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Page 1 of * 30		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 55 Amendment No. (req. for Amendments *)	
Filing by NYSE Arca, Inc. Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input checked="" type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Section 806(e)(2) * <input type="checkbox"/>		
			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Proposal to amend Rules 5.32-O and 5.35-O</div>					
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 * Kathleen Last Name * Murphy Title * Senior Counsel, NYSE Group Inc. E-mail * Kathleen.Murphy@ice.com Telephone * (212) 656-4841 Fax (212) 656-8101					
Signature Pursuant to the requirements of the Securities Exchange of 1934, NYSE Arca, Inc. has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date 07/31/2025 (Title *) By Martha Redding Corporate Secretary (Name *) 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. Martha Redding Digitally signed by Martha Redding Date: 2025.07.31 14:39:07 -04'00'					

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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19b4 Arca FLEX IBIT 25K (07 31 25 fo

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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Ex.1 Arca FLEX IBIT 25K (07 31 25).c

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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Ex 5 Arca FLEX IBIT 25K (07 31 25 fo

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 Proposed Rule Change

- (a) Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² NYSE Arca Inc. (“NYSE Arca” or the “Exchange”) proposes to amend Rules 5.32-O and 5.35-O to permit Flexible Exchange (“FLEX”) Options in the iShares Bitcoin Trust ETF.

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

- (b) The Exchange does not believe that the proposed rule change will have any direct effect, or any significant indirect effect, on any other Exchange rule in effect at the time of this filing.
- (c) Not applicable.

2. Procedures of the Self-Regulatory Organization

Senior management has approved the proposed rule change pursuant to authority delegated to it by the Board of the Exchange. No further action is required under the Exchange’s governing documents. Therefore, the Exchange’s internal procedures with respect to the proposed rule change are complete.

The person on the Exchange staff prepared to respond to questions and comments on the proposed rule change is:

Kathleen E. Murphy
Senior Counsel
NYSE Group, Inc.
(212) 656-4841

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

- (a) Purpose

The Exchange proposes amend Rules 5.32-O (Terms of FLEX Options) and 5.35-O (Position Limits for FLEX Options) to permit iShares Bitcoin Trust ETF (“IBIT”) options to trade as FLEX Equity Options with an aggregated position

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

and exercise limit for IBIT options of 25,000-contracts (“FLEX IBIT options”).³ The Exchange notes that this is a competitive filing as the Commission recently approved a substantially identical rule proposal by Nasdaq Phlx, LLC (“Phlx”).⁴

IBIT is an Exchange-Traded Fund (“ETF”) that holds bitcoin and is listed on The Nasdaq Stock Market LLC (“Nasdaq”).⁵ On September 20, 2024, Nasdaq ISE, LLC (“ISE”) received approval to list options on IBIT.⁶ On November 22, 2024, the Exchange began listing and trading IBIT options.⁷ The position and exercise limits for IBIT options are 25,000 contracts as set forth in Rule 6.8-O, Commentary .06(f), the lowest limit available in options.⁸

FLEX Equity Options are not generally subject to position or exercise limits.⁹ Today, pursuant to Rule 5.32-O(f)(1), IBIT options are not approved for FLEX trading.¹⁰ Therefore, the 25,000-contract limit applicable to IBIT options currently applies solely to non-FLEX IBIT options.

³ FLEX Options are customized equity or index contracts that allow investors to tailor contract terms for exchange-listed equity and index options. See generally Section 15 (Flexible Exchange (“FLEX”) Options). A “FLEX Equity Option” is an option on a specified underlying equity security that is subject to the rules of Section 15. See Rule 900G(b)(10).

⁴ See Securities Exchange Act Release No. 103565 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-PHLX-2024-72) (Order Approving a Proposed Rule Change to Permit the Trading of FLEX Options on Shares of the iShares Bitcoin Trust ETF) (“Phlx FLEX IBIT Approval Order”).

⁵ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units).

⁶ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) (“IBIT Approval Order”).

⁷ See Trader Update, dated Nov. 21, 2024, NYSE Options: Trading in Options on Bitcoin Exchange Traded Products, available here: <https://www.nyse.com/trader-update/history#110000945911>.

⁸ The exercise limit for options on IBIT is the same as the position limit for IBIT as determined by Rule 6.8-O. See Rule 6.9-O, Commentary .01 (providing that exercise limits will be “equivalent to the corresponding position limit for the same particular class of options as determined by Rule 6.8-O and Commentary thereto”).

⁹ See Rule 906G(b) (subject to the exceptions enumerated in the rule “there shall be no position limits for FLEX Equity options.”).

¹⁰ The Exchange recently received approval to trade FLEX Equity Options on certain exchange-traded products that -- like IBIT -- hold bitcoin, thus removing these products from the prohibition set forth in Rule 5.32-O(f)(1). See Securities Exchange Act Release No. 103566 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-NYSEAMER-2024-78) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Trading of FLEX Options on Shares of the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust ETF, and the Bitwise Bitcoin ETF).

