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Page 1 of * 365

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

File No. * SR 2026 - * 33
Amendment No. (req. for Amendments *)

Filing by 24X National Exchange LLC

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

Initial * ✓ | Amendment * ☐ | Withdrawal ☐

Section 19(b)(2) * ✓ | Section 19(b)(3)(A) * ☐ | Section 19(b)(3)(B) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

Rule

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

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

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

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

Exhibit 2 Sent As Paper Document ☐

Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to adopt rules to govern the trading of Options on the Exchange

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 * David | Last Name * Sassoon

Title * General Counsel, 24X National Exchange LLC

E-mail * david@24exchange.com

Telephone * (917) 796-3315 | Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, 24X National Exchange LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/06/2026

By David Sassoon
(Name *)

(Title *) General Counsel

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

David Sassoon
Digitally signed by David Sassoon
Date: 2026.11.06 03:06:19 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

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19b-4 - 24X Options Facility.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 *

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Exhibit 1 - 24X Options Facility.docx

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

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

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

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

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

☐ Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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

☐ Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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Exhibit 5 - 24X Options Facility.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

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

1. Text of the Proposed Rule Change

(a) Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Exchange Act" or "Act")[1] and Rule 19b-4 thereunder,[2] 24X National Exchange LLC (the "Exchange" or "24X") is filing with the Securities and Exchange Commission (the "Commission") a proposed rule change to adopt rules to govern the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on the Exchange (referred to herein as "24X Options Exchange" or "24X Options"). A notice of the proposed rule change for publication in the Federal Register is provided as Exhibit 1, and the text of the proposed rule change is provided in Exhibit 5.

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

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by Exchange staff pursuant to authority delegated to it by the Board of Directors of the Exchange (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 proposed rule change.

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

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

2 17 CFR 240.19b-4.

David Sassoon
General Counsel
24X National Exchange LLC
(917) 796-3315

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

(a) Purpose

The Exchange is proposing to adopt a series of rules in connection with the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on 24X Options, which will be a facility of the Exchange. 24X Options will operate an electronic trading system developed to trade options (the "System"). The Exchange will operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, with a comprehensive suite of conventional order types and functionality that is designed to provide for an efficient, robust, and transparent order matching process. The proposed functionality for 24X Options is substantially similar to that offered by other options exchanges. Thus, the Exchange proposes to adopt rules applicable to 24X Options that are substantively identical or substantially similar to the approved options rules of MEMX, except for the rules related to binary KPI options which are substantively identical or substantially similar to the approved rules of Cboe Exchange, Inc. ("Cboe") for binary KPI options.

The System will provide for the electronic display and execution of orders in price/time priority without regard to the status of the entities that are entering orders. All Exchange Members will be eligible to participate in 24X Options provided that the Exchange specifically authorizes them to trade in the System. The System will provide a routing service via unaffiliated routing broker-dealers for orders when trading interest is not present on 24X Options

and will comply with all applicable securities laws and regulations and the obligations of the Options Order Protection and Locked/Crossed Market Plan.

24X Options Members

Pursuant to the proposed rules in Chapter 17 (Participation on 24X Options), the Exchange will authorize any Exchange Member that meets certain enumerated qualification requirements (any such Member, an "Options Member") and any Options Member's Sponsored Participants to obtain access to, and transact business on, 24X Options.

There will be two types of Options Members—Options Order Entry Firms ("OEFs") and Options Market Makers.[3] OEFs will be those Options Members representing Customer Orders as agent on 24X Options or trading as principal on 24X Options. Options Market Makers will be those Options Members registered with the Exchange as Options Market Makers pursuant to proposed Rule 22.2. To become an Options Market Maker, an Options Member will be required to register by filing a written application.[4] The Exchange will not place any limit on the number of entities that may become Options Market Makers, the number of appointments an Options Market Maker may have, or the number of Options Market Makers that may have appointments in a class unless the Exchange determines to impose any such limit based on system constraints, capacity restrictions, or other factors relevant to protecting the integrity of the System.[5] The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the Commission for its review and approval.[6]

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3 As set forth in proposed Rule 22.8, no Options Member may make transactions on 24X Options unless a Letter of Guarantee has been issued for such Member by a Clearing Member and such Letter of Guarantee has been filed with the Exchange and remains in effect. Proposed Rule 22.8 is substantively identical to MEMX Rule 22.8.

4 See Proposed Rule 22.2(a).

5 See Proposed Rules 22.2(c) and 22.3(c).

6 See Proposed Rule 22.2(c).

As set forth in proposed Rule 22.6, Options Market Makers will be required to electronically engage in a course of dealing reasonably calculated to contribute to the maintenance of fair and orderly markets. Among other things, an Options Market Maker would generally have to satisfy the following responsibilities and duties during trading: (1) on a daily basis maintain a two-sided market on a continuous basis in at least 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Options Market Maker's appointed classes are open for trading, excluding any adjusted series, any intraday add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days;[7] (2) enter a size of at least one contract for its best bid and its best offer;[8] and (3) maintain minimum net capital in accordance with Commission and Exchange rules.[9] Substantial or continued failure by an Options Market Maker to meet any of its obligations and duties will subject the Options Market Maker to disciplinary action, suspension, or revocation of the Options Market Maker's registration as such or its appointment in one or more of its appointed options classes.[10] The quoting obligations of Options Market Makers set forth in proposed Rule 22.6 are substantively identical to MEMX Rule 22.6.

Options Market Makers would also be required to (1) identify all accounts related to their market making activities to the Exchange; [11] (2) report to the Exchange upon request all orders in

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7 See Proposed Rule 22.6(c)-(d). The Exchange notes that it also proposes to adopt provisions that exclude from the calculation of continuous quoting those times that an Options Market Maker is experiencing a technical failure or limitation, during a trading halt, suspension or pause in the underlying security, or when the underlying security is in a limit up-limit down state. See Proposed Rule 22.6(d)(2)-(3).

8 See Proposed Rule 22.6(b).

9 See Proposed Rule 22.9.

10 See Proposed Rule 22.5(c).

11 See Proposed Rule 22.7(a).

securities underlying options traded on the Exchange or securities convertible into or exchangeable for such underlying security;[12] and (3) comply with certain joint account restrictions.[13] The foregoing requirements are set forth in proposed Rule 22.7, which is substantively identical to MEMX Rule 22.7.

Options Market Makers receive certain benefits for carrying out their duties. For example, a lender may extend credit to a broker-dealer without regard to the restrictions in Regulation T of the Board of Governors of the Federal Reserve System if the credit is to be used to finance the broker-dealer's activities as a specialist or market maker on a national securities exchange. Thus, an Options Market Maker has a corresponding obligation to hold itself out as willing to buy and sell options for its own account on a regular or continuous basis to justify this favorable treatment.

Every Options Member shall at all times maintain membership in another registered options exchange that is not registered solely under Section 6(g) of the Exchange Act[14] or in FINRA. OEFs that transact business with Public Customers must at all times be members of FINRA. Pursuant to proposed Rule 17.2(g), every Options Member will be required to have at least one registered Options Principal who satisfies the criteria of that rule, including the satisfaction of a proper qualification examination. An OEF may only transact business with Public Customers if such Options Member also is an Options Member of another registered national securities exchange or association with which the Exchange has entered into an

12 See Proposed Rule 22.7(b).

13 See Proposed Rule 22.7(c).

14 15 U.S.C. 78f(g).

agreement under Rule 17d-2 under the Exchange Act[15] pursuant to which such other exchange or association shall be the designated options examining authority for the OEF.

The proposed rules relating to qualification and participation on 24X Options as an Options Member (including as an OEF and an Options Market Maker) are substantively identical to the relevant rules of MEMX Options.[16]

As provided in proposed Rule 16.2, existing Exchange Rules applicable to the 24X equities market contained in Chapters 1 through 15 of the Exchange Rules will apply to Options Members unless a specific Exchange Rule applicable to the 24X Options market (proposed Chapters 16 through 30 of the Exchange Rules) governs or unless the context otherwise requires. Options Members can therefore provide sponsored access to the 24X Options Exchange to a non-Member (i.e., a Sponsored Participant) pursuant to Rule 11.3 of the Exchange Rules.

Definitions

The Exchange proposes to define a series of terms under proposed Rule 16.1 (Definitions), which are to be used in proposed Chapters 16 to 30 relating to the trading of options contracts on the Exchange (unless the context otherwise requires). Each of the terms defined in proposed Rule 16.1 is either identical or substantially similar to definitions included in MEMX Rule 16.1.[17]

- **24X Exchange and Exchange.** The terms "24X Exchange" and "Exchange" mean 24X National Exchange LLC.

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15 17 CFR 240.17d-2.

16 See MEMX Rules, Chapters 17 and 22.

17 The Exchange notes that it is not currently proposing the term "index options" as set forth MEMX Rule 16.1, nor the references to complex options as set forth in paragraphs (a) and (c) of Interpretation .01 of MEMX Rule 16.1.

- **24X Exchange Rules and Exchange Rules.** The terms "24X Exchange Rules" and "Exchange Rules" mean the rules of the Exchange, including those for equities and options.
- **24X Options.** The term "24X Options" means the 24X National Exchange LLC Options Market, an options trading facility of the Exchange under Section 3(a)(2) of the Exchange Act.
- **24X Options Book.** The term "24X Options Book" means the electronic book of options orders maintained by the Trading System.
- **24X Options Transaction.** The term "24X Options Transaction" means a transaction involving an options contract that is effected on or through 24X Options or its facilities or systems.
- **ABBO.** The term "ABBO" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in proposed Rule 27.1) and calculated by the Exchange based on market information the Exchange receives from OPRA.
- **Aggregate Exercise Price.** The term "aggregate exercise price" means the exercise price of an options contract multiplied by the number of units of the underlying security covered by the options contract.
- **American-Style Option.** The term "American-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised at any time from its commencement time until its expiration.
- **Associated Person and Person Associated with an Options Member.** The terms "associated person" and "person associated with an Options Member" mean any partner,

officer, director, or branch manager of an Options Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with an Options Member or any employee of an Options Member.

- **Bid.** The term "bid" means a limit order to buy one or more options contracts.
- **Board.** The term "Board" means the Board of Directors of 24X National Exchange LLC.
- **Call.** The term "call" means an options contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of shares of the underlying security covered by the options contract.
- **Capacity.** The term "Capacity" means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. The Capacity codes available on 24X Options will be listed in publicly available specifications and published in a Regulatory Circular.
- **Class of Options.** The terms "class" or "class of options" mean all options contracts with the same unit of trading covering the same underlying security or index.
- **Clearing Corporation and OCC.** The terms "Clearing Corporation" and "OCC" mean The Options Clearing Corporation.
- **Clearing Member.** The term "Clearing Member" means an Options Member that is self-clearing or an Options Member that clears 24X Options Transactions for other Members of 24X Options.
- **Closing Purchase Transaction.** The term "closing purchase transaction" means a 24X Options Transaction that reduces or eliminates a short position in an options contract.

- **Closing Writing Transaction.** The term "closing writing transaction" means a 24X Options Transaction that reduces or eliminates a long position in an options contract.
- **Covered Short Position.** The term "covered short position" means (i) an options position where the obligation of the writer of a call option is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Rules 610(f) or 610(g), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or less than the exercise price of the options contract in such short position; and (ii) an options position where the writer of a put option holds in the same account as the short position, on a share-for-share basis, a long position in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or greater than the exercise price of the options contract in such short position.
- **Customer.** The term "Customer" means a Public Customer or a broker-dealer.
- **Customer Order.** The term "Customer Order" means an agency order for the account of a Customer.
- **Discretion.** The term "discretion" means the authority of a broker or dealer to determine for a Customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.
- **European-Style Option.** The term "European-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for

exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

- **Exchange Act.** The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or Rules thereunder.
- **Exercise Price.** The term "exercise price" means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an options contract.
- **He, Him, and His.** The terms "he," "him" and "his" are deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.
- **Individual Equity Option.** The term "individual equity option" means an options contract which is an option on an equity security.
- **Long Position.** The term "long position" means a person's interest as the holder of one or more options contracts.
- **NBB, NBO, and NBBO.** The term "NBB" means the national best bid, the term "NBO" means the national best offer, and the term "NBBO" means the national best bid or offer as calculated by 24X Options based on market information received by 24X Options from OPRA.
- **Offer.** The term "offer" means a limit order to sell one or more options contracts.
- **Opening Purchase Transaction.** The term "opening purchase transaction" means a 24X Options Transaction that creates or increases a long position in an options contract.
- **Opening Writing Transaction.** The term "opening writing transaction" means a 24X Options Transaction that creates or increases a short position in an options contract.
- **OPRA.** The term "OPRA" means the Options Price Reporting Authority.

- **Options Contracts.** The term "options contract" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.
- **Options Market Close and Market Close.** The terms "options market close" and "market close' mean the time the Exchange specifies for the end of a trading session on the Exchange on that trading day.
- **Options Market Maker and Market Maker.** The terms "Options Market Maker" and "Market Maker" mean an Options Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in proposed Chapter 22.
- **Options Market Open and Market Open.** The terms "options market open" and "market open" mean the time the Exchange specifies for the beginning of a trading session on the Exchange on that trading day.
- **Options Member.** The term "Options Member" means a firm, or organization that is registered with the Exchange pursuant to proposed Chapter 17 for purposes of participating in options trading on 24X Options as an "Options Order Entry Firm" or "Options Market Maker."
- **Options Member Agreement.** The term "Options Member Agreement" means the agreement to be executed by Options Members to qualify to participate on 24X Options.
- **Options Order Entry Firm, Order Entry Firm, and OEF.** The terms "Options Order Entry Firm" and "Order Entry Firm" or "OEF" mean those Options Members representing as agent Customer Orders on 24X Options and those non-Market-Maker Members conducting proprietary trading.

- **Options Principal.** The term "Options Principal" means a person engaged in the management and supervision of the Options Member's business pertaining to options contracts that has responsibility for the overall oversight of the Options Member's options related activities on the Exchange.
- **Order.** The term "order" means a firm commitment to buy or sell options contracts as defined in proposed Rule 21.1(c).
- **Outstanding.** The term "outstanding" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.
- **Primary Market.** The term "primary market" means, in the case of securities listed on Nasdaq Stock Market, LLC ("Nasdaq"), the market that is identified as the listing market pursuant to Section X(d) of the approved national market system plan governing the trading of Nasdaq-listed securities, and, in the case of securities listed on another national securities exchange, the market that is identified as the listing market pursuant to Section XI of the Consolidated Tape Association Plan.
- **Priority Customer and Priority Customer Order.** The term "Priority Customer" means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term "Priority Customer Order" means an order for the account of a Priority Customer.
- **Professional.** The term "Professional" means any person or entity that (A) is not a broker or dealer in securities; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members. Orders for any

customer that had an average of more than 390 orders per day during any calendar month must be represented as Professional orders for the next calendar month. Options Members will be required to conduct a monthly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar month.

- **Protected Quotation.** The term "Protected Quotation" has the meaning provided in proposed Rule 27.1.[18]
- **Public Customer.** The term "Public Customer" means a person that is not a broker or dealer in securities.
- **Put.** The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.
- **Quarterly Options Series.** The term "Quarterly Options Series" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and expires at the close of business on the last business day of a calendar quarter.

