Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2025 - * 27
Amendment No. (req. for Amendments *)

Filing by Nasdaq ISE, LLC

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

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
✓	☐	☐	✓	☐	☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

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

Exhibit 2 Sent As Paper Document ☐
Exhibit 3 Sent As Paper Document ☐

Description

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

Amend Position and Exercise Limits For ETHA Options and Permit FLEX Trading

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 * [redacted] Last Name * [redacted]
Title * [redacted]
E-mail * [redacted]
Telephone * [redacted] Fax

Signature

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

Date 10/08/2025
By John A. Zecca (Name *)
(Title *) EVP and Chief Legal Officer

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.

Date: 2025.10.08 10:35:46 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View SR-ISE-2025-27. 19b4.docx	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 * Add Remove View SR-ISE-2025-27. Exhibit 1.docx	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies * Add Remove View	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 Add Remove View	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 Add Remove View	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 Add Remove View	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 Add Remove View SR-ISE-2025-27. Exhibit 5.docx	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 Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC ("ISE" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")[1] and Rule 19b-4 thereunder,[2] is filing with the Securities and Exchange Commission ("SEC" or "Commission") a proposed rule to amend Options 9, Sections 13 and 15 to propose an increase to the position and exercise limits for options on iShares Ethereum Trust ("ETHA"). The Exchange also proposes an amendment to Options 3A, Section 3, FLEX Option Listings, to permit FLEX Trading in options on ETHA.

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

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) The proposed rule change amends Nasdaq GEMX, LLC ("GEMX") and Nasdaq MRX, LLC ("MRX") Options 9, Sections 13 and 15. GEMX and MRX incorporate ISE Options 9, Sections 13 and 15 by reference.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the "Board"). Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

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

2 17 CFR 240.19b-4.

[redacted]

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

a. Purpose

The Exchange proposes to amend: (1) Options 9, Section 13, Position Limits, and Options 9, Section 15, Exercise Limits, to permit ETHA to increase its position and exercise limits for options on ETHA; and (2) Options 3A, Section 3, FLEX Option Listings, to permit FLEX Trading in options on ETHA. Each change will be discussed below.

Position and Exercise Limits

ETHA is an Exchange-Traded Fund ("ETF") that holds Ethereum and is listed on The Nasdaq Stock Market LLC.[3] On April 9, 2025, ISE received approval to list options on ETHA.[4] The position and exercise limits for ETHA options were set at 25,000 contracts as stated in Options 9, Sections 13 and 15, the lowest limit available in options.[5]

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."[6]

3 See Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (SR-NASDAQ-2023-045) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products).

4 See Securities Exchange Act Release No. 102798 (April 9, 2025), 90 FR 15757 (April 15, 2025) (SR-ISE-2024-35) (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) ("ETHA Approval Order").

5 See ETHA Approval Order.

6 See supra note 4, ETHA Approval Order, 90 FR 15763.

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."[7] Based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000 contract position limit for non-FLEX ETHA options satisfied these objectives.[8]

While the Exchange proposed an aggregated 25,000 contract position limit for ETHA options in its ETHA Approval Order, it nonetheless believed that evidence existed to support a much higher position limit. Specifically, the Commission considered and reviewed the Exchange's analysis in its ETHA Approval Order which stated that the exercisable risk associated with a position limit of 25,000 contracts represented less than 4.3524% of the outstanding shares of ETHA.[9] The Commission also considered and reviewed the Exchange's statement in its ETHA Approval Order that stated with a position limit of 25,000 contracts on the same side of the market and 57,440,000 shares of the Trust outstanding, approximately 22 market participants would have to simultaneously exercise their positions to place ETHA under stress.[10] Based on the Commission's review of that information and analysis, the Commission concluded that the proposed position and exercise limits of 25,000 contracts were designed 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

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7 See id.

8 See id.

9 See id. Data represents figures from October 22, 2024.

10 See id. Data represents figures from October 22, 2024.

average trading volume of the underlying security, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.[11]

Position limits, and exercise limits, are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in ISE Options 9, Sections 13 and 15, are intended 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. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

At this time, to achieve this balance, ISE proposes to remove ETHA from the table of position limits in Supplementary Material .01 to Options 9, Section 13 as well as the table of exercise limits in Supplementary Material .01 to Options 9, Section 15 so that options on ETHA may trade similar to all other options for which the Exchange has not filed to otherwise increase the position limits to levels outside of the limits of ISE Options 9, Section 13(d). As a result of removing ETHA from the aforementioned tables, options on ETHA would be subject to the position limits in Options 9, Section 13(d) and corresponding exercise limits.[12] Options 9, Section 13(d) provides for position limits of 25,000, 50,000, 75,000, 200,000 to 250,000 contracts that are based on the most recent six (6) month trading volume of the underlying security. Pursuant to Options 9, Section

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11 See id.

12 Options 9, Section 13(c) states that exercise limits shall be determined in the manner described in Options 9, Section 13.

13(e), every six (6) months, the Exchange will review the status of underlying securities to determine which limit should apply based on the criteria in Options 9, Section 13(d).[13] Removing the 25,000 contract limitation for ETHA from Supplementary Material .01 of Options 9, Sections 13 and 15 would allow ETHA to have a position and exercise limit of greater than 25,000 contracts based on the parameters of Options 9, Section 13(d) similar to the majority of options traded on the Exchange.

The Exchange performed additional analysis with respect to ETHA. First, ISE considered ETHA's market capitalization and average daily volume ("ADV"), and prospective position limit in relation to other securities. In measuring ETHA against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").[14] This pool of data took into consideration 3,837 options on single stock

13 A 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. To be eligible for the 50,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least twenty (20) million shares, or the most recent six (6) month trading volume of the underlying security must have totalled at least fifteen (15) million shares and the underlying security must have at least forty (40) million shares currently outstanding. To be eligible for the 75,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least forty (40) million shares or the most recent six (6) month trading volume of the underlying security must have totalled at least thirty (30) million shares and the underlying security must have at least 120 million shares currently outstanding. To be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least eighty (80) million shares or the most recent six (6) month trading volume of the underlying security must have totalled at least sixty (60) million shares and the underlying security must have at least 240 million shares currently outstanding. To be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totalled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding. See Options 9, Section 13(d).

14 The computations are based on OCC data from September 22, 2025. Data displaying zero values in market capitalization or ADV were removed.

securities, excluding broad based ETFs.[15] Next, the data was aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation[16] above the mean for each position limit category (i.e. 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).[17] This exercise was performed to demonstrate ETHA's position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for ETHA was $15,914,730,000[18] with an ADV, for the preceding 180 days prior to September 22, 2025, of 30,413,578 shares.

ADV Data	**25k**	**50k-52K**	**75k**	**200K**	**250k – 375K**	**450K-650K**	**750K-1.25mm**	**>2mm**
# of observations	461	416	618	242	2053	30	10	7
average	132321.57	235163.6226	509734.18	841918.72	4775653.48	5642930.33	10635080.6	50205543
median	82871	226666.5	460291.5	725930	2034164	3885309	6796056.5	24579479
min	3680	13899	40749	216929	19490	831836	2978671	11619600
max	17814711	603967	17482329	12254148	201249138	17984949	29325815	2.13E+08
standard deviation	828,042	84,111	710,041	1,051,555	10,159,806	4,633,053	7,932,019	67,295,249
ETHA rank	1	1	1	1	48	1	1	4

15 ETHA has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

16 The standard deviation added limited utility to the analysis given the size of the single stock securities greater than two million.

17 These buckets are based on OCC's current positions limits. See https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits. ISE Options 9, Section 13(d) sets out position limits for various contracts. For example, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split.

18 The market capitalization was determined by multiplying a Net Asset Value of $31.39 by the number of shares outstanding) 507,000,000. This figure was acquired as of September 22, 2025.

