

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-102827; File No. SR-PEARL-2025-14]

Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Exchange Rule 402, Criteria for Underlying Securities, to List and Trade Options on the iShares Ethereum Trust

April 11, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ and Rule 19b-4 thereunder,² notice is hereby given that on April 9, 2025, MIAX PEARL, LLC (“MIAX Pearl” or the “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I and II below, which Items have been prepared by MIAX Pearl. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Exchange Rule 402, Criteria for Underlying Securities, to list and trade options on trade options on the iShares Ethereum Trust.

The text of the proposed rule change is available on the Exchange’s website at <https://www.miaxglobal.com/markets/us-equities/pearl-equities/rule-filings>, at MIAX Pearl’s principal office, and at the Commission’s Public Reference Room.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

In its filing with the Commission, MIAX Pearl 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. MIAX Pearl 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 Exchange Rule 402, Criteria for Underlying Securities,³ to allow the Exchange to list and trade options on the Trust, designating it as appropriate for options trading on the Exchange.⁴ This is a competitive filing based on a similar proposal submitted by Nasdaq ISE, LLC (“ISE”), which was approved by the Securities and Exchange Commission (the “Commission”).⁵

Current Exchange Rule 402(i)(4) provides that securities deemed appropriate for options trading include shares or other securities (“Exchange Traded Fund Shares” or “ETFs”) that are traded on a national securities exchange and are defined as “NMS stock” under Rule 600 of

³ The Exchange notes that its affiliate options exchanges, Miami International Securities Exchange, LLC (“MIAX”) and MIAX Sapphire, LLC (“MIAX Sapphire”), submitted (or will submit) substantively similar proposals. The Exchange notes that all the rules of Chapter III of MIAX, including Exchange Rules 307 and 309, are incorporated by reference into the MIAX Pearl and MIAX Sapphire rulebooks. The Exchange also notes that all of the rules of Chapter III of MIAX, including Exchange Rules 307 and 309, and the rules of Chapter IV of MIAX, including Exchange Rule 402, are incorporated by reference into the MIAX Emerald, LLC (“MIAX Emerald”) rulebook.

⁴ See Securities Exchange Act Release Nos. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (SR-NYSEArca-2023-70; SR-NYSEArca-2024-31; SR-NASDAQ-2023-045; SR-CboeBZX-2023-069; SR-CboeBZX-2023-070; SR-CboeBZX-2023-087; SR-CboeBZX-2023-095; and SRCboeBZX-2024-018) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, to List and Trade Shares of Ether-Based Exchange-Traded Products) (“Ethereum ETP Approval Order”).

⁵ See Securities Exchange Act Release No. 102798 (April 9, 2025) (Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Listing and Trading of Options on the iShares Ethereum Trust) (SR-ISE-2024-35) (“ISE Ether Approval Order”).

Regulation NMS, and that meet specified criteria enumerated in the rule. Subparagraph (4) of Exchange Rule 402(i) provides that such shares or other securities:

(4) are issued by the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Silver ETF Trust, the Aberdeen Standard Physical Gold Trust, the Aberdeen Standard Palladium ETF Trust, the Aberdeen Standard Platinum ETF Trust, the Goldman Sachs Physical Gold ETF, the Sprott Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, the Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, or the ARK 21 Shares Bitcoin ETF ; or

In addition to the aforementioned requirements, Exchange Rule 402(i)(5)(i)(A) or (B) must be met to list options on ETFs.⁶

Proposal

The Exchange proposes to amend Exchange Rule 402(i)(4) to expand the list of securities that are appropriate for options trading on the Exchange to include the Trust.⁷

Description of the Trust⁸

The shares are issued by the Trust, a Delaware statutory trust. The Trust will operate pursuant to a trust agreement (the “Trust Agreement”) between the Sponsor, BlackRock Fund Advisors (the “Trustee”) as the trustee of the Trust and will appoint Wilmington Trust, National

⁶ Exchange Rule 402(i)(5)(i)(A) or (B) states that the Exchange-Traded Fund Shares either (i) meet the criteria and guidelines set forth in paragraphs (a) and (b) described herein; or (ii) the Exchange-Traded Fund Shares are available for creation or redemption each business day from or through the issuing trust, investment company, commodity pool or other entity in cash or in kind at a price related to net asset value, and the issuer is obligated to issue Exchange-Traded Fund Shares in a specified aggregate number even if some or all of the investment assets and/or cash required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investment assets has undertaken to deliver them as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer of the Exchange-Traded Fund Shares, all as described in the Exchange-Traded Fund Shares’ prospectus.