[18] As defined in proposed Rule 27.1(a)(20), the term "Protected Quotation" refers to a Protected Bid or Protected Offer, and the terms "Protected Bid" and "Protected Offer" refer to a Bid or Offer in an options series, respectively, that: (A) is disseminated pursuant to the OPRA Plan; and (B) is the highest priced Bid or lowest priced Offer, respectively, displayed by an Eligible Exchange.

- **Quote and Quotation.** The terms "quote" and "quotation" mean a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.
- **Responsible Person.** The term "Responsible Person" means a U.S.-based officer, director, or management-level employee of an Options Member, who is registered with the Exchange as an Options Principal, responsible for the direct supervision and control of associated persons of that Options Member.
- **Rules of 24X Options** The term "Rules of 24X Options" mean the rules contained in Chapters 16 to 30 of 24X Exchange Rules governing the trading of options on the Exchange.
- **Rules of the Clearing Corporation and Rules of the OCC.** The terms "Rules of the Clearing Corporation" and "Rules of the OCC" mean the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.
- **SEC and Commission.** The terms "SEC" and "Commission" mean the United States Securities and Exchange Commission.
- **Series of Options.** The terms "series" or "series of options" mean all options contracts of the same class that are the same type of options and have the same exercise price and expiration date.
- **Short Position.** The term "short position" means a person's interest as the writer of one or more options contracts.
- **Short Term Option Series.** The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is

opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

- **SRO.** The term "SRO" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.
- **Trading System and System.** The terms "Trading System" and "System" mean the automated trading system used by 24X Options for the trading of options contracts.
- **Type of Option.** The term "type of option" means the classification of an options contract as either a put or a call.
- **Uncovered.** The term "uncovered" means a short position in an options contract that is not covered.
- **Underlying Security.** The term "underlying security" means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.
- **User.** The term "User" means any Options Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3 (Access).

Execution System

The Exchange plans to implement an options System that will utilize state of the art technology, including with regard to customer connectivity, messaging protocols, quotation and execution engine, order router, data feeds, and network infrastructure. 24X Options will closely resemble the Exchange's equities market, as well as other options markets, such as MEMX, that offer true price/time priority across all participants rather than differentiating between participant/trading interest.

Like the Exchange's system for equities, as well as the MEMX market, all trading interest entered into the System will be automatically executable. Orders entered into the System will be displayed anonymously. Thus, the System will offer anonymous trading, however, options trades are not currently anonymous through settlement. Accordingly, as set forth in proposed Rule 21.10, aggregated and individual transaction reports produced by the System will indicate the details of a User's transactions, including the contra party's executing firm ID ("EFID"), capacity, and clearing firm account number.[19] The Exchange will become an exchange member of the Options Clearing Corporation ("OCC"). The System will be linked to OCC for the Exchange to transmit locked-in trades for clearance and settlement.

Hours of Operation. As stated in proposed Rule 21.2, the 24X Options System will begin accepting orders after 9:30 A.M. Eastern Time pursuant to the market opening procedures described in proposed Rule 21.7. Orders and bids and offers shall be open and available until 4:00 P.M. Eastern Time except for option contracts on Fund Shares, as defined in proposed Rule

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[19] The Exchange shall also reveal a User's identity: (i) when a registered clearing agency ceases to act for a participant, or the User's clearing firm, and the registered clearing agency determines not to guarantee the settlement of the User's trades; and (ii) for regulatory purposes or to comply with an order of an arbitrator or court. See Proposed Rule 21.10. The Exchange notes that proposed Rule 21.10 is identical to MEMX Rule 21.10.

19.3(i), and option contracts on exchange-traded notes including Index-Linked Securities, as defined in proposed Rule 19.3(l). The proposed hours of operation of 24X Options are the same as MEMX Options, and the same as Cboe with regard to KPI binary options.

Units of Trading. As stated in proposed Rule 21.3, the unit of trading in each series of options traded on 24X Options will be the unit of trading established for that series by the OCC pursuant to the Rules of the OCC and the agreements of the Exchange with the OCC. The proposed determination of the unit of trading for a series of options traded on 24X Options is the same as on MEMX Options pursuant to MEMX Rule 21.3.

Meaning of Premium Quotes and Orders. As stated in proposed Rule 21.4, except with respect to certain special cases described in proposed Rule 21.4(b), orders shall be expressed in terms of dollars per unit of the underlying security. Proposed Rule 21.4 is substantively identical to MEMX Rule 21.4.

Minimum Quotation and Trading Increments. As stated in proposed Rule 21.5(a), the Exchange is proposing to apply the following quotation increments: (1) if the options series is trading at less than $3.00, five (5) cents; (2) if the options series is trading at $3.00 or higher, ten (10) cents; and (3) if the options series is trading pursuant to the Penny Interval Program one (1) cent if the options series is trading at less than $3.00, five (5) cents if the options series is trading at $3.00 or higher, unless for QQQ, SPY, or IWM where the minimum quoting increment will be one (1) cent for all series regardless of price. In addition, as stated in proposed Rule 21.5(b), the Exchange is proposing that the minimum trading increment for options contracts traded on 24X Options will be one (1) cent for all series. Such proposed minimum quotation and trading increments are the same as on MEMX Options pursuant to MEMX Rules 21.5(a) and (b).

Penny Interval Program. As set forth in proposed Rule 21.5(d), the Exchange is proposing to adopt a Penny Interval Program that is substantially similar to the penny programs of other exchanges, including MEMX Options pursuant to MEMX Rule 21.5(d), which includes minimum quoting requirements for option classes listed under the Penny Interval Program. However, eligibility for inclusion in the Penny Interval Program will be limited to those classes already operating under penny programs of other options exchanges at the time 24X Options is launched. The list of option classes included in the Penny Interval Program will be announced by the Exchange via circular distributed to Options Members and published by the Exchange on its website.

Order Types and Handling Instructions. Proposed Rule 21.1 describes the Order Types and Handling Instructions available on 24X Options. In doing so, paragraphs (a), (b), and (c) in proposed Rule 22.1 provide definitions of "System," "System Securities," and "Order" that are substantively identical to the definitions of such terms provided in MEMX Rule 22.1.

The System will make available to Users two Order Types (as defined in proposed Rule 21.1(d))—Limit Orders and Market Orders—as well as various other instructions and modifiers that can be appended to such orders. The characteristics and functionality of each Order Type is substantially similar to what is currently approved for use in the Exchange's equities trading facility or on other options exchanges, including MEMX Options, except where described below. 24X Options will support bulk messages for Options Market Makers as specified in the description of each Order Type or other instruction. Proposed Rule 21.1(d) includes the following details with respect to Limit Orders and Market Orders:

- **Limit Order.** Limit Orders are orders (including bulk messages) to buy or sell an option at a specified price or better. A Limit Order is marketable when, for a Limit Order to buy,

at the time it is entered into the System, the order is priced at the current inside offer or higher, or for a Limit Order to sell, at the time it is entered into the System, the order is priced at the current inside bid or lower.

- **Market Order.** Market Orders are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on 24X Options will be rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Bulk messages may not be Market Orders.

The System will also make available to Users several additional instructions that can be designated on an order ("Handling Instructions"). A Handling Instruction applied to a bulk message applies to each bid and offer within that bulk message. The Handling Instructions available on 24X Options are described in proposed Rule 21.1(e) and will include the following:

- **Book Only.** Book Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange. Users may designate bulk messages as Book Only as set forth in proposed Rule 21.1(l).
- **Post Only.** Post Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange except that the order will not remove liquidity from the 24X Options Book. The System cancels or rejects a bid (offer) designated as Post Only with a price that locks or crosses the Exchange's best offer (bid). A Market Order cannot be designated as Post Only. Users

may designate bulk messages as Post Only as set forth in proposed Rule 21.1(l).

- **Intermarket Sweep Order ("ISO").** ISOs are orders that shall have the meaning provided in proposed Rule 27.1, which relates to intermarket trading. Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Options Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to proposed Rule 21.9. A Market Order cannot be designated as an ISO. Users may not designate bulk messages as ISOs.

Time-in-Force Designations. Users entering orders into the System may designate such orders to remain in force and available for display and/or potential execution for varying periods of time. Unless cancelled earlier, once these time periods expire, the order (or the unexecuted portion thereof) is returned to the entering party. A Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the Exchange Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class or system basis. The Time-in-Force designations available on 24X Options are described in proposed Rule 21.1(g) and will include the following, both of which are set forth in MEMX Rule 21.1(g):

- **Immediate Or Cancel ("IOC").** IOC means, for an order so designated, an order that is to be executed in whole or in part as soon as such order is received. The portion not so executed immediately on the Exchange or another options exchange is cancelled and is not posted to the 24X Options Book. IOC orders that are not designated as Book Only

and that cannot be executed in accordance with proposed Rule 21.8 on the System when reaching the Exchange will be eligible for routing away pursuant to proposed Rule 21.9. Users may designate bulk messages as IOC.

- **Day.** Day means, for an order so designated, an order to buy or sell which, if not executed, expires at market close. Users may designate bulk messages as Day.

The Exchange notes that each of the proposed Time-in-Force designations available on 24X Options is identical to the same Time-in-Force designation available on MEMX Options.

Member Match Trade Prevention Modifiers. As with its equities market, the Exchange will allow Users to use certain Match Trade Prevention ("MTP") modifiers, which are described in proposed Rule 21.1(g). Any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same EFID, Exchange Member identifier, trading group identifier, or Exchange Sponsored Participant identifier. The Exchange will offer the following MTP modifiers: MTP Cancel Newest, described in proposed Rule 21.1(g)(1); MTP Cancel Oldest, described in proposed Rule 21.1(g)(2); and MTP Cancel Both, described in proposed Rule 21.1(g)(3). The Exchange notes that each of the proposed MTP modifiers available on 24X Options is identical to the same MTP modifier available on MEMX Options.

Re-Pricing Mechanism. Like other options exchanges, the Exchange proposes to offer a re-pricing mechanism to Users to comply with the order protection and trade through restrictions of the Options Order Protection and Locked/Crossed Market Plan.[20] This re-pricing mechanism,

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[20] The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

described in proposed Rule 21.1(i), is referred to by the Exchange as Price Adjust and is identical to the Price Adjust mechanism offered by MEMX Options pursuant to MEMX Rule 21.1(i).

EFIDs. As proposed in Rule 21.1(j), the term "EFIDs" means Executing Firm IDs and shall refer to what the System uses to identify the User and the clearing number for the execution of orders and quotes submitted to the System with that EFID. A User may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to its Users. Each EFID corresponds to a single User and a single clearing number of a Clearing Member with the Clearing Corporation. A User may obtain multiple EFIDs, which may be for the same or different clearing numbers. A User is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a User submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote. The Exchange notes that its proposed Rule 21.1(j) is identical to MEMX Rule 21.1(j).

Ports and Bulk Messages. Proposed Rule 21.1(k) defines two types of ports: (1) a "physical port," which provides a physical connection to the System and may provide access to multiple logical ports; and (2) a "logical port" or "application session," which provides Users with the ability within the System to accomplish a specific function through a connection, such as order entry, data receipt, or access to information. The Exchange notes that each of the proposed types of ports available on 24X Options is identical to the same types of ports on MEMX Options.

Under proposed Rule 21.1(l), the term "bulk message" would mean a bid or offer included in a single electronic message a User submits with a Market Maker Capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number

of bids and offers (which number the Exchange will announce via Exchange notice and publicly available technical specifications). The System handles a bulk message in the same manner as it handles an order or quote, unless the Exchange Rules specify otherwise. Users may submit bulk messages through a logical port, subject to the following: bulk messages must contain a Time-in-Force of Day or IOC; a Market Maker with an appointment in a class must designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market Maker must designate a bulk message for that class as Post Only; the System cancels or rejects a Post Only bulk message bid (offer) with a price that locks or crosses the Exchange best offer (bid) or ABO (ABB); the System executes a Book Only bulk message bid (offer) that locks or crosses the ABO (ABB) against offers (bids) resting in the Book at prices the same as or better than the ABO (ABB) and then cancels the unexecuted portion of that bid (offer). Proposed Rule 21.1(l), regarding bulk messages, is substantively identical to MEMX Rule 21.1(l).

Cancel Back. The term "Cancel Back" is proposed to mean an instruction a User designates on an order (including bulk messages) to not be subject to the Price Adjust process pursuant to proposed Rule 21.1(i). The System cancels or rejects an order with a Cancel Back instruction (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of proposed Rule 27.3, or if the order cannot otherwise be executed or displayed in the Book at its limit price. The System executes a Book Only—Cancel Back order against resting orders. The proposed definition of Cancel Back in proposed Rule 21.1(m) is substantively identical to a Cancel Back Order defined in MEMX Rule 21.1(m)

Entry of Orders. As stated in proposed Rule 21.6, Users would be permitted to enter orders into the System subject to certain requirements and conditions set forth therein. The

conditions set forth in proposed Rules 21.6 would be substantively identical to MEMX Rule 21.6.

Market Opening Procedures. As stated in proposed Rule 21.7, the System shall open options for trading after the System's observation after 9:30 A.M. Eastern Time of both: (i) the first transaction on the primary listing market in the security underlying the option, and (ii) the Limit Up-Limit Down price bands applicable to the security underlying the option as disseminated by the applicable Securities Information Processor ("SIP"). Because the Exchange does not propose to adopt an opening cross or similar opening process, the opening trade that occurs on the Exchange will be a trade in the ordinary course of dealings on the Exchange. Accordingly, the System will ensure that the opening trade in an options series will not trade through a Protected Quotation at another options exchange, consistent with the general standard regarding trade throughs articulated in proposed Rule 21.6(e). The proposed market opening procedures are identical to the market opening procedures currently in effect on MEMX Options.[21] Additionally, the Exchange proposes that it may delay the commencement of trading in any class of options in the interests of a fair and orderly market. As stated in proposed Rule 21.6(c), orders received prior to the opening of the System will be cancelled. The Exchange believes that it is appropriate to commence operations on 24X Options with simplified procedures for when the System is open for trading because for a successful opening process to function, an exchange needs a critical mass of liquidity from market participants in order to price and execute opening transactions. In turn, as a new options exchange, 24X Options does not know the amount of preopening interest it will have, and it will have to gain market share in

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[21] See Securities Exchange Act Release No. 102338 (Feb. 4, 2025), 90 FR 9266 (Feb. 10, 2025) (SR-MEMX-2025-01) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.7 Related to the Exchange's Opening Procedures on MEMX Options).

order to accumulate such interest. 24X Options will re-evaluate its opening procedures over time and may propose to add an opening process through a rule filing submitted to the Commission in the future.

Order Display/Matching System. The System will be based upon functionality currently approved for use in the Exchange's equities trading system. Specifically, the System will allow Users to enter Market Orders and priced Limit Orders to buy and Sell 24X Options listed options. All orders (including bulk messages) will be designated for display (price and size) on an anonymous basis by the Exchange.

Order Routing. The 24X Options Exchange will support orders that are designated to be routed to the NBBO as well as orders that will execute only within 24X Options. Orders that are designated to execute at the NBBO will be routed to other options markets to be executed when the Exchange is not at the NBBO consistent with the Options Order Protection and Locked/Crossed Market Plan. Subject to the exceptions contained in proposed Rule 27.2(b), the System will ensure that an order will not be executed at a price that trades through another options exchange. An order that is designated by an Options Member as routable will be routed in compliance with applicable trade-through restrictions. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. Bulk messages are not eligible for routing.