ETHA % rank	99.78%	99.76%	99.84%	99.59%	97.66%	96.77%	90.91%	50.00%

Market Cap Statistics	**25k**	**50k- 52K**	**75k**	**200K**	**250k – 375K**	**450K-650K**	**750K-1.25mm**	**>2mm**
# of observations	461	416	618	242	2053	30	10	7
average	1,007,520,531	2,464,343,468	3,992,511,695	5,171,751,213	28,688,338,310	37,742,244,761	179,955,279,374	915,980,231,570
median	339,106,498	769,523,459	1,217,087,833	1,968,792,306	3,608,694,412	18,460,292,643	59,294,185,791	88,656,192,303
min	6,795,099	9,793,046	8,429,118	1,344,717	2,606,704	1,800,390,060	1,699,688,247	19,015,094,513
max	68,939,030,394	72,989,960,658	176,864,955,730	96,272,102,932	3,823,992,443,677	319,121,188,080	819,768,552,364	4,461,723,000,000
Standard deviation	3,801,401,188	6,060,205,416	10,906,688,857	11,243,106,431	155,720,555,229	61,397,662,386	252,788,200,396	1,540,543,863,123
ETHA rank	5	12	27	14	498	16	8	8
ETHA % rank	98.92%	97.12%	95.64%	94.24%	75.75%	48.39%	27.27%	0.00%

Based on the above table, if ETHA were compared to the 10 stocks that have position limits of 250,000 contracts to less than 300,000 contracts it would rank in the 76th percentile for market capitalization and the 98th percentile for ADV.

The Exchange also analyzed the position limits for ETHA by regressing the median values from each position limit bucket of the market capitalization figures and 180-day ADV of all non-ETF equities. Employing the median figures from each bucket yielded the highest R^2 between the Dependent Variable (Position Limit) and the Independent Variables (market capitalization and 180-day ADV of the underlying security). These relationships are charted below (Figures 1 and 2). From these regressions, the Exchange constructed a two factor model and was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.[19] The below demonstrates the modeled position limit is 2,315,402 contracts.[20]

Figure 1

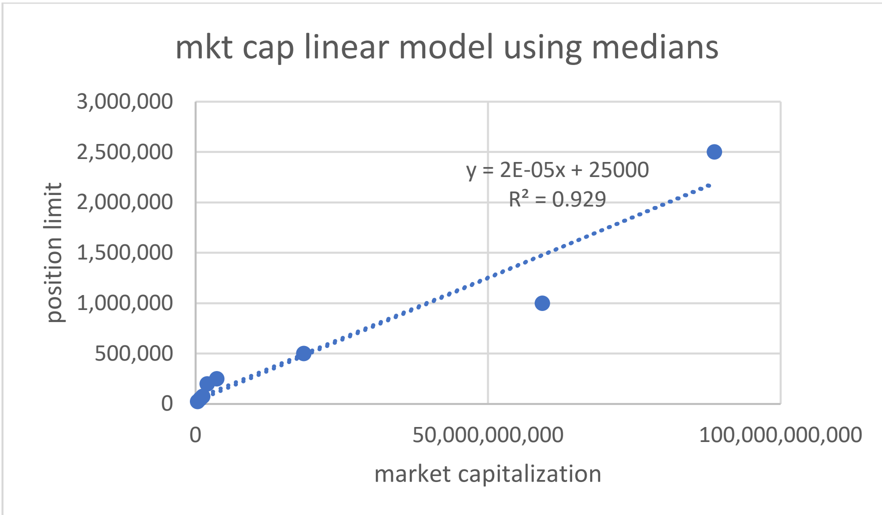
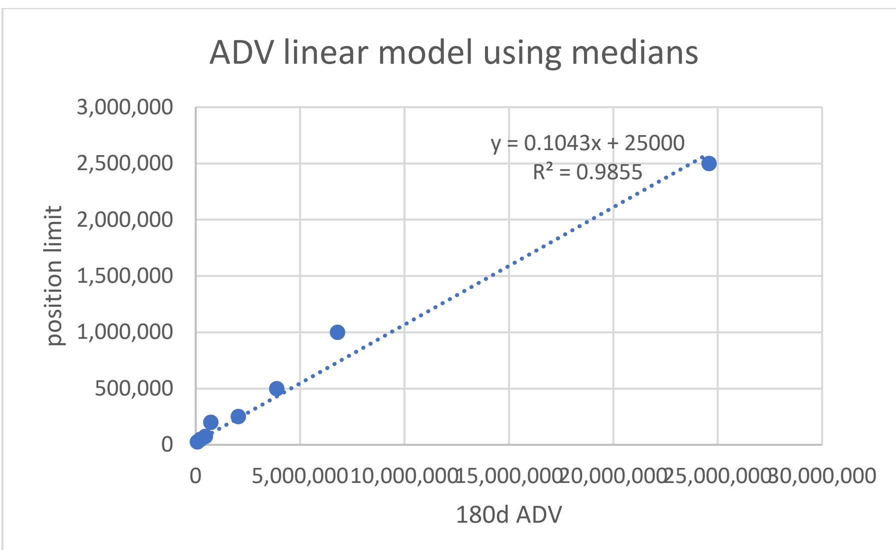


Figure 2



19 The Exchange utilized Excel's Data Analysis Package to model the position limit.

20 The Exchange utilized this formula to arrive at the number of contracts: ((15,914,730,000 mkt cap * 0.00000757992 market cap coefficient) + (30,413,578 ADV * .072164134 ADV coefficient)).

Two Factor model
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.999028761
R Square	0.998058465
Adjusted R Square	0.997281851
Standard Error	43913.88857
Observations	8

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	2	4.96E+12	2.48E+12	1285.141	1.66E-07
Residual	5	9.64E+09	1.93E+09		
Total	7	4.97E+12			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	59926.4823	18894.26	3.171677	0.024768	11357.24	108495.7	11357.24	108495.7
ADV median of bucket	0.072164134	0.005413	13.33234	4.25E-05	0.05825	0.086078	0.05825	0.086078
market cap median of bucket	7.57992E-06	1.33E-06	5.681216	0.002354	4.15E-06	1.1E-05	4.15E-06	1.1E-05

Second, ISE reviewed ETHA's data relative to the market capitalization of the entire Ethereum market in terms of exercise risk and availability of deliverables. As of September 22, 2025, the market capitalization for ETHA was $15,914,730,000[21] with an

[21] The market capitalization was determined by multiplying a Net Asset Value of $31.39 by the number of shares outstanding 507,000,000. This figure was acquired as of September 22, 2025. See https://www.ishares.com/us/products/337614/ishares-ethereum-trust-etf.

ADV, for the preceding six months prior to September 22, 2025, of 30,413,578 shares. Based on the criteria in Options 9, Section 13(d), ETHA would qualify for a position and exercise limit of 250,000 contracts. As of September 9, 2025, there are 120,705,000 Ethereum in circulation.[22] At a price of $4,293,[23] that equates to a market capitalization of greater than $518,186,565,000 US. If a position limit of 250,000 contracts were considered, the exercisable risk would represent 4.931%[24] of the outstanding shares outstanding of ETHA. Given ETHA's liquidity, a contract position limit of above 25,000 contracts is warranted. Since ETHA has a creation and redemption process managed through the issuer, the position limit can be compared to the total market capitalization of the entire Ethereum market and in that case, the exercisable risk for options on ETHA would represent less than 0.1514% of all Ethereum outstanding.[25] Assuming a scenario where all options on ETHA shares were exercised given the proposed 250,000 contract position limit (and exercise limit), this would have a virtually unnoticed impact on the entire Ethereum market. This analysis demonstrates that the proposed 250,000 per same side position and exercise limit is appropriate for options on ETHA given its liquidity.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent

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22 See https://www.coingecko.com/en/coins/ethereum.

23 This is the approximate price of Ethereum from noon ET on September 9, 2025.

24 This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 507,000,000 shares outstanding).

25 This number was arrived at with this calculation: ((250,000 limit * 100 shares per option * $31.39 NAV price on September 22, 2025) / (120,705,000 * $4,293 noon ET price on September 9, 2025)).

standard), ISE examined equivalent Ethereum futures position limits. In particular, ISE looked to the CME Ethereum futures contract[26] that has a position limit of 5,000 futures.[27] On September 8, 2025, CME Ethereum futures settled at $4,301.50.[28] On September 8, 2025, ETHA settled at $32.46, which would equate to greater than 53,006,778 shares of ETHA if the CME notional position limit was utilized. Since substantial portions of any distributed options portfolio is likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for Ethereum futures (considering that all options deltas are <=1.00) should be a bit higher than the CME implied 530,067 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).[29] Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.[30] If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position

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26 CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

27 See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

28 8,000 futures at a 50 Ethereum multiplier (per the contract specifications) equates to $1,720,600,(8,000 contracts * 50 Ether per contract * $4,301.50 price of September ETH future) of notional value.