The Exchange proposes to permit options on IBIT to trade as FLEX Equity Options and would require the aggregation of any FLEX and non-FLEX positions in IBIT for purposes of calculating the 25,000-contract position and exercise limits.¹¹

Per the Commission “rules regarding position and exercise limits 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 positions.”¹² For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”¹³ Based on its review and analysis of IBIT data, the Commission concluded that the 25,000-contract position (and exercise) limit for non-FLEX IBIT options satisfied these objectives.¹⁴

As proposed, the Exchange will aggregate position (and exercise) limits for all IBIT options, thus limiting positions for options on all IBIT options -- FLEX and non-FLEX -- to 25,000 contracts. This proposed aggregated limit effectively restricts a market participant from holding positions that could result in the receipt of more than 2,500,000 shares, aggregated for FLEX IBIT and non-FLEX IBIT options (if that market participant exercised all its options). The Exchange believes that capping the aggregated position and exercise limits at 25,000 contracts, the lowest available limit, would be sufficient to address concerns related to manipulation and the protection of investors. The Exchange notes that this number is conservative and therefore appropriate given the liquidity of IBIT.¹⁵

While the Exchange proposes an aggregated 25,000-contract position and exercise limit for FLEX and non-FLEX IBIT options, it nonetheless believes that evidence exists to support a much higher position limit.¹⁶ In fact, the Commission recently

¹¹ See proposed Rules 5.32-O(f)(1) (excluding IBIT options from the prohibition against FLEX trading); and 5.35-O(b)(iii) (specifying that the Exchange will aggregate any FLEX and non-FLEX IBIT option positions for purposes of calculating the position and exercise limits for IBIT, as set forth in Rules 6.8-O and 6.9-O).

¹² See *supra* note 6, IBIT Approval Order, 89 FR 78946.

¹³ See *id.*

¹⁴ See *id.*

¹⁵ See *id.*

¹⁶ See Phlx FLEX IBIT Approval Order, n. 21 (noting that, in the IBIT Approval Order, “the Commission stated that it considered and reviewed the ISE’s analysis that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.4% of the outstanding shares of IBIT. The Commission stated that it also considered and reviewed the ISE’s statement that with a position limit of 25,000 contracts on the same side of the market and 611,040,00 shares of IBIT outstanding, 244 market participants would have to simultaneously exercise their positions to place IBIT under stress).

approved a proposal by Nasdaq ISE, LLC (“ISE”) to remove 25,000-contract position and exercise limit on IBIT options and to instead allow IBIT options to qualify for increased limits (up to 250,000 contracts) pursuant to the generic limits for options.¹⁷

Despite the proposed addition of FLEX trading in IBIT options, the Exchange would continue to limit to 25,000 the number of IBIT options traded on the Exchange that an investor, acting alone or in concert with others directly or indirectly, may control and thereby mitigate potential manipulation. The Exchange believes that allowing FLEX IBIT options is consistent with the Act given FLEX trading is permitted today in other ETFs overlying a commodity such as SPDR Gold Shares (“GLD”) and iShares Silver Trust (“SLV”).¹⁸

Further, the Exchange believes that the share creation and redemption process unique to ETFs would mitigate any potential risk of manipulation in FLEX IBIT options. The creation and redemption process is designed to ensure that an ETF’s price closely tracks the value of its underlying asset(s). For example, if a market participant exercised a long call position for 25,000 contracts and purchased 2,500,000 shares of IBIT and this purchase resulted in the value of IBIT shares to trade at a premium to the value of the (underlying) bitcoin held by IBIT, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short IBIT shares while concurrently purchasing bitcoin. Those market participants (arbitrageurs) would then deliver cash to IBIT and receive shares of IBIT, which would be used to close out any previously established short position in IBIT. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of shares in IBIT and the value of bitcoin holdings.

The Exchange understands that FLEX Equity Options on ETFs are currently traded in the over-the-counter (“OTC”) market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds, to name a few. The Exchange believes there is room for significant growth if a comparable product were introduced for trading on a regulated market. The Exchange expects that users of these OTC products would be among the primary users of FLEX IBIT options. The Exchange also believes that the trading of FLEX IBIT options would allow these same market participants to better manage the risk associated with the volatility of IBIT (the underlying ETF) given the enhanced liquidity that an exchange-traded product would bring.

Additionally, the Exchange believes that FLEX IBIT options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract

¹⁷ See Securities Exchange Act Release No. 103564 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-ISE-2024-62) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, Regarding Position and Exercise Limits for Options on the iShares Bitcoin Trust ETF).