⁷ Specifically, the Exchange proposes to amend Exchange Rule 402(i)(4) to include the name of the Trust to enable options to be listed on the Trust on the Exchange.

⁸ See SR-NASDAQ-2023-045 for a complete description of the Trust.

Association, as Delaware Trustee of the Trust (the “Delaware Trustee”) by such time that the Registration Statement is effective. The Trust issues shares representing fractional undivided beneficial interests in its net assets. The assets of the Trust will consist only of Ether (“Ether” or “Ethereum”) held by a custodian on behalf of the Trust, except under limited circumstances when transferred through the Trust’s prime broker temporarily (described below), and cash. Neither the Trust, nor the Sponsor, nor the Ether Custodian (as defined below), nor any other person associated with the Trust will, directly or indirectly, engage in action where any portion of the Trust’s Ether becomes subject to the Ethereum proof-of-stake validation or is used to earn additional Ether or generate income or other earnings. Coinbase Custody Trust Company, LLC (the “Ether Custodian”), is the custodian for the Trust’s Ether holdings, and maintains a custody account for the Trust (“Custody Account”); Coinbase, Inc. (the “Prime Execution Agent”), an affiliate of the Ether Custodian, is the prime broker for the Trust and maintains a trading account for the Trust (“Trading Account”); and The Bank of New York Mellon is the custodian for the Trust’s cash holdings (the “Cash Custodian” and together with the Ether Custodian, the “Custodians”) and the administrator of the Trust (the “Trust Administrator”). Under the Trust Agreement, the Trustee may delegate all or a portion of its duties to any agent, and has delegated the bulk of the day-today responsibilities to the Trust Administrator and certain other administrative and recordkeeping functions to its affiliates and other agents. The Trust is not an investment company registered under the Investment Company Act of 1940, as amended.

The investment objective of the Trust is to reflect generally the performance of the price of Ether. The Trust seeks to reflect such performance before payment of the Trust’s expenses and liabilities. The Shares are intended to constitute a simple means of making an investment similar to an investment in Ether through the public securities market rather than by acquiring, holding

and trading ether directly on a peer-to-peer or other basis or via a digital asset platform. The Shares have been designed to remove the obstacles represented by the complexities and operational burdens involved in a direct investment in Ether, while at the same time having an intrinsic value that reflects, at any given time, the investment exposure to the Ether owned by the Trust at such time, less the Trust's expenses and liabilities. Although the Shares are not the exact equivalent of a direct investment in Ether, they provide investors with an alternative method of achieving investment exposure to Ether through the public securities market, which may be more familiar to them.

Custody of the Trust's Ether and Creation and Redemption

An investment in the shares is backed by ether held by the Ether Custodian on behalf of the Trust. All of the Trust's Ether will be held in the Custody Account, other than the Trust's Ether which is temporarily maintained in the Trading Account under limited circumstances, i.e., in connection with creation and redemption Basket⁹ activity or sales of Ether deducted from the Trust's holdings in payment of Trust expenses or the Sponsor's fee (or, in extraordinary circumstances, upon liquidation of the Trust). The Custody Account includes all of the Trust's Ether held at the Ether Custodian, but does not include the Trust's Ether temporarily maintained at the Prime Execution Agent in the Trading Account from time to time. The Ether Custodian will keep all of the private keys associated with the Trust's Ether held in the Custody Account in "cold storage".¹⁰ The hardware, software, systems, and procedures of the Ether Custodian may not be available or cost effective for many investors to access directly.

⁹ The Trust issues and redeems Shares only in blocks of 40,000 or integral multiples thereof. A block of 40,000 shares is called a "Basket." These transactions take place in exchange for ether.

¹⁰ The term "cold storage" refers to a safeguarding method by which the private keys corresponding to the Trust's ether are generated and stored in an offline manner, subject to layers of procedures designed to enhance security. Private keys are generated by the Ether Custodian in offline computers that are not connected to the internet so that they are more resistant to being hacked.

