin

Rule 1502 requires each Member[19] must elect to be bound by the initial and maintenance margin requirements of either the Cboe or the New York Stock Exchange as the same may be in effect from time to time. The Exchange proposes to elect Cboe's margin requirements[20] with respect to the binary index options.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place to detect potentially manipulative trading in binary index options, and intends to apply the same surveillance procedures to binary index options that it applies to other options. The Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition, the Exchange 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.[21] The Exchange believes its existing surveillance procedures are designed to deter

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19 The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

20 Cboe Rule 10.3(m) describes margin requirements.

21 Section 19(g)(1) of the Securities Exchange Act of 1934, 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.

and detect possible manipulative behavior that might arise from listing and trading binary index options. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary index options, including to address the potential increased susceptibility to manipulation of binary options, particularly when they are near-the-money and near expiration given the fixed payout structure of binary options. The Exchange notes, however, it believes the large market capitalization of the broad-based indexes and each of its constituent stocks reduces any susceptibility to manipulation of binary options on that index.

The Exchange has analyzed its capacity and represents that it believes the Exchange has the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary options on broad based indexes. The Exchange also believes that the Options Price Reporting Authority ("OPRA") has the necessary systems capacity to handle the additional traffic associated with the listing of new options that would result from this proposed rule change because OPRA already handles the reporting of binary options listed on other options exchanges. The Exchange does not believe Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary options and the effect (if any) of binary options on market fragmentation and the capacity of the Exchange's automated system.

Except as otherwise described in this proposal, all binary index options will be listed and traded on the Exchange in a substantially similar manner as non-binary index options are permitted to be listed and traded under current Rules. The Rules that apply to the listing and trading of non-binary index options on the Exchange, including those related to priority and

execution,[22] Market Makers (including Market-Maker obligations),[23] obvious error,[24] trading halt procedures,[25] and clearing,[26] will apply to the listing and trading of binary options.

Implementation

The Exchange will issue an alert publicly announcing the date it intends to begin to offer binary index options prior to them becoming available to trade on the Exchange.

b. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[27] in general, and furthers the objectives of Section 6(b)(5) of the Act[28] in particular, in that it is 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 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) 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 the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a

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22 See Rule 514.

23 See, generally, Chapter VI, including Rule 603 (Obligations of Market Makers).

24 See Rule 521.

25 See Rule 504.

26 See Rule 507.

27 15 U.S.C. 78f(b).

28 15 U.S.C. 78f(b)(5).

national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice with a simpler, all-or-none payout structure and a limited risk profile compared to traditional listed options. The Commission has previously recognized the benefits of listing and trading binary options on a securities exchange,[29] and the Exchange believes the proposed rule change will permit investors to manage their risk exposures and carry out their investment objectives on a national securities exchange with more flexibility. The Exchange also believes the proposed rule change will promote competition, as it will meet the demands of investors that currently may trade products structured in substantively the same manner as the proposed binary index options in other markets.

The Exchange believes binary index options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options. Buyers and sellers of traditional, non-binary options do not know the return on those options at the time of the transaction, as the return cannot be determined until near the option's expiration given movements in the underlying. For example, suppose an investor buys a traditional index call option with an exercise price of 100. If the index value at expiration is 105, the investor receives a payout of $5 (times the multiplier for that option); if the index value at expiration is 110, the investor receives a payout of $10 (times the multiplier). The payout of a traditional index option therefore depends on how in-the-money the option is at expiration, which is unknown until the time of expiration.

By contrast, binary options offer a set payout if the underlying closes at, below, or above

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[29] The Commission stated, in approving Cboe's binary option rules, that "binary options on broad-based indexes will provide investors with a potentially useful investment choice" and that "[t]he proposal will extend to these options the benefits of a listed exchange market, which include a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, and the guarantee of the OCC." Cboe 2008 Approval Order, 73 FR at 31172.

the exercise price (depending on the type of binary option). Using the example above, suppose an investor buys a binary index call option with an exercise price of 100 and an exercise settlement value of $10. If the index value at expiration is 105, the investor receives a payout of $10 (times the multiplier for that option), and if the index value at expiration is any value of 100 or greater, the investor receives that same payout. Because the return on a binary option is a set amount, the buyer need not determine the absolute magnitude of the underlying's movement relative to the exercise price, as is the case with traditional options, but only whether the underlying value is expected to be above, at, or below the exercise price (as applicable).

The Exchange also believes the proposed rule change will further protect investors because of the reduced risk of the seller of a binary option compared to the seller of a traditional option. While sellers of traditional options have unlimited risk (as the payout increases the further in-the-money the option is at expiration), the maximum obligation of the seller of a binary option is known when the contract is written, which is the fixed payout amount. The structure of binary options thus offers investors pre- and post-trade transparency with respect to the risk associated with their trades.

The Exchange believes that permitting both A.M.- and P.M.-settled binary index options will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.[30] Traditional options on the B500 Index may be A.M.- or P.M.-settled, and permitting the same settlements for binary index options on the B500 Index will provide investors with additional investment options they can use to tailor their strategies with more precision with respect to

[30] As noted above, there are many broad-based index options currently eligible for both A.M.-settlement and P.M.-settlement that may be listed by the exchange as well as other exchanges.

specific timing needs and strategies related to traditional B500 Index options and related options. Different settlement times allow market participants to trade binary index options in a manner more aligned with specific timing needs and to more effectively tailor their investment and hedging strategies, including to incorporate daily changes in the market, which may reduce the premium cost of buying binary index options.

Further, the proposed rule change will permit the Exchange to list binary options overlying securities indexes with similar terms (such as A.M.- and P.M.-settlement) on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the over-the-counter ("OTC") market and on other platforms. The Exchange understands that investors have traded binary options similar to the proposed binary index options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listed options. These benefits include (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary options as a standardized product without the credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counterparty credit risk for exchange-listed binary options is significantly reduced through the issuance and guarantee of the contracts by OCC, and,

as an exchange-traded option, binary index options will have the advantage of liquidity provided by Market Makers, which may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as the proposed binary index options, including on securities indexes and with settlement at varying points of the day. However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a securities exchange creates a centralized and standardized marketplace for these products that promotes price discovery and transparency within a regulatory framework designed to protect investors in securities. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market and other market platforms offer and would contribute to leveling the playing field with these alternative markets.

The proposed rule change is also consistent with the requirements of the Act because binary options on securities indexes are securities under the Act. The Act defines "security" to include any "put, call, straddle, option, or privilege on any security . . . or group or index of securities (including any interest therein or based on the value thereof)."[31] Binary options on securities

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[31] See 15 U.S.C. 78c(a)(10). The Exchange notes options on securities indexes (and thus binary options on securities indexes) are not swaps. See Statement on Tokenized Securities, Commission Divisions of Corporation Finance, Investment Management, and Trading and Markets (January 28, 2026), available at https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities (". . . any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities, including any interest therein or based on the value thereof, that is subject to the Securities Act [of 1933] and the Exchange Act, is excluded from the definition of swap. When assessing whether a financial instrument formatted as a crypto asset satisfies one of these exclusions, the

indexes, like non-binary options on securities indexes, are puts and calls, and the value of a binary option is based on the value of the underlying index. As securities, pursuant to Section 9(b)(1) of the Act, a person may effect any transaction in connection with a binary option only in accordance with Commission rules and regulations.[32] Therefore, the Exchange believes transactions in binary options on securities indexes must occur on a national securities exchange, subject to Commission jurisdiction and oversight.

The Commission has previously approved rules permitting the listing of binary options on broad-based indexes,[33] as being consistent with the Act, and approved OCC rules enabling OCC to clear them.[34] The Commission found that those OCC rules met the requirements of Section 17A(b)(3)(F) of the Act[35] because they would promote the "prompt and accurate clearance and settlement" of such securities transactions,[36] and approved updates to the ODD in advance of the listing of binary options, as required by the Act.[37] Rule 9b-1 under the Act requires a broker-dealer to furnish a customer a copy of the ODD prior to accepting an order for an option subject to the ODD,[38] and defines standardized options as options contracts traded on national securities

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economic reality of the instrument rather than the name given to the instrument determines whether it is excluded.") (cites excluded).