¹⁸ GLD and SLV, like IBIT, each hold one asset in trust.

terms, exchange-traded contracts should develop more liquidity. Second, counter-party credit risk would be mitigated by the fact that the contracts are issued and guaranteed by The Options Clearing Corporation (“OCC”). Finally, the price discovery and dissemination provided by the Exchange and its members would lead to more transparent markets. The Exchange believes that its ability to offer FLEX IBIT options would aid it in competing with the OTC market and at the same time expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

The Exchange has analyzed its capacity and represents that it and The Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of FLEX IBIT options. The Exchange believes any additional traffic that would be generated from the trading of FLEX IBIT options would be manageable. The Exchange believes OTP Holders and OTP Firms will not have a capacity issue as a result of this proposed rule change. The Exchange also represents that it does not believe this proposed rule change will cause fragmentation of liquidity. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange’s automated systems.

The Exchange represents that the same surveillance procedures applicable to the Exchange’s other options products listed and traded on the Exchange, including non-FLEX IBIT options, will apply to FLEX IBIT options, and that it has the necessary systems capacity to support such options. FLEX options products (and their respective symbols) are integrated into the Exchange’s existing surveillance system architecture and are thus subject to the relevant surveillance processes. The Exchange’s market surveillance staff (including staff of the Financial Industry Regulatory Authority (“FINRA”) who perform surveillance and investigative work on behalf of the Exchange pursuant a regulatory services agreement) conducts surveillances with respect to IBIT (the underlying ETFs) and, as appropriate, would review activity in applicable ETF when conducting surveillances for market abuse or manipulation in the FLEX IBIT options. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for non-FLEX IBIT options, or equity options in general, more susceptible to manipulative practices.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in IBIT, as well as any subsequent trading of FLEX IBIT options on the Exchange. Additionally, the Exchange is a member of the Intermarket Surveillance Group (“ISG”) under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in IBIT and in other pertinent underlying securities on other exchanges through ISG. In addition, and as referenced above, the Exchange has a regulatory services

agreement with FINRA, pursuant to which FINRA conducts certain surveillances on behalf of the Exchange. Further, pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.¹⁹ The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of FLEX IBIT options.

The proposed rule change is designed to allow investors seeking to trade IBIT options to utilize FLEX IBIT options. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to members' evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange believes that introducing FLEX IBIT options would further broaden the base of investors that use FLEX Equity Options (and options on IBIT in general) to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. The proposed rule change is also designed to encourage market makers to shift liquidity from the OTC market on the Exchange, which, it believes, will enhance the process of price discovery conducted on the Exchange through increased order flow.

As discussed herein, the Exchange does not believe that this proposed rule change raises any unique regulatory concerns because the proposal to aggregate FLEX and non-FLEX IBIT option positions at the (most conservative) 25,000-contract position and exercise limit, which currently applies solely to non-FLEX IBIT options, should provide an adequate safeguard.

(b) Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the "Act"),²⁰ in general, and furthers the objectives of Section 6(b)(5) of the Act,²¹ in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the

¹⁹ 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. 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.

²⁰ 15 U.S.C. 78f(b).

²¹ 15 U.S.C. 78f(b)(5).

mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes that introducing FLEX IBIT Options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk. The proposed rule change is designed to allow investors seeking to trade IBIT options to utilize FLEX IBIT options.

The Exchange believes that the proposal to permit FLEX IBIT options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX IBIT options will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of bitcoin and provide a hedging vehicle to meet their investment needs in connection with a bitcoin-related product. Moreover, the proposal would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. By trading a product in an exchange-traded environment (that is currently being used in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading to the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that offering FLEX IBIT options may appeal to retail investors interested in options trading (both FLEX and non-FLEX) on IBIT.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX IBIT options. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently used in the OTC market.

The Exchange does not believe that this proposed rule change raises any unique regulatory concerns because the proposal to aggregate any FLEX and non-FLEX IBIT options at the current (and most conservative) 25,000-contract limit should provide an adequate safeguard. As noted herein, the purpose of position (and exercise) limits is 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 Exchange believes the proposal will benefit investors and public interest because the aggregated position and exercise limits for (FLEX and non-FLEX) IBIT options at 25,000 contracts, the lowest limit

available in options, would address concerns related to manipulation and protection of investors as this number is conservative and therefore appropriate given the sufficient liquidity in IBIT.

The Exchange believes that offering innovative products benefits the investing public. A robust and competitive market requires that exchanges respond to the evolving needs of their members by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for equity options more susceptible to manipulative practices.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in FLEX IBIT options. Regarding the proposed FLEX IBIT options, the Exchange would use the same surveillance procedures utilized for FLEX Options currently listed on the Exchange (as well as for non-FLEX IBIT options). For surveillance purposes, the Exchange would have access to information regarding trading activity in IBIT (the underlying ETF). In light of surveillance measures related to both IBIT options and IBIT (the underlying ETF), 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 FLEX IBIT options.

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 that its proposed rule change will impose any burden on intra-market competition as all market participants would have the option of utilizing the FLEX IBIT options. The proposed rule change is designed to allow investors seeking option exposure to bitcoin to trade FLEX IBIT options. Moreover, the Exchange believes that the proposal to permit FLEX IBIT options would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options.