The Exchange believes that offering options on the Trust will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to spot Ether as well as a hedging vehicle to meet their investment needs in connection with Ether products and positions. Similar to other commodity ETFs in which options may be listed on the Exchange (e.g. SPDR[®] Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Gold Trust, the iShares Bitcoin Trust, the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, Bitwise Bitcoin ETF, the Fidelity Wise Origin Bitcoin Fund, or the ARK 21Shares Bitcoin ETF),¹¹ the proposed ETF is a trust that essentially offers the same objectives and benefits to investors.

Options on the Trust will trade in the same manner as any other ETF options on the Exchange. Exchange Rules that currently apply to the listing and trading of all ETFs options on the Exchange, including, for example, Exchange Rules that govern listing criteria, expiration and exercise prices, minimum increments, position and exercise limits (including as proposed in the filing submitted by Exchange's affiliate, MIAX), margin requirements, customer accounts and trading halt procedures will apply to the listing and trading of options on the Trust on the Exchange. Today, these rules apply to options on the various commodities ETFs deemed appropriate for options trading on the Exchange pursuant to current Exchange Rule 402(i)(4).

The Exchange's initial listing standards for ETFs on which options may be listed and traded on the Exchange will apply to the Trust. The initial listing standard as set forth in Exchange Rule 402(a) provides that

Underlying securities with respect to which put or call options contracts are approved for listing and trading on the Exchange must meet the following criteria: (1) the security must be registered and be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange

¹¹ See Exchange Rule 402(i)(4).

Act; and (2) the security shall be characterized by a substantial number of outstanding shares that are widely held and actively traded.

Pursuant to Exchange Rule 402, ETFs on which options may be listed and traded must satisfy the listing standards set forth in Exchange Rule 402(5). Specifically, the Trust must:

- (1) meet the criteria and standards set forth in Exchange Rule 402(a) or 402(b),¹² or
- (2) be available for creation or redemption each business day from or through the issuer in cash or in kind at a price related to net asset value, and the issuer must be obligated to issue ETFs in a specified aggregate number even if some or all of the investment assets required to be deposited have not been received by the issuer, subject to the condition that the person obligated to deposit the investments has undertaken to deliver the investment assets as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the issuer, as provided in the respective prospectus.

Options on the Trust will also be subject to the Exchange's continued listing standards set forth in Exchange Rule 403(g). Specifically, options approved for trading pursuant to Exchange Rule 402(i) will not be deemed not to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering that such ETFs, if the ETFs cease to be an NMS stock or the ETFs, are delisted from trading pursuant to Exchange Rule 403(b)(4), or the ETFs are halted or suspended from trading in their primary market.¹³ In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering ETFs in any of the following circumstances:

- (1) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(A), in accordance with the terms of paragraphs (b)(1), (2), and

¹² Subparagraphs a. and b. of Exchange Rule 402 provide for guidelines to be used by the Exchange when evaluating potential underlying securities for Exchange option transactions.

¹³ See Exchange Rule 403(g).

(3) of Exchange Rule 403;¹⁴
(2) in the case of options covering ETFs approved for trading under Exchange Rule 402(i)(5)(i)(B), following the initial twelve-month period beginning upon the commencement of trading in the ETFs on a national securities exchange and are defined as an NMS stock, there are fewer than 50 record and/or beneficial holders of such ETFs for 30 or more consecutive trading days;
(3) the value of the index or portfolio of securities, non-U.S. currency, or portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or financial instruments and money market instruments on which the ETFs are based is no longer calculated or available; or
(4) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on the Exchange inadvisable.

Options on the Trust would be physically settled contracts with American-style exercise.¹⁵ Consistent with current Exchange Rule 404, which governs the opening of options series on a specific underlying security (including ETFs), the Exchange will open at least one expiration month for options on the Trust¹⁶ at the commencement of trading on the Exchange

¹⁴ Exchange Rules 403(b)(1)through (4) provides, if: (1) there are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Act, (2) there are fewer than 1,600 holders of the underlying security, (3) the trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months, or (4) the underlying security ceases to be an 'NMS stock' as defined in Rule 600 of Regulation NMS under the Act.