32 See 15 U.S.C. 78i(b).

33 See supra note 3.

34 See Securities Exchange Act Release Nos. 56875 (November 30, 2007), 72 FR 69274 (December 7, 2007) (SR-OCC-2007-08) (which OCC rules explicitly related to clearing binary options within the definition of a "security" as determined by the Commission); and 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR-OCC-2026-003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

35 15 U.S.C. 78q-1(b)(3)(F).

36 See Securities Exchange Act Release No. 56875 (November 30, 2007), 72 FR 69274, 69276 (December 7, 2007) (SR-OCC-2007-08).

37 See Securities Exchange Act Release No. 58043 (June 26, 2008), 73 FR 38260 (July 3, 2008) (SR-ODD-2008-02).

38 See 17 CFR 240.9b-1(b).

exchanges that relate to options classes the terms of which are limited to specific expiration dates and exercise prices, as well as other securities as the Commission may by order designate.[39] Binary index options, as proposed, are standardized options to be traded on a national securities exchange,[40] and the Exchange believes the proposed rule change will benefit investors because broker-dealers must provide the ODD to customers, which describes the characteristics and risks associated with trading binary options.

The Exchange believes the proposed listing standards are designed to prevent fraudulent and manipulative acts and practices and to protect investors. To underlie a binary index option, an index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option listed pursuant to Rule 1802(d). Those criteria, which relate to, among other things, the minimum market capitalization, trading volume, and relative weightings of an index's component securities, are designed to ensure that the markets for the index's component securities are adequately capitalized and sufficiently liquid, that no one stock dominates the index, and that the potential for manipulating the underlying index is minimized. The Commission previously found that the significant market capitalization of an underlying index, coupled with appropriate position limits, helps mitigate the potential for manipulation of the index settlement value to the benefit of an overlying binary option position, as well as the risk that the markets for the index's component securities would be impacted by additional derivatives.[41]

The Exchange also believes the proposed position limits are designed to prevent fraudulent

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39 See 17 CFR 240.9b-1(a)(4).

40 When describing the benefits of binary options, the Commission described them as having "standardized contract specifications." Cboe 2008 Approval Order, 73 FR at 31171.

41 See Cboe Binary Approval Order.

and manipulative acts and practices, to promote just and equitable principles of trade, and thus to protect investors. The proposed limits apply a scaling approach: limits are scaled to the market capitalization of the underlying index, with lower limits applicable to indexes with a smaller market capitalization ratio, and are scaled inversely to the exercise settlement amount. An index representing a larger aggregate market capitalization reflects a deep, liquid pool of underlying securities, the collective pricing of which is substantially more difficult to influence through trading in the options market. Scaling position limits to market capitalization, which directly measures the economic depth of an index, therefore sizes the limits to the actual manipulation risk presented by the specific index and may spread exposure across more participants, which makes manipulation by a single investor more difficult to achieve. Scaling the limits inversely to the exercise settlement amount, which directly measures the maximum payout of a binary index option, reduces the incentive to attempt to manipulate the underlying index to receive a larger payout and keeps the cost of manipulating the underlying index relatively high compared to the potential payout.

The Exchange also believes that applying the position limits on a per-expiration basis will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors due to the unique risk profile of binary options that distinguish them from traditional (i.e., non-binary). Unlike traditional index options, for which associated risk is distributed across a range of strikes and expirations because investors may offset or hedge positions across expirations, binary options are fixed-payout, all-or-nothing contracts whose value depends entirely on the value of the underlying index at a single point in time. Therefore, risk concentrates at the expiration date itself since each expiration series represents an independent and self-contained risk event. This makes the expiration date the most economically meaningful unit

for measuring and constraining accumulated exposure of binary options. Limiting positions in binary options across expirations (as is done for traditional options) would not address the actual risk associated with the settlement event specific to a binary option. As a result, the Exchange believes an individual expiration is the most economically meaningful time to limit positions in binary options, as obtaining positions in binary options for one expiration generally have no impact on the value of binary options for another expiration.

Furter, the Exchange believes that the proposed limit of five times the otherwise applicable limit for hedged positions and strategies is consistent with the Act because those positions and strategies create offsetting exposure. As a result, a customer no longer has a directional interest in the underlying, reducing the manipulation risk associated with those positions that position limits are designed to address. Given the investor benefits gained from hedged positions, the Exchange believes applying higher position limits to these positions sufficiently protects against the reduced potential for manipulation while not artificially restricting bona fide activity intended to manage risk exposure.

Position limits are designed to limit the number of options contracts overlying a security or index traded on the exchange that an investor, acting alone or in concert with others directly or indirectly, may control. These limits are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security or index underlying the options. Position limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes. Position limits do not limit the total number of options that may be held by all customers across the entire industry, but rather they limit the number of unhedged positions on the same side of the market a single customer may hold or exercise at one

time. "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."[42] Position 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."[43] The Exchange believes the proposed position limits applied on a per expiration basis reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation without unnecessarily constraining investment activity.[44]

The Exchange believes that not subjecting binary index options to exercise limits is consistent with the Act. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because binary index options are European-style and are automatically exercised at expiration, investors have no discretion regarding whether to exercise them, and exercise limits would serve no purpose.

The Exchange believes the proposed margin requirements for binary index options are reasonable and will protect investors because they limit investors' risk exposure given that the initial and maintenance margin requirements are equal to the maximum risk exposure. The Exchange also believes that electing to use Cboe's margin requirements for binary index options, promotes just and equitable principles of trade by ensuring that all Members apply the same margin requirements to binary index options. Further, the Rules of OCC also subject binary index options

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

43 See id.

44 The proposed application of higher position limits to hedged positions and strategies contributes to this balanced design

to OCC's margin and risk management methodology.[45]

Ultimately, the Exchange believes the proposed rule change will provide investors with greater trading tools, opportunities, and flexibility, resulting in additional means to carry out their investment objectives and manage their risk exposures with the benefits of being listed and traded on a national securities exchange. The Exchange believes the proposed rule change will offer market participants a simplified, transparent, and limited risk investment choice overlying securities indexes, which may be more aligned with their specific timing needs and investment and hedging strategies and risk tolerances. The Exchange believes it benefits the investing public to continue to enhance its listed product offerings to respond to continuously changing needs of investors and to a continuously changing competitive environment.

A robust and competitive market requires exchanges to respond to investors' evolving needs by regularly improving their offerings. When Congress charged the Commission with supervising the development of a "national market system" for securities, Congress stated its intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed."[46] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention, to determine products and services in the securities markets.[47] Options exchanges

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45 See Securities Exchange Act Release No. 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR-OCC -2026-003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

46 See H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.).

47 See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system."); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably

continuously adopt new and different products and trading services in response to industry demands in order to attract order flow and to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes the proposed rule change will further competition by providing market participants with another investment option for options listed on a national securities exchange.

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.

Intra-Market Competition

The Exchange does not believe 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, because binary index options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to payout terms and amounts). All market participants will be subject to the same margin requirements and position limits, as well as the other rules applicable to binary index options, as described in this proposed rule change. To qualify for listing as a binary index option, an underlying index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option. Except as set forth in the proposed rule change, binary index options will trade in the same manner as other options on the Exchange.

Inter-Market Competition

The Exchange does not believe the proposed rule change will impose any burden on

successful in promoting market competition in [the] forms that are most important to investors and listed companies").

intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the rules of other options exchanges, including NYSE American, Nasdaq MRX and Cboe, permit the listing and trading of binary options on broad-based indexes.[48] Additionally, as noted above, substantively similar products to binary index options, as proposed, are available in the OTC market and on various other markets. Such products are based on the values of securities indexes, including at the opening and closing of trading (i.e., A.M.- and P.M.-settled) and at other times throughout the day. The proposed rule change will permit the Exchange to list binary options on the same type of underlying indexes as these markets, and with certain similar terms (two permissible settlements), as the binary options listed on those markets. Ultimately, the proposal is designed to increase competition for order flow in binary options.

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. The Exchange believes the proposed rule change will provide investors with a comparable alternative to the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things, (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. As a result, the Exchange believes the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets and on other options exchanges.

48 See supra note 3.

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

Written comments were neither solicited nor received.

6. Extension of Time Period for Commission Action

Not Applicable.