The proposed routing functionality for 24X Options is designed to operate much like the routing functionality for the Exchange's equities market, in that the Exchange offers a simple routing service to facilitate compliance with applicable regulations and does not currently offer other complex routing strategies. The Exchange notes that the proposed rules relating to the

routing of orders on 24X Options to away options markets are similar to the approved rules of MEMX Options.[22]

24X Options shall route orders in options via one or more routing brokers that are not affiliated with the Exchange ("Third-Party Routing Brokers"), which provide certain Routing Services to the Exchange, as defined in Rule 2.11. The function of the Third-Party Routing Brokers will be to route orders in options listed and open for trading on 24X Options to other options exchanges pursuant to the proposed rules of 24X Options solely on behalf of 24X Options, subject to the requirements set forth in proposed Rule 21.9(e)(1)-(7). Use of the Third-Party Routing Brokers' Routing Services to route orders to other market centers is optional. Parties that do not desire to use Third-Party Routing Brokers' Routing Services must designate orders as not available for routing.

In connection with the proposed rules regarding routing to away options exchanges, proposed Rule 21.9(f) provides that the Third-Party Routing Brokers providing the Routing Services have, pursuant to Rule 15c3-5 under the Act,[23] implemented certain tests designed to mitigate the financial and regulatory risks associated with providing the Exchange's Users with access to such away options exchanges. If an order or series of orders are deemed to be erroneous or duplicative, would cause the entering User's credit exposure to exceed a preset credit threshold, or are non-compliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3-5), the Third-Party Routing Brokers providing the Routing Services will reject such orders prior to routing and/or seek to cancel any orders that have been routed. This is consistent with the routing implementation of other options exchanges, and the Exchange notes

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22 See MEMX Rule 21.9.

23 17 CFR 240.15c3-5.

that proposed Rule 21.9(f) is substantively similar to MEMX Rule 21.9(f), provided that proposed Rule 21.9(f) deviates from MEMX Rule 21.9(f) in certain ways because the Exchange will route orders to other options exchanges via one or more unaffiliated routing brokers while MEMX Options routes orders to other options exchanges primarily via an affiliated routing broker, MEMX Execution Services LLC, and provides certain back-up routing services via unaffiliated routing brokers.

Order Priority. The System, like the Exchange's equities facility, shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Trading interest will be executed with the order clearly established as the first entered into the System at each price level having priority up to the number of contracts specified in the order. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. The Exchange notes that the proposed price/time priority and book processing is substantially similar to MEMX Options.

Data Dissemination. As set forth in proposed Rule 21.15, the System will include a proprietary data feed which will display without attribution to Users' orders on both the bid and offer side of the market for price levels then within 24X Options using the minimum price variation applicable to that security. Proposed Rule 21.15 is substantively identical to MEMX Rule 21.15.

Risk Controls. The Exchange also proposes to offer to all Users of 24X Options the ability to establish certain risk control parameters and limits that are intended to assist Users in managing their market risk. The proposed risk controls are set forth in proposed Rules 21.16 and

21.17 and are identical to those of MEMX Options described in MEMX Rules 21.16 and 21.17. The proposed risk controls are designed to offer Users protection from entering orders outside of certain size and price parameters, as well as certain standard or Exchange-established parameters based on order type and market conditions.

The Exchange proposes to offer a Risk Monitor Mechanism described in proposed Rule 21.16 that features passive risk counter functionality, which is similar to the risk monitor mechanism functionality offered by other options exchanges, including MEMX Options, as well as active risk counter functionality.

Under the proposed Risk Monitor Mechanism, Users may configure risk limits for various parameters, including number of contracts executed ("volume"), notional value of executions ("notional"), number of executions ("count"), number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day ("percentage"), and the number of times the limits on any of the foregoing parameters are reached ("risk trips"). The System will track each of the parameters within an underlying for an EFID ("underlying limit"), across all underlyings for an EFID ("EFID limit"), across all underlyings for a group of EFIDs ("EFID Group") ("EFID Group limit"), and/or across a customized group of orders designated by the User ("Custom Group Limit"), over a User-established time period ("interval") and on an absolute basis for a trading day ("absolute limits").

When the System determines that a specified parameter has reached the User-defined risk limit, depending on the User's instructions and the applicable limit that has been reached, the Risk Monitor Mechanism either: (1) cancels or rejects such User's orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the counting program resets; or (2) suspends all of a

User's resting orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the Exchange is instructed to reinstate such bids and offers. A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in proposed Rule 22.10 ("mass cancellation") or to suspend all resting bids and offers until the Exchange is instructed to reinstate such bids and offers ("mass suspension").

The proposed Risk Monitor Mechanism functionality described above is identical to the risk monitor mechanism offered on MEMX Options in that it provides for the System to track specified risk parameters across designated underlyings and/or order groups until the counting program is reset by the User (such functionality, the "passive risk counter"). In addition to the Risk Monitor Mechanism's passive risk counter functionality, which is identical to the Risk Monitor Mechanism functionality offered by MEMX Options in MEMX Rule 21.16, the Exchange also proposes to enable a User to optionally manage their risk limits actively using the Exchange's proposed active risk counter functionality within the Risk Monitor Mechanism. As proposed, for a User using the active risk counter, the System will increment the active risk counter associated with a defined parameter when such parameter increments, and the System will decrement the active risk counter upon positive confirmation from the User via an electronic instruction that the User has acknowledged a change in the active risk counter. A User would also be able to specify the value by which each parameter increments and decrements in the active risk counter. The proposed active risk counter therefore enables a User to interact with the Risk Monitor Mechanism dynamically such that the User may actively acknowledge executions and decrement the counting program by a specified amount as such executions occur (or at any

time), rather than waiting until a risk limit is reached or the User otherwise sends a specific instruction to the Exchange to completely reset the counting program.

The following examples illustrate the proposed behavior of the passive risk counter and the active risk counter within the Risk Monitor Mechanism. In each case, assume a User configures a risk limit of 10,000 contracts executed with respect to options contracts on underlying security ABC for a single EFID.

Passive Risk Counter

- The System executes User's order to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 2"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 2 to a total of 8,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 3"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 3 to a total of 11,000 executed options contracts on ABC for the User. As Transaction 3 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.

- The User then submits an electronic instruction to the System to reset the counting program, and the counting program is decremented to zero. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

Active Risk Counter

- The System executes a transaction to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 1. Upon the System's receipt of such instruction, the counting program decrements the active risk counter by 5,000 options contracts for Transaction 1 to a total of zero with respect to the number of executed options contracts on ABC for the User.
- The System then executes two separate transactions to purchase 3,000 call options on ABC per transaction ("Transaction 2" and "Transaction 3" respectively), and the User does not acknowledge a change in the active risk counter due to either of these executions. The System's counting program would increment 3,000 executed options contracts at the time of execution for each of Transaction 2 and Transaction 3, for a total of 6,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due Transaction 3, but not Transaction 2. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 3,000 executed options contracts for Transaction 3 to a total of 3,000 executed options contracts on ABC for the User.

- The User then executes a transaction to purchase 10,000 call options on ABC ("Transaction 4"). The System's counting program would increment an additional 10,000 executed options contracts for Transaction 4 to a total of 13,000 options contracts on ABC for the User. As Transaction 4 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 4. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 10,000 executed options contracts for Transaction 4 to a total of 3,000 executed options contracts on ABC for the User. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

In addition to the Risk Monitor Mechanism functionality described above, the Exchange also proposes to offer additional price protection mechanisms and risk controls that relate to certain standard or Exchange-established parameters based on order type and market conditions, which are described in proposed Rule 21.17. These additional price protection mechanisms and risk controls are substantively identical to those offered on MEMX Options pursuant to MEMX Rule 21.17.

One Second Exposure Period. Proposed Rule 22.11 would require Options Members to expose their customers' orders on the Exchange for at least one second under certain circumstances. During this one second exposure period, other Options Members will be able to

enter orders to trade against the exposed order. In adopting a one second order exposure period, the Exchange is proposing a requirement that is consistent with the rules of other options exchanges.[24] Thus, the exposure period will allow Options Members that are members of other options exchanges to comply with proposed Rule 22.11 without programming separate time parameters into their systems for order entry or compliance purposes. The Exchange believes that market participants are sufficiently automated that a one second exposure period allows an adequate time for market participants to electronically respond to an order. Also, it is possible that market participants might wait until the end of the exposure period, no matter how long, before responding. Thus, the Exchange believes that any longer than one second would not further the protection of investors or market participants, but rather, would potentially increase market risk to investors and other market participants by creating a longer period of time for the exposed order to be subject to market risk.

Options Order Protection and Locked/Crossed Market Plan Rules

The Exchange will participate in the Options Order Protection and Locked/Crossed Market Plan (the "Plan"), and therefore will be required to comply with the obligations of Participants under the Plan. The Exchange proposes to adopt rules relating to the Plan that are substantially similar to the rules in place on all of the options exchanges that are Participants to the Plan. The Plan essentially applies the Regulation NMS price-protection provisions to the options markets. Similar to Regulation NMS, the Plan requires the Plan Participants to adopt rules "reasonably designed to prevent Trade-Throughs", while exempting ISOs from that prohibition. The Plan's definition of an ISO is essentially the same as under Regulation NMS.

[24] See, e.g., BZX Rule 22.12; Cboe Rule 5.9; MIAX Options Rule 520(b); BOX Rule IM-7140-3; MEMX Rule 22.11.

The remaining exceptions to the trade-through prohibition, discussed more specifically below, either track those under Regulation NMS or correspond to unique aspects of the options market, or both.

The proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) conform to the requirements of the Plan. Proposed Rule 27.1 sets forth the defined terms for use under the Plan. Proposed Rule 27.2 prohibits trade-throughs and exempts ISOs from that prohibition. Proposed Rule 27.2 also contains additional exceptions to the trade-through prohibition that track the exceptions under Regulation NMS or correspond to unique aspects of the options market, or both.

Proposed Rule 27.3 sets forth the general prohibition against locking/crossing other eligible exchanges as well as certain enumerated exceptions that permit locked markets in limited circumstances; such exceptions have been approved by the Commission for inclusion in the rules of other options exchanges. Specifically, the exceptions to the general prohibition on locking and crossing occur when: (1) the locking or crossing quotation was displayed at a time when the Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment; (2) the locking or crossing quotation was displayed at a time when there is a Crossed Market; (3) the Options Member simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Bid or Protected Offer; or (4) with respect to a locking quotation, the order entered on the Exchange that will lock a Protected Bid or Protected Offer, is: (i) not a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer does not represent, in whole or in part, a Customer order; or (ii) a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer

does not represent, in whole or in part, a Customer order, and, on a case-by-case basis, the Customer specifically authorizes the Member to lock such Protected Bid or Protected Offer.

The Exchange notes that the proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) are identical to Rules 27.1 – 27.3 of MEMX Options.

Securities Traded on 24X Options

General Listing Standards. The Exchange proposes to adopt listing standards for options traded on 24X Options as described in Chapter 19 (Securities Traded on 24X Options), which are substantively identical to the approved rules of MEMX Options.[25] The Exchange will join the Options Listings Procedures Plan and will list and trade options already listed on other options exchanges. The Exchange will gradually phase-in its trading of options, beginning with a selection of actively traded options.

Conduct and Operational Rules for Options Members

The Exchange proposes to adopt rules for 24X Options that are substantively identical to the rules of MEMX Options regarding: business conduct as described in Chapter 18 (Business Conduct); the binding nature of transaction prices as described in proposed Rule 21.11 (Transaction Price Binding); clearing member give ups as described in proposed Rule 21.12 (Clearing Member Give Up); clearing of options transactions as described in proposed Rule 21.13 (Submission for Clearance); message traffic mitigation as described in proposed Rule 21.14 (Message Traffic Mitigation); exercises and deliveries as described in Chapter 23 (Exercises and Deliveries); records, reports and audits as described in Chapter 24 (Records, Reports and Audits); minor rule violations as described in Chapter 25 (Discipline and Summary

[25] See MEMX Rules, Chapter 19. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in MEMX Chapter 29.

Suspensions); doing business with the public as described in Chapter 26 (Doing Business With the Public); and margin as described in Chapter 28 (Margin Requirements).[26]

National Market System

24X Options will operate as a full and equal participant in the national market system for options trading established under Section 11A of the Exchange Act,[27] just as its equities market participates today. 24X Options will become a member of the Options Price Reporting Authority ("OPRA"), the Options Linkage Authority ("OLA"), the Options Regulatory Surveillance Authority ("ORSA"), and the Options Listing Procedures Plan ("OLPP"). The Exchange expects to participate in those plans on the same terms currently applicable to current members of those plans. The Exchange will be contacting the leadership of each options-related national market system plan to begin the membership process.

Regulation

The Exchange will leverage many of the structures it established to operate a national securities exchange in compliance with Section 6 of the Exchange Act.[28] As described in more detail below, there will be three elements of that regulation: (1) the Exchange will join the existing options industry agreements pursuant to Section 17(d) of the Exchange Act prior to commencing operations,[29] as it did with respect to equities; (2) the Exchange's Regulatory Services Agreement with FINRA will be amended as necessary prior to commencing operations and will govern many aspects of the regulation and discipline of Members that participate in

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26 See MEMX Rules, Chapters 18, 21, 23, 24, 25, 26 and 28. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in in MEMX Options Rules. See references to index options in Chapters 16, 18, 19, 20, 21, 23, 25 and 29 of MEMX Options Rules.

27 15 U.S.C. 78k-1.

28 15 U.S.C. 78f.

29 15 U.S.C. 78q(d).

options trading, just as it does for equities regulation; and (3) the Exchange will perform options listing regulation, as well as authorize Options Members to trade on 24X Options, and conduct surveillance of options trading as it does today for equities. Section 17(d) of the Exchange Act and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Under Exchange Act Rule 17d-1,[30] the SEC designates one SRO to be the Designated Examining Authority, or DEA, for each broker-dealer that is a member of more than one SRO. The DEA is responsible for the financial aspects of that broker-dealer's regulatory oversight. Because 24X Options Members also must be members of at least one other SRO, the Exchange would generally not be designated as the DEA for any of its members.

Exchange Act Rule 17d-2[31] permits SROs to file with the Commission plans under which the SROs allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with specified provisions of the Exchange Act and rules thereunder and SRO rules by, firms that are members of more than one SRO ("common members"). If such a plan is declared effective by the Commission, an SRO that is a party to the plan is relieved of regulatory responsibility as to any common member for whom responsibility is allocated under the plan to another SRO.

All of the options exchanges, FINRA, and NYSE have entered into the Options Sales Practices Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options. Under this Agreement, the examining SROs will examine firms that are common members of the Exchange and the

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30 17 CFR 240.17d-1.

31 17 CFR 240.17d-2.

particular examining SRO for compliance with certain provisions of the Exchange Act, certain of the rules and regulations adopted thereunder, certain examining SRO rules, and certain proposed 24X Options rules. In addition, the proposed 24X Options rules contemplate participation in this Agreement by requiring that any Options Member also be a member of at least one of the examining SROs. The Exchange and FINRA are also party to a bilateral Rule 17d-2 agreement that requires minor modifications due to the proposed launch of 24X Options. The Exchange intends to modify and seek Commission approval of the modified bilateral Rule 17d-2 agreement prior to commencing of operations for 24X Options. Additionally, all of the options exchanges and FINRA have entered into the Options-Related Market Surveillance Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options.