¹⁵ See Exchange Rule 401, which provides that the rights and obligations of holders and writers are set forth in the Rules of the Options Clearing Corporation ("OCC"); see also OCC Rules, Chapters VIII (which governs exercise and assignment) and Chapter IX (which governs the discharge of delivery and payment obligations arising out of the exercise of physically settled stock option contracts).

¹⁶ See Exchange Rule 404(b). The monthly expirations are subject to certain listing criteria for underlying securities described within Exchange Rule 404 and its Interpretations and Policies. Monthly listings expire the third Friday of the month. The term "expiration date" (unless separately defined elsewhere in the OCC By-Laws), when used in respect of an option contract (subject to certain exceptions), means the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business. See OCC By-Laws Article I, Section 1. Pursuant to Exchange Rule 404(c), additional series of options of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. Pursuant to Exchange Rule 404(e), new series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

and may also list series of options on the Trust for trading on a weekly,¹⁷ monthly,¹⁸ or quarterly¹⁹ basis. The Exchange may also list long-term equity option series (“LEAPS”) that expire from 12 to 39 months from the time they are listed.²⁰

Pursuant to Exchange Rule 404, Interpretations and Policies .06, which governs strike prices of series of options on ETFs, the interval between strike prices of series of options on ETFs approved for options trading pursuant to Exchange Rule 402(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on the Exchange, or at such intervals as may have been established on another options exchange prior to the initiation of trading on the Exchange. With respect to the Short Term Options Series or Weekly Program, during the month prior to expiration of an option class that is selected for the Short Term Option Series Program, the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option.²¹ Specifically, the Exchange may open for trading Short Term Option Series at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.²² Additionally, the Exchange may list series of options pursuant to the

¹⁷ See Exchange Rule 404, Interpretations and Policy.02.

¹⁸ See Exchange Rule 404, Interpretations and Policy.13.

¹⁹ See Exchange Rule 404, Interpretations and Policy.03.

²⁰ See Exchange Rule 406.

²¹ See Exchange Rule 404, Interpretations and Policies .02(e).

²² Id.

\$1 Strike Price Interval Program,²³ the \$0.50 Strike Program,²⁴ and the \$2.50 Strike Price Program.²⁵ Pursuant to Exchange Rule 510, where the price of a series of options on the Trust is less than \$3.00, the minimum increment will be \$0.05, and where the price is \$3.00 or higher, the minimum increment will be \$0.10²⁶ consistent with the minimum increments for options on other ETFs listed on the Exchange. Any and all new series of Trust options that the Exchange lists will be consistent and comply with the expirations, strike prices, and minimum increments set forth in Exchange Rules 404 and 510, as applicable.

Trust options will trade in the same manner as any other ETF options on the Exchange. The Exchange Rules that currently apply to the listing and trading of all ETFs options on the Exchange, including, for example, Exchange Rules that govern listing criteria, expiration and exercise prices, minimum increments, position and exercise limits (including as proposed in the filing submitted by Exchange's affiliate, MIAX), margin requirements, customer accounts and trading halt procedures will apply to the listing and trading of Trust options on the Exchange in the same manner as they apply to other options on all other ETFs that are listed and traded on the Exchange, including the precious-metal backed commodity ETFs already deemed appropriate for options trading on the Exchange pursuant to current Exchange Rule 402(i)(4).

Position and exercise limits for options on ETFs, including options on the Trust, are determined pursuant to MIAX Rules 307 and 309, respectively, as incorporated by reference into the MIAX Pearl Rulebook. Position and exercise limits for ETF options vary according to the number of outstanding shares and the trading volumes of the underlying ETF over the past six

²³ See Exchange Rule 404, Interpretation and Policy .01.

²⁴ See Exchange Rule 404, Interpretation and Policy .04.

²⁵ See Exchange Rule 404(f).