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

Pursuant to Section 19(b)(3)(A) of the Act[49] and Rule 19b-4(f)(6)[50] thereunder, the Exchange has designated this proposal as one that effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposed rule change is based on, and substantially similar to, the binary index option rules of Cboe that were recently approved by the Commission.[51] Additionally, the Exchange notes that the Commission recently approved a similar rule filing by Nasdaq MRX on April 30, 2026.[52] The Exchange believes that this proposed rule change, which is designed to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues from those raised in the recently approved Cboe and Nasdaq MRX proposals. Immediate effectiveness is important for competitive purposes given these recent approvals. Therefore, the Exchange believes that the proposed rule change is well-suited for, and meets the

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49 15 U.S.C. 78s(b)(3)(A).

50 17 CFR 240.19b-4(f)(6).

51 See Cboe Binary Approval Order.

52 See supra note 3.

standards applicable to, the Commission's treatment of non-controversial proposals under Section 19(b)(3)(A) of the Act[53] and Rule 19b-4(f)(6) thereunder.[54]

Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange respectfully requests that the Commission waive the five business day notice of the Exchange's intent to file this proposed rule change, as well as the 30-day operative delay, so that the proposed rule change may become operative immediately upon filing pursuant to Section 19(b)(3)(A) and Rule 19b-4(f)(6) thereunder. Waiver of these periods will allow the Exchange to immediately offer binary index options to investors, providing an additional exchange on which to trade these products. The Exchange believes that waiver of both the operative delay and the five-day written notice requirement is consistent with the protection of investors and the public interest because other options exchanges, including Cboe, Nasdaq MRX, and NYSE American,[55] already have rules permitting the listing and trading of binary options on broad-based indexes. The requested waivers would therefore allow the Exchange to immediately compete with other options exchanges for order flow in binary index options subject to this filing. Investors and the public interest will benefit from the availability of binary index options on an additional exchange, which will provide investors with a simplified, limited-risk payout structure and increased competition. Accordingly, the proposed waivers do not give rise to any novel investor protection concerns, as the Exchange's rules for binary index options are substantially similar to

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53 15 U.S.C. 78s(b)(3)(A).

54 17 CFR 240.19b-4(f)(6).

55 See supra note 3.

the rules of Cboe, which have been subject to Commission review and approval.[56]

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

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

The proposed rule change is based on the rules pertaining to the listing and trading of binary options on broad-based indexes that are currently operative on other U.S. options exchanges, as cited throughout this proposed rule change.[57]

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Completed notice of proposed rule change for publication in the Federal Register.

5. Text of the proposed rule change.

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56 See Cboe Binary Approval Order.

57 See supra note 3.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
[Release No. 34- ; File No. SR-MIAX-2026-44]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Permit the Listing and Trading of Binary Options on Broad-Based Indexes

November _____, 2026

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November ____, 2026, Miami International Securities Exchange LLC ("MIAX" or "Exchange") filed with the Securities and Exchange Commission ("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

The Exchange proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary options on broad-based indexes ("binary index options"), and (2) make related amendments to Exchange Rules 100 and 521.

The text of the proposed rule change is available on the Exchange's website at https://www.miaxglobal.com/markets/us-options/miax-options/rule-filings, and at MIAX's principal office.

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

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

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 its Rules to permit the listing and trading of binary options on broad-based indexes.[3] Specifically, the Exchange proposes to: (1) amend certain of the Exchange's index option rules (Chapter XVIII) to permit the listing and trading of binary index options, and (2) to make related amendments to Exchange Rules 100 and 521. All of the proposed rules and changes to existing Exchange Rules are based on the existing rules of other options exchanges.[4]

Binary index options are binary options that are European-style, cash-settled, and each

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[3] Rules permitting the listing and trading of binary options products currently exist on NYSE American LLC ("NYSE American"), Nasdaq MRX, LLC ("Nasdaq MRX"), and Cboe Exchange, Inc. ("Cboe"). See Securities Exchange Act Release Nos. 55843 (June 1, 2007), 72 FR 31636 (June 7, 2007) (Notice); 56251 (August 14, 2007), 72 FR 46523 (August 20, 2007) (SR-Amex-2004-27) (Approval); 105342 (April 30, 2026), 91 FR 24299 (May 5, 2026) (SR-MRX-2026-05) (Self-Regulatory Organizations; Nasdaq MRX, LLC; Notice of Filing of Amendment Nos. 3 and 4, and Order Granting Accelerated Approval of a Proposed Rule Change, as Superseded by Amendment No. 3 and Modified by Amendment No. 4, To Adopt New Options Rule 3B To List and Trade Binary Broad-Based Index Options); 105936 (July 17, 2026), 91 FR 46205 (July 22, 2026) (Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified and Superseded by Amendment No. 1, to Amend Its Rules Related to Binary Options) (SR-CBOE-2026-032) (the "Cboe Binary Approval Order"); and 106743 (October 27, 2026), 91 FR 68563 (October 30, 2026) (SR-NYSEAMER-2026-96) (Self-Regulatory Organizations; NYSE American LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Modify Binary Return Derivatives Rules). See also NYSE American Rules at Section 18 (describing broad-based index binary options), Nasdaq MRX Rules at Options 3B, Nasdaq Event Options, and Cboe Rules at Chapter 4, Section H, Binary Index Options.

[4] The rules contained in MIAX Chapter XVIII, as proposed to be amended herein, are incorporated by reference into the rulebooks of the Exchange's affiliate options exchanges, MIAX PEARL, LLC, MIAX Emerald, LLC, and MIAX Sapphire, LLC.

class would be designated as to expiration date, exercise price, exercise settlement amount, contract multiplier, and underlying index. Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except that the payout of a binary option is an amount contingent upon the option being in- or at-the-money at expiration, rather than the degree to which the option is in-the-money.

The Exchange proposes to define "binary option" as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The payout at expiration of a binary option is an all-or-nothing occurrence: the holder receives either a fixed amount established at the creation of the option (the "exercise settlement amount") or nothing.

Binary options on broad-based indexes are not novel. The Securities and Exchange Commission (the "Commission") approved the listing and trading of binary options on broad-based indexes on Cboe in 2008,[5] and Cboe currently lists binary options on broad-based indexes.[6] Other national securities exchanges also have rules permitting the listing and trading of binary options on broad-based indexes,[7] and the Commission recently approved Cboe's amended binary index option rules.[8]

Chapter XVIII describes the Exchange's generic listing rules for listing and trading index

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5 See Securities Exchange Act Release No. 57850 (May 22, 2008), 73 FR 31169 (May 30, 2008) (SR-CBOE-2006-105) (Self-Regulatory Organizations; Chicago Board Options Exchange, Incorporated; Notice of Filing of a Proposed Rule Change, as Modified by Amendment No. 2 Thereto, To List for Trading Binary Options on Broad-Based Indexes) (the "Cboe 2008 Approval Order").

6 See Cboe Binary Approval Order.

7 See supra note 3.

8 See Cboe Binary Approval Order. The Cboe Binary Approval Order permits Cboe to, among other things, list A.M.-settlement and P.M.-settlement for all binary index options and list binary options on the Cboe Magnificent 10 Index, which is not a broad-based index, consisting of only 10 component securities. See Cboe Magnificent 10 Index Options Fact Sheet, available at https://cdn.cboe.com/resources/membership/Cboe-Magnificent-10-Index-Options-FS.pdf.

options. The Exchange was also approved to list options on the Bloomberg 500 Index (the "B500 Index"),[9] and plans to list options on the B500 Index. The proposed rule change would permit the Exchange to list binary options on any broad-based index that satisfies the initial listing criteria in Rule 1802(d), which includes the B500 Index. The Exchange believes that offering binary options on broad-based indexes will provide investors with an exchange-listed product with a simplified, limited-risk payout structure of binary index options. Binary index options will provide investors with the ability to transact options that pay a fixed sum at expiration on a listed exchange market subject to the benefits of a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, real time surveillance, and clearing guaranteed by The Options Clearing Corporation ("OCC").

Proposed Amendment to Rule 100, Definitions

The Exchange proposes to add a definition of "binary option" to Rule 100. Specifically, the proposed rule defines "binary option" as an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all. The proposed definition is consistent with the definition of binary option in the Options Disclosure Document ("ODD"),[10] and provides additional detail regarding how binary options work.