29 See https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm.

30 Id.

limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation. Based on the aforementioned analysis, the Exchange believes that the proposed 250,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position and exercise limit of 250,000 for ETHA options against other options on ETFs with an underling commodity, namely SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and ProShares Bitcoin ETF ("BITO").[31] GLD has a float of 342 million shares[32] and a position limit of 250,000 contract. SLV has a float of 536 million shares,[33] and a position limit of 250,000 contracts. Finally, BITO has 142.76 million shares outstanding[34] and a position limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 7.31% of the float of GLD; a position limit exercise in SLV would represent 4.66% of the float of SLV, and a position limit exercise of BITO would represent 17.51% of the float of BITO. In comparison, a 250,000 contract position limit in ETHA would represent 4.004% of the float of ETHA. Consequently, the 250,000 contract limit proposed ETHA options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

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31 GLD, SLV and BITO each hold one asset in trust similar to ETHA.

32 See https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld.

33 See https://www.ishares.com/us/products/239855/ishares-silver-trust-fund.

34 See https://www.marketwatch.com/investing/fund/bito.

The Exchange believes that ETHA options have demonstrated that it has more than sufficient liquidity to garner an increased position and exercise limit of 250,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in ETHA. The Exchange states that, as a general principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

The Exchange believes that increasing the position (and exercise) limits for ETHA options would lead to a more liquid and competitive market environment for ETHA options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each Member that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.[35] Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will

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[35] OCC, through the Large Option Position Reporting ("LOPR") system, acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as FINRA, acting as its agent pursuant to a regulatory services agreement ("RSA").

remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.[36]

The Exchange also has no reason to believe that the growth in trading volume in ETHA will not continue. Rather, the Exchange expects continued options volume growth in ETHA as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in ETHA options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for ETHA options, market participants will find the 25,000 contract position limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes that ETHA's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or

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[36] See Options 9, Section 16.

manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,[37] which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.[38] In addition, Rule 15c3-1[39] imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

FLEX Trading

Today, pursuant to Options 3A, Section 3(a), ETHA options are not approved for FLEX trading.[40] Also, today, Options 3A, Section 18(b)(1)(A) provides that there shall be no position limits for FLEX Equity Options, other than as set forth in subparagraph

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37 17 CFR 240.13d-1.

38 See Options 9, Section 3 regarding margin requirements.

39 17 CFR 240.15c3-1.

40 See Options 3A, Section 3(a).

(b)(1)(B) and paragraph (c) to Options 3A, Section 18.[41] Therefore, the current 25,000 contract position limit in Options 9, Section 13 and exercise limit in Options 9, Section 15 for ETHA options currently applies to non-FLEX ETHA options.

At this time, the Exchange proposes to permit ETHA options to transact as FLEX Equity Options. Specifically, the Exchange proposes to permit physically-delivered ETHA FLEX Equity Options to trade subject to no position and exercise limits, similar to the vast majority of options on ETFs, and similar to most other FLEX Equity Options on ETFs, to aggregate non-FLEX ETHA options and ETHA FLEX Equity Options where the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii). Of note, while current subparagraph (b)(1)(B) to Options 3A, Section 18 provides that position limits for cash-settled FLEX Equity Options where the underlying security is an ETF shall be subject to the position limits in Options 9, Section 13, and exercise limits in Options 9, Section 15, ETHA does not currently meet the requirements for cash-settled FLEX Trading. Specifically, the Exchange proposes to amend Options 3A, Section 3(a) to remove the reference to ETHA.

Despite the addition of FLEX trading in ETHA options, the Exchange would continue to limit the number of ETHA options contracts traded on the exchange in an

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41 Subparagraph (b)(1)(B) to Options 3A, Section 18 currently provides that position limits for FLEX Equity Options where the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii) above shall be subject to the position limits set forth in Options 9, Section 13, and subject to the exercise limits set forth in Options 9, Section 15. Positions in such cash-settled FLEX Equity Options shall be aggregated with positions in physically settled options on the same underlying ETF for the purpose of calculating the position limits set forth in Options 9, Section 13 and the exercise limits set forth in Options 9, Section 15. Paragraph (c) to Options 3A, Section 18 currently describes the aggregation of FLEX positions and states that for purposes of the position limits and reporting requirements set forth in this Section 18, FLEX Option positions shall not be aggregated with positions in non-FLEX Options other than as provided below and in subparagraph (b)(1)(B) above, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

underlying security that an investor, acting alone or in concert with others directly or indirectly, may control and thereby mitigate potential manipulation. The Exchange believes that it is consistent with the Act to allow FLEX trading in ETHA given FLEX trading is permitted today in other ETFs overlying a commodity such as GLD, SLV, and BITO.[42]

Further, the Exchange believes that the share creation and redemption process unique to ETFs would mitigate any potential risk of manipulation in FLEX trading in ETHA 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 ETHA and this purchase resulted in the value of ETHA shares to trade at a premium to the value of the (underlying) Etheruem held by ETHA, the Exchange believes that other market participants would attempt to arbitrage this price difference by selling short ETHA shares while concurrently purchasing Ethereum. Those market participants (arbitrageurs) would then deliver cash to ETHA and receive shares of ETHA, which would be used to close out any previously established short position in ETHA. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of ETHA shares and the value of Ethereum holdings. The Exchange understands that FLEX Options on ETFs are currently traded in the OTC market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds. The Exchange believes there is room for significant growth if a comparable FLEX product were introduced for trading on a regulated market. The

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[42] GLD, SLV and BITO each hold one asset in trust similar to ETHA.

Exchange expects that users of these OTC products would be among the primary users of FLEX ETHA options. The Exchange also believes that the trading of FLEX ETHA options would allow these same market participants to better manage the risk associated with the volatility of ETHA (the underlying ETF) positions given the enhanced liquidity that an exchange-traded product would bring.

Additionally, the Exchange believes that FLEX ETHA 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 fungibility, exchange-traded contracts should develop more liquidity because each FLEX contract can be closed with a liquidating transaction as compared to OTC FLEX contracts which must be held until expiration. Second, counterparty credit risk would be mitigated by the fact that the exchange-traded contracts are issued and guaranteed by 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 ETHA 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. Additionally, FLEX options serve two primary client types in the capital markets: (1) ETF and structured return issuers who seek European-style[43] options with bespoke strike and expirations, such that they can tailor their returns more precisely than they could with standard American-style

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[43] The term "European-style option" means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date. See Options 1, Section 1(a)(15).

options;[44] and (2) with respect to stock lending, certain investors (e.g. banks and hedge funds) may seek to align their contract durations for calls and puts, and thereby prefer European-style exercise, which can be exercised only on its expiration date, as compared to American-style, which can be exercised on any business day prior to its expiration date and on its expiration date.

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 ETHA options. The Exchange believes any additional traffic that would be generated from the trading of FLEX ETHA options would be manageable. The Exchange believes Members 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 ETHA options, will apply to FLEX ETHA 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

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44 The term "American-style option" means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. Today, non-FLEX equity options settle American-style. See Options 1, Section 1(a)(3).

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 ETHA (the underlying ETF) and, as appropriate, would review activity in ETHA when conducting surveillances for market abuse or manipulation in ETHA options.[45] The Exchange does not believe that allowing FLEX ETHA options would render the marketplace for non-FLEX ETHA 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 ETHA (as well as FLEX ETHA) on the Exchange. 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. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities. 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

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[45] See ETHA Approval Order, 90 FR at 15761.

surveillances.[46] The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of ETHA options.

The proposed rule change is designed to allow investors seeking to trade options on ETHA to utilize FLEX ETHA 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 ETHA options. The Exchange believes that introducing FLEX ETHA options would further broaden the base of investors that use FLEX Options (and options on ETHA 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.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the

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[46] 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.

Act,[47] in general, and furthers the objectives of Section 6(b)(5) of the Act,[48] in particular, in that it is designed to prevent fraudulent and manipulative acts and practices, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest. Additionally, the Exchange believes the proposed rule change is consistent with the Section (6)(b)(5)[49] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Position and Exercise Limits

The Exchange believes that removing ETHA from the table of position limits in Supplementary .01 to Options 9, Section 13 and the table of exercise limits in Supplementary .01 to Options 9, Section 15, so its position limit would be reviewed similar to all other options for which the Exchange has not filed to otherwise establish the position limits to levels outside of the position limits of ISE Options 9, Section 13(d) is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for

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47 15 U.S.C. 78f(b).

48 15 U.S.C. 78f(b)(5).

49 15 U.S.C. 78(f)(b)(5).