²⁶ See Exchange Rule 510.

months, where the largest in capitalization and the most frequently traded ETFs have an option position and exercise limit of 250,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market; and smaller capitalization ETFs have position and exercise limits of 200,000, 75,000, 50,000 or 25,000 contracts (with adjustments for splits, re-capitalizations, etc.) on the same side of the market. The Exchange further notes that MIAX Rule 1502, which governs margin requirements applicable to trading on the Exchange, including options on ETFs, will also apply to the trading of the Trust options, as MIAX Chapter XV (Margins) is also incorporated by reference into the MIAX Pearl Rulebook. Notwithstanding the position limits in MIAX Rule 307(d) and exercise limits in MIAX Rule 309, the Exchange proposes the position and exercise limits for the Trust to be 25,000 contracts on the same side pursuant to proposed Interpretation and Policy .01 to MIAX Rule 307 and proposed Interpretation and Policy .01 to MIAX Rule 309.

The Exchange represents that the same surveillance procedures applicable to all other options on other ETFs currently listed and traded on the Exchange will apply to options on the Trust. Also the Exchange represents that it has the necessary systems capacity to support the new option series. The Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading options on ETFs, including the proposed Trust options.

Today, the Exchange has an adequate surveillance program in place for options. The Exchange intends to apply those same program procedures to the Trust options that it applies to the Exchange's other options products.²⁷ The Exchange's staff will have access to the

²⁷ The surveillance program includes real-time patterns for price and volume movements and post-trade surveillance patterns (e.g., spoofing, marking the close, pinging, phishing).

surveillance programs conducted by its affiliate exchanges, MIAX and MIAX Sapphire, with respect to trading in the shares of the underlying Trust when conducting surveillances for market abuse or manipulation in the options on the Trust. Additionally, 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 to obtaining surveillance data from MIAX and MIAX Sapphire, the Exchange will be able to obtain information regarding trading in the shares of the underlying Trusts from ISE and other markets through ISG. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority (“FINRA”). Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.²⁸

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

[e]ach Exchange has a comprehensive surveillance sharing agreement with the [Chicago Mercantile Exchange (“CME”)] via their common membership in the Intermarket Surveillance Group. This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its

²⁸ Section 19(g)(1) of the Act, among other things, requires every 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.

surveillance of the CME Ethereum futures market.²⁹

The Exchange states that in the Ethereum ETP Approval Order, given the consistently high correlation between the CME Ethereum futures market and the spot Ethereum market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Ethereum ETPs].”³⁰ In light of surveillance measures related to both options and futures as well as the Trust,³¹ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust. Additionally, the Exchange may obtain trading information via ISG from other exchanges who are members or affiliates of the ISG.

The Exchange has also analyzed its capacity and represents that it believes the Exchange and Options Price Reporting Authority or “OPRA” have the necessary systems capacity to handle the additional traffic associated with the listing of new series that may result from the introduction of options on the Trust up to the number of expirations currently permissible under the Rules. Because the proposal is limited to one class, the Exchange believes any additional traffic that may be generated from the introduction of the Trust options will be manageable.

2. Statutory Basis

The Exchange believes the proposed rule change is consistent with the Act and the rules

29 See Ethereum ETP Approval Order, 89 FR at 46938.

30 See Ethereum ETP Approval Order, 89 FR at 46939.

31 See Ethereum ETP Approval Order.

and regulations thereunder applicable to the Exchange and, in particular, the requirements of Section 6(b) of the Act.³² Specifically, the Exchange believes the proposed rule change is consistent with the Section 6(b)(5)³³ requirements that the rules of an exchange be designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism 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)³⁴ requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

In particular, the Exchange believes that the proposal to list and trade options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system and, in general, protect investors because offering options on the Trust will provide investors with a greater opportunity to realize the benefits of utilizing options on an ETF based on spot Ethereum, including cost efficiencies and increased hedging strategies. The Exchange believes that offering options on a competitively priced ETF based on spot Ethereum will benefit investors by providing them with an additional, relatively lower-cost risk management tool, allowing them to manage, more easily, their positions and associated risks in their portfolios in connection with exposure to spot Ethereum. Today, the Exchange lists options on other commodity ETFs structured as a trust, which essentially offer the same objectives and

³² 15 U.S.C. 78f(b).

³³ 15 U.S.C. 78f(b)(5).

³⁴ Id.

benefits to investors, and for which the Exchange has not identified any issues with the continued listing and trading of options on those ETFs.