Inter-market competition. The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition as all market participants would have the option of utilizing the FLEX IBIT options. As noted herein, this proposal is competitive and would allow the Exchange to compete with competing options exchanges already authorized to trade FLEX IBIT options. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues. The proposed rule change would support that intermarket competition by allowing the Exchange to offer additional functionality to OTP Holders and OTP Firms. The Exchange believes that the proposed FLEX IBIT options will increase the variety

of options products available for trading in general and bitcoin-related products in particular and, as such, will provide a valuable tool for investors to manage risk.

As such, the Exchange believes that this proposal does not create an undue burden on intermarket competition. Rather, the Exchange believes that the proposed rule would bolster intermarket competition by promoting fair competition among individual markets.

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

The Exchange has neither solicited nor received written comments on the proposed rule change.

6. Extension of Time Period for Commission Action

The Exchange does not consent at this time to an extension of the time period for Commission action.

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

The Exchange believes that the proposal qualifies for immediate effectiveness upon filing as a "non-controversial" rule change in accordance with Section 19(b)(3)(A) of the Act²² and Rule 19b-4(f)(6) thereunder.²³

The Exchange asserts that the proposed rule change (i) will not significantly affect the protection of investors or the public interest, (ii) will not impose any significant burden on competition, and (iii) by its terms, will not become operative for 30 days after the date of this filing, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest. In addition, the Exchange provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing, or such shorter time as the Commission may designate.

First, the Exchange believes the proposal does not impose any significant burden on competition as it would align the Exchange's rules with that of its competitors.²⁴ The Exchange believes that this proposed rule change, which is essential for competitive purposes and to promote a free and open market for the benefit of investors, does not raise any new, unique or substantive issues not previously considered by the Commission. Accordingly, the Exchange believes

²² 15 U.S.C. 78s(b)(3)(A).

²³ 17 CFR 240.19b-4(f)(6).

²⁴ See Phlx FLEX IBIT Approval Order, supra note 4.

that no regulatory purpose would be served by delaying implementation of the proposal.

The Exchange believes that the proposal to permit FLEX IBIT options would benefit investors because it would provide them with an additional, relatively lower cost investing tool to gain exposure to the price of bitcoin and provide a hedging vehicle to meet their investment needs in connection with a bitcoin-related product. Moreover, the proposal would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. By trading a product in an exchange-traded environment (that is currently being used in the OTC market), the Exchange would be able to compete more effectively with the OTC market. To the extent that this proposal leads to the migration of options currently trading in the OTC market to trading to the Exchange, investors would benefit from increased market transparency and enhanced price discovery through increased order flow. The Exchange also believes that offering FLEX IBIT options may appeal to retail investors interested in options trading (both FLEX and non-FLEX) on IBIT.

In view of the immediate nature of the relief requested, the Exchange respectfully requests that the proposed rule change become operative immediately. The Exchange 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 this proposed rule change may become effective and operative upon filing with the Commission pursuant to Section 19(b)(3)(A) of the Act²⁵ and subparagraph (f)(6) of Rule 19b-4²⁶ thereunder. The Exchange believes that waiver of both the operative delay and the requirement to provide five-days' written notice of the proposed rule change would be consistent with the protection of investors and the public interest because waiver of these periods will ensure fair competition among the exchanges as it allow the Exchange to begin offering FLEX IBIT options without delay.

For the foregoing reasons, the rule filing qualifies for immediate effectiveness as a "non-controversial" rule change under Rule 19b-4(f)(6).²⁷ 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

This proposal is based on the substantially identical rule change that was recently

²⁵ 15 U.S.C. 78s(b)(3)(A).

²⁶ 17 CFR 240.19b-4(f)(6).

²⁷ 17 CFR 240.19b-4(f)(6).

approved by the Commission.²⁸

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

Exhibit 1 – Form of Notice of Proposed Rule Change for Federal Register

Exhibit 5 – Text of Proposed Rule Change

²⁸ See Phlx FLEX IBIT Approval Order, supra note 4.

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-NYSEARCA-2025-55)

[Date]

Self-Regulatory Organizations; NYSE Arca, Inc.; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Rules 5.32-O and 5.35-O

Pursuant to Section 19(b)(1)¹ of the Securities Exchange Act of 1934 (“Act”)² and Rule 19b-4 thereunder,³ notice is hereby given that, on July 31, 2025, NYSE Arca, Inc. (“NYSE Arca” or the “Exchange”) filed with the Securities and Exchange Commission (the “Commission”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. 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 Rules 5.32-O and 5.35-O to permit Flexible Exchange (“FLEX”) Options in the iShares Bitcoin Trust ETF. The proposed rule change is available on the Exchange’s website at www.nyse.com, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78a.

³ 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those 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 parts of such statements.