ETHA options may allow Market Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in ETHA options. Subjecting options on ETHA to the position limits in Options 9, Sections 13 and corresponding exercise limits in Options 9, Section 15 may also encourage other liquidity providers to continue to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this amendment would allow institutional investors to utilize ETHA options for prudent risk management purposes. The Exchange notes that ETHA's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

In addition, the Exchange believes that the current liquidity in ETHA will mitigate concerns regarding potential manipulation of ETHA options and/or disruption of ETHA upon amending the table of position limits in Supplementary .01 to Options 9, Section 13 and the table of exercise limits in Supplementary .01 to Options 9, Section 15.

Additionally, the Exchange's modelling that regressed the median values from each position limit bucket of the market capitalization figures and 180-day ADV of all non-ETF equities demonstrated that removing the 25,000 position and exercise limitation is appropriate. Comparing ETHA's data relative to the market capitalization of the entire Ethereum market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 250,000 contracts were considered, the exercisable risk would represent 4.931%[50] of the shares outstanding of ETHA. Since

[50] This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 507,000,000 shares outstanding).

ETHA has a creation and redemption process managed through the issuer (whereby Ethereum is used to create ETHA shares), the position limit can be compared to the total market capitalization of the entire Ethereum market and in that case, the exercisable risk for options on ETHA would represent less than 0.1514% of all Ethereum outstanding.[51] Comparing the proposed position limit to position limits for equivalent Ethereum futures position limits, the analysis demonstrated that a 250,000 contracts position and exercise limits would be appropriate.

Comparing a position limit of 250,000 for ETHA options against other options on ETFs with an underling commodity, namely GLD, SLV and BITO, a position limit exercise in GLD would represent 7.31% of the float of GLD; a position limit exercise in SLV would represent 4.66% of the float of SLV, and a position limit exercise of BITO would represent 17.51% of the float of BITO. In comparison, a 250,000 contract position limit in ETHA would represent 4.004% of the float of ETHA. Consequently, the 250,000 contract limit proposed ETHA options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable

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[51] This number was arrived at with this calculation: ((250,000 limit * 100 shares per option * $31.39 NAV price on September 22, 2025) / (120,705,000 * $4,293 noon ET price on September 9, 2025)).

principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

FLEX Trading

The Exchange believes that introducing FLEX ETHA 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 options on ETHA to utilize FLEX ETHA options.

The Exchange believes that the proposal to permit FLEX ETHA options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX ETHA options will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Ethereum and provide a hedging vehicle to meet their investment needs in connection with a Ethereum-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 ETHA options may open up the market for options on ETHA to more retail investors. Additionally, offering FLEX would serve two primary client types in the capital markets by permitting ETF and structured return issuers to more precisely tailor their settlement style and allow other investors to align their contract durations for calls and puts, as well as settlement-style.

Further, 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 ETHA 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 purpose of position 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. Today, the vast majority of ETFs are permitted to trade FLEX as proposed herein. 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 evolving needs in the market by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX ETHA options. The Exchange does not believe that allowing FLEX ETHA 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 ETHA options. Regarding the proposed FLEX ETHA options, the Exchange would use the same surveillance procedures currently utilized for FLEX Options listed on the Exchange (as well as for non-FLEX ETHA options). For surveillance purposes, the Exchange would have access to information regarding trading activity in ETHA (the underlying ETF).[52] In light of surveillance measures related to both options and ETHA (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 ETHA options.

Finally, the Exchange believes that it is consistent with the Act to allow physically-delivered FLEX trading in ETHA with no position or exercise limits given FLEX trading is permitted today in the same manner in other ETFs overlying a commodity such as GLD, SLV and BITO.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The

52 See ETHA Approval Order, 90 FR at 15761.

Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Position and Exercise Limits

The Exchange's proposal does not burden intra-market competition because all Members would be subject to the position limits in Options 9, Sections 13(d) and corresponding exercise limits in Options 9, Section 15. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for equity options on the Exchange.

FLEX Trading

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 ETHA options. The proposed rule change is designed to allow investors seeking option exposure to Ethereum to trade FLEX ETHA options. Moreover, the Exchange believes that the proposal to permit FLEX ETHA 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.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

The Exchange does not consent 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)

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34- ; File No. SR-ISE-2025-27]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change to Amend Position and Exercise Limits For ETHA Options and Permit FLEX Trading

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 October 8, 2025, Nasdaq ISE, LLC ("ISE" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend Options 9, Sections 13 and 15 to propose an increase to the position and exercise limits for options on iShares Ethereum Trust ("ETHA"). The Exchange also proposes an amendment to Options 3A, Section 3, FLEX Option Listings, to permit FLEX Trading in options on ETHA.

The text of the proposed rule change is available on the Exchange's Website at https://listingcenter.nasdaq.com/rulebook/ise/rulefilings, and at the principal office of the Exchange.

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

2 17 CFR 240.19b-4.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend: (1) Options 9, Section 13, Position Limits, and Options 9, Section 15, Exercise Limits, to permit ETHA to increase its position and exercise limits for options on ETHA; and (2) Options 3A, Section 3, FLEX Option Listings, to permit FLEX Trading in options on ETHA. Each change will be discussed below.

Position and Exercise Limits

ETHA is an Exchange-Traded Fund ("ETF") that holds Ethereum and is listed on The Nasdaq Stock Market LLC.[3] On April 9, 2025, ISE received approval to list options on ETHA.[4] The position and exercise limits for ETHA options were set at 25,000 contracts as stated in Options 9, Sections 13 and 15, the lowest limit available in options.[5]

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3 See Securities Exchange Act Release No. 100224 (May 23, 2024), 89 FR 46937 (May 30, 2024) (SR-NASDAQ-2023-045) (Order Granting Accelerated Approval of Proposed Rule Changes, as Modified by Amendments Thereto, To List and Trade Shares of Ether-Based Exchange-Traded Products).

4 See Securities Exchange Act Release No. 102798 (April 9, 2025), 90 FR 15757 (April 15, 2025) (SR-ISE-2024-35) (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) ("ETHA Approval Order").

5 See ETHA Approval Order.

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."[6] 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."[7] Based on its review of the data and analysis provided by the Exchange, the Commission concluded that the 25,000 contract position limit for non-FLEX ETHA options satisfied these objectives.[8]

While the Exchange proposed an aggregated 25,000 contract position limit for ETHA options in its ETHA Approval Order, it nonetheless believed that evidence existed to support a much higher position limit. Specifically, the Commission considered and reviewed the Exchange's analysis in its ETHA Approval Order which stated that the exercisable risk associated with a position limit of 25,000 contracts represented less than 4.3524% of the outstanding shares of ETHA.[9] The Commission also considered and reviewed the Exchange's statement in its ETHA Approval Order that stated with a position limit of 25,000 contracts on the same side of the market and 57,440,000 shares of the Trust outstanding, approximately 22 market participants would have to simultaneously exercise their positions to place ETHA under stress.[10] Based on the Commission's review of that information and analysis, the Commission

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6 See supra note 4, ETHA Approval Order, 90 FR 15763.

7 See id.

8 See id.

9 See id. Data represents figures from October 22, 2024.

10 See id. Data represents figures from October 22, 2024.

concluded that the proposed position and exercise limits of 25,000 contracts were designed 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, and to prevent the establishment of options positions that can be used or might create incentives to manipulate or disrupt the underlying market so as to benefit the options position.[11]

Position limits, and exercise limits, are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. These limits, which are described in ISE Options 9, Sections 13 and 15, are intended 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. Position and exercise limits must balance concerns regarding mitigating potential manipulation and the cost of inhibiting potential hedging activity that could be used for legitimate economic purposes.

At this time, to achieve this balance, ISE proposes to remove ETHA from the table of position limits in Supplementary Material .01 to Options 9, Section 13 as well as the table of exercise limits in Supplementary Material .01 to Options 9, Section 15 so that options on ETHA may trade similar to all other options for which the Exchange has not filed to otherwise increase the position limits to levels outside of the limits of ISE Options 9, Section 13(d). As a result of removing ETHA from the aforementioned tables, options on ETHA would be subject to the position limits in Options 9, Section 13(d) and corresponding exercise limits.[12] Options 9,

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11 See id.

12 Options 9, Section 13(c) states that exercise limits shall be determined in the manner described in Options 9, Section 13.