The Exchange also believes the proposal to permit options on the Trust will remove impediments to and perfect the mechanism of a free and open market and a national market system, because options on the Trust will comply with current Exchange Rules. Options on the Trust satisfy the initial listing standards and continued listing standards currently in the Exchange Rules applicable to options on all ETFs, including ETFs that hold other commodities already deemed appropriate for options trading on the Exchange pursuant to Exchange Rule 402(i)(4). Additionally, as demonstrated above, the Trust is characterized by a substantial number of shares that are widely held and actively traded. Further, Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed in the filing submitted by Exchange's affiliate, MIAX), and margin requirements, will govern the listing and trading of options on the Trust.

The Exchange believes the proposed position and exercise limits, as proposed in the filing submitted by Exchange's affiliate, MIAX, are designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade, as they are designed to address potential manipulative schemes and adverse market impacts surrounding the use of options, such as disrupting the market in the security underlying the options. The proposed position and exercise limits for options for the Trust is 25,000 contracts, which is currently the lowest limit applicable to any equity options (including ETF options) and the position and exercise limits that apply to comparable ETFs that hold Bitcoin. The Exchange believes the proposed position and exercise limits, as proposed in the filing submitted by Exchange's

affiliate, MIAX, are extremely conservative for the Trust options given the trading volume and outstanding shares for the Trust.

The Exchange represents that it has the necessary systems capacity to support the new Trust options. As discussed above, the Exchange believes that its existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading ETF options, including Trust options. The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on ETFs and ETPs, such as (existing) precious metal-commodity backed ETP options as well as the proposed options on the Trust. The Exchange's existing surveillance and reporting safeguards are designed to deter and detect possible manipulative behavior which might arise from listing and trading options on ETFs and ETPs, such as (existing) precious metal-commodity backed ETP options as well as the proposed options on the Trust. The Exchange believes that its surveillance procedures are adequate to properly monitor the trading of options on the Trust in all trading sessions and to deter and detect violations of Exchange rules. Specifically, the Exchange's market surveillance staff will have access to surveillances that it conducts, and that FINRA conducts on its behalf, with respect to the Trust and, as appropriate, would review activity in the underlying Fund when conducting surveillances for market abuse or manipulation in the options on the Trust.

Additionally, the Exchange is a member of the 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 to obtaining surveillance data from MIAX and MIAX Sapphire, the Exchange will be able to obtain information from Nasdaq, ISE, Cboe and other markets through ISG. In addition, the Exchange has a Regulatory Services

Agreement with FINRA. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillance that are common to rules of all options exchanges.³⁵

The underlying shares of spot Ethereum ETPs, including the Trust, are also subject to safeguards related to addressing market abuse and manipulation. As the Commission stated in its order approving proposals of several exchanges to list and trade shares of spot Ethereum-based ETPs, “[e]ach Exchange has a comprehensive surveillance-sharing agreement with the CME via their common membership in the Intermarket Surveillance Group.”³⁶ This facilitates the sharing of information that is available to the CME through its surveillance of its markets, including its surveillance of the CME ether futures market.”³⁷ The Exchange states that in the Ethereum ETP Approval Order, given the consistently high correlation between the CME Ethereum futures market and the spot Ethereum market, as confirmed by the Commission through robust correlation analysis, the Commission was able to conclude that such surveillance sharing agreements could reasonably be “expected to assist in surveilling for fraudulent and manipulative acts and practices in the specific context of the [Ether ETPs].”³⁸

In light of surveillance measures related to both options and futures as well as the

³⁵ Section 19(g)(1) of the Act, among other things, requires every 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.

³⁶ See Ethereum ETP Approval Order.

³⁷ Id.

³⁸ See Ethereum ETP Approval Order, 89 FR at 46941.

underlying Trust,³⁹ the Exchange believes that existing surveillance procedures are designed to deter and detect possible manipulative behavior which might potentially arise from listing and trading the proposed options on the Trust. Options on the Trust must satisfy the initial listing standards and continued listing standards currently in the Exchange Rules, applicable to options on all ETFs, including options on other commodity ETFs already deemed appropriate for options trading on the Exchange pursuant to Exchange Rule 402(i)(4).

Further, the Exchange represents that it will implement any new surveillance procedures it deems necessary to effectively monitor the trading of options on the Trust.