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors

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9 See Securities Exchange Act Release No. 102959 (April 30, 2025), 90 FR 19236 (May 6, 2025) (SR-MIAX-2025-08) (Order Granting Approval of a Proposed Rule Change To Amend Certain MIAX Options Exchange Rules To Permit the Listing and Trading of Options on the Bloomberg US Large Cap Price Return Index) (the "B500 Approval Order"). The "Bloomberg US Large Cap Price Return Index was subsequently renamed the "Bloomberg 500 Index." See Securities Exchange Act Release No. 103635 (August 5, 2025), 90 FR 38519 (August 8, 2025) (SR-MIAX-2025-34). In general, the B500 Index is a float market-capitalized weighted benchmark of the approximately 500 most highly capitalized U.S. companies. See B500 Index Fact Sheet, available at https://assets.bbhub.io/professional/sites/27/Bloomberg-500-Index-Fact-Sheet.pdf.

10 See Options Disclosure Document at page 8, available at riskstoc.pdf.

Proposed Interpretations and Policies .05 to Rule 521, Nullification and Adjustment of Options Transactions Including Obvious Errors, will provide that for purposes of the obvious error provisions in Rule 521, the adjusted price of a binary index option transaction (including any applicable adjustment for transactions that are not Priority Customer[11] transactions) may not exceed the applicable exercise settlement value for the binary index option.

Proposed Amendment to Rule 1800, Application of Index Rules

The Exchange proposes to amend Rule 1800 to provide that the Rules in Chapter XVIII are applicable to binary index options (as defined in proposed Rule 1818), in addition to index options. The Exchange also proposes to specify that all Rules in Chapter XVIII apply to the listing and trading of binary index options, except as otherwise provided or the context otherwise requires (for example, as described below, the Exchange proposes to provide that the trading hours for binary index options will be the same as for traditional index options).

Rule 1800 also specifies that the Rules in Chapters I through XVII are also applicable to options provided for in Chapter XVIII (i.e., index options), unless such Rules are specifically replaced or are supplemented by Rules in Chapter XVIII. Further, where Rules in Chapter XVIII indicate that particular indices or requirements with respect to particular indices will be "Specified," the Exchange shall file a proposed rule change with the Commission to specify such indices or requirements. The Exchange proposes that by establishing proposed Rule 1818 relating to Binary Index Options, the Rules in Chapters I through XVII will also be applicable to binary index options as provided for in proposed Rule 1818, unless such Rules are specifically replaced or are supplemented by proposed Rule 1818.

Proposed Rule 1818. Binary Index Options

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[11] The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). The number of orders shall be counted in accordance with the following Interpretation and Policy .01. See Exchange Rule 100.

Proposed Rule 1818(a). Definitions

Proposed Rule 1818(a) sets forth definitions applicable to binary index options. Specifically, the following definitions will apply to binary index options:

(1) A "binary index option" is an option contract having an exercise settlement amount that is established at the creation of the option. Binary index options are paid out if the settlement value of the underlying index (1) equals or is greater than the exercise price for a call binary index option or (2) is less than the exercise price for a put binary index option.

(2) A "call binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is at or above the exercise price at expiration (i.e., in- or at-the-money).

(3) The "contract multiplier" is the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The Exchange establishes the contract multiplier on a class-by-class basis, which multiplier must be at least one.

(4) The "exercise price" is the value to which the settlement value of the underlying index is compared to determine whether the holder of a binary index option is entitled to have the option be paid out.

(5) The "exercise settlement amount" is the amount of cash that a holder will receive upon exercise of the contract. It is a set amount equal to the exercise settlement value multiplied by the contract multiplier. The Exchange determines the exercise settlement value on a class-by-class basis, which may be an amount between $1 and $1,000 (unless otherwise adjusted pursuant to Rule 405). For example, if the exercise settlement value is $1 and the contract multiplier is 100, the exercise settlement amount is $100; if the exercise settlement value is $10 and the contract multiplier is 100, the exercise

settlement amount is $1,000.

(6) A "market capitalization ratio" means the ratio of the market capitalization of an index to the market capitalization of the S&P 500 Index.

(7) A "put binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is below the exercise price at expiration (i.e., in-the-money).

(8) The "settlement value" is the value of the underlying index used to determine whether a binary index option is in-, at-, or out-of-the-money. For A.M.-settled binary index options, the settlement value is the reported opening level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index. For P.M.-settled binary index options, the settlement value is the reported closing level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index.

Proposed Rule 1818(b). Designation of Binary Index Option Contracts.

Proposed Rule 1818(b)(1) provides that the Exchange may from time to time approve for listing and trading on the Exchange binary index options on any broad-based index, as defined in Rule 1801(l), on which the Exchange is approved to trade index options pursuant to Chapter 18 and that satisfies the initial listing criteria in Rule 1802(d). Additionally, proposed Rule 1818(b)(1) provides that the maintenance listing criteria in Rule 1802(e) apply to binary index options. The initial and continued listing standards will apply to binary index options as they apply to other broad-based index options.

Proposed Rule 1818(b)(2) provides that binary index options are a separate class from other options overlying the same index.

Proposed Rule 1818(c). Terms of Binary Index Option Contracts

Proposed Rule 1818(c)(1) provides that the Exchange may designate binary index options as A.M.-settled or P.M.-settled, and that binary index options are European-style options. Current Rule 1809(a)(4) allows traditional (i.e., non-binary) index options to be either A.M.- or P.M.-settled. The Exchange proposes to permit both A.M.- and P.M.-settlement for binary index options for all broad-based indexes as this will provide investors further flexibility (coupled with the flexibility of permissible expirations) with respect to their investment strategies, regardless of the index option market in which investors participate. Additionally, the Exchange believes it is appropriate to be able to list A.M.- and P.M.- settled binary index options to provide investors with the same flexibility currently available for similar products currently available on other trading platforms (as further discussed below).

Proposed Rule 1818 (c)(2) provides that after approving a particular binary index option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Additionally, the Exchange may designate binary index option series to expire from one day up to 36 months from the time they are listed to afford investors maximum flexibility.

Proposed Rule 1818(c)(3) provides that the Exchange may add new series of options of the same class as provided for in Rule 404 and Rule 1809(c) and the Interpretations and Policies thereunder. Additional series of the same binary index option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of binary index options on the Exchange will not affect any other series of options of the same class previously opened. Binary options will be quoted based on the existing strike intervals utilized for traditional, non-binary index options with

minimum price variations, established by class, to be no less than $0.01.[12]

Proposed Rule 1818(d). Determination of Settlement Value of Binary Index Option Contracts

Proposed Rule 1818(d) provides that binary index options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying index in relation to the type of binary index option (i.e., put or call) and the exercise price. For binary options on a broad-based index on which traditional options on the same broad-based index are A.M.-settled, the "settlement value" is the reported opening level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority[13] for the index. For binary options on a broad-based index on which traditional options on the same broad-based index are P.M.-settled, the "settlement value" is the reported closing level of such index as derived from the prices of the underlying securities on such day and as reported by the Reporting Authority for the index. Binary options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying broad-based index in relation to the type of binary option (i.e., put or call) and the exercise price.

Proposed Rule 1818(e). Adjustment of Binary Index Option Contracts.

Proposed Rule 1818(e) provides that binary index option contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation.[14] When any such adjustment has been determined, the Exchange will announce the adjustment, which will become effective as of the time specified in that

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12 See Rule 1809.

13 The term "reporting authority" with respect to a particular index means the institution or reporting service designated by the Exchange as the official source for (1) calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and (2) reporting such level. The reporting authority for each index approved for options trading on the Exchange shall be Specified (as provided in Rule 1800) in the Interpretations and Policies to this Rule 1801. See Rule 1801(r).

14 The term "Clearing Corporation" means The Options Clearing Corporation. See Exchange Rule 100.

announcement.

Proposed Rule 1818(f). Exercise of Binary Index Options

Proposed Rule 1818(f) provides that binary index options will be automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary index option or less than the exercise price in the case of a put binary index option.

Proposed Rule 1818(g). Position Limits and Reports for Binary Index Option Contracts

Proposed Rule 1818(g)(1) provides that in determining compliance with Rule 307, the position limits for binary index options on an index for which traditional options on the same index have no position limit pursuant to Rule 1804 is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration (e.g., if the binary index option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary index option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary index option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration).