For those regulatory responsibilities that fall outside the scope of any Rule 17d-2 agreements, the Exchange will retain full regulatory responsibility under the Exchange Act. However, the Exchange has entered into a Regulatory Services Agreement with FINRA, pursuant to which FINRA personnel operate as agents for the Exchange in performing certain of these functions. The Exchange and FINRA will continue to operate under the Regulatory Services Agreement that is currently in place but with modifications as necessary to accommodate the expanded scope of the relationship. The necessary modifications will be implemented prior to the commencement of operations of 24X Options. As is the case with the Exchange's equities market, the Exchange will supervise FINRA and continue to bear ultimate regulatory responsibility for the 24X Options Exchange.

Consistent with the Exchange's existing regulatory structure, the Exchange's Chief Regulatory Officer shall have general supervision of the regulatory operations of 24X Options,

including responsibility for overseeing the surveillance, examination, and enforcement functions and for administering all regulatory services agreements applicable to 24X Options. Similarly, the Exchange's existing Regulatory Oversight Committee will be responsible for overseeing the adequacy and effectiveness of Exchange's regulatory and self-regulatory organization responsibilities, including those applicable to 24X Options.

Finally, as it does with equities, the Exchange will perform automated surveillance of trading on 24X Options for the purpose of maintaining a fair and orderly market at all times. As it does with its equities trading, the Exchange will monitor 24X Options to identify unusual trading patterns and determine whether particular trading activity requires further regulatory investigation by FINRA.

In addition, the Exchange will oversee the process for determining and implementing trade halts, identifying and responding to unusual market conditions, and administering the Exchange's process for identifying and remediating "obvious errors" by and among its Options Members. The proposed rules in Chapter 20 (Regulation of Trading on 24X Options) regarding halts, unusual market conditions, extraordinary market volatility, obvious errors, audit trail, and rules regarding prohibited and permissible transfers of options positions off the Exchange are substantively identical to the approved rules of MEMX Options.[32] In addition, the Exchange is not proposing to adopt language in Chapter 20 of the MEMX Rules related to index options.

Minor Rule Violation Plan

The Exchange's disciplinary rules, including Exchange Rules applicable to "minor rule violations," are set forth in Chapter 8 of the Exchange's current Rules. Such disciplinary rules will apply to Options Members and their associated persons.

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[32] See MEMX Rules, Chapter 20.

The Commission approved the Exchange's Minor Rule Violation Plan ("MRVP") in 2025.[33] The Exchange's MRVP specifies those uncontested minor rule violations with sanctions not exceeding $2,500 that would not be subject to the provisions of Rule 19d-1(c)(1) under the Act[34] requiring that an SRO promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.[35] The Exchange's MRVP includes the policies and procedures included in Exchange Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and in Exchange Rule 8.15, Interpretations and Policy .01.

The Exchange proposes to amend its MRVP and Exchange Rule 8.15, Interpretation and Policy .01 to include proposed Rule 25.3 (Penalty for Minor Rule Violations).[36] The rules included in proposed Rule 25.3 as appropriate for disposition under the Exchange's MRVP are: (a) position limit and exercise limit violations; (b) violations regarding the failure to accurately report position and account information; (c) Market Maker quoting obligations; (d) violations regarding expiring exercise declarations; (e) violations relating to the failure to respond to the Exchange's requests for the submission of trade data; and (f) violations relating to noncompliance with the Consolidated Audit Trail Compliance Rule requirements. The rules

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33 See Securities Exchange Act Rel. No. 103837 (Sept. 3, 2025), 90 FR 43255 (Sept. 8, 2025) (Order Declaring Effective a Minor Rule Violation Plan).

34 17 CFR 240.19d-1(c)(1).

35 The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Rel. No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission will not be considered "final" for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding $2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

36 In its proposal to adopt the MRVP, the Exchange requested that, going forward, to the extent that there are any changes to the rules applicable to the Exchange's MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange's MRVP.

included in proposed Rule 25.3 are the same as the rules included in the MRVPs of other options exchanges.[37]

Upon implementation of this proposal, the Exchange will include the enumerated options trading rule violations in the Exchange's standard quarterly report of actions taken on minor rule violations under the MRVP. The quarterly report includes: the Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the fine imposed, the number of times the rule violation has occurred, and the date of disposition. The Exchange's MRVP, as proposed to be amended, is consistent with Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the exchange.[38] In addition, because amended Rule 8.15 will offer procedural rights to a person sanctioned for a violation listed in proposed Rule 25.3, the Exchange will provide a fair procedure for the disciplining of members and associated persons, consistent with Section 6(b)(7) of the Act.[39]

This proposal to include the rules listed in proposed Rule 25.3 in the Exchange's MRVP is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,[40] because it should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of

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37 See, e.g., BZX Rules, Chapter XXV; MEMX Rules, Chapter 25. The Exchange is not proposing language in MEMX Rule 25.3 related to index options.

38 15 U.S.C. 78f(b)(1), 78f(b)(5) and 78f(b)(6).

39 15 U.S.C. 78f(b)(7).

40 17 CFR 240.19d-1(c)(2).

the particular violation. In requesting the proposed change to the MRVP, the Exchange in no way minimizes the importance of compliance with Exchange Rules and all other rules subject to the imposition of fines under the MRVP. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Exchange will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires a formal disciplinary action.

Section 36 Exemption Request

The Exchange proposes to incorporate by reference as 24X Options rules certain rules of the Cboe, the New York Stock Exchange ("NYSE"), and FINRA. Specifically, 24X Options Rule 26.16 proposes to incorporate by reference the applicable rules of FINRA with respect to Communications with Public Customers; and 24X Options Rule 28.3 proposes to incorporate by reference initial and maintenance margin requirements of either Cboe or NYSE. Thus, for certain 24X Options rules, Exchange members will comply with a 24X Options rule by complying with the Cboe, NYSE, or FINRA rule referenced. Using its authority under Section 36 of the Act, the Commission has previously exempted certain SROs from the requirement to file proposed rule changes under Section 19(b) of the Act when incorporating another SRO's rules by reference.[41] Each such exempt SRO has agreed to be governed by the incorporated rules, as amended from time to time, but, has not been required to file a separate proposed rule change with the

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41 See, e.g., Securities Exchange Act Release No. 49260 (Feb. 17, 2004), 69 FR 8500 (Feb. 24, 2004). See also Securities Exchange Act Release Nos. 57478 (Mar. 12, 2008), 73 FR 14521, 14539-40 (Mar. 18, 2008); 53128 (Jan. 13, 2006), 71 FR 3550, 3565-66 (Jan. 23, 2006), 85 FR 27451, 27463 (May 8, 2020).

Commission each time the SRO whose rules are incorporated by reference seeks to modify its rules. In addition, each SRO incorporated by reference only regulatory rules (e.g., margin, suitability, arbitration), not trading rules, and incorporated by reference whole categories of rules (i.e., did not "cherry-pick" certain individual rules within a category). Last, each exempt SRO had reasonable procedures in place to provide written notice to its members each time a change is proposed to the incorporated rules of another SRO in order to provide its members with notice of a proposed rule change that affects their interests, so that they would have an opportunity to comment on it.

In connection with this proposal, the Exchange respectfully requests, pursuant to Rule 0-12 under the Act,[42] an exemption under Section 36 of the Act from the rule filing requirements of Section 19(b) of the Act for changes to those 24X Options rules that are effected solely by virtue of a change to a cross-referenced Cboe, NYSE, or FINRA rule. The Exchange proposes to incorporate by reference categories of rules (rather than individual rules within a category) that are not trading rules. The Exchange also agrees to provide written notice to Options Members prior to the launch of 24X Options of the specific Cboe, NYSE, and FINRA rules that it will incorporate by reference. In addition, the Exchange will notify Options Members whenever Cboe, NYSE, or FINRA proposes a change to a cross-referenced Cboe, NYSE, or FINRA rule.[43] For the foregoing reasons, the Exchange believes that its request for exemptive relief is consistent with prior requests for, and provision of, similar exemptive relief.

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42 17 CFR 240.0-12.

43 The Exchange will provide such notice through a posting on the same website location where the Exchange will post its own rule filings pursuant to Rule 19b-4(l) under Act, within the time frame required by that rule. The website posting will include a link to the location on the Cboe, NYSE, or FINRA website where the proposed rule change is posted.

Amendments to Existing Exchange Rules

In addition to the rules of 24X Options proposed above, the Exchange proposes to amend certain of its existing Exchange Rules that currently apply to the Exchange's equities market in order to reflect the Exchange's proposed operation of 24X Options.

First, the Exchange proposes to amend paragraph (d) of Interpretations and Policies .01 to Rule 2.5 (Restrictions), which generally requires each Member to register at least two Principals with the Exchange subject to certain exceptions described therein, to provide that such paragraph (d) shall not apply to a Member that solely conducts business on the Exchange as an Options Member, however, Options Members must comply with the registration requirements set forth in proposed Rule 17.2(g). The Exchange notes that proposed Rule 17.2(g), which provides that every Options Member shall have at least one Options Principal and sets forth the Exchange's Options Principal registration requirements, is identical to MEMX Rule 17.2(g). In connection with this proposed change, the Exchange also proposes to amend paragraph (i) of Interpretations and Policies .01 to Rule 2.5 to include Options Principal as a registration category and to set forth the Exchange's qualification requirements for an Options Principal, which are the same as those for an Options Principal on MEMX Options.

Second, the Exchange proposes to amend Interpretations and Policies .01 of Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules), which contains the list of Exchange Rule violations and recommended fine schedule pursuant to Rule 8.15, to include a new paragraph (i) referencing proposed Rule 25.3 for the recommended fines for minor rule violations of the Exchange Rules applicable to 24X Options, which the Exchange notes are the same as those of MEMX Options.

Binary KPI Options

The Exchange proposes to amend its Rules to permit the listing of binary options overlying KPIs reported by certain issuers of stock ("binary KPI options"). The Exchange proposes to adopt Chapter 30 (Binary KPI Options) to describe binary KPI options. The Exchange's proposal is substantively identical to Cboe Exchange, Inc.'s ("Cboe) recently approved rules which permit the listing of binary options that overlie KPIs.[44]

Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except the payout of a binary option is an amount contingent upon the occurrence of the option being in- or at-the-money rather than the degree to which the option is in-the-money. As a result, payout at expiration of a binary option is an all-or-nothing occurrence.

Similar to the Cboe's approved rules regarding binary KPI options, the Exchange proposes to amend its Rules to permit the listing of binary KPI options. Binary KPI options are European-style, cash-settled options contracts listed on an underlying KPI of an issuer whose exercise settlement value is determined not by the market price of the issuer's stock, but by whether a specific financial or operating metric reported by the issuer in an earnings-related filing submitted to the U.S. Securities and Exchange Commission (the "Commission") meets or exceeds a pre-specified strike level.

Proposed Rule 30.1. – Applicability, Definitions. The Exchange proposes to adopt Rule 30.1 (Applicability, Definitions) to describe the applicability of the rules in proposed Chapter 30 and to define terms used in proposed Chapter 30.

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44 See Securities Exchange Act Rel. No. 106659 (Oct. 13, 2026), 91 Fed. Reg. 65854 (Oct. 16, 2026) ("Cboe KPI Approval Order").

Paragraph (a) of proposed Rule 30.1 states that the rules in proposed Chapter 30 apply only to binary KPI options. All other rules apply to the trading of binary KPI options, except as otherwise provided or the context otherwise requires.[45]

Like other standardized options, binary KPI options have standardized terms that are established by the Exchange. Standardized terms for binary KPI options include the exercise criteria that is the condition or criteria of a binary KPI option, the exercise settlement amount (i.e., payout amount), strike prices, expiration dates, settlement type as A.M.-settlement or P.M.-settlement, the settlement style (as European), and the requirements used to determine if the KPI condition or criteria of a binary KPI option has been met (the "payout determination requirement"). The Exchange proposes to define terms related to binary KPI options in proposed Rule 30.1.

The Exchange proposes to define a "binary KPI option" in proposed Rule 30.1(b)(1) as a cash-settled option contract listed on an underlying KPI of an issuer with an exercise settlement amount that is established at the creation of the option and with a settlement value that is determined by whether a specific KPI disclosed by the issuer in an earnings-related filing submitted to the Commission meets or exceeds its exercise price. Binary KPI options are paid out if the reported value of the applicable KPI (1) equals or is greater than the exercise price for a call binary KPI option or (2) is less than the exercise price for a put binary KPI option. Proposed Rule 30.1(b)(1) also would provide that unless the context dictates otherwise, the terms

[45] Paragraph (a) of proposed Rule 30.1 is the same as the introductory language to Cboe Chapter 4, Section I.

underlying security, equity, or index, or any variations of these terms, in the Rules mean KPI for purposes of binary KPI options.[46]

The Exchange proposes to define a "call binary KPI option" in proposed Rule 30.1(b)(2) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is at or above the exercise price at expiration (i.e., in- or at-the money).[47]

The Exchange proposes to define the term "Clearing Corporation" in proposed Rule 30.1(b)(3) to mean the registered clearing agency designated by the Exchange to clear binary KPI options.[48]

The Exchange proposes to define "exercise price" (also referred to as "strike price") in proposed Rule 30.1(b)(4) as the value[49] to which the settlement value of the underlying KPI is compared to determine whether the holder of a binary KPI option is entitled to the exercise settlement amount.[50] For binary KPI options, the exercise price is the exercise threshold of an option contract that establishes a number, value, or measure that is compared against the price of the settlement value of the underlying index or the KPI to determine if the cash payout amount (i.e., the exercise settlement amount) will be paid out. In other words, binary options will have a

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46 Paragraph (b)(1) of proposed Rule 30.1 contains the same language as the definition of "Binary KPI Option" in Cboe Rule 4.80 as well as the last clause regarding binary KPI options in the definition of "underlying security" in Cboe Rule 1.1.

47 Paragraph (b)(2) of proposed Rule 30.1 is the same as the definition of "call binary KPI option" in Cboe Rule 4.80.

48 The definition of Clearing Corporation reflects that the Exchange may designate the Options Clearing Corporation ("OCC") or another registered clearing agency to clear binary KPI options. References in this filing to the Clearing Corporation with regard to binary KPI options therefore are intended to be clearing agency-neutral. The proposed definition does not alter the requirement that clearing and settlement occur through a registered clearing agency subject to the applicable provisions of the Act and the rules and oversight applicable to that clearing agency. Upon designation of a clearing agency to clear binary KPI options, the Exchange will submit a separate rule filing to update Rules to reflect such designation.

49 The value of an exercise price is measured in the applicable units of the KPI. For example, some KPIs are measured in U.S. dollars while others may be measured in percentages or numbers.

50 Paragraph (b)(4) of proposed Rule 30.1 is the same as the definition of "exercise price" in Cboe Rule 4.80.

threshold number as the exercise price that will be used to determine if the exercise criteria of the binary option has been met and the option will be exercised (and if holders will receive the cash payout amount). For binary KPI options, the exercise threshold will be a number that reflects or is compared to the underlying KPI of the binary option.