Finally, the Commission has previously approved the listing and trading of options on other cryptocurrency backed commodity ETFs structured as trusts.⁴⁰

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. In this regard and as indicated above, the Exchange notes that the rule change is being proposed as a competitive response to the filing submitted by ISE.⁴¹

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

³⁹ See Ethereum ETP Approval Order.

⁴⁰ See Securities Exchange Act Release Nos. 101701 (November 21, 2024), 89 FR 93672 (November 27, 2024) (SR-PEARL-2024-52) (Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange To Allow the Exchange To List and Trade Options on the iShares Bitcoin Trust); 101719 (November 22, 2024), 89 FR 94784 (November 29, 2024) (SR-PEARL-2024-53) (Notice Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange To Allow the Exchange To List and Trade Options on the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust, and the Bitwise Bitcoin ETF); 101718 (November 22, 2024), 89 FR 94812 (November 29, 2024) (SR-PEARL-2024-54) (Self-Regulatory Organizations; MIAX PEARL, LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Exchange Rule 402, Criteria for Underlying Securities, Exchange To Allow the Exchange To List and Trade Options on the Fidelity Wise Origin Bitcoin Fund (the "Fidelity Fund") and the ARK 21Shares Bitcoin ETF (the "ARK 21 Fund"))).

⁴¹ See supra note 5.

intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act as options on the Trust will be equally available to all market participants who wish to trade such options and will trade generally in the same manner as other options. Moreover, options on the Trust will be subject to Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible expirations, strike prices, minimum increments, position and exercise limits (including as proposed in the filing submitted by Exchange's affiliate, MIAX), and margin requirements. Also, and as stated above, the Exchange already lists options on other cryptocurrency backed commodity ETFs structured as trusts.⁴² Further, the Trust would need to satisfy the maintenance listing standards set forth in the Exchange Rules in the same manner as any other ETF for the Exchange to continue listing options on it.

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

The Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition as it is designed to increase competition for order flow on the

⁴² See Exchange Rule 402(i)(4).

Exchange in a manner that is beneficial to investors by providing them with a lower-cost option to hedge their investment portfolios. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues that offer similar products. Ultimately, the Exchange believes that offering the Trust options for trading on the Exchange will promote competition by providing investors with an additional, relatively low-cost means to hedge their portfolios and meet their investment needs in connection with Ethereum prices and Ethereum-related products and positions on a listed options exchange.

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

Written comments were neither solicited nor received.

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

The Exchange has filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act⁴³ and Rule 19b-4(f)(6) thereunder.⁴⁴ 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 from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁴⁵ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁴⁶

⁴³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴⁴ 17 CFR 240.19b-4(f)(6).

⁴⁵ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴⁶ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the 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 Commission has waived the pre-filing requirement.

A proposed rule change filed under Rule 19b-4(f)(6)⁴⁷ under the Act does not normally become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),⁴⁸ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has requested that the Commission waive the 30-day operative delay so that the proposal may become operative immediately upon filing. The Commission previously approved the listing and trading of options on the iShares Ethereum Trust (the “Trust”).⁴⁹ The Exchange has provided information regarding the underlying Trust, including, among other things, information regarding trading volume, the number of beneficial holders, and the market capitalization of the Trust. The proposal also establishes position and exercise limits for options on the Trust and provides information regarding the surveillance procedures that will apply to Trust options. The Commission believes that waiver of the operative delay could benefit investors by providing an additional venue for trading Trust options. Therefore, the Commission believes that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Accordingly, the Commission hereby waives the 30-day operative delay and designates the proposed rule change as operative upon filing.⁵⁰

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

⁴⁷ 17 CFR 240.19b-4(f)(6).

⁴⁸ 17 CFR 240.19b-4(f)(6)(iii).

⁴⁹ See supra note 5.

⁵⁰ For purposes only of waiving the 30-day operative delay, the Commission has also considered the proposed rule’s impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

Commission shall institute proceedings to determine whether the proposed rule 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-PEARL-2025-14 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-PEARL-2025-14. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F

Street NE, Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-PEARL-2025-14 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.⁵¹

Sherry R. Haywood,

Assistant Secretary.

⁵¹ 17 CFR 200.30-3(a)(12).