Section 13(d) provides for position limits of 25,000, 50,000, 75,000, 200,000 to 250,000 contracts that are based on the most recent six (6) month trading volume of the underlying security. Pursuant to Options 9, Section 13(e), every six (6) months, the Exchange will review the status of underlying securities to determine which limit should apply based on the criteria in Options 9, Section 13(d).[13] Removing the 25,000 contract limitation for ETHA from Supplementary Material .01 of Options 9, Sections 13 and 15 would allow ETHA to have a position and exercise limit of greater than 25,000 contracts based on the parameters of Options 9, Section 13(d) similar to the majority of options traded on the Exchange.

The Exchange performed additional analysis with respect to ETHA. First, ISE considered ETHA's market capitalization and average daily volume ("ADV"), and prospective position limit in relation to other securities. In measuring ETHA against other securities, ISE aggregated market capitalization and volume data for securities that have defined position limits utilizing data from The Options Clearing Corporations ("OCC").[14] This pool of data took into

13 A 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. To be eligible for the 50,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least twenty (20) million shares, or the most recent six (6) month trading volume of the underlying security must have totalled at least fifteen (15) million shares and the underlying security must have at least forty (40) million shares currently outstanding. To be eligible for the 75,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least forty (40) million shares or the most recent six (6) month trading volume of the underlying security must have totalled at least thirty (30) million shares and the underlying security must have at least 120 million shares currently outstanding. To be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least eighty (80) million shares or the most recent six (6) month trading volume of the underlying security must have totalled at least sixty (60) million shares and the underlying security must have at least 240 million shares currently outstanding. To be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totalled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding. See Options 9, Section 13(d).

14 The computations are based on OCC data from September 22, 2025. Data displaying zero values in market capitalization or ADV were removed.

consideration 3,837 options on single stock securities, excluding broad based ETFs.[15] Next, the data was aggregated based on market capitalization and ADV and grouped by option symbol and position limit utilizing statistical thresholds for ADV, based on 180 days, and market capitalization that were one standard deviation[16] above the mean for each position limit category (i.e. 25,000, 50,000 to 52,000, 75,000, 200,000, 250,000 to 375,000, 450,000 to 650,000, 750,000 to 1,250,000 and, and greater than or equal to 2,000,000).[17] This exercise was performed to demonstrate ETHA's position limit relative to other options symbols in terms of market capitalization and ADV. For reference, the market capitalization for ETHA was $15,914,730,000[18] with an ADV, for the preceding 180 days prior to September 22, 2025, of 30,413,578 shares.

ADV Data	25k	50k- 52K	75k	200K	250k – 375K	450K-650K	750K-1.25mm	>2mm
# of observations	461	416	618	242	2053	30	10	7
average	132321.57	235163.6226	509734.18	841918.72	4775653.48	5642930.33	10635080.6	50205543
median	82871	226666.5	460291.5	725930	2034164	3885309	6796056.5	24579479
min	3680	13899	40749	216929	19490	831836	2978671	11619600
max	17814711	603967	17482329	12254148	201249138	17984949	29325815	2.13E+08
standard deviation	828,042	84,111	710,041	1,051,555	10,159,806	4,633,053	7,932,019	67,295,249
ETHA rank	1	1	1	1	48	1	1	4

15 ETHA has one asset and therefore is not comparable to a broad based ETF where there are typically multiple components.

16 The standard deviation added limited utility to the analysis given the size of the single stock securities greater than two million.

17 These buckets are based on OCC's current positions limits. See https://www.theocc.com/market-data/market-data-reports/series-and-trading-data/position-limits. ISE Options 9, Section 13(d) sets out position limits for various contracts. For example, a 25,000 contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit. The Exchange notes that position limits may also be higher due to corporate actions in the underlying equities, such as a stock split.

18 The market capitalization was determined by multiplying a Net Asset Value of $31.39 by the number of shares outstanding) 507,000,000. This figure was acquired as of September 22, 2025.

ETHA % rank	99.78%	99.76%	99.84%	99.59%	97.66%	96.77%	90.91%	50.00%

Market Cap Statistics	**25k**	**50k- 52K**	**75k**	**200K**	**250k – 375K**	**450K-650K**	**750K-1.25mm**	**>2mm**
# of observations	461	416	618	242	2053	30	10	7
average	1,007,520,531	2,464,343,468	3,992,511,695	5,171,751,213	28,688,338,310	37,742,244,761	179,955,279,374	915,980,231,570
median	339,106,498	769,523,459	1,217,087,833	1,968,792,306	3,608,694,412	18,460,292,643	59,294,185,791	88,656,192,303
min	6,795,099	9,793,046	8,429,118	1,344,717	2,606,704	1,800,390,060	1,699,688,247	19,015,094,513
max	68,939,030,394	72,989,960,658	176,864,955,730	96,272,102,932	3,823,992,443,677	319,121,188,080	819,768,552,364	4,461,723,000,000
Standard deviation	3,801,401,188	6,060,205,416	10,906,688,857	11,243,106,431	155,720,555,229	61,397,662,386	252,788,200,396	1,540,543,863,123
ETHA rank	5	12	27	14	498	16	8	8
ETHA % rank	98.92%	97.12%	95.64%	94.24%	75.75%	48.39%	27.27%	0.00%

Based on the above table, if ETHA were compared to the 10 stocks that have position limits of 250,000 contracts to less than 300,000 contracts it would rank in the 76th percentile for market capitalization and the 98th percentile for ADV.

The Exchange also analyzed the position limits for ETHA by regressing the median values from each position limit bucket of the market capitalization figures and 180-day ADV of all non-ETF equities. Employing the median figures from each bucket yielded the highest R^2 between the Dependent Variable (Position Limit) and the Independent Variables (market capitalization and 180-day ADV of the underlying security). These relationships are charted below (Figures 1 and 2). From these regressions, the Exchange constructed a two factor model and was able to determine the implied coefficients to create a formulaic method for determining an appropriate position limit.[19] The below demonstrates the modeled position limit is 2,315,402 contracts.[20]

Figure 1

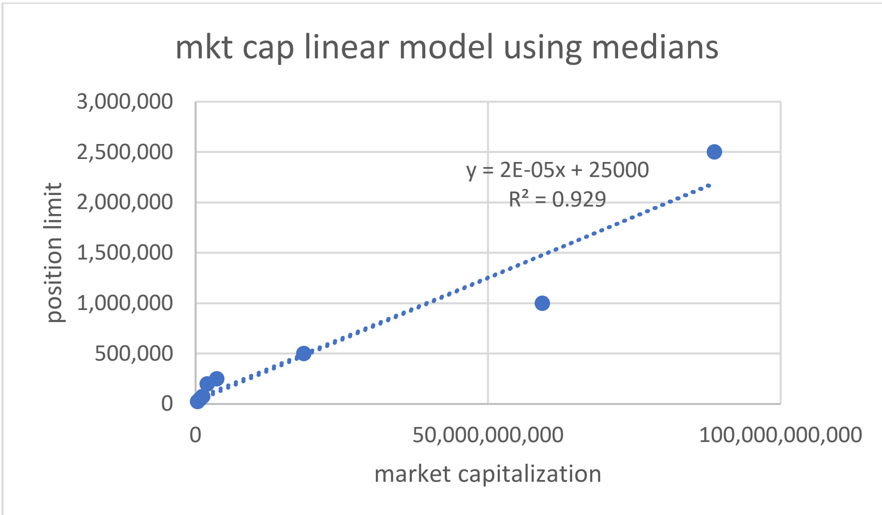
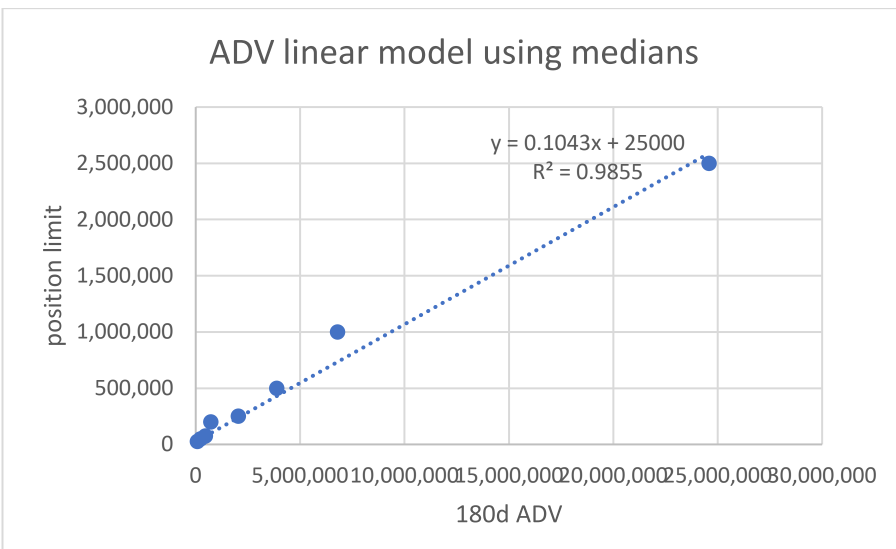


Figure 2



19 The Exchange utilized Excel's Data Analysis Package to model the position limit.

20 The Exchange utilized this formula to arrive at the number of contracts: ((15,914,730,000 mkt cap * 0.00000757992 market cap coefficient) + (30,413,578 ADV * .072164134 ADV coefficient)).