Proposed Rule 1818(g)(2) provides that for binary index options on an index for which traditional options on the same index have a position limit pursuant to Rule 1804 the position limit is the number of contracts equal to the ratio of 10,000 to the exercise settlement amount multiplied by the number of contracts set forth in the table below (based on the market capitalization ratio of the underlying index) per expiration:[15]

[15] The rule provides that the Exchange would need to seek approval from the Commission prior to establishing position limits for binary options on broad based indexes that have a market capitalization ratio that is less than 0.10.

Market Capitalization Ratio of Underlying Index	Number of Contracts
Greater than or equal to 0.50	10,000
Less than 0.50 but greater than or equal to 0.25	5,000
Less than 0.25 but greater than or equal to 0.10	2,500

The proposed rule applies the fixed and formulaic limits to all indexes that may underlie binary options as proposed (i.e., all broad-based indexes) and applies the proposed position limits on an expiration basis. Specifically, the proposed rule provides that the position limits for binary options for which the traditional options on the same index have no position limit pursuant to Rule 1804,[16] is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration.[17]

For reference, the table below sets forth the approximate market capitalizations that would equate to the above ratios based on a market capitalization of the S&P 500 Index of $62.5 trillion as of February 20, 2026:

Market Capitalization Ratio of Underlying Index	Range of Underlying Market Capitalizations	Number of Contracts
Greater than or equal to 0.50	Greater than or equal to $31.3 trillion	10,000
Less than 0.50 but greater than or equal to 0.25	Less than $31.3 trillion but greater than or equal to $15.6 trillion	5,000
Less than 0.25 but greater than or equal to 0.10	Less than $15.6 trillion but greater than or equal to $6.3 trillion	2,500

16 Rule 1804 provides for position limits on broad based index options the Exchange may list for trading.

17 For example, if the binary option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration.

Proposed Rule 1818(g)(3) provides that positions in binary index options on the same index that have different exercise settlement amounts are aggregated.

Proposed Rule 1818(g)(4) provides that in determining compliance with the position limits set forth in proposed Rule 1818(g), binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index. In addition, binary index options on an index are not aggregated with non-binary option contracts on an underlying security or securities included within such index, and binary index options on one index are not aggregated with binary index options on any other index.

Proposed Rule 1818(g)(5) provides that for purposes of the position limits established under proposed Rule 1818(g), long positions in put binary index options and short positions in call binary index options are considered to be on the same side of the market, and short positions in put binary index options and long positions in call binary index options are considered to be on the same side of the market.

Proposed Rule 1818(g)(6) provides that binary index options are not subject to the hedge exemptions to position limits in Rule 308 and Rule 1806. Notwithstanding proposed paragraphs 1818(g)(1) and 1818(g)(2) described above, the position limits for the hedged positions and strategies defined below is equal to five times the position limits established under paragraphs 1818(g)(1) and 1818(g)(2):

(i) a binary index option position "hedged" or "covered" by an appropriate amount of cash to meet the settlement obligation (e.g., $1,000 for a binary index option with an exercise settlement amount of $1,000);

(ii) a binary index option position "hedged" or "covered" by a sufficient amount of a related or similar security to meet the settlement obligation; and

(iii) a binary index option position "hedged" or "covered" by a traditional option

covering the same underlying index (which includes, among other strategies, a vertical spread with strikes reasonably close[18] to the binary index option strike) sufficient to meet the settlement obligation.

The proposed rule imposes a position limit on these hedged positions and strategies higher than the position limit for non-hedged positions and strategies.

Pursuant to Rule 1807, there are no exercise limits for options on broad-based indexes. The Exchange does not propose to implement exercise limits for binary index options on broad-based indexes. Binary index options, as discussed above, are European-style and are automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary option or less than the exercise price in the case of a put binary option. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because investors have no discretion regarding whether to exercise their binary index options due to their automatic exercise at expiration, there is no need for exercise limits.

With respect to reports related to position limits, proposed Rule 1818(g)(7) provides that in computing reportable positions under Rule 310: (i) positions in binary index options on the same index that have different exercise settlement amounts are aggregated; (ii) positions in binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index; (iii) positions in binary index options are not aggregated with non-binary option contracts on an underlying security or securities included within the underlying index; and (iv) positions in binary index options on one index are not aggregated with binary index options on any other index.

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[18] The Exchange will determine strikes that are "reasonably close" in the same manner it currently does pursuant to Rule 1809.

Because binary index options are European-style and are cash-settled, Exchange Rules that apply only to American-style options, or only to options settled by delivery of an underlying security, do not apply to binary index options.

Trading Sessions and Hours

The Exchange proposes that the trading sessions and hours for binary index options will be the same as the trading sessions and hours for traditional (i.e., non-binary) index options. Rule 1808(a)(i) provides that transactions in index options may be effected on the Exchange between the hours of 9:30 a.m. and 4:15 p.m. Eastern time. Rule 1809(a)(5) provides that the last day of trading for A.M.-settled index options shall be the business day preceding the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day preceding the last day of trading in the underlying securities prior to the expiration date. Rule 1809(a)(6) provides that the last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. As it pertains specifically to B500 Index options, Rule 1808(a)(1) provides that on their last trading day, transactions in B500 Index options that are P.M.-settled may be effected on the Exchange between 9:30 a.m. and 4:00 p.m. Eastern time. As described above, the Exchange proposes to provide in Rule 1800 that all Rules in Chapter XVIII apply to the listing and trading of binary index options (i.e., the trading hours described above for traditional index options), except as otherwise provided or the context otherwise requires.

Margin

Rule 1502 requires each Member[19] must elect to be bound by the initial and maintenance

[19] The term "Member" means an individual or organization approved to exercise the trading rights associated with a Trading Permit. Members are deemed "members" under the Exchange Act. See Exchange Rule 100.

margin requirements of either the Cboe or the New York Stock Exchange as the same may be in effect from time to time. The Exchange proposes to elect Cboe's margin requirements[20] with respect to the binary index options.

Surveillance and Capacity

The Exchange represents that it has an adequate surveillance program in place to detect potentially manipulative trading in binary index options, and intends to apply the same surveillance procedures to binary index options that it applies to other options. The Exchange is a member of the Intermarket Surveillance Group ("ISG") under the Intermarket Surveillance Group Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. In addition, the Exchange 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.[21] The Exchange believes its existing surveillance procedures are designed to deter and detect possible manipulative behavior that might arise from listing and trading binary index options. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary index options, including to address the

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20 Cboe Rule 10.3(m) describes margin requirements.

21 Section 19(g)(1) of the Securities Exchange Act of 1934, 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.

potential increased susceptibility to manipulation of binary options, particularly when they are near-the-money and near expiration given the fixed payout structure of binary options. The Exchange notes, however, it believes the large market capitalization of the broad-based indexes and each of its constituent stocks reduces any susceptibility to manipulation of binary options on that index.

The Exchange has analyzed its capacity and represents that it believes the Exchange has the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary options on broad based indexes. The Exchange also believes that the Options Price Reporting Authority ("OPRA") has the necessary systems capacity to handle the additional traffic associated with the listing of new options that would result from this proposed rule change because OPRA already handles the reporting of binary options listed on other options exchanges. The Exchange does not believe Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary options and the effect (if any) of binary options on market fragmentation and the capacity of the Exchange's automated system.

Except as otherwise described in this proposal, all binary index options will be listed and traded on the Exchange in a substantially similar manner as non-binary index options are permitted to be listed and traded under current Rules. The Rules that apply to the listing and trading of non-binary index options on the Exchange, including those related to priority and execution,[22] Market Makers (including Market-Maker obligations),[23] obvious error,[24] trading

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22 See Rule 514.

23 See, generally, Chapter VI, including Rule 603 (Obligations of Market Makers).

24 See Rule 521.

halt procedures,[25] and clearing,[26] will apply to the listing and trading of binary options.

Implementation

The Exchange will issue an alert publicly announcing the date it intends to begin to offer binary index options prior to them becoming available to trade on the Exchange.

2. Statutory Basis

The Exchange believes that its proposed rule change is consistent with Section 6(b) of the Act[27] in general, and furthers the objectives of Section 6(b)(5) of the Act[28] in particular, in that it is 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 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) 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 the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice with a simpler, all-or-none payout structure and a limited risk profile compared to traditional listed options. The Commission

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25 See Rule 504.

26 See Rule 507.

27 15 U.S.C. 78f(b).