The Exchange proposes to define the term "exercise settlement amount" for binary KPI options in proposed Rule 30.1(b)(5) to be $1 (unless otherwise adjusted pursuant to Rule 30.5 or modified pursuant to the Rules of the Clearing Corporation).[51]

The Exchange proposes to define the term KPI (or "key performance indicator") in proposed Rule 30.1(b)(6) as a key financial or operating metric disclosed by an issuer in its earnings-related filings submitted to the Commission (i.e., Form 8-K, Form 10-Q, or Form 10-K, as applicable).[52]

The Exchange proposes to define "put binary KPI option" in proposed Rule 30.1(b)(7) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is below the exercise price at expiration (i.e., in-the-money).[53]

The Exchange proposes to define "settlement value" in proposed Rule 30.1(b)(8) as the value of the underlying KPI that is used to determine whether a binary KPI option is in-, at-, or out-of-the-money. The proposed definition specifies that the "settlement value" is the value of the applicable KPI as disclosed in the applicable issuer's earnings-related filing submitted to, the Commission on applicable expiration date (for both A.M.-settled and P.M.-settled binary KPI

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51 Paragraph (b)(5) of proposed Rule 30.1 is the same as the definition of "exercise settlement amount" in Cboe Rule 4.80.

52 Paragraph (b)(6) of proposed Rule 30.1 is the same as the definition of "KPI" in Cboe Rule 4.80.

53 Paragraph (b)(7) of proposed Rule 30.1 is the same as the definition of "put binary KPI option" in Cboe Rule 4.80.

options).[54] Proposed paragraph (a) of the settlement value definition states the Exchange designates the applicable KPI and the relevant reporting period (for example, a calendar quarter) at the time of listing a binary KPI option series. Proposed paragraph (b) of the settlement value definition provides if the applicable KPI is not reported or otherwise unavailable on the expiration date, settlement will occur in accordance with the Rules of the Clearing Corporation. Additionally, proposed paragraph (c) of the settlement value definition states that, if an applicable KPI is restated after the expiration date and settlement of a binary KPI option, the settlement value (and the exercise settlement amount) of the binary KPI option does not change.[55] In other words, the value of the applicable KPI as reported by the issuer on the applicable expiration date is final, and the amount paid (or not paid) at settlement will not change, regardless of whether it is later restated by the issuer.

Proposed Rule 30.2 – Designation of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.2 (Designation of Binary KPI Option Contracts) to identify the binary KPI options that may be listed for trading on the Exchange. Pursuant to proposed Rule 30.2(a), the Exchange may from time to time approve for listing and trading on the Exchange any of the following binary KPI options contracts for the following issuers:[56]

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[54] While the timing of an issuer's official disclosure informs whether the Exchange will establish a binary KPI option as A.M.-settled or P.M.-settled (as further discussed below), the Exchange will use the KPI value included in an issuer's report submitted to the Commission (and not the press release announcing earnings results, for example) as the settlement value. The Exchange understands, however, these values are generally the same.

[55] Paragraph (b)(8) of proposed Rule 30.1 is the same as the definition of "settlement value" in Cboe Rule 4.80.

[56] Proposed Rule 30.2(a) is the same as Cboe Rule 4.81(a).

Company	**KPI (each financial metric is measured in $ unless otherwise specified)**
Apple, Inc.	Earnings per share: diluted Total net sales Net sales by category: iPhone Net sales by category: Services Net sales by reportable segment: Americas Net sales by reportable segment: Greater China
Advanced Micro Devices, Inc.	GAAP Diluted earnings per share GAAP Revenue Net Revenue: Data Center Segment Net Revenue: Client and Gaming Segment GAAP Operating Margin (%)
Alphabet Inc.	Diluted net income per share Revenues YouTube ads Revenues Google Cloud Revenues
Amazon.com, Inc.	Diluted earnings per share Total Net sales AWS: Net sales North America: Net sales International: Net sales Net Sales: Advertising services
Bank of America Corporation	Diluted earnings per share Total Revenue, net of interest expense

	Net Interest Income Provision for credit losses Net Income
Citigroup Inc.	Diluted earnings per share Total Revenue, net of interest expense Net Interest Income Total Provision for credit losses Net Income
Coinbase Global, Inc.	Net income per share - Diluted Total Revenue Transaction Revenue Total Trading Volume Subscription and Services Revenue
Ford Motor Company	GAAP Earnings per share - Diluted Total Revenues Ford Pro Segment: Revenue Ford Model e Segment: Revenue Ford Blue Segment: Revenue
Intel Corporation	GAAP Earnings per share attributable to Intel - diluted Net revenue Revenue: Client Computing Group (CCG) Revenue: Data Center and AI (DCAI) Revenue: Intel Foundry

	GAAP operating margin (%)
JPMorgan Chase & Co.	Earnings per share - diluted Net revenue - reported Net Interest Income Provision for credit losses Net Income
Marathon Digital Holdings, Inc.	Earnings (Net loss) per share of common stock - diluted Revenues Number of Blocks Won (# Bitcoin (BTC)) Energized Hashrate (EH) (# EH/s) Total Bitcoin Holdings (# BTC) BTC Produced (# BTC) BTC Purchased (# BTC)
Meta Platforms, Inc.	Earnings per share: Diluted Revenue Family Daily Active People (DAP) (#) Revenue: Advertising Operating Margin (%)
Microsoft Corporation	Diluted Earnings per Share Revenue Intelligent Cloud: Revenue Microsoft Cloud revenue More Personal Computing: Revenue
Netflix, Inc.	Earnings per share: Diluted

	Revenues United States and Canada (UCAN): Revenue Europe, Middle East, and Africa (EMEA): Revenue Operating Margin (%)
NVIDIA Corporation	GAAP Diluted earnings per share Revenue Data Center Revenue Edge Computing Revenue Automotive Revenue
Palantir Technologies Inc.	Earnings per share attributable to common stockholders, diluted Revenue Net Income Closed Deals of at Least $1 Million (#)
Robinhood Markets, Inc.	Net income attributable to Robinhood common stockholders: Diluted Total net revenues Funded Customers (#) Average Revenue Per User (“ARPU”) Robinhood Gold Subscribers (#)
SoFi Technologies, Inc.	Earnings per share attributable to common stockholders – diluted Total net revenue Total net revenue – Technology Platform Total net revenue – Financial Services Total net revenue – Lending

Space Exploration Technologies Corp	Earnings per share: Diluted Total Revenues
Super Micro Computer, Inc.	Net income per common share: Diluted Net sales Gross Margin (%) Cash flow used in operations Net Income
Target Corporation	Diluted earnings per share Net sales Food & Beverage Net sales Apparel & Accessories Net sales Operating income: Rate (%)
Tesla, Inc.	Net Income per share of common stocks attributable to common stockholders: diluted Total Revenues Total Automotive Revenue Model 3/Y Production (#) Supercharger Connectors (#) Free Cash Flow
The Walt Disney Company	Diluted earnings per share Revenues Entertainment Subscription Video On Demand(SVOD) Operating Income Revenues: Experiences Segment operating income: Sports

The Exchange proposes to add Rule 30.2(b) to clarify that binary KPI options are a separate class from other options overlying the stock of the issuer and are a separate class from other binary KPI options with differently underlying KPIs for the same issuer.[57] The Exchange believes this is reasonable given that an individual KPI is the specific underlying of binary KPI options, and generally options with different underlyings (e.g., different underlying security or index) are different option classes.

Proposed Rule 30.3 – Terms of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.3 (Terms of Binary KPI Option Contracts) to describe the permissible terms of binary KPI option series. Proposed Rule 30.3 provides that binary KPI options listed and traded on the Exchange are designated as to expiration date, exercise price, settlement type, exercise style, exercise settlement amount, contract multiplier, and underlying KPI. After approving a particular binary KPI option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that binary KPI option class.[58]

Proposed Rule 30.3(a) provides that the Exchange may designate the settlement type for binary KPI options as A.M.-settled or P.M.-settled. Binary KPI options for issuers[59] that disclose their earnings results before the open of Regular Trading Hours on a given trading day are designated as A.M.-settled binary KPI options, and binary KPI options for issuers that disclose their earnings results after the close of Regular Trading Hours on a given trading day are

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57 Proposed Rule 30.2(b) is the same as Cboe Rule 4.81(b).

58 The introductory paragraph for proposed Rule 30.3 is the same as the introductory paragraph for Cboe Rule 4.82.

59 The Exchange determines whether an issuer discloses its earnings results before or after the close of Regular Trading Hours on a given trading day based on publicly available information regarding the issuer's disclosure practice. Proposed Rule 30.3(a).

designated as P.M.-settled binary KPI options. The Exchange believes the proposed description of A.M.-settlement and P.M.-settlement appropriately reflects the earnings disclosure practices of issuers, and are consistent with the binary KPI options described in the Cboe binary KPI options rules.[60]

Proposed Rule 30.3(a) further states that the exercise style of binary KPI options is European-style, which is consistent with the exercise style of the binary KPI options that Cboe's recently received approval to list.[61] A European-style option may only be exercised on its expiration date.

Proposed Rule 30.3(b) describes permissible expirations for binary KPI options.[62] Specifically, the proposed rule change will permit the Exchange to list series that expire on the date the issuer discloses its earnings results for the applicable reporting period (such as calendar quarter). The expiration date for a binary KPI option will be the date on which an issuer discloses the applicable KPI in its earnings results (for example, the date on which it issues an earnings results press release) for the specified reporting period (with the specific expiration date to be finalized when an issuer announces the date on which it will disclose its earnings results for that reporting period).[63] If that date is a Tuesday, Wednesday, Thursday, or Friday and the Exchange is not open for business on that date, the expiration date will be the first business day

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60 Proposed Rule 30.3(a) is the same as Cboe Rule 4.82(a).

61 See Cboe Rule 4.82(a).

62 Proposed Rule 30.3(b) is the same as Cboe Rule 4.82(b).

63 For example, for a binary KPI option series, the Exchange may designate the reporting period for a series to be the fourth quarter of 2026. The expiration date for that series would be the date on which the applicable issuer establishes as the date it will announce earnings results for that quarter. The Exchange will issue a notice when the specific expiration date for a binary KPI option is finalized. Additionally, the Exchange will maintain a reference data file for each issuer KPI on which the Exchange lists binary KPI options (as will be described in the Exchange's technical specifications available on its public website), and that reference data file will be updated with the specific expiration date for a binary KPI option once known.

immediately prior to that day. If that date is a Monday and the Exchange is not open for business on that date, the expiration date will be the first business day immediately following that Monday. The disclosed KPIs relate to a specific reporting period (such as a calendar quarter), which KPIs an issuer publicly announces on a date following the end of that reporting period.[64]

While an expiration date for a binary KPI option will be a specific date, as is the case for traditional options, the Exchange's proposed designation of expiration dates for binary KPI options will differ to reflect standard issuer disclosure practices. In some instances, an issuer might not establish the specific date on which it will announce its earnings results for a reporting period until weeks prior to the disclosure date. Consequently, unlike standard equity and index options that have an exact expiration date when strikes are first listed, a binary KPI option will be listed for trading with a placeholder expiration date if the date the KPI information will be disclosed by the issuer is not publicly known. If a placeholder expiration date is required, it will be set as the first trading day following the date of the deadline for the issuer's submission of its earnings-related filing for the reporting period applicable to the series. Once an issuer announces the disclosure date of the KPI information, the expiration date will be updated as the finalized expiration date of the option contract.[65] Ultimately, the expiration date for a binary KPI option is the issuer's earnings disclosure date, even if that date is unknown at the time the series is listed.

The Exchange may designate binary KPI option series to expire up to 12 months from the time they are listed and may list up to two expirations at one time for a binary KPI option (per

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64 While earnings results are often reported with respect to the time period covered by the issuer's earnings release, such as a calendar quarter, certain issuers may disclose results for different time periods. For example, it is possible in an earnings release for an issuer to announce a KPI that covers a calendar month rather than a calendar quarter.

65 Issuers have different practices as to when they disclose their earnings results (and when they announce their earnings disclosure dates); however, each issuer's practice is generally consistent and predictable.

KPI per issuer). The Exchange may open for trading a series of binary KPI options at least one business week prior to the expiration date of a binary KPI option.

Proposed Rule 30.3(c) describes the automatic exercise feature of binary KPI options. Specifically, the proposed rule states that binary KPI options will be automatically exercised at expiration if the settlement value of the underlying KPI is equal to or greater than the exercise price of a call binary KPI option or less than the exercise price in the case of a put binary KPI option.[66]

Proposed Rule 30.3(d) describes the permissible exercise prices (or strike prices) the Exchange may designate for series of binary KPI options.[67] Proposed Rule 30.3(d)(1) describes how the value of exercise prices of binary KPI options are measured. Specifically, the exercise price of each binary KPI option series will be fixed at an amount equal to an underlying KPI value divided by a scaling factor. Because the value of certain KPIs may be very large (e.g., billions of dollars), the Exchange proposes that the exercise value of the underlying KPI will be divided by a scaling factor based on the value of the KPI in the issuer's most recent earnings-related disclosure as of the time a binary KPI option class is listed) as follows:

- if the most recently disclosed KPI value is greater than or equal to one trillion, the exercise price equals that value divided by one trillion (e.g., for such KPIs, an exercise price of 27.00 is equivalent to a KPI value of 27,000,000,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one billion but less than one trillion, the exercise price equals that value divided by one billion (e.g., for

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66 Proposed Rule 30.3(c) is the same as Cboe Rule 6.20(g)(2).

67 Proposed Rule 30.3(d) is the same as Cboe Rule 4.82(c).

such KPIs, an exercise price of 112.00 is equivalent to a KPI value of 112,000,000,000.00);

- if the most recently disclosed KPI value is greater than or equal to one million but less than one billion, the exercise price equals that value divided by one million (e.g., for such KPIs, an exercise price of 900.00 is equivalent to a KPI value of 900,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one thousand but less than one million, the exercise price equals that value divided by one thousand (e.g., for such KPIs, an exercise price of 42.00 is equivalent to a KPI value of 42,000.00); and
- if the most recently disclosed KPI value is less than one thousand, the exercise price equals that value and is not divided by a scaling factor (e.g., for such KPIs, an exercise price of 774.00 is equivalent to a KPI value of 774.00).[68]

The Exchange will apply a different scaling factor to binary KPI option series for a new expiration only after the value of the KPI in the issuer's earnings-related filing submitted to the Commission has a value in a different scaling tier for four consecutive reporting periods or if the Exchange deems it necessary in the interests of a fair and orderly market. Application of a different scaling factor will not affect the exercise prices of any series of the binary KPI options previously opened. For example, if the Exchange begins listing a new class of binary KPI options and the most recently disclosed KPI value for the issuer at the time of that listing was for the third quarter of 2026 and was $892,000, the exercise prices for that class of binary KPI

[68] When applying the scaling factor, the Exchange will not round the scaled KPI value and instead will truncate the value so the scaled strike price value fits within standard strike listing format.

options will be scaled by 1,000, and thus exercise prices of 895, 995, and 1005, would represent $895,000, $995,000, and $1,005,000, respectively. If the issuer discloses a KPI value of $1,020,000 in its fourth quarter 2026 earnings disclosure, the Exchange will continue to list exercise prices scaled by 1,000. If the issuer then discloses KPI values of $1,112,000, $1,237,000, and $1,064,000 for the first, second, and third quarters, respectively, of 2027, the Exchange will begin scaling the exercise prices by 1,000,000 for the fourth quarter 2027 expirations (or for the first quarter 2028 expirations if the Exchange had already listed fourth quarter 2027 expirations prior to the disclosure of the third quarter 2027 KPI value). The Exchange believes this will permit consistency for listing scaled KPI values while allowing the Exchange to update strike prices to reflect long-term changes to an issuer's KPI values.