Two Factor model
SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.999028761
R Square	0.998058465
Adjusted R Square	0.997281851
Standard Error	43913.88857
Observations	8

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	2	4.96E+12	2.48E+12	1285.141	1.66E-07
Residual	5	9.64E+09	1.93E+09		
Total	7	4.97E+12			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	59926.4823	18894.26	3.171677	0.024768	11357.24	108495.7	11357.24	108495.7
ADV median of bucket	0.072164134	0.005413	13.33234	4.25E-05	0.05825	0.086078	0.05825	0.086078
market cap median of bucket	7.57992E-06	1.33E-06	5.681216	0.002354	4.15E-06	1.1E-05	4.15E-06	1.1E-05

Second, ISE reviewed ETHA's data relative to the market capitalization of the entire Ethereum market in terms of exercise risk and availability of deliverables. As of September 22, 2025, the market capitalization for ETHA was $15,914,730,000[21] with an ADV, for the preceding six months prior to September 22, 2025, of 30,413,578 shares. Based on the criteria in

[21] The market capitalization was determined by multiplying a Net Asset Value of $31.39 by the number of shares outstanding 507,000,000. This figure was acquired as of September 22, 2025. See https://www.ishares.com/us/products/337614/ishares-ethereum-trust-etf.

Options 9, Section 13(d), ETHA would qualify for a position and exercise limit of 250,000 contracts. As of September 9, 2025, there are 120,705,000 Ethereum in circulation.[22] At a price of $4,293,[23] that equates to a market capitalization of greater than $518,186,565,000 US. If a position limit of 250,000 contracts were considered, the exercisable risk would represent 4.931%[24] of the outstanding shares outstanding of ETHA. Given ETHA's liquidity, a contract position limit of above 25,000 contracts is warranted. Since ETHA has a creation and redemption process managed through the issuer, the position limit can be compared to the total market capitalization of the entire Ethereum market and in that case, the exercisable risk for options on ETHA would represent less than 0.1514% of all Ethereum outstanding.[25] Assuming a scenario where all options on ETHA shares were exercised given the proposed 250,000 contract position limit (and exercise limit), this would have a virtually unnoticed impact on the entire Ethereum market. This analysis demonstrates that the proposed 250,000 per same side position and exercise limit is appropriate for options on ETHA given its liquidity.

Third, ISE reviewed the proposed position limit by comparing it to position limits for derivative products regulated by the Commodity Futures Trading Commission ("CFTC"). While the CFTC, through the relevant Designated Contract Markets, only regulates options positions based upon delta equivalents (creating a less stringent standard), ISE examined equivalent Ethereum futures position limits. In particular, ISE looked to the CME Ethereum futures

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22 See https://www.coingecko.com/en/coins/ethereum.

23 This is the approximate price of Ethereum from noon ET on September 9, 2025.

24 This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 507,000,000 shares outstanding).

25 This number was arrived at with this calculation: ((250,000 limit * 100 shares per option * $31.39 NAV price on September 22, 2025) / (120,705,000 * $4,293 noon ET price on September 9, 2025)).

contract[26] that has a position limit of 5,000 futures.[27] On September 8, 2025, CME Ethereum futures settled at $4,301.50.[28] On September 8, 2025, ETHA settled at $32.46, which would equate to greater than 53,006,778 shares of ETHA if the CME notional position limit was utilized. Since substantial portions of any distributed options portfolio is likely to be out of the money on expiration, an options position limit equivalent to the CME position limit for Ethereum futures (considering that all options deltas are <=1.00) should be a bit higher than the CME implied 530,067 limit. Of note, unlike options contracts, CME position limits are calculated on a net futures-equivalent basis by contract and include contracts that aggregate into one or more base contracts according to an aggregation ratio(s).[29] Therefore, if a portfolio includes positions in options on futures, CME would aggregate those positions into the underlying futures contracts in accordance with a table published by CME on a delta equivalent value for the relevant spot month, subsequent spot month, single month and all month position limits.[30] If a position exceeds position limits because of an option assignment, CME permits market participants to liquidate the excess position within one business day without being considered in violation of its rules. Additionally, if at the close of trading, a position that includes options exceeds position limits for futures contracts, when evaluated using the delta factors as of that day's close of trading, but does not exceed the limits when evaluated using the previous day's delta factors, then the position shall not constitute a position limit violation.

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26 CME Bitcoin Futures are described in Chapter 350 of CME's Rulebook.

27 See the Position Accountability and Reportable Level Table in the Interpretations & Special Notices Section of Chapter 5 of CME's Rulebook.

28 8,000 futures at a 50 Ethereum multiplier (per the contract specifications) equates to $1,720,600,(8,000 contracts * 50 Ether per contract * $4,301.50 price of September ETH future) of notional value.

29 See https://www.cmegroup.com/education/courses/market-regulation/position-limits/position-limits-aggregation-of-contracts-and-table.htm.

30 Id.

Based on the aforementioned analysis, the Exchange believes that the proposed 250,000 contracts for position and exercise limits is appropriate.

Fourth, ISE analyzed a position and exercise limit of 250,000 for ETHA options against other options on ETFs with an underling commodity, namely SPDR Gold Shares ("GLD"), iShares Silver Trust ("SLV"), and ProShares Bitcoin ETF ("BITO").[31] GLD has a float of 342 million shares[32] and a position limit of 250,000 contract. SLV has a float of 536 million shares,[33] and a position limit of 250,000 contracts. Finally, BITO has 142.76 million shares outstanding[34] and a position limit of 250,000 contracts. As previously noted, position and exercise limits are designed to limit the number of options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control. A position limit exercise in GLD would represent 7.31% of the float of GLD; a position limit exercise in SLV would represent 4.66% of the float of SLV, and a position limit exercise of BITO would represent 17.51% of the float of BITO. In comparison, a 250,000 contract position limit in ETHA would represent 4.004% of the float of ETHA. Consequently, the 250,000 contract limit proposed ETHA options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

The Exchange believes that ETHA options have demonstrated that it has more than sufficient liquidity to garner an increased position and exercise limit of 250,000 contracts. The Exchange believes that any concerns related to manipulation and protection of investors are mollified by the significant liquidity provision in ETHA. The Exchange states that, as a general

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31 GLD, SLV and BITO each hold one asset in trust similar to ETHA.

32 See https://www.ssga.com/us/en/intermediary/etfs/spdr-gold-shares-gld.

33 See https://www.ishares.com/us/products/239855/ishares-silver-trust-fund.

34 See https://www.marketwatch.com/investing/fund/bito.

principle, increases in active trading volume and deep liquidity of the underlying securities do not lead to manipulation and/or disruption.

The Exchange believes that increasing the position (and exercise) limits for ETHA options would lead to a more liquid and competitive market environment for ETHA options, which will benefit customers that trade these options. Further, the reporting requirement for such options would remain unchanged. Thus, the Exchange will still require that each Member that maintains positions in impacted options on the same side of the market, for its own account or for the account of a customer, report certain information to the Exchange. This information includes, but would not be limited to, the options' positions, whether such positions are hedged and, if so, a description of the hedge(s). Market Makers would continue to be exempt from this reporting requirement, however, the Exchange may access Market Maker position information.[35] Moreover, the Exchange's requirement that Members file reports with the Exchange for any customer who held aggregate large long or short positions on the same side of the market of 200 or more option contracts of any single class for the previous day will remain at this level and will continue to serve as an important part of the Exchange's surveillance efforts.[36]

The Exchange also has no reason to believe that the growth in trading volume in ETHA will not continue. Rather, the Exchange expects continued options volume growth in ETHA as opportunities for investors to participate in the options markets increase and evolve. The Exchange believes that the current position and exercise limits in ETHA options are restrictive and will hamper the listed options markets from being able to compete fairly and effectively with

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35 OCC, through the Large Option Position Reporting ("LOPR") system, acts as a centralized service provider for Member compliance with position reporting requirements by collecting data from each Member, consolidating the information, and ultimately providing detailed listings of each Member's report to the Exchange, as well as FINRA, acting as its agent pursuant to a regulatory services agreement ("RSA").