28 15 U.S.C. 78f(b)(5).

has previously recognized the benefits of listing and trading binary options on a securities exchange,[29] and the Exchange believes the proposed rule change will permit investors to manage their risk exposures and carry out their investment objectives on a national securities exchange with more flexibility. The Exchange also believes the proposed rule change will promote competition, as it will meet the demands of investors that currently may trade products structured in substantively the same manner as the proposed binary index options in other markets.

The Exchange believes binary index options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options. Buyers and sellers of traditional, non-binary options do not know the return on those options at the time of the transaction, as the return cannot be determined until near the option's expiration given movements in the underlying. For example, suppose an investor buys a traditional index call option with an exercise price of 100. If the index value at expiration is 105, the investor receives a payout of $5 (times the multiplier for that option); if the index value at expiration is 110, the investor receives a payout of $10 (times the multiplier). The payout of a traditional index option therefore depends on how in-the-money the option is at expiration, which is unknown until the time of expiration.

By contrast, binary options offer a set payout if the underlying closes at, below, or above the exercise price (depending on the type of binary option). Using the example above, suppose an investor buys a binary index call option with an exercise price of 100 and an exercise settlement value of $10. If the index value at expiration is 105, the investor receives a payout of $10 (times the multiplier for that option), and if the index value at expiration is any value of 100 or greater,

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[29] The Commission stated, in approving Cboe's binary option rules, that "binary options on broad-based indexes will provide investors with a potentially useful investment choice" and that "[t]he proposal will extend to these options the benefits of a listed exchange market, which include a centralized forum for price discovery, pre- and post-trade transparency, standardized contract specifications, and the guarantee of the OCC." Cboe 2008 Approval Order, 73 FR at 31172.

the investor receives that same payout. Because the return on a binary option is a set amount, the buyer need not determine the absolute magnitude of the underlying's movement relative to the exercise price, as is the case with traditional options, but only whether the underlying value is expected to be above, at, or below the exercise price (as applicable).

The Exchange also believes the proposed rule change will further protect investors because of the reduced risk of the seller of a binary option compared to the seller of a traditional option. While sellers of traditional options have unlimited risk (as the payout increases the further in-the-money the option is at expiration), the maximum obligation of the seller of a binary option is known when the contract is written, which is the fixed payout amount. The structure of binary options thus offers investors pre- and post-trade transparency with respect to the risk associated with their trades.

The Exchange believes that permitting both A.M.- and P.M.-settled binary index options will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest.[30] Traditional options on the B500 Index may be A.M.- or P.M.-settled, and permitting the same settlements for binary index options on the B500 Index will provide investors with additional investment options they can use to tailor their strategies with more precision with respect to specific timing needs and strategies related to traditional B500 Index options and related options. Different settlement times allow market participants to trade binary index options in a manner more aligned with specific timing needs and to more effectively tailor their investment and hedging strategies, including to incorporate daily changes in the market, which may reduce the premium cost of buying binary index options.

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[30] As noted above, there are many broad-based index options currently eligible for both A.M.-settlement and P.M.-settlement that may be listed by the exchange as well as other exchanges.

Further, the proposed rule change will permit the Exchange to list binary options overlying securities indexes with similar terms (such as A.M.- and P.M.-settlement) on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the over-the-counter ("OTC") market and on other platforms. The Exchange understands that investors have traded binary options similar to the proposed binary index options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listed options. These benefits include (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which would increase market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary options as a standardized product without the credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counterparty credit risk for exchange-listed binary options is significantly reduced through the issuance and guarantee of the contracts by OCC, and, as an exchange-traded option, binary index options will have the advantage of liquidity provided by Market Makers, which may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as the

proposed binary index options, including on securities indexes and with settlement at varying points of the day. However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a securities exchange creates a centralized and standardized marketplace for these products that promotes price discovery and transparency within a regulatory framework designed to protect investors in securities. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market and other market platforms offer and would contribute to leveling the playing field with these alternative markets.

The proposed rule change is also consistent with the requirements of the Act because binary options on securities indexes are securities under the Act. The Act defines "security" to include any "put, call, straddle, option, or privilege on any security . . . or group or index of securities (including any interest therein or based on the value thereof)."[31] Binary options on securities indexes, like non-binary options on securities indexes, are puts and calls, and the value of a binary option is based on the value of the underlying index. As securities, pursuant to Section 9(b)(1) of the Act, a person may effect any transaction in connection with a binary option only in accordance with Commission rules and regulations.[32] Therefore, the Exchange believes transactions in binary options on securities indexes must occur on a national securities exchange, subject to Commission

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31 See 15 U.S.C. 78c(a)(10). The Exchange notes options on securities indexes (and thus binary options on securities indexes) are not swaps. See Statement on Tokenized Securities, Commission Divisions of Corporation Finance, Investment Management, and Trading and Markets (January 28, 2026), available at https://www.sec.gov/newsroom/speeches-statements/corp-fin-statement-tokenized-securities-012826-statement-tokenized-securities (". . . any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities, including any interest therein or based on the value thereof, that is subject to the Securities Act [of 1933] and the Exchange Act, is excluded from the definition of swap. When assessing whether a financial instrument formatted as a crypto asset satisfies one of these exclusions, the economic reality of the instrument rather than the name given to the instrument determines whether it is excluded.") (cites excluded).

32 See 15 U.S.C. 78i(b).

jurisdiction and oversight.

The Commission has previously approved rules permitting the listing of binary options on broad-based indexes,[33] as being consistent with the Act, and approved OCC rules enabling OCC to clear them.[34] The Commission found that those OCC rules met the requirements of Section 17A(b)(3)(F) of the Act[35] because they would promote the "prompt and accurate clearance and settlement" of such securities transactions,[36] and approved updates to the ODD in advance of the listing of binary options, as required by the Act.[37] Rule 9b-1 under the Act requires a broker-dealer to furnish a customer a copy of the ODD prior to accepting an order for an option subject to the ODD,[38] and defines standardized options as options contracts traded on national securities exchanges that relate to options classes the terms of which are limited to specific expiration dates and exercise prices, as well as other securities as the Commission may by order designate.[39] Binary index options, as proposed, are standardized options to be traded on a national securities exchange,[40] and the Exchange believes the proposed rule change will benefit investors because broker-dealers must provide the ODD to customers, which describes the characteristics and risks associated with trading binary options.

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33 See supra note 3.

34 See Securities Exchange Act Release Nos. 56875 (November 30, 2007), 72 FR 69274 (December 7, 2007) (SR-OCC-2007-08) (which OCC rules explicitly related to clearing binary options within the definition of a "security" as determined by the Commission); and 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR-OCC-2026-003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

35 15 U.S.C. 78q-1(b)(3)(F).

36 See Securities Exchange Act Release No. 56875 (November 30, 2007), 72 FR 69274, 69276 (December 7, 2007) (SR-OCC-2007-08).

37 See Securities Exchange Act Release No. 58043 (June 26, 2008), 73 FR 38260 (July 3, 2008) (SR-ODD-2008-02).

38 See 17 CFR 240.9b-1(b).

39 See 17 CFR 240.9b-1(a)(4).

40 When describing the benefits of binary options, the Commission described them as having "standardized contract specifications." Cboe 2008 Approval Order, 73 FR at 31171.

The Exchange believes the proposed listing standards are designed to prevent fraudulent and manipulative acts and practices and to protect investors. To underlie a binary index option, an index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option listed pursuant to Rule 1802(d). Those criteria, which relate to, among other things, the minimum market capitalization, trading volume, and relative weightings of an index's component securities, are designed to ensure that the markets for the index's component securities are adequately capitalized and sufficiently liquid, that no one stock dominates the index, and that the potential for manipulating the underlying index is minimized. The Commission previously found that the significant market capitalization of an underlying index, coupled with appropriate position limits, helps mitigate the potential for manipulation of the index settlement value to the benefit of an overlying binary option position, as well as the risk that the markets for the index's component securities would be impacted by additional derivatives.[41]

The Exchange also believes the proposed position limits are designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, and thus to protect investors. The proposed limits apply a scaling approach: limits are scaled to the market capitalization of the underlying index, with lower limits applicable to indexes with a smaller market capitalization ratio, and are scaled inversely to the exercise settlement amount. An index representing a larger aggregate market capitalization reflects a deep, liquid pool of underlying securities, the collective pricing of which is substantially more difficult to influence through trading in the options market. Scaling position limits to market capitalization, which directly measures the economic depth of an index, therefore sizes the limits to the actual manipulation risk

41 See Cboe Binary Approval Order.

presented by the specific index and may spread exposure across more participants, which makes manipulation by a single investor more difficult to achieve. Scaling the limits inversely to the exercise settlement amount, which directly measures the maximum payout of a binary index option, reduces the incentive to attempt to manipulate the underlying index to receive a larger payout and keeps the cost of manipulating the underlying index relatively high compared to the potential payout.