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

1. Purpose

The Exchange proposes amend Rules 5.32-O (Terms of FLEX Options) and 5.35-O (Position Limits for FLEX Options) to permit iShares Bitcoin Trust ETF ("IBIT") options to trade as FLEX Equity Options with an aggregated position and exercise limit for IBIT options of 25,000-contracts ("FLEX IBIT options").⁴ The Exchange notes that this is a competitive filing as the Commission recently approved a substantially identical rule proposal by Nasdaq Phlx, LLC ("Phlx").⁵

IBIT is an Exchange-Traded Fund ("ETF") that holds bitcoin and is listed on The Nasdaq Stock Market LLC ("Nasdaq").⁶ On September 20, 2024, Nasdaq ISE, LLC ("ISE") received approval to list options on IBIT.⁷ On November 22, 2024, the Exchange began listing and trading

⁴ FLEX Options are customized equity or index contracts that allow investors to tailor contract terms for exchange-listed equity and index options. See generally Section 15 (Flexible Exchange ("FLEX") Options). A "FLEX Equity Option" is an option on a specified underlying equity security that is subject to the rules of Section 15. See Rule 900G(b)(10).

⁵ See Securities Exchange Act Release No. 103565 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-PHLX-2024-72) (Order Approving a Proposed Rule Change to Permit the Trading of FLEX Options on Shares of the iShares Bitcoin Trust ETF) ("Phlx FLEX IBIT Approval Order").

⁶ Nasdaq received approval to list and trade Bitcoin-Based Commodity-Based Trust Shares in IBIT pursuant to Rule 5711(d) of Nasdaq. See Securities Exchange Act Release No. 99306 (January 10, 2024), 89 FR 3008 (January 17, 2024) (SR-NASDAQ-2023-016) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Bitcoin-Based Commodity-Based Trust Shares and Trust Units).

⁷ See Securities Exchange Act Release No. 101128 (September 20, 2024), 89 FR 78942 (September 26, 2024) (SR-ISE-2024-03) (Notice of Filing of Amendment Nos. 4 and 5 and Order Granting Accelerated Approval of a Proposed Rule Change, as Modified by Amendment Nos. 1, 4, and 5, To Permit the Listing and Trading of Options on the iShares Bitcoin Trust) ("IBIT Approval Order").

IBIT options.⁸ The position and exercise limits for IBIT options are 25,000 contracts as set forth in Rule 6.8-O, Commentary .06(f), the lowest limit available in options.⁹

FLEX Equity Options are not generally subject to position or exercise limits.¹⁰ Today, pursuant to Rule 5.32-O(f)(1), IBIT options are not approved for FLEX trading.¹¹ Therefore, the 25,000-contract limit applicable to IBIT options currently applies solely to non-FLEX IBIT options.

The Exchange proposes to permit options on IBIT to trade as FLEX Equity Options and would require the aggregation of any FLEX and non-FLEX positions in IBIT for purposes of calculating the 25,000-contract position and exercise limits.¹²

Per the Commission “rules regarding position and exercise limits 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 positions.”¹³ For this reason, the Commission requires that “position and exercise limits must be sufficient to prevent investors from disrupting the market for the underlying security by acquiring and exercising a number of

⁸ See Trader Update, dated Nov. 21, 2024, NYSE Options: Trading in Options on Bitcoin Exchange Traded Products, available here: <https://www.nyse.com/trader-update/history#110000945911>.

⁹ The exercise limit for options on IBIT is the same as the position limit for IBIT as determined by Rule 6.8-O. See Rule 6.9-O, Commentary .01 (providing that exercise limits will be “equivalent to the corresponding position limit for the same particular class of options as determined by Rule 6.8-O and Commentary thereto”).

¹⁰ See Rule 906G(b) (subject to the exceptions enumerated in the rule “there shall be no position limits for FLEX Equity options.”).

¹¹ The Exchange recently received approval to trade FLEX Equity Options on certain exchange-traded products that -- like IBIT -- hold bitcoin, thus removing these products from the prohibition set forth in Rule 5.32-O(f)(1). See Securities Exchange Act Release No. 103566 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-NYSEAMER-2024-78) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Permit the Trading of FLEX Options on Shares of the Grayscale Bitcoin Trust, the Grayscale Bitcoin Mini Trust ETF, and the Bitwise Bitcoin ETF).

¹² See proposed Rules 5.32-O(f)(1) (excluding IBIT options from the prohibition against FLEX trading); and 5.35-O(b)(iii) (specifying that the Exchange will aggregate any FLEX and non-FLEX IBIT option positions for purposes of calculating the position and exercise limits for IBIT, as set forth in Rules 6.8-O and 6.9-O).