The Exchange will announce if the scaling factor applied to a binary KPI options changes (for example, the KPIs will be scaled in billions rather than in millions). Additionally, the Exchange will update this information in the Exchange's technical specifications regarding binary KPI options and reference data file that describes the terms of binary KPI options, both of which will be available on the Exchange's website (customers receive notifications of such updates).[69]

It is possible for a KPI to have a negative value, such as earnings per share (which is equivalent to a loss per share). Proposed Rule 30.3(d)(1)(B) provides the Exchange may list binary KPI options series with exercise prices representing negative KPI values. For these series, the exercise price will equal the absolute value of the KPI and will be scaled as described above. For example, if an issuer's earnings per share in the last reporting period was $3.52 (and

[69] The binary KPI option contract specifications available on the Exchange's public website will set forth the scaling factor for each binary KPI option.

thus was a loss per share), a binary KPI option for such issuer with a strike of 3.58 will reflect an expected loss of $3.58 per share. The Exchange will incorporate into symbology for binary KPI options whether the value of the strike price is positive or negative, including if the Exchange lists binary KPI option series with both positive and negative strike prices. Whether a symbol reflects a positive or negative value will be available on contract specifications as well as the reference data file for the specific binary KPI option on the Exchange's public website.

Proposed Rule 30.3(d)(2) states that the minimum interval between strike prices for binary KPI options series is:

- where the strike price is less than 10;
- 0.10 where the strike price is 10 or greater but less than 100;
- 1.00 where the strike price is 100 or greater but less than 1,000;
- 10.00 where the strike price is 1,000 or greater but less than 10,000; and
- 100.00 where the strike price is 10,000 or greater.

As discussed above, while KPI values above 1,000 are generally scaled, there may be circumstances in which the Exchange lists strikes above 1,000 or even 10,000 given the Exchange's proposal to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters). This may occur when a KPI value is near the top of a scaling range; for continuity, the Exchange will continue listing strike prices using the lower scaling factor and not change to a higher scaling factor until the KPI value is regularly within that higher range (as noted above). Suppose a KPI value is 995,000,000; in this case, strike prices will be scaled by 1,000,000. Thus, the Exchange may list binary KPI options above and below 995 (995,000,000 divided by 1,000,000). However, it is realistic that the KPI may increase to above 1,000,000,000. As proposed, the Exchange may list strike prices,

for example, of 1,000 (representing 1,000,000,000) and above, for expirations until the KPI value is above 1,000,000,000 for four consecutive reporting periods. To reduce confusion, the Exchange would not scale strike prices using different scaling factors within a single expiration (and would not change the scale until the KPI value is consistently at the higher level). Therefore, it is possible the Exchange may list strikes greater than 1,000. Similarly, while strikes above 10,000 may be rare, given the Exchange proposes to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters, as proposed), depending on market factors and demand, it is possible (although unlikely) the Exchange may determine it is appropriate to list strikes above 10,000 if market factors or expectations signify a significant increase of the KPI value. The proposed strike intervals accommodate the listing of binary KPI options in these circumstances before the Exchange shifts the strike prices for an issuer's KPI to a different scaling level.

The proposed strike intervals are identical to the strike intervals applicable to the binary KPI options that Cboe's recently received approval to list.[70] Given the scaling factor for larger KPI values, it may appear the proposed rule change will permit smaller strike intervals for larger KPI values if those intervals are considered solely on a nominal basis. However, that is not the case if the actual values of the strike intervals are considered. The corresponding actual value of the strike interval for a strike price that was subject to a larger scale value is higher than the actual value of the strike interval for a strike price that was subject to a smaller scale value. For example, suppose a strike price of 950 represents $950 million. The proposed rule change would permit strike intervals of $1.00. However, that $1.00 corresponds to $1,000,000. In other words, if the Exchange listed strikes of 950, 951, and 952, the difference in values of those strikes are $1

[70] See Cboe Rule 4.82(c)(2).

million, not $1 (i.e., the strikes represent values of $950,000,000, $951,000,000, and $952,000,000). Similarly, suppose a strike price of 3 represents $3,000,000,000. The proposed rule change would permit strike intervals of $0.01. However, in this case, that $0.01 corresponds to $10,000,000. If the Exchange listed strikes of 3.00, 3.01, and 3.02, the difference in values of those strikes are $10,000,000, not $0.01 (i.e., the strikes represent values of $3,000,000,000, $3,010,000,000, and $3,020,000,000, respectively). As a result, the permissible strike intervals for strike prices representing values in the billions are actually larger than the permissible strike intervals for strike prices representing values in the millions. This is consistent with the general premise underlying current strike intervals that larger strike intervals apply to larger strike values.

Proposed Rule 30.3(e) addresses bid and offer conventions for binary KPI options with multipliers other than 100.[71] Proposed Rule 30.3(e) provides that bids and offers for a binary KPI option with a multiplier other than 100 must be expressed in terms of dollars per 1/multiplier of the total value of the contract. For example, if a binary option has a multiplier of 1, an offer of "0.50" represents an offer of $0.50. It will provide clarity and consistency in market quotations relative to the notional size of the option, promotes investor understanding of the cost and value of binary KPI option contracts. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

Proposed Rule 30.3(f) describes the initial series of a binary KPI option the Exchange may open for trading.[72] Specifically, the Exchange may open for trading one or more binary KPI

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[71] Proposed Rule 30.3(e) is the same as Cboe Rule 5.3(c)(3).

[72] Proposed Rule 30.3(f) is the same as Cboe Rule 4.82(d).

option series with a fixed KPI value as the strike price (scaled as described above), with approximately the same number of strike prices being opened above and below the at-the-money KPI value (i.e., the value of the KPI in the issuer's most recent earnings-related disclosure) at the time the binary KPI options are opened. The "at-the-money" KPI value may be the value of the KPI in the issuer's most recent earnings-related filing submitted to the Commission, the issuer's disclosed estimate of the KPI for the next reporting period, or analysts' consensus estimate as reported by major market vendors, as the Exchange deems appropriate based on the most recent market information available to the Exchange. Because KPIs are static values, the Exchange believes it is appropriate to determine strike prices based on all available information that would inform expectations about the KPIs (as investors would do). The Exchange understands that an issuer's previously disclosed KPI, as well as issuer and analyst estimates of the KPI, are primary factors investors may consider when determining in which direction the KPI value may move in the next reporting period (similar to how investors consider the then-current price of an underlying stock when considering their options investment strategies and which direction the stock price may move). Therefore, the Exchange believes using the most recently available of these values is appropriate to use for determining which strikes it should list for a specific issuer KPI. The Exchange believes this flexibility to select the most appropriate at-the-money value is similar to current exchange rules that permit the listing of additional series to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially. The Exchange believes the proposed definition of at-the-money will allow the Exchange to list series with strike prices that are consistent with investor expectations and demands and that are based on information available in the market.

The Exchange will list strike prices for binary KPI option series that are reasonably close to the at-the-money KPI value at the time of listing. A strike is "reasonably close" to the at-the-money KPI value if (1) for KPIs less than or equal to 1, it is no more than 2;[73] (2) for KPIs greater than 1 and less than or equal to 10, it is no more than 100% above or below the at-the-money KPI value; and (3) for KPIs greater than 10, it is no more than 30% above or below the at-the money KPI value. The Exchange may also open binary KPI option series that are more than 30% above or below the at-the-money KPI value (if the KPI is greater than 10) provided demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers.

Per proposed Rule 30.3(g), the Exchange may add new series of binary KPI options when the Exchange deems it necessary to maintain a fair and orderly market or to meet customer demand, and the opening of a new series of binary KPI options on the Exchange will not affect any other series of options of the same binary KPI option class previously opened. This is consistent with Cboe's authority to add new series of binary KPI options.[74] The Exchange may list additional series using updated at-the-money KPI values, such as if the Exchange lists binary KPI options series for an expiration before the applicable issuer has disclosed the KPI value in a filing submitted to the Commission for the immediately preceding reporting period and that value is then disclosed in a filing submitted to the Commission or if the issuer or major market data vendors publish estimates of the KPI value. For example, before expiration of a binary KPI

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73 The Exchange believes this is appropriate given the potentially small values of certain KPIs. For example, suppose the second quarter earnings per share of a company were $0.04. In such a case, if strikes were limited to 100% above this value, the Exchange could only list strikes up to $0.08, which would provide investors with minimal investment options. Therefore, the Exchange believes this provision is appropriate to provide the Exchange with authority to list meaningful strikes for smaller-valued KPIs.

74 Proposed Rule 30.3(g) is the same as Cboe Rule 4.82(e).

options series set to expire on the date of an issuer's disclosure of its third quarter earnings results, the Exchange lists series of that binary KPI option to expire on the date of an issuer's disclosure of its fourth quarter earnings results (using the KPI from the second quarter earnings results as the at-the-money KPI value). After the issuer discloses its third quarter earnings results in a filing submitted to the Commission, including the applicable KPI, the Exchange may list additional series for the fourth quarter binary KPI options using the third quarter KPI result as the at-the-money KPI value. Suppose, further, that after the issuer discloses its third quarter earnings results, the issuer publishes an estimate of the fourth quarter KPI value. As investors may see this estimate (and possibly factor it into their investment decisions), the Exchange may determine it is appropriate to consider this estimate the "at-the-money" value and list additional strikes above and below this value. Any additional strike prices the Exchange lists will be reasonably close (as defined above) to the at-the-money KPI value at the time of listing.

Continuing the above example, suppose the Exchange lists binary KPI options for the fourth quarter before the binary KPI options for the third quarter have expired. As proposed, the Exchange would list strikes above and below the at-the-money strike, which at the time of listing would be the settlement value KPI from the issuer's second quarter earnings results disclosure (the most recently available KPI). If the KPI for the option was net sales, and the second quarter value was $45.093 billion, the at-the-money strike would be 45.10, and the Exchange could list strikes within 30% of that value, and additional series based on customer demand or market changes. After the Exchange lists those series, the issuer discloses its third quarter earnings results, including net sales of $57.241 billion. As proposed, after that disclosure, the Exchange may list additional strikes within 30% of $57.24 to reflect the change in value of the underlying (as well as additional series based on customer demand or market changes).

This proposed framework for listing and adding series is identical to recently approved framework for Cboe to list and add binary KPI options.

Proposed Rule 30.3(h) provides that the contract multiplier for each class of binary KPI options is one.[75]

Proposed Rule 30.4 – Determination of Settlement Value. The Exchange proposes to add new Rule 30.4 (Determination of Settlement Value) to establish that binary KPI options that are "at-the-money," "in-the money," or "out-of-the-money" are a function of the settlement value of the underlying KPI in relation to the type of binary KPI option (i.e., put or call) and the exercise price.[76] As described above, the settlement value for a binary KPI option is the value of the KPI for the applicable reporting period as disclosed in the applicable issuer's earnings-related filing submitted to the Commission. While the Exchange factors the timing of an issuer's disclosure of a KPI value into the determination of whether the Exchange lists a binary KPI option as A.M.-settled or P.M.-settled, the Exchange will source the settlement value from the earnings-related filing for the applicable reporting period that the issuer submits to the Commission. Generally, companies issue press releases that contain earnings results and near contemporaneously submit a Form 8-K to the Commission with the press release as an exhibit. Therefore, it is unlikely the value of the KPI in the Commission filing will differ from the value in the initial announcement; however, the value in the Commission filing will be the ultimate settlement value.

Proposed Rule 30.5 – Adjustment. Proposed Rule 30.5 (Adjustment) provides that binary KPI option contracts are subject to adjustment only in accordance with and to the extent

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75 Proposed Rule 30.3(h) is the same as Cboe Rule 4.82(f).

76 Proposed Rule 30.4 is the same as Cboe Rule 4.83.

specified in the Rules of the Clearing Corporation. When any such adjustment has been made pursuant to Rule 30.5 (and Rules of the Clearing Corporation), the Exchange will announce this adjustment, which will become effective as of the time specified in that announcement.[77]

As described above, binary KPI options would be cleared by the Clearing Corporation, which would serve as the central counterparty to each transaction and facilitate standardized clearing, settlement, and contract administration processes pursuant to its Rules. Consistent with this centralized clearing framework, proposed Rule 30.5 provides that binary KPI options would be subject to adjustment only in accordance with and to the extent specified in the Rules of the Clearing Corporation. When any such adjustment has been determined, the Exchange will announce this adjustment, which will become effective at the time specified in that announcement. The Exchange believes that limiting contract adjustments to those provided under the Rules of the Clearing Corporation provides a clear and transparent framework under which any adjustments to binary KPI options would be administered. A registered clearing agency designated to clear binary KPI options would be subject to Commission oversight and would possess expertise in the clearance and settlement of financial products. Because binary KPI options represent a novel product type, the Exchange anticipates that the Clearing Corporation would develop adjustment procedures designed to address the unique characteristics of these contracts and the types of events that may require adjustment. To the extent the Clearing Corporation adopts new adjustment procedures for binary KPI options, those procedures would be subject to the applicable regulatory process, including review and approval by the Commission, as applicable, before the Exchange commences trading in the product.

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[77] Proposed Rule 30.5 is the same as Cboe Rule 4.84.

Proposed Rule 30.6 – Binary KPI Options Trading Hours. The Exchange proposes to add Rule 30.6 to describe the trading hours for binary KPI options.[78] As set forth in Proposed Rule 30.6, binary KPI options may be traded on the Exchange from 9:30 A.M. to 4:00 P.M.[79] Further, the last day of trading for P.M.-settled binary KPI options is the day of expiration, and the last day of trading for A.M.-settled binary KPI options is the trading day prior to expiration.

The Exchange recognizes it is possible, although unusual and unlikely, that KPI information may become available at unexpected times. Proposed Rule 30.6 addresses the impact on trading and expiration that such disclosure may have. First, proposed Rule 30.6(c) provides if the Exchange confirms an issuer discloses the KPI prior to the expiration date (i.e., the date on which the issuer had announced it would disclose its earnings results for the applicable reporting period), trading in the applicable binary KPI options series will cease, and the expiration date for the option accelerates to a date on or shortly after the date of that disclosure in accordance with the Rules of the Clearing Corporation. This may occur if, for example, the applicable issuer discloses the KPI information in advance of the expiration date of the option. If the issuer discloses KPI information after the expiration date, which may be the case if, for example, the issuer's disclosure of its earnings is delayed, trading in the option will not be impacted and will cease as of the expiration date. While the expiration date will not change, expiration and settlement processing of such options will be delayed until the KPI information becomes available, in accordance with the rules of the Clearing Corporation.

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78 Proposed Rule 30.6 is the same as Cboe Rule 5.1(b)(3)(F).

79 Unless otherwise specified, all times in this proposal are Eastern Time.

Additionally, proposed Rule 30.6(d) provides if there is an unofficial disclosure[80] of the KPI prior to the expiration date, the Exchange may determine to halt (and resume) trading in the applicable binary KPI options series in accordance with Rule 20.3. In certain circumstances, the expiration date for the option may accelerate in accordance with the rules of the Clearing Corporation rules; if this occurs, trading in the binary KPI will cease. This proposed provision addresses the unlikely event that KPI information becomes available through sources other than the issuer in advance of the expiration date. If the Exchange determines the KPI information reported from the unofficial source is unreliable, trading in the binary KPI option may resume until it expires.