The Exchange also believes that applying the position limits on a per-expiration basis will prevent fraudulent and manipulative acts and practices, promote just and equitable principles of trade, and protect investors due to the unique risk profile of binary options that distinguish them from traditional (i.e., non-binary). Unlike traditional index options, for which associated risk is distributed across a range of strikes and expirations because investors may offset or hedge positions across expirations, binary options are fixed-payout, all-or-nothing contracts whose value depends entirely on the value of the underlying index at a single point in time. Therefore, risk concentrates at the expiration date itself since each expiration series represents an independent and self-contained risk event. This makes the expiration date the most economically meaningful unit for measuring and constraining accumulated exposure of binary options. Limiting positions in binary options across expirations (as is done for traditional options) would not address the actual risk associated with the settlement event specific to a binary option. As a result, the Exchange believes an individual expiration is the most economically meaningful time to limit positions in binary options, as obtaining positions in binary options for one expiration generally have no impact on the value of binary options for another expiration.

Furter, the Exchange believes that the proposed limit of five times the otherwise applicable limit for hedged positions and strategies is consistent with the Act because those positions and strategies create offsetting exposure. As a result, a customer no longer has a directional interest in

the underlying, reducing the manipulation risk associated with those positions that position limits are designed to address. Given the investor benefits gained from hedged positions, the Exchange believes applying higher position limits to these positions sufficiently protects against the reduced potential for manipulation while not artificially restricting bona fide activity intended to manage risk exposure.

Position limits are designed to limit the number of options contracts overlying a security or index traded on the exchange that an investor, acting alone or in concert with others directly or indirectly, may control. These limits are intended to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security or index underlying the options. Position limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes. Position limits do not limit the total number of options that may be held by all customers across the entire industry, but rather they limit the number of unhedged positions on the same side of the market a single customer may hold or exercise at one time. "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."[42] Position 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."[43] The Exchange believes the proposed position limits applied on a per expiration basis reasonably and appropriately balance the liquidity provisioning in the market against the prevention of manipulation without unnecessarily constraining investment

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

43 See id.

activity.[44]

The Exchange believes that not subjecting binary index options to exercise limits is consistent with the Act. Exercise limits are intended to prevent a single investor from exercising a number of option contracts that could potentially manipulate the value of the underlying. Because binary index options are European-style and are automatically exercised at expiration, investors have no discretion regarding whether to exercise them, and exercise limits would serve no purpose.

The Exchange believes the proposed margin requirements for binary index options are reasonable and will protect investors because they limit investors' risk exposure given that the initial and maintenance margin requirements are equal to the maximum risk exposure. The Exchange also believes that electing to use Cboe's margin requirements for binary index options, promotes just and equitable principles of trade by ensuring that all Members apply the same margin requirements to binary index options. Further, the Rules of OCC also subject binary index options to OCC's margin and risk management methodology.[45]

Ultimately, the Exchange believes the proposed rule change will provide investors with greater trading tools, opportunities, and flexibility, resulting in additional means to carry out their investment objectives and manage their risk exposures with the benefits of being listed and traded on a national securities exchange. The Exchange believes the proposed rule change will offer market participants a simplified, transparent, and limited risk investment choice overlying securities indexes, which may be more aligned with their specific timing needs and investment and hedging strategies and risk tolerances. The Exchange believes it benefits the investing public to

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44 The proposed application of higher position limits to hedged positions and strategies contributes to this balanced design

45 See Securities Exchange Act Release No. 105537 (May 21, 2026), 91 FR 31513 (May 27, 2026) (SR-OCC -2026-003) (which amended OCC's STANS methodology description to enable OCC to accept binary options for clearing and appropriately manage the risk created by binary options).

continue to enhance its listed product offerings to respond to continuously changing needs of investors and to a continuously changing competitive environment.

A robust and competitive market requires exchanges to respond to investors' evolving needs by regularly improving their offerings. When Congress charged the Commission with supervising the development of a "national market system" for securities, Congress stated its intent that the "national market system evolve through the interplay of competitive forces as unnecessary regulatory restrictions are removed."[46] Consistent with this purpose, Congress and the Commission have repeatedly stated their preference for competition, rather than regulatory intervention, to determine products and services in the securities markets.[47] Options exchanges continuously adopt new and different products and trading services in response to industry demands in order to attract order flow and to increase their trading volume. This competition has led to a growth in investment choices, which ultimately benefits the marketplace and the public. The Exchange believes the proposed rule change will further competition by providing market participants with another investment option for options listed on a national securities exchange.

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.

Intra-Market Competition

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46 See H.R. Rep. No. 94-229, at 92 (1975) (Conf. Rep.).

47 See S. Rep. No. 94-75, 94th Cong., 1st Sess. 8 (1975) ("The objective [in enacting the 1975 amendments to the Exchange Act] would be to enhance competition and to allow economic forces, interacting within a fair regulatory field, to arrive at appropriate variations in practices and services."); Order Approving Proposed Rule Change Relating to NYSE Arca Data, Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770 (December 9, 2008) ("The Exchange Act and its legislative history strongly support the Commission's reliance on competition, whenever possible, in meeting its regulatory responsibilities for overseeing the [self-regulatory organizations] and the national market system. Indeed, competition among multiple markets and market participants trading the same products is the hallmark of the national market system."); and Regulation NMS, 70 FR at 37499 (observing that NMS regulation "has been remarkably successful in promoting market competition in [the] forms that are most important to investors and listed companies").

The Exchange does not believe 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, because binary index options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to payout terms and amounts). All market participants will be subject to the same margin requirements and position limits, as well as the other rules applicable to binary index options, as described in this proposed rule change. To qualify for listing as a binary index option, an underlying index must meet the same initial and maintenance listing criteria it must meet to underlie a traditional, non-binary option. Except as set forth in the proposed rule change, binary index options will trade in the same manner as other options on the Exchange.

Inter-Market Competition

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because the rules of other options exchanges, including NYSE American, Nasdaq MRX and Cboe, permit the listing and trading of binary options on broad-based indexes.[48] Additionally, as noted above, substantively similar products to binary index options, as proposed, are available in the OTC market and on various other markets. Such products are based on the values of securities indexes, including at the opening and closing of trading (i.e., A.M.- and P.M.-settled) and at other times throughout the day. The proposed rule change will permit the Exchange to list binary options on the same type of underlying indexes as these markets, and with certain similar terms (two permissible settlements), as the binary options listed on those markets. Ultimately, the proposal is designed to increase competition for order flow in binary options.

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[48] See supra note 3.

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. The Exchange believes the proposed rule change will provide investors with a comparable alternative to the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things, (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened counterparty creditworthiness due to the role of OCC as issuer and guarantor of all listed options. As a result, the Exchange believes the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets and on other options exchanges.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A) of the Act[49] and subparagraph (f)(6) of Rule 19b-4 thereunder.[50]

At any time within 60 days of the filing of such proposed rule change, the Commission

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49 15 U.S.C. 78s(b)(3)(A).

50 17 CFR 240.19b-4(f)(6).

summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B)[51] of the Act to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-MIAX-2026-44 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-MIAX-2026-44. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange.

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[51] 15 U.S.C. 78s(B)(2)(B).

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-MIAX-2026-44 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.[52]

Sherry R. Haywood,

Assistant Secretary.

[52] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined;
Deleted text is in [brackets]

MIAX Options Exchange Rulebook

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Rule 100. Definitions

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Bid
The term "bid" means a limit order or quote to buy one or more option contracts.

Binary Option
The term "binary option" means an option contract having an exercise settlement amount that is established at the creation of the option and only two possible payoff outcomes: either a fixed amount equal to the exercise settlement amount or nothing at all.

Board
The term "Board" means the Board of Directors of Miami International Securities Exchange, LLC.