¹³ See *supra* note 7, IBIT Approval Order, 89 FR 78946.

options contracts disproportionate to the deliverable supply and average trading volume of the underlying security.”¹⁴ Based on its review and analysis of IBIT data, the Commission concluded that the 25,000-contract position (and exercise) limit for non-FLEX IBIT options satisfied these objectives.¹⁵

As proposed, the Exchange will aggregate position (and exercise) limits for all IBIT options, thus limiting positions for options on all IBIT options -- FLEX and non-FLEX -- to 25,000 contracts. This proposed aggregated limit effectively restricts a market participant from holding positions that could result in the receipt of more than 2,500,000 shares, aggregated for FLEX IBIT and non-FLEX IBIT options (if that market participant exercised all its options). The Exchange believes that capping the aggregated position and exercise limits at 25,000 contracts, the lowest available limit, would be sufficient to address concerns related to manipulation and the protection of investors. The Exchange notes that this number is conservative and therefore appropriate given the liquidity of IBIT.¹⁶

While the Exchange proposes an aggregated 25,000-contract position and exercise limit for FLEX and non-FLEX IBIT options, it nonetheless believes that evidence exists to support a much higher position limit.¹⁷ In fact, the Commission recently approved a proposal by Nasdaq ISE, LLC (“ISE”) to remove 25,000-contract position and exercise limit on IBIT options and to instead allow IBIT options to qualify for increased limits (up to 250,000 contracts) pursuant to

¹⁴ See id.

¹⁵ See id.

¹⁶ See id.

¹⁷ See Phlx FLEX IBIT Approval Order, n. 21 (noting that, in the IBIT Approval Order, “the Commission stated that it considered and reviewed the ISE’s analysis that the exercisable risk associated with a position limit of 25,000 contracts represented only 0.4% of the outstanding shares of IBIT. The Commission stated that it also considered and reviewed the ISE’s statement that with a position limit of 25,000 contracts on the same side of the market and 611,040,00 shares of IBIT outstanding, 244 market participants would have to simultaneously exercise their positions to place IBIT under stress).

the generic limits for options.¹⁸

Despite the proposed addition of FLEX trading in IBIT options, the Exchange would continue to limit to 25,000 the number of IBIT options traded on the Exchange that an investor, acting alone or in concert with others directly or indirectly, may control and thereby mitigate potential manipulation. The Exchange believes that allowing FLEX IBIT options is consistent with the Act given FLEX trading is permitted today in other ETFs overlying a commodity such as SPDR Gold Shares (“GLD”) and iShares Silver Trust (“SLV”).¹⁹

Further, the Exchange believes that the share creation and redemption process unique to ETFs would mitigate any potential risk of manipulation in FLEX IBIT options. The creation and redemption process is designed to ensure that an ETF’s price closely tracks the value of its underlying asset(s). For example, if a market participant exercised a long call position for 25,000 contracts and purchased 2,500,000 shares of IBIT and this purchase resulted in the value of IBIT shares to trade at a premium to the value of the (underlying) bitcoin held by IBIT, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short IBIT shares while concurrently purchasing bitcoin. Those market participants (arbitrageurs) would then deliver cash to IBIT and receive shares of IBIT, which would be used to close out any previously established short position in IBIT. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of shares in IBIT and the value of bitcoin holdings.

¹⁸ See Securities Exchange Act Release No. 103564 (July 29, 2025), 90 FR ____ (August __, 2025) (SR-ISE-2024-62) (Order Approving a Proposed Rule Change, as Modified by Amendment Nos. 2 and 3, Regarding Position and Exercise Limits for Options on the iShares Bitcoin Trust ETF).

¹⁹ GLD and SLV, like IBIT, each hold one asset in trust.

The Exchange understands that FLEX Equity Options on ETFs are currently traded in the over-the-counter (“OTC”) market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds, to name a few. The Exchange believes there is room for significant growth if a comparable product were introduced for trading on a regulated market. The Exchange expects that users of these OTC products would be among the primary users of FLEX IBIT options. The Exchange also believes that the trading of FLEX IBIT options would allow these same market participants to better manage the risk associated with the volatility of IBIT (the underlying ETF) given the enhanced liquidity that an exchange-traded product would bring.

Additionally, the Exchange believes that FLEX IBIT options traded on the Exchange would have three important advantages over the contracts that are traded in the OTC market. First, as a result of greater standardization of contract terms, exchange-traded contracts should develop more liquidity. Second, counter-party credit risk would be mitigated by the fact that the contracts are issued and guaranteed by The Options Clearing Corporation (“OCC”). Finally, the price discovery and dissemination provided by the Exchange and its members would lead to more transparent markets. The Exchange believes that its ability to offer FLEX IBIT options would aid it in competing with the OTC market and at the same time expand the universe of products available to interested market participants. The Exchange believes that an exchange-traded alternative may provide a useful risk management and trading vehicle for market participants and their customers.

The Exchange has analyzed its capacity and represents that it and The Options Price Reporting Authority (“OPRA”) have the necessary systems capacity to handle the additional traffic associated with the listing of FLEX IBIT options. The Exchange believes any additional

traffic that would be generated from the trading of FLEX IBIT options would be manageable.