36 See Options 9, Section 16.

the over-the-counter ("OTC") markets. OTC transactions occur through bilateral agreements, the terms of which are not publicly disclosed to the marketplace. As such, OTC transactions do not contribute to the price discovery process on a public exchange or other lit markets. The Exchange believes that without the proposed changes to position and exercise limits for ETHA options, market participants will find the 25,000 contract position limit an impediment to their business and investment objectives as well as an impediment to efficient pricing. As such, market participants may find the less transparent OTC markets a more attractive alternative to achieve their investment and hedging objectives, leading to a retreat from the listed options markets, where trades are subject to reporting requirements and daily surveillance. However, the Exchange notes that ETHA's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

The Exchange believes that the existing surveillance procedures and reporting requirements at the Exchange are capable of properly identifying disruptive and/or manipulative trading activity. The Exchange also represents that it has adequate surveillances in place to detect potential manipulation, as well as reviews in place to identify continued compliance with the Exchange's listing standards. These procedures monitor market activity via automated surveillance techniques to identify unusual activity in both options and the underlyings, as applicable. The Exchange also notes that large stock holdings must be disclosed to the Commission by way of Schedules 13D or 13G,[37] which are used to report ownership of stock which exceeds 5% of a company's total stock issue and may assist in providing information in monitoring for any potential manipulative schemes. Further, the Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately

[37] 17 CFR 240.13d-1.

address concerns regarding potentially large, unhedged positions in equity options. Current margin and risk-based haircut methodologies serve to limit the size of positions maintained by any one account by increasing the margin and/or capital that a Member must maintain for a large position held by itself or by its customer.[38] In addition, Rule 15c3-1[39] imposes a capital charge on Members to the extent of any margin deficiency resulting from the higher margin requirement.

FLEX Trading

Today, pursuant to Options 3A, Section 3(a), ETHA options are not approved for FLEX trading.[40] Also, today, Options 3A, Section 18(b)(1)(A) provides that there shall be no position limits for FLEX Equity Options, other than as set forth in subparagraph (b)(1)(B) and paragraph (c) to Options 3A, Section 18.[41] Therefore, the current 25,000 contract position limit in Options 9, Section 13 and exercise limit in Options 9, Section 15 for ETHA options currently applies to non-FLEX ETHA options.

At this time, the Exchange proposes to permit ETHA options to transact as FLEX Equity Options. Specifically, the Exchange proposes to permit physically-delivered ETHA FLEX

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38 See Options 9, Section 3 regarding margin requirements.

39 17 CFR 240.15c3-1.

40 See Options 3A, Section 3(a).

41 Subparagraph (b)(1)(B) to Options 3A, Section 18 currently provides that position limits for FLEX Equity Options where the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii) above shall be subject to the position limits set forth in Options 9, Section 13, and subject to the exercise limits set forth in Options 9, Section 15. Positions in such cash-settled FLEX Equity Options shall be aggregated with positions in physically settled options on the same underlying ETF for the purpose of calculating the position limits set forth in Options 9, Section 13 and the exercise limits set forth in Options 9, Section 15. Paragraph (c) to Options 3A, Section 18 currently describes the aggregation of FLEX positions and states that for purposes of the position limits and reporting requirements set forth in this Section 18, FLEX Option positions shall not be aggregated with positions in non-FLEX Options other than as provided below and in subparagraph (b)(1)(B) above, and positions in FLEX Index Options on a given index shall not be aggregated with options on any stocks included in the index or with FLEX Index Option positions on another index.

Equity Options to trade subject to no position and exercise limits, similar to the vast majority of options on ETFs, and similar to most other FLEX Equity Options on ETFs, to aggregate non-FLEX ETHA options and ETHA FLEX Equity Options where the underlying security is an ETF that is settled in cash pursuant to Section 3(c)(5)(A)(ii). Of note, while current subparagraph (b)(1)(B) to Options 3A, Section 18 provides that position limits for cash-settled FLEX Equity Options where the underlying security is an ETF shall be subject to the position limits in Options 9, Section 13, and exercise limits in Options 9, Section 15, ETHA does not currently meet the requirements for cash-settled FLEX Trading. Specifically, the Exchange proposes to amend Options 3A, Section 3(a) to remove the reference to ETHA.

Despite the addition of FLEX trading in ETHA options, the Exchange would continue to limit the number of ETHA options contracts traded on the exchange in an underlying security that an investor, acting alone or in concert with others directly or indirectly, may control and thereby mitigate potential manipulation. The Exchange believes that it is consistent with the Act to allow FLEX trading in ETHA given FLEX trading is permitted today in other ETFs overlying a commodity such as GLD, SLV, and BITO.[42]

Further, the Exchange believes that the share creation and redemption process unique to ETFs would mitigate any potential risk of manipulation in FLEX trading in ETHA 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 ETHA and this purchase resulted in the value of ETHA shares to trade at a premium to the value of the (underlying) Etheruem held by ETHA, the Exchange believes that other market participants would attempt to

42 GLD, SLV and BITO each hold one asset in trust similar to ETHA.

arbitrage this price difference by selling short ETHA shares while concurrently purchasing Ethereum. Those market participants (arbitrageurs) would then deliver cash to ETHA and receive shares of ETHA, which would be used to close out any previously established short position in ETHA. Thus, this creation and redemptions process would significantly reduce the potential risk of price dislocation between the value of ETHA shares and the value of Ethereum holdings. The Exchange understands that FLEX Options on ETFs are currently traded in the OTC market by a variety of market participants, e.g., hedge funds, proprietary trading firms, and pension funds. The Exchange believes there is room for significant growth if a comparable FLEX 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 ETHA options. The Exchange also believes that the trading of FLEX ETHA options would allow these same market participants to better manage the risk associated with the volatility of ETHA (the underlying ETF) positions given the enhanced liquidity that an exchange-traded product would bring.

Additionally, the Exchange believes that FLEX ETHA 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 fungibility, exchange-traded contracts should develop more liquidity because each FLEX contract can be closed with a liquidating transaction as compared to OTC FLEX contracts which must be held until expiration. Second, counterparty credit risk would be mitigated by the fact that the exchange-traded contracts are issued and guaranteed by 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 ETHA 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. Additionally, FLEX options serve two primary client types in the capital markets: (1) ETF and structured return issuers who seek European-style[43] options with bespoke strike and expirations, such that they can tailor their returns more precisely than they could with standard American-style options;[44] and (2) with respect to stock lending, certain investors (e.g. banks and hedge funds) may seek to align their contract durations for calls and puts, and thereby prefer European-style exercise, which can be exercised only on its expiration date, as compared to American-style, which can be exercised on any business day prior to its expiration date and on its expiration date.

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 ETHA options. The Exchange believes any additional traffic that would be generated from the trading of FLEX ETHA options would be manageable. The Exchange believes Members 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

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43 The term "European-style option" means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date. See Options 1, Section 1(a)(15).

44 The term "American-style option" means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. Today, non-FLEX equity options settle American-style. See Options 1, Section 1(a)(3).

to the Exchange's other options products listed and traded on the Exchange, including non-FLEX ETHA options, will apply to FLEX ETHA 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 ETHA (the underlying ETF) and, as appropriate, would review activity in ETHA when conducting surveillances for market abuse or manipulation in ETHA options.[45] The Exchange does not believe that allowing FLEX ETHA options would render the marketplace for non-FLEX ETHA 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 ETHA (as well as FLEX ETHA) on the Exchange. 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. For surveillance purposes, the Exchange would therefore have access to information regarding trading activity in the pertinent underlying securities. 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

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45 See ETHA Approval Order, 90 FR at 15761.

market surveillances.[46] The Exchange will implement any additional surveillance procedures it deems necessary to effectively monitor the trading of ETHA options.