Finally, proposed Rule 30.6(e) states that the System shall open binary KPI options for trading at 9:30 A.M. Eastern Time.[81]

Proposed Rule 30.7 – Position Limits for Binary KPI Options. The Exchange proposes to adopt Rule 30.7 (Position Limits for Binary KPI Options) to set forth position limit requirements for binary KPI options. Proposed Rule 30.7(a) would provide that, in determining compliance with Rule 18.7, the position limit for binary KPI options is 25,000 standard option contracts per expiration and 100 binary KPI option contracts equal one standard option contract.[82]

Per proposed Rule 30.7(b), positions in binary KPI options on the same KPI that have different expiration dates are not aggregated (as proposed position limits are calculated per

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80 Unofficial disclosure of a KPI may include, for example, an unsanctioned leak of the KPI or disclosure of the KPI by a source other than the issuer.

81 Proposed Rule 30.6(e) is similar to Cboe Rule 5.31(d)(1)(D). The proposed language, however, recognizes that 24X would not have an opening rotation like Cboe does.

82 Proposed Rule 30.7(a) is the same as Cboe Rule 8.36(a)(3).

expiration) and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated.[83]

The Exchange proposes to adopt Rule 30.7(c) to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer.[84] Finally, proposed Rule 30.7(d), provides a hedge exemption for Market Makers with respect to binary KPI options.[85] A binary KPI option short position coupled with a binary KPI option short call position held by a Market Maker, regardless of the KPI option strike price, shall be exempt from the established position limits as discussed above.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge

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83 Proposed Rule 30.7(b) is the same as Cboe Rule 8.36(b)(2).

84 Proposed Rule 30.7(c) is the same as Cboe Rule 8.36(c)(2).

85 Proposed Rule 30.7(d) is the same as Cboe Rule 8.36(e)(2).

exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

Proposed Rule 30.8 – Reporting of Positions. The Exchange also proposes to adopt Rule 30.8 (Reporting of Positions).[86] Positions in binary KPI options shall be reported pursuant to Rule 18.10, except, in computing reportable binary KPI options thereunder, aggregation of positions shall be in accordance with proposed Rule 30.7. Proposed Rule 30.8 further provides that, for purposes of this report, 100 binary KPI option contracts equal one standard option contract.

Proposed Rule 30.9 – Minimum Increment for Bids and Offers. The Exchange proposes to adopt Rule 30.9 to establish the minimum increment for bids and offers on orders for binary KPI options.[87] Proposed Rule 30.9 states that the minimum price variation for binary KPI options shall be established on a case-by-case basis by the Exchange and shall not be less than $0.01.

Proposed Rule 20.6 – Nullification and Adjustment of Options Contracts including Obvious Errors. In proposed interpretation .04 to Rule 20.6, the Exchange proposes to exclude binary KPI options from the obvious error provisions in Rule 20.6.[88]

Proposed Rule 21.17 – Additional Price Protection Mechanisms and Risk Controls. Proposed paragraph (h) of Proposed Rule 21.17 states that, in addition to the order and quote price protection mechanisms and risk controls described in this Rule, the Exchange may apply a maximum execution price protection for binary options on a class basis, pursuant to which the

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86 Proposed Rule 30.8 is based on Cboe Rule 8.43(f).

87 Proposed Rule 30.9 is the same as Cboe Rule 5.4(c)(1).

88 Proposed Interpretation .04 of Rule 20.6 is the same as Cboe Rule 6.5, Interpretation .01.

System adjusts any execution price for a binary option above the Exchange-designated maximum execution price for that class down to that maximum execution price.[89]

Application of Other Rules. Except as otherwise described above, all binary KPI options will be listed and traded on the Exchange in a substantially similar manner as standard equity options are proposed to be listed and traded on the Exchange. The Rules that will apply to the listing and trading of non-binary options on the Exchange, including those related to customer accounts, margin requirements and trading halt procedures,[90] which are designed to prevent fraudulent and manipulative acts and practices, will apply to the listing and trading of binary KPI options. The Exchange has analyzed its planned capacity and represents that it believes the Exchange will have the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary KPI options.

OPRA. The Exchange will send quotation and transaction price information for binary KPI options to The Options Price Reporting Authority ("OPRA") in the same manner it will send this information to OPRA for all other options the Exchange lists. Additionally, the Exchange understands from OPRA that it will disseminate information regarding binary KPI options in the same manner it does for all other options the Exchange lists. The Exchange intends to follow OPRA's standard capacity monitoring process for binary KPI options (in accordance with OPRA instructions), which includes submission of quarterly capacity projections (the Exchange will include its projected binary KPI option volume in the applicable submission). Further, the Exchange understands from OPRA that no technical changes are required to accommodate the

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89 Proposed paragraph (h) of Proposed Rule 21.17 is the same as Cboe Rule 5.34(d).

90 Binary KPI options will not be tied to the trading state of the underlying issuer stock and thus, trading in binary KPI options will not be affected by halts in the underlying issuer stock. The binary KPI options will halt in accordance with proposed Rule 20.3

reporting to OPRA of quotation and transaction information regarding binary KPI options (the Exchange represents, if later required by OPRA, it will adhere to any new technical requirements OPRA deems necessary to accommodate binary KPI options).[91]

Capacity. The Exchange does not believe Options Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary KPI options and the effect (if any) of binary KPI options on market fragmentation and the capacity of the Exchange's automated system.

Surveillance. The Exchange represents that the same surveillance procedures that will be applicable to all other options that will be listed and traded on the Exchange will apply to binary KPI options, and that it has the necessary systems capacity to support the option series. The Exchange's surveillance and reporting safeguards for options will be designed to deter and detect possible manipulative behavior and other improper trading. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority, Inc. ("FINRA") with regard to its equity trading; the Exchange intends to extend this agreement to cover options as well. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.[92]

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91 The Exchange understands OPRA may need to update how it disseminates open interest information for binary KPI options, as its current process incorporates information from OCC and references in this filing are clearing agency-neutral.

92 Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization ("SRO") registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO. 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.

The Exchange intends to participate in this joint plan. The Exchange is also a member of the Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary KPI options.

CAT. The Exchange will report any information regarding binary KPI options required to be reported to the Consolidated Audit Trail ("CAT") in the same manner it reports this information to CAT for all other options the Exchange lists.[93] The Exchange represents, if later required by FINRA CAT, it will adhere to any new technical requirements FINRA CAT deems necessary to accommodate binary KPI options).

Linkage Plan. Pursuant to the Options Order Protection and Locked/Crossed Market Plan ("Linkage Plan"),[94] participant exchanges to the Linkage Plan established a framework to provide order protection. The Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage) applies during all trading sessions during which multiply listed options trade. Proposed Rule 27.2 addresses order routing away from the Exchange to promote compliance with the Linkage Plan. If the proposed binary KPI options become multiply listed options, Users may designate an order for routing (or not available for routing), and the Exchange System is designed to, at all times, prevent trade-throughs and avoid displaying

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93 CAT reporting requirements will apply to broker-dealers with respect to binary KPI options in the same manner as they apply to any other options the Exchange lists. The Exchange understands from the CAT Plan Processor that there will be no changes to the reporting specifications for broker-dealers to accommodate the reporting of information regarding binary KPI options to CAT.

94 The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

locked/crossed markets in accordance with the Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage).

Clearance. Upon launch, binary KPI options will clear through the Clearing Corporation as that term is defined in proposed Rule 30.1. In doing so, the proposal would bring these securities products within the established regulatory infrastructure applicable to listed options, including exchange trading and surveillance, standardized disclosure, and centralized clearance and settlement through a registered clearing agency, as further described below. Additionally, binary KPI options would be cleared through a registered clearing agency, which would serve as the central counterparty to each transaction and facilitate risk mitigation through established clearing, settlement, contract adjustment, and other standardized operational processes.

The Exchange represents it will not list for trading binary KPI options until the registered clearing agency designated as the Clearing Corporation is authorized and operationally ready to clear the options and until all applicable filings and documents of the Clearing Corporation related to binary KPI options being cleared through the Clearing Corporation are approved by the Commission or effective after review by the Commission, as applicable.

OLPP. The Options Listings Procedure Plan (the "OLPP") sets forth procedures to facilitate the listing and trading of standardized options. This plan currently describes procedures with respect to options issued by and cleared at the OCC. If the Exchange ultimately does not designate the OCC as the Clearing Corporation for the purposes of the definition set forth in proposed Rule 30.1, the Exchange will take steps necessary and within its authority to amend the OLPP to reflect listing procedures applicable to binary KPI Options to the extent not cleared by the OCC.

Standardized Options. As discussed in further detail below, the Exchange intends for binary KPI options to be treated as listed standardized options. Rule 9b-1 under the Act establishes a disclosure framework for standardized options pursuant to which investors receive a disclosure document describing the terms, characteristics, and risks of the product before trading. Depending on which registered clearing agency is designated as the Clearing Corporation, the applicable Rule 9b-1 disclosure document may be based on an existing options disclosure document utilized by that clearing agency, as modified or supplemented, as appropriate, or another comparable disclosure document prepared in connection with the clearance of binary KPI options. In either case, the disclosure document would contain substantially similar information regarding the terms, characteristics, risks, settlement mechanics, and other material features of binary KPI options and would be tailored, as necessary, to address the product's unique features and distinctions from traditional listed options. The Exchange believes that disclosure through the Rule 9b-1 framework would better serve the informational needs of investors than a traditional prospectus because binary KPI options are standardized options for which the principal investor considerations relate to the contract's terms, payout structure, settlement mechanics, and trading characteristics rather than the disclosure typically provided in connection with an offering of a corporate issuer's securities.

Conditions. The Exchange will not commence listing and trading of binary KPI options until a registered clearing agency is authorized and operationally ready to clear the contracts; the applicable disclosure document under Rule 9b-1 is in place; any necessary changes relating to CAT, FINRA, OPRA, the Linkage Plan, and OLPP have been completed; and the Exchange has issued an implementation notice to Members.

(b) Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[95] in general, and furthers the objectives of Section 6(b)(5) of the Act[96] 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange proposes to operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, namely MEMX Options. As a result, the proposed rules of 24X Options are substantially similar to the approved rules of MEMX Options, Cboe, Nasdaq ISE Options, and Cboe EDGX, which have already been found to be consistent with the Exchange Act. Therefore, the Exchange does not believe that any of the proposed rules raise any new or novel issues that have not been previously considered by the Commission. The Exchange believes that 24X Options will benefit individual investors, options trading firms, and the options markets generally by providing an additional competitive dynamic to the options landscape, thereby promoting further initiative and innovation among market centers and market participants. The entry of an innovative, cost-competitive market such as 24X Options will promote competition, spurring existing exchanges to improve their own execution systems and reduce trading costs.

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95 15 U.S.C. 78f(b).

96 15 U.S.C. 78f(b)(5).

General

More broadly, the Exchange believes that the functionality that it proposes to offer is consistent with Section 6(b)(5) of the Act because the System is designed to be efficient and its operation transparent, thereby facilitating transactions in securities, removing impediments to and perfecting the mechanisms of a free and open national market system. As described above, the Exchange's proposed rules, including the proposed Order Types and Handling Instructions, opening procedures, routing services, and order matching process are designed to provide a comprehensive suite of conventional features and to comply with all applicable regulatory requirements, including the obligations of the Options Order Protection and Locked/Crossed Market Plan.

The Exchange believes that the proposed rules of 24X Options, as well as the proposed method of monitoring for compliance with and enforcing such rules is also consistent with the Exchange Act, particularly Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Exchange Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the Exchange. The Exchange has proposed to adopt rules necessary to regulate Options Members that are either substantively identical or substantially similar to the approved rules of other options exchanges, as described above. The Exchange proposes to regulate activity on 24X Options in the same way it regulates activity on its equities market, specifically through various Exchange-specific functions, an RSA with FINRA, as well as participation in industry plans, including plans pursuant to Rule 17d-2 under the Exchange Act.

Binary KPI Options

As an initial matter, the Exchange's proposal is identical to the recently approved proposal made by the Cboe to list binary KPI options.[97] Similar to Cboe, the Exchange believes that trading such instruments as binary KPI options would promote a fair and orderly market and facilitate new investment and hedging opportunities on a Commission-regulated exchange.

The Exchange believes the proposed rule change 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 establishes a clear and transparent framework for a new category of listed options (binary KPI options) that are tied to financial and operating metrics of issuers that are publicly disclosed in reports submitted to the Commission. Currently, investors wishing to position their investment strategies around earnings disclosures must rely primarily on equity options, whose pricing is affected by a wide range of variables beyond the reported financial or operating measure of interest (e.g., implied volatility, delta, time value, and general market movement). Binary KPI options allow investors to take a targeted, defined-risk position directly on a specific financial or operating measure (i.e., a KPI) for a particular reporting period. The Exchange believes this additional investment tool will protect investors and the public interest because it will promote market efficiency, enable more precise price discovery around earnings events, allow investors to hedge against potential idiosyncratic risks, and remove a gap in current national securities exchange-listed products available to market participants.

The Exchange believes the proposed list of issuers and KPIs on which the Exchange may list binary KPI options will prevent fraudulent and manipulative acts and practices, remove

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97 See Cboe Binary KPI Approval Order

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. First, as noted above, the Exchange is proposing to list binary KPI contracts based on specific financial and operating metrics reported by the following issuers in their earnings-related disclosures submitted to the Commission: Apple, Inc.; Advanced Micro Devices, Inc.; Alphabet Inc.; Amazon.com, Inc.; Bank of America Corporation; Citigroup Inc.; Coinbase Global, Inc.; Ford Motor Company; Intel Corporation; JPMorgan Chase & Co.; Marathon Digital Holdings, Inc.; Meta Platforms, Inc.; Microsoft Corporation; Netflix, Inc.; NVIDIA Corporation; Palantir Technologies Inc.; SoFi Technologies, Inc.; Space Exploration Technologies Corp.; Super Micro Computer, Inc.; Target Corporation; Tesla, Inc.; and The Walt Disney Company. The Exchange believes offering investors an additional investment tool on a national securities exchange related to some of the most actively traded stocks and options will perfect the mechanism of a free and open market and benefit investors by allowing them to further refine their investment strategies, including using these options to hedge idiosyncratic, even-specific risk embedded in the specific KPIs (as further discussed below), for these actively traded companies.

The Exchange believes the proposed universe of issuers will prevent fraudulent and manipulative acts and practices, because the proposed issuers are large, well capitalized, and widely followed issuers with highly liquid underlying securities and options markets. As noted in its filing to amend its rules to permit the listing of binary KPI options,[98] Cboe noted that during May 2026, each of the issuers exceeded $3 billion in market capitalization and ranked among the top 200 U.S. companies by average daily options or stock volume, with the exception of Space Exploration Technologies Corp (commonly referred to as SpaceX), which had not been

[98] See Securities Exchange Act Rel. No. 105877 (July 10, 2026), 91 Fed. Reg. 43418 (July 15, 2026).

trading for a full calendar month but which the Exchange believes will satisfy these measures with its first month of trading results based on its volumes since it began trading.[99]

Securities with high market capitalizations and liquid markets are generally less susceptible to manipulation because of the substantial capital required to artificially influence prices of those securities. The depth and breadth of trading activity for securities with significant market capitalizations, such as the stocks of the proposed issuers, make it unlikely that a single market participant would be able to exert undue influence on the price of such a stock, as large volumes of buyers and sellers are what ultimately continuously reflect the true market value of the stock. The Exchange believes the KPIs of issuers with high market capitalizations proposed to underlie binary KPI options are similarly less susceptible to manipulation because any attempt to distort a financial metric of such an issuer would require an enormous and economically impractical deployment of capital, which would likely exceed the fixed payout of a binary KPI option. Therefore, like stocks of large-cap issuers, KPIs of large-cap issuers are less susceptible to manipulation due to the structural barriers that would make manipulating KPI values operationally difficult and financially irrational (in addition to the rigorous financial oversight to which these issuers are subject, as further discussed below).