The Exchange believes OTP Holders and OTP Firms will not have a capacity issue as a result of this proposed rule change. The Exchange also represents that it does not believe this proposed rule change will cause fragmentation of liquidity. The Exchange will monitor the trading volume associated with the additional options series listed as a result of this proposed rule change and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

The Exchange represents that the same surveillance procedures applicable to the Exchange's other options products listed and traded on the Exchange, including non-FLEX IBIT options, will apply to FLEX IBIT options, and that it has the necessary systems capacity to support such options. FLEX options products (and their respective symbols) are integrated into the Exchange's existing surveillance system architecture and are thus subject to the relevant surveillance processes. The Exchange's market surveillance staff (including staff of the Financial Industry Regulatory Authority ("FINRA") who perform surveillance and investigative work on behalf of the Exchange pursuant a regulatory services agreement) conducts surveillances with respect to IBIT (the underlying ETFs) and, as appropriate, would review activity in applicable ETF when conducting surveillances for market abuse or manipulation in the FLEX IBIT options. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for non-FLEX IBIT options, or equity options in general, more susceptible to manipulative practices.

The Exchange represents that its existing trading surveillances are adequate to monitor the trading in IBIT, as well as any subsequent trading of FLEX IBIT options on the Exchange. Additionally, the Exchange is a member of the Intermarket Surveillance Group ("ISG") under

the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in IBIT and in other pertinent underlying securities on other exchanges through ISG. In addition, and as referenced above, the Exchange has a regulatory services agreement with FINRA, pursuant to which FINRA conducts certain surveillances on behalf of the Exchange. Further, pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.²⁰ The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of FLEX IBIT options.

The proposed rule change is designed to allow investors seeking to trade IBIT options to utilize FLEX IBIT options. The Exchange believes that offering innovative products flows to the benefit of the investing public. A robust and competitive market requires that exchanges respond to members' evolving needs by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange believes that introducing FLEX IBIT options would further broaden the base of investors that use FLEX Equity Options (and options on IBIT in general) to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. The proposed rule change is also designed to encourage market

²⁰ 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. 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.

makers to shift liquidity from the OTC market on the Exchange, which, it believes, will enhance the process of price discovery conducted on the Exchange through increased order flow.

As discussed herein, the Exchange does not believe that this proposed rule change raises any unique regulatory concerns because the proposal to aggregate FLEX and non-FLEX IBIT option positions at the (most conservative) 25,000-contract position and exercise limit, which currently applies solely to non-FLEX IBIT options, should provide an adequate safeguard.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Securities Exchange Act of 1934 (the “Act”),²¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,²² in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Specifically, the Exchange believes that introducing FLEX IBIT Options will increase order flow to the Exchange, increase the variety of options products available for trading, and provide a valuable tool for investors to manage risk. The proposed rule change is designed to allow investors seeking to trade IBIT options to utilize FLEX IBIT options.

The Exchange believes that the proposal to permit FLEX IBIT options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX IBIT options will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of bitcoin and provide a hedging

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(5).

vehicle to meet their investment needs in connection with a bitcoin-related product. Moreover, the proposal would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options. By trading a product in an exchange-traded environment (that is currently being used in the OTC market), the Exchange would be able to compete more effectively with the OTC market. The Exchange believes the proposed rule change is designed to prevent fraudulent and manipulative acts and practices in that it would lead to the migration of options currently trading in the OTC market to trading to the Exchange. Also, any migration to the Exchange from the OTC market would result in increased market transparency and enhance the process of price discovery conducted on the Exchange through increased order flow. The Exchange also believes that offering FLEX IBIT options may appeal to retail investors interested in options trading (both FLEX and non-FLEX) on IBIT.

Additionally, the Exchange believes the proposed rule change is designed to remove impediments to and to perfect the mechanism for a free and open market and a national market system, and, in general, to protect investors and the public interest in that it should create greater trading and hedging opportunities and flexibility. The proposed rule change should also result in enhanced efficiency in initiating and closing out positions and heightened contra-party creditworthiness due to the role of OCC as issuer and guarantor of FLEX IBIT options. Further, the proposed rule change would result in increased competition by permitting the Exchange to offer products that are currently used in the OTC market.

The Exchange does not believe that this proposed rule change raises any unique regulatory concerns because the proposal to aggregate any FLEX and non-FLEX IBIT options at the current (and most conservative) 25,000-contract limit should provide an adequate

safeguard. As noted herein, the purpose of position (and exercise) limits is 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 Exchange believes the proposal will benefit investors and public interest because the aggregated position and exercise limits for (FLEX and non-FLEX) IBIT options at 25,000 contracts, the lowest limit available in options, would address concerns related to manipulation and protection of investors as this number is conservative and therefore appropriate given the sufficient liquidity in IBIT.

The Exchange believes that offering innovative products benefits the investing public. A robust and competitive market requires that exchanges respond to the evolving needs of their members by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX IBIT options. The Exchange does not believe that allowing FLEX IBIT options would render the marketplace for equity options more susceptible to manipulative practices.