The proposed rule change is designed to allow investors seeking to trade options on ETHA to utilize FLEX ETHA 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 ETHA options. The Exchange believes that introducing FLEX ETHA options would further broaden the base of investors that use FLEX Options (and options on ETHA 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.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[47] in general, and furthers the objectives of Section 6(b)(5) of the Act,[48] in particular, in that it is

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46 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.

47 15 U.S.C. 78f(b).

48 15 U.S.C. 78f(b)(5).

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)[49] requirement that the rules of an exchange not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Position and Exercise Limits

The Exchange believes that removing ETHA from the table of position limits in Supplementary .01 to Options 9, Section 13 and the table of exercise limits in Supplementary .01 to Options 9, Section 15, so its position limit would be reviewed similar to all other options for which the Exchange has not filed to otherwise establish the position limits to levels outside of the position limits of ISE Options 9, Section 13(d) is consistent with the Act. This proposal will remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide market participants with the ability to more effectively execute their trading and hedging activities. Also, based on current trading volume, the resulting increase in the position (and exercise) limits for ETHA options may allow Market Makers to maintain their liquidity in these options in amounts commensurate with the continued high consumer demand in ETHA options. Subjecting options on ETHA to the position limits in Options 9, Sections 13 and corresponding exercise limits in Options 9, Section 15 may also encourage other liquidity providers to continue

49 15 U.S.C. 78(f)(b)(5).

to trade on the Exchange rather than shift their volume to OTC markets, which will enhance the process of price discovery conducted on the Exchange through increased order flow. Further, this amendment would allow institutional investors to utilize ETHA options for prudent risk management purposes. The Exchange notes that ETHA's position limits would be reviewed on a six month basis, pursuant to Options 9, Section 13(d), similar to other options.

In addition, the Exchange believes that the current liquidity in ETHA will mitigate concerns regarding potential manipulation of ETHA options and/or disruption of ETHA upon amending the table of position limits in Supplementary .01 to Options 9, Section 13 and the table of exercise limits in Supplementary .01 to Options 9, Section 15.

Additionally, the Exchange's modelling that regressed the median values from each position limit bucket of the market capitalization figures and 180-day ADV of all non-ETF equities demonstrated that removing the 25,000 position and exercise limitation is appropriate. Comparing ETHA's data relative to the market capitalization of the entire Ethereum market in terms of exercise risk and availability of deliverables, the Exchange was able to conclude that if a position limit of 250,000 contracts were considered, the exercisable risk would represent 4.931%[50] of the shares outstanding of ETHA. Since ETHA has a creation and redemption process managed through the issuer (whereby Ethereum is used to create ETHA shares), the position limit can be compared to the total market capitalization of the entire Ethereum market and in that case, the exercisable risk for options on ETHA would represent less than 0.1514% of all Ethereum outstanding.[51] Comparing the proposed position limit to position limits for

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50 This percentage is arrived at with this equation: (250,000 contract limit * 100 shares per option / 507,000,000 shares outstanding).

51 This number was arrived at with this calculation: ((250,000 limit * 100 shares per option * $31.39 NAV price on September 22, 2025) / (120,705,000 * $4,293 noon ET price on September 9, 2025)).

equivalent Ethereum futures position limits, the analysis demonstrated that a 250,000 contracts position and exercise limits would be appropriate.

Comparing a position limit of 250,000 for ETHA options against other options on ETFs with an underling commodity, namely GLD, SLV and BITO, a position limit exercise in GLD would represent 7.31% of the float of GLD; a position limit exercise in SLV would represent 4.66% of the float of SLV, and a position limit exercise of BITO would represent 17.51% of the float of BITO. In comparison, a 250,000 contract position limit in ETHA would represent 4.004% of the float of ETHA. Consequently, the 250,000 contract limit proposed ETHA options position and exercise limit is more conservative than the standard applied to GLD, SLV and BITO, and appropriate.

Finally, as discussed above, the Exchange's surveillance and reporting safeguards continue to be designed to deter and detect possible manipulative behavior that might arise from increasing or eliminating position and exercise limits in certain classes. The Exchange believes that the current financial requirements imposed by the Exchange and by the Commission adequately address concerns regarding potentially large, unhedged positions in the options on the underlying securities, further promoting just and equitable principles of trading, the maintenance of a fair and orderly market, and the protection of investors.

FLEX Trading

The Exchange believes that introducing FLEX ETHA 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 options on ETHA to utilize FLEX ETHA options.

The Exchange believes that the proposal to permit FLEX ETHA options would remove impediments to and perfect the mechanism of a free and open market. The Exchange believes that offering FLEX ETHA options will benefit investors by providing them with an additional, relatively lower cost investing tool to gain exposure to the price of Ethereum and provide a hedging vehicle to meet their investment needs in connection with a Ethereum-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 ETHA options may open up the market for options on ETHA to more retail investors. Additionally, offering FLEX would serve two primary client types in the capital markets by permitting ETF and structured return issuers to more precisely tailor their settlement style and allow other investors to align their contract durations for calls and puts, as well as settlement-style.

Further, 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 ETHA 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 purpose of position 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. Today, the vast majority of ETFs are permitted to trade FLEX as proposed herein. 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 evolving needs in the market by constantly improving their offerings. Such efforts would be stymied if exchanges were prohibited from offering innovative products such as the proposed FLEX ETHA options. The Exchange does not believe that allowing FLEX ETHA 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 ETHA options. Regarding the proposed FLEX ETHA options, the Exchange would use the same surveillance procedures currently utilized for FLEX Options listed on the Exchange (as well as for non-FLEX ETHA options). For surveillance purposes, the Exchange would have access to information regarding trading activity in ETHA (the underlying ETF).[52] In light of surveillance measures related to both options and ETHA (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 ETHA options.

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52 See ETHA Approval Order, 90 FR at 15761.

Finally, the Exchange believes that it is consistent with the Act to allow physically-delivered FLEX trading in ETHA with no position or exercise limits given FLEX trading is permitted today in the same manner in other ETFs overlying a commodity such as GLD, SLV and BITO.

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

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

The Exchange does not believe that the proposed rule change will impose any burden on inter-market competition as the proposal is not competitive in nature. The Exchange expects that all option exchanges will adopt substantively similar proposals, such that the Exchange's proposal would benefit competition. For these reasons, the Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Position and Exercise Limits

The Exchange's proposal does not burden intra-market competition because all Members would be subject to the position limits in Options 9, Sections 13(d) and corresponding exercise limits in Options 9, Section 15. The Exchange believes that the proposed rule change will also provide additional opportunities for market participants to continue to efficiently achieve their investment and trading objectives for equity options on the Exchange.

FLEX Trading

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 ETHA options. The proposed rule change is designed to allow investors seeking option exposure to Ethereum to trade FLEX ETHA options. Moreover, the Exchange believes that the proposal to permit FLEX ETHA 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.

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

No written comments were either solicited or received.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2025-27 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-ISE-2025-27. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (https://www.sec.gov/rules/sro.shtml). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. 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-ISE-2025-27 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.[53]

Sherry R. Haywood,

Assistant Secretary.

[53] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

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Options Rules

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Options 3A FLEX Options Trading Rules

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Section 3. FLEX Option Listings

(a) **FLEX Option Classes**. The Exchange may authorize for trading a FLEX Option class on any equity security (except the Fidelity Wise Origin Bitcoin Fund, the ARK21Shares Bitcoin ETF, the VanEck Bitcoin ETF, [the iShares Ethereum Trust ETF,]the Fidelity Ethereum Fund, the Bitwise Ethereum ETF, the Grayscale Ethereum Trust, and the Grayscale Ethereum Mini Trust) or index if it may authorize for trading a non-FLEX Option class on that equity security or index pursuant to Options 4, Section 3 and Options 4A, Section 3, respectively, even if the Exchange does not list that non-FLEX Option class for trading.

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Options 9 Business Conduct

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Section 13. Position Limits

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Supplementary Material to Options 9, Section 13

.01 The position limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	**Position Limit**
* * * * *	
VanEck Vectors Gold Miners ETF ("GDX")	500,000 contracts
[iShares Ethereum Trust]	[25,000 contracts]

* * * * *

Section 15. Exercise Limits

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Supplementary Material to Option 9, Section 15

.01 The exercise limits applicable to option contracts on the securities listed in the chart below is as follows:

Security Underlying Option	Exercise Limit
* * * * *	
VanEck Vectors Gold Miners ETF ("GDX")	500,000 contracts
[iShares Ethereum Trust]	[25,000 contracts]

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