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Rule 521. Nullification and Adjustment of Options Transactions Including Obvious Errors

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Interpretations and Policies:

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.05 Binary Index Options. For purposes of the obvious error provisions in this Rule 521, the adjusted price of a binary index option transaction (including any applicable adjustment for transactions that are not Priority Customer transactions) may not exceed the applicable exercise settlement value for the binary index option.

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CHAPTER XVIII. INDEX OPTIONS

Rule 1800. Application of Index Rules

The Rules in this Chapter are applicable only to index options (options on indices of securities as defined below), and binary index options (as defined below). All Rules in this Chapter XVIII apply

to the listing and trading of binary index options, except as otherwise provided or the context otherwise requires. The Rules in Chapters I through XVII are also applicable to the options provided for in this Chapter, unless such Rules are specifically replaced or are supplemented by Rules in this Chapter. Where the Rules in this Chapter indicate that particular indices or requirements with respect to particular indices will be "Specified," the Exchange shall file a proposed rule change with the Commission to specify such indices or requirements.

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Rule 1813. Reserved.

Rule 1814. Reserved.

Rule 1815. Reserved.

Rule 1816. Reserved.

Rule 1817. Reserved.

Rule 1818. Binary Index Options

(a) **Definitions**. The following terms used in reference to binary index options have, unless the context otherwise indicates, the meanings specified below.

(1) The term "binary index option" means an option contract having an exercise settlement amount that is established at the creation of the option. Binary index options are paid out if the settlement value of the underlying index (1) equals or is greater than the exercise price for a call binary index option or (2) is less than the exercise price for a put binary index option.

(2) The term "call binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is at or above the exercise price at expiration (i.e., in- or at-the-money).

(3) The term "contract multiplier" means the multiple applied to the exercise settlement value to arrive at the total exercise settlement amount per contract. The Exchange establishes the contract multiplier on a class-by-class basis, which multiplier must be at least one.

(4) The term "exercise price" means the value to which the settlement value of the underlying index is compared to determine whether the holder of a binary index option is entitled to have the option be paid out.

(5) The term "exercise settlement amount" means the amount of cash that a holder will receive upon exercise of the contract. The exercise settlement amount is a set amount equal to the exercise settlement value multiplied by the contract multiplier. The Exchange determines the exercise settlement value on a class-by-class basis, which may be an amount between $1 and $1,000 (unless otherwise adjusted pursuant to Rule 405). For example, if the exercise settlement

value is $1 and the contract multiplier is 100 for a binary index option, the exercise settlement amount is $100; if the exercise settlement value is $10 and the contract multiplier is 100 for a binary index option, the exercise settlement amount is $1,000.

(6) The term "market capitalization ratio" means the ratio of the market capitalization of an index to the market capitalization of the S&P 500 Index.

(7) The term "put binary index option" means an option contract that returns an exercise settlement amount if the settlement value of the underlying index is below the exercise price at expiration (i.e., in-the-money).

(i) The term "settlement value" means the value of the underlying index that is used to determine whether a binary index option is in-, at-, or out-of-the-money.

(ii) For A.M.-settled binary index options, the settlement value is the reported opening level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index.

(iii) For P.M.-settled binary index options, the settlement value is the reported closing level of the underlying index as derived from the prices of the underlying securities on such day and as reported by the reporting authority for the index.

(b) **Designation of Binary Index Option Contracts.**

(1) Listing Standards. The Exchange may from time to time approve for listing and trading on the Exchange binary index options on any broad-based index, as defined in Rule 1801(l), on which the Exchange is approved to trade index options pursuant to this Chapter and that satisfies the initial listing criteria in Rule 1802(d). The maintenance listing criteria in Rule 1802(e) apply to binary index options.

(2) Separate Class. Binary index options are a separate class from other options overlying the same index.

(c) **Terms of Binary Index Option Contracts**. Binary index options listed and traded on the Exchange are designated as to expiration date, exercise price, exercise settlement amount, contract multiplier, and underlying index.

(1) Settlement. The Exchange may designate binary index options as A.M.-settled or P.M.-settled. Binary index options are European-style options.

(2) Expirations. After approving a particular binary index option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. The Exchange may designate binary index option series to expire from one day up to 36 months from the time they are listed.

(3) Additional Series. The Exchange may add new series of options of the same class as provided for in Rule 404 and Rule 1809(c) and the Interpretations and Policies thereunder. Additional series of the same binary index option class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market or to meet customer demand. The opening of a new series of binary index options on the Exchange will not affect any other series of options of the same class previously opened.

(d) **Determination of Settlement Value of Binary Index Option Contracts**. Binary index options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying index in relation to the type of binary index option (i.e., put or call) and the exercise price.

(e) **Adjustment of Binary Index Option Contracts**. Binary index option contracts are subject to adjustment only in accordance with and to the extent specified in the By-Laws and Rules of the Clearing Corporation. When any such adjustment has been determined, the Exchange will announce the adjustment, which will become effective as of the time specified in that announcement.

(f) **Exercise of Binary Index Options**. Binary index options will be automatically exercised at expiration if the settlement value of the underlying index is equal to or greater than the exercise price of a call binary index option or less than the exercise price in the case of a put binary index option.

(g) **Position Limits and Reports for Binary Index Option Contracts.**

(1) Fixed Limit. In determining compliance with Rule 307, the position limit for binary index options on an index for which traditional options on the same index have no position limit pursuant to Rule 1804 is the number of contracts equal to 15,000 times the ratio of 10,000 to the exercise settlement amount per expiration (e.g., if the binary index option exercise settlement amount is $10,000, then the position limit is 15,000 contracts per expiration; if the binary index option exercise settlement amount is $1,000, then the position limit is 150,000 contracts per expiration; and if the binary index option exercise settlement amount is $12,000, then the position limit is 12,500 contracts per expiration).

(2) Formulaic Limit. For binary index options on an index for which traditional options on the same index have a position limit pursuant to Rule 1804 the position limit is the number of contracts equal to the ratio of 10,000 to the exercise settlement amount multiplied by the number of contracts set forth in the table below (based on the market capitalization ratio of the underlying index) per expiration:

Market Capitalization Ratio of Underlying Index	**Number of Contracts**
Greater than or equal to 0.50	10,000
Less than 0.50 but greater than or equal to 0.25	5,000
Less than 0.25 but greater than or equal to 0.10	2,500

The Exchange will seek Commission approval prior to establishing position limits for binary index options on broad-based indexes that have a market capitalization ratio that is less than 0.10.

(3) Aggregated Positions. Positions in binary index options on the same index that have different exercise settlement amounts are aggregated.

(4) Non-Binary Options. In determining compliance with the position limits set forth in this Rule 1818(g), binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index. In addition, binary index options on an index are not aggregated with non-binary option contracts on an underlying security or securities included within such index, and binary index options on one index are not aggregated with binary index options on any other index.

(5) Market Side. For purposes of the position limits established under this Rule 1818(g), long positions in put binary index options and short positions in call binary index options are considered to be on the same side of the market, and short positions in put binary index options and long positions in call binary index options are considered to be on the same side of the market.

(6) Hedged Positions. Binary index options are not subject to the hedge exemptions to position limits in Rule 308 and Rule 1806. Notwithstanding paragraphs (g)(1) and (g)(2) above, the position limit for the hedged positions and strategies defined below is equal to five times the position limit established under paragraphs (g)(1) and (g)(2):

(i) a binary index option position "hedged" or "covered" by an appropriate amount of cash to meet the settlement obligation (e.g., $1,000 for a binary index option with an exercise settlement amount of $1,000);

(ii) a binary index option position "hedged" or "covered" by a sufficient amount of a related or similar security to meet the settlement obligation; and

(iii) a binary index option position "hedged" or "covered" by a traditional option covering the same underlying index (which includes, among other strategies, a vertical spread with strikes reasonably close to the binary index option strike) sufficient to meet the settlement obligation.

(7) Reports. In computing reportable positions under Rule 310: (i) positions in binary index options on the same index that have different exercise settlement amounts are aggregated; (ii) positions in binary index options are not aggregated with non-binary option contracts on the same or similar underlying security or index; (iii) positions in binary index options are not aggregated with non-binary option contracts on an underlying security or securities included within the underlying index; and (iv) positions in binary index options on one index are not aggregated with binary index options on any other index.

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