Finally, the Exchange represents that it has an adequate surveillance program in place to detect manipulative trading in FLEX IBIT options. Regarding the proposed FLEX IBIT options, the Exchange would use the same surveillance procedures utilized for FLEX Options currently listed on the Exchange (as well as for non-FLEX IBIT options). For surveillance purposes, the Exchange would have access to information regarding trading activity in IBIT (the underlying ETF). In light of surveillance measures related to both IBIT options and IBIT (the underlying ETF), 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 FLEX IBIT options.

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

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

Intra-market competition. The Exchange does not believe that its proposed rule change will impose any burden on intra-market competition as all market participants would have the option of utilizing the FLEX IBIT options. The proposed rule change is designed to allow investors seeking option exposure to bitcoin to trade FLEX IBIT options. Moreover, the Exchange believes that the proposal to permit FLEX IBIT options would broaden the base of investors that use FLEX Options to manage their trading and investment risk, including investors that currently trade in the OTC market for customized options.

Inter-market competition. The Exchange does not believe that its proposed rule change will impose any burden on inter-market competition as all market participants would have the option of utilizing the FLEX IBIT options. As noted herein, this proposal is competitive and would allow the Exchange to compete with competing options exchanges already authorized to trade FLEX IBIT options. The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues. The proposed rule change would support that intermarket competition by allowing the Exchange to offer additional functionality to OTP Holders and OTP Firms. The Exchange believes that the proposed FLEX IBIT options will increase the variety of options products available for trading in general and bitcoin-related products in particular and, as such, will provide a valuable tool for investors to manage risk.

As such, the Exchange believes that this proposal does not create an undue burden on intermarket competition. Rather, the Exchange believes that the proposed rule would bolster

intermarket competition by promoting fair competition among individual markets.

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

No written comments were solicited or received with respect to the proposed rule change.

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 Act²³ and Rule 19b-4(f)(6) thereunder.²⁴ Because the 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 prior to 30 days from the date on which it was filed, or such shorter time as the Commission may designate, if consistent with the protection of investors and the public interest, the proposed rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

A proposed rule change filed under Rule 19b-4(f)(6)²⁵ normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b-4(f)(6)(iii),²⁶ the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposal may become operative immediately upon filing.

At any time within 60 days of the filing of such 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

²³ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁴ 17 CFR 240.19b-4(f)(6).

²⁵ 17 CFR 240.19b-4(f)(6).

²⁶ 17 CFR 240.19b-4(f)(6)(iii).

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)²⁷ 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-NYSEARCA-2025-55 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-NYSEARCA-2025-55. 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

²⁷ 15 U.S.C. 78s(b)(2)(B).

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-NYSEARCA-2025-55 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.²⁸

Sherry R. Haywood,

Assistant Secretary.

²⁸

17 CFR 200.30-3(a)(12).

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

RULES OF THE NYSE ARCA, INC.

RULE 5-O OPTION CONTRACTS TRADED ON THE EXCHANGE

Section 4. Flexible Exchange (“FLEX”) Options

Rule 5.32-O. Terms of FLEX Options

(f) Special Terms for FLEX Equity Options

- (1) The Exchange may approve and open for trading any FLEX Equity Options series on any security that is eligible for Non-FLEX Options trading under Rule 5.3-O (except those set forth in Commentary .01 to Rule 5.3-O other than GBTC, BTC, [and] BITB, and IBIT), and that has Non-FLEX Options on such security listed and traded on at least one national securities exchange, even if the Exchange does not list and trade such Non-FLEX Options;

Rule 5.35-O. Position Limits for FLEX Options

(b) *FLEX Equity Options*. Except as provided in paragraphs (i) - (iii) below, there shall be no position limits for FLEX Equity Options. However, every OTP Holder or OTP Firm (other than a Market Maker) that maintains a position on the same side of the market in excess of the standard position limit established pursuant to Rule 6.8-O for Non-FLEX Equity Options overlying the same underlying issue on behalf of its own account or for the account of a customer shall report information on such FLEX Equity Option position, positions in any related instrument, the purpose or, strategy for the position, and the collateral used by the account. This report shall lie in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX Equity Option position in excess of the standard position limit established for Non-FLEX Equity Options overlying the same underlying issue, the Exchange may, pursuant to its authority under Exchange Rule 4.16-O(a), consider imposing additional margin upon the account maintaining such under-hedged position. It should be noted that the

clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirement.

(iii) FLEX GBTC, BTC, [and] BITB, and IBIT Options. Position limits on FLEX Equity Options for GBTC, BTC, [and] BITB, and IBIT will be aggregated with positions on the same non-FLEX underlying ETF for the purpose of calculating position and exercise limits on GBTC, BTC, [and] BITB, and IBIT options as set forth in Rules 6.8-O and 6.9-O.