In addition to the proposed issuers being highly capitalized and having actively traded stocks and options on such stocks, the Exchange also believes the proposed limited universe of issuers for binary KPI options to those proposed will prevent fraudulent and manipulative acts and practices because each issuer is subject to periodic reporting requirements under the Act. Therefore, each of the proposed issuers must file annual reports on Form 10-K, quarterly reports

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[99] As noted by Cboe, the ADV of SpaceX stock between June 12 and June 22, 2026 was approximately 290,009,963 shares. The market capitalization of SpaceX as of June 22, 2026 was $2.145 trillion.

on Form 10-Q, and current reports on Form 8-K with the Commission, which as discussed above disclose information the issuer believes is necessary for an investor to understand its financial condition, changes in financial condition and results of operations, which can include KPIs. Further, each issuer maintains audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and is subject to executive certification requirements under the Sarbanes-Oxley Act. As a result, the settlement-determining KPI values for each eligible issuer are produced within the Commission's supervisory jurisdiction, are publicly verifiable from a Commission-regulated source and are subject to relevant anti-fraud provisions under the Act, which the Exchange believes will reduce the potential for manipulation of the underlying KPIs as well as the applicable issuer's stock.

Further, the Exchange believes the proposed limited universe of issuers will introduce binary KPI options in a well-developed, well-understood, and transparent Commission-regulated market environment. Each issuer is among the most widely followed, actively traded, and extensively analyzed issuer in its respective sector, with deep and liquid equity and derivatives markets and a broad institutional and retail investor base. The depth of existing market activity surrounding these issuers supports fair and orderly pricing by ensuring that binary KPI options are listed in markets where price discovery is well-established, liquidity is readily available, and participants have broad access to the information necessary to form and express informed views on KPI outcomes. The Exchange believes the continuous public scrutiny to which these issuers are subject substantially reduces the likelihood that any market participant could obtain or maintain an informational advantage sufficient to manipulate the settlement value of the binary KPI options.

The Exchange believes the proposed KPI metrics will similarly prevent fraudulent and manipulative acts and practices, 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. The Exchange's proposal limits eligible KPIs to GAAP and non-GAAP measures and other statistics related to an issuer's financial condition and operational results, all of which the proposed issuers disclose in their earnings-related filings (i.e., Forms 8-K, 10-Q, and 10-K) submitted to the Commission. As such, the settlement values of the proposed binary KPI options are derived exclusively from information that issuers deem as material information required to be disclosed in reports submitted to the Commission. These metrics are routinely referenced and tracked in the investment community and are figures that the market recognizes as a meaningful and central indicator of issuer performance. The Exchange believes that the inclusion of well-established metrics as eligible KPIs expands the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process.

The proposed KPI metrics are among the most widely followed and extensively analyzed measures for the proposed issuers. Specifically, the Exchange proposes to be able to list a binary KPI option on earnings per share (prepared in accordance with GAAP) for each proposed issuer. This metric is among the most widely followed and extensively analyzed figures in public company financial disclosure and is disclosed in each issuer's periodic Commission filings. Similarly, the Exchange proposes to list binary KPI options on revenue, prepared in accordance with the applicable GAAP, for each issuer. As is the case for earnings per share, revenue is a widely followed financial metric for publicly reporting companies and is the subject of extensive analyst coverage.

The Exchange proposes KPIs representing revenues broken out by applicable reportable segment, business unit, or product category, including cloud and artificial intelligence infrastructure revenues, streaming and geographic subscription revenues, automotive segment revenues, financial services segment revenues, consumer product category revenues, and digital asset exchange transaction and subscription revenues, among others, for several of the proposed issuers. Each such metric is a GAAP-defined figure required to be disclosed in the issuer's periodic Commission filings. The Exchange understands these metrics enable market participants to express views on specific high-profile business lines that are extensively covered by analysts and subject to a high volume of publicly available forecasts.

The Exchange proposes KPIs for the proposed financial institution issuers that are specific to financial institution income statement presentation, including net interest income, provision for credit losses, and net income. Each such metric reflects the distinct GAAP reporting framework applicable to banking institutions and is subject to the same periodic disclosures as other proposed KPIs.

The proposed rule change also includes operating margin, gross margin, or cash flow from operations KPIs for several issuers, each of which is computed directly from GAAP financial statement line items disclosed in the issuer's periodic Commission filings. These metrics provide market participants with insight into issuer profitability and capital generation and complement other revenue and earnings figures when market participants are evaluating the value of an issuer and its stock.

The Exchange also proposes several non-financial operational KPIs that issuers disclosed in their periodic Commission filings, including relevant production volumes, network and infrastructure counts, user engagement metrics, deal counts, digital asset trading volume, and

digital asset mining and holdings metrics. Each designated non-financial operational metric is closely tied to the core economic activity of the respective issuer's business and is a figure that the issuer has affirmatively chosen to disclose to the public as a key indicator of business performance. Issuers typically designate and disclose such metrics precisely because they are understood by the market to be among the most meaningful measures of their business activities. As discussed above, this is consistent with Commission guidance that an issuer should include KPIs in these report that the issuer believes an investor needs to gain understanding of its financial condition, changes in financial condition and results of operations, as such KPIs present the "pulse" of the issuer's business. The market significance of these metrics is further reflected in the extensive analyst coverage and investor attention, particularly near each reporting date. Each metric is subject to executive certification as part of the periodic report in which it appears and is widely tracked by financial data services and equity research analysts.

Overall, the Exchange believes that the proposed well-established, publicly reported metrics as eligible KPIs will expand the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process. As a result, the Exchange believes the proposed KPIs will protect investors and the public interest as it will permit the Exchange to offer investors additional investment and hedging tools on the Exchange that investors can incorporate into their investment strategies regarding the proposed issuers.

The Exchange believes the proposed contract terms for binary KPI options will promote just and equitable principles of trade, remove impediments to and perfect a free and open market and national market system, and protect investors. As discussed above, the Exchange believes the proposed contract terms for binary KPI options are standardized option terms. Like standard option contracts, each proposed binary KPI option will be a call or a put, will have an underlying

exercise price, an expiration date, a settlement type, a settlement style, and a multiplier. As is the case for binary index options, each proposed binary KPI option will have an exercise settlement amount paid depending on how the settlement value of the underlying compares to the exercise price.

The proposed binary KPI options will function identically to, and carry the same contractual terms as, the binary KPI options the Cboe has recently been approved to list. The proposed definitions of binary KPI option, call binary KPI option, exercise price, and put binary KPI option are the same as those terms employed by Cboe for its binary KPI options.

The proposed definition of settlement value for binary KPI options is identical to the definition applied by Cboe for binary KPI options. The Exchange believes the proposed $1 exercise settlement amount is reasonable given the retail nature of the proposed binary KPI options and merely adds specificity to the Rules for binary KPI options. The Exchange notes binary KPI options differ from standardized index options (which are also cash-settled) in that the exercise settlement amount is $1.00 rather than the cash difference amount between the settlement value of the index and the strike price of an option. Since the $1.00 exercise settlement amount will be paid out to the option holder if the criteria of the binary KPI option have been met, binary KPI options utilize a fixed exercise settlement amount.

The Exchange proposes new Rule 30.2 to list the specific binary KPI option contracts with the KPI criteria for each option contract. Such KPI criteria are established as the set of KPI events that will be used to determine whether an option contract will be exercised by comparing the strike price of the binary KPI option to the KPI value. The Exchange believes these proposed contracts (including the issuers and KPIs) are consistent with the Act for the reasons set forth above.

The Exchange believes the proposed expirations for binary KPI options will remove impediments to and perfect the mechanism of a free and open market and a national market system because they will align with the reporting periods for which the proposed issuers disclose earnings results and submit corresponding reports to the Commission. These expirations will, therefore, permit investors to incorporate binary KPI options into their investment strategies that correspond to issuers' earnings results. Further, as discussed above, the Exchange believes aligning expirations with Commission-regulated sources will reduce the potential for manipulation of the underlying KPIs, which will ultimately protect investors and the public interest.

The proposed rule establishes a strike regime for binary KPI options similar to that for traditional options. As is the case for traditional options and binary index options, the proposed rule change establishes permissible strike intervals, the amounts of which increase as the value of the strike increases. Additionally, the Exchange proposes to list initial and additional series pursuant to a similar framework as traditional equity options. The differences in the proposed strike regime compared to that of standard equity and index options are necessary and appropriate to reflect the static nature of KPIs (unlike underlying equities and indexes, the values of which change throughout the trading day) and the timing of their disclosure. As noted above, the Exchange intends to list binary KPI options aligned with the cadence of the KPI disclosures as their expiration cycle (generally quarterly). The Exchange intends to list for trading binary KPI options with expirations for the then-current reporting period (e.g., third quarter) as well as the following period (e.g., fourth quarter) prior to the expiration of the binary KPI options for the then-current reporting period.

As described above, the Exchange intends to list strikes for binary KPI options by listing strikes relative to the then-current value of the underlying KPI or publicly available estimates from the issuer or major market data vendors. The Exchange believes it is consistent with just and equitable principles of trade to permit the Exchange to list strikes based on all available information that would inform expectations about the KPIs (as investors would do), and then add strikes based on new or updated information, as it will allow the Exchange to list series with strikes consistent with investor expectations and demands. This will enable the Exchange to respond to changes in market conditions for binary KPI options, factoring in the static value of KPIs. Specifically, the Exchange believes this flexibility is appropriate for binary KPI options because the value of a KPI changes only when an issuer discloses that KPI, which generally happens every three months, unlike other underlyings, the value of which changes every trading day. This proposed strike listing regime for binary KPI options permits the Exchange to list strikes reflective of the then-current value of the underlying and in response to customer demand. It is possible the changed value of an underlying KPI in a more recent earnings disclosure or new or updated estimates may be more sudden and pronounced than changes in the value of an underlying equity or index (which are susceptible to sudden value changes); however, like the listing rules for equity and index options, the proposed rules permit the Exchange to list strikes to reflect changes in the value of the underlying, including substantial changes.

The Exchange believes the proposed scaling of strike prices is reasonable and will protect investors, as it will permit the Exchange to list strike values in amounts similar to current strike values for other options. As noted above, values of certain KPIs may be large (e.g., in the billions). The proposed scaling will permit the Exchange, for example, to list a strike of 27 rather than 27,000,000,000, which the Exchange believes will be simpler for investors to

understand (as it will be made clear that 27 will reflect billions in this example) and consistent with current strike levels. The proposed scaling also permits the strike prices for binary KPI options to fit within current system capabilities regarding strike price values. The Exchange believes scaling rather than modifying its systems (and potentially causing investors to modify their systems) will benefit investors by allowing them to trade binary KPI options in the same manner as they trade other options today.

The Exchange believes the proposed strike intervals promote just and equitable principles of trade because it will permit the Exchange to list commercially meaningful strikes that will permit investors to tailor their trading strategies with precision. The Exchange acknowledges the proposed strike intervals are smaller than those in exchange rules for other types of options. However, the Exchange believes the precision is appropriate and necessary given the nature of KPIs and the proposed options. The purpose of binary KPI options is to permit investors to take discrete and precise positions on KPIs. Therefore, the Exchange needs the ability to list strikes with the precision necessary to permit investors to take these positions. For example, earnings per share is generally a relatively small number (under $10). While strike intervals for other options are limited to $0.50 intervals, that would not be meaningful in the context of binary KPI options when investors are looking to take positions for a specific KPI, which will be measured in penny intervals. Therefore, the Exchange believes smaller strike intervals will benefit investors because they will allow the Exchange to list binary KPI options that will enable investors to use these options in the precise nature for which they are intended and provide sufficient flexibility for the Exchange to list series to respond to changes in market conditions and customer demand, while other rules will place bounds around the strikes the Exchange may

list. Further, as discussed above, the proposed strike intervals are consistent with the strike intervals used by Cboe for the binary KPI options it recently received approval to list.

The Exchange believes this proposed rule change clearly describes the proposed terms of binary KPI options, such as with respect to expirations (including the Exchange's announcement of the specific expiration date after binary KPI options series for that expiration are listed) and exercise prices (including the scaling factor, negative values, and potential changes to that scaling factor for a binary KPI option class) for all investors. As discussed above, these terms and changes to such terms will be described in Exchange notices, technical specifications (including binary KPI option reference data files), and contract specifications (all of which are posted on the Exchange's public website and thus available to all investors). Exchange Options Members and retail brokerage firms are highly sophisticated investors that intake information regarding other Exchange-listed options (including changes) in the same manner that the Exchange plans to release this information for binary KPI options. Therefore, the Exchange expects retail customers to have access to all relevant information regarding the terms of binary KPI options they choose to trade, including changes to expiration dates and exercise price values as announced by the Exchange.

Proposed Rule 30.3(e) specifies a multiplier of one for binary KPI options rather than require the Exchange to designate a multiplier of at least one as the rules for binary index options do. This proposed multiplier is consistent with the definition of contract multiplier applicable to the binary KPI options approved for listing on Cboe. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

The Exchange believes proposed Rule 30.6, which establishes trading hours for binary KPI options, is consistent with the Act, protects investors, and prevents fraudulent and manipulative practices. The Exchange believes the proposed structure ensures that trading in binary KPI options ceases before the earnings disclosure that determines settlement. The distinction between A.M.- and P.M.-settled contracts mirrors the settlement terms applicable to the binary KPI options approved for listing on Cboe.

The Exchange believes proposed Rule 30.6(e), which states that the System shall open binary KPI options for trading at 9:30 A.M., removes impediments to a free and open market by applying the same opening process to binary KPI options that will govern other listed options classes on the Exchange. Additionally, unlike equity options, for which the underlying opens for trading and can trigger the market opening, KPIs do not trade, so setting the opening based on a set time is reasonable for binary KPI options.

The Exchange believes excluding binary KPI options from the obvious error provisions in Rule 20.6 is consistent with the Act and promotes just and equitable principles of trade because the standard obvious error framework, which evaluates whether an execution price deviates from a "theoretical value" by a prescribed amount, is incompatible with the structure of binary KPI options. Binary KPI options have no continuously observable theoretical value (unlike equity and index options) prior to the date of the earnings-related disclosure. Rather, their exercise settlement amount is fixed at either a pre-specified dollar amount or zero, depending entirely on whether the reported KPI satisfies the exercise condition, which itself is based on a single, publicly verifiable metric, disclosed in Commission filings. Applying an obvious error framework premised on theoretical value calculations to a product with a binary, fixed payout would be technically inapplicable and could produce unjust or arbitrary results.

Moreover, because settlement of binary KPI options is determined by issuer-reported metrics disclosed through Commission filings (i.e., figures produced pursuant to established accounting standards, subject to independent audit, and certified under the Sarbanes-Oxley Act), the settlement process is itself governed by a comprehensive external regulatory framework. The Exchange believes that establishing any alternative dispute mechanism in this context would be not only unnecessary, but potentially disruptive to market integrity, as it may introduce an element of post-hoc discretion into a settlement process that is expressly designed to be objective, verifiable, and rule bound.

Finally, the Exchange notes that it is planning to implement a systemic maximum execution price protection for binary KPI options on a class basis, pursuant to which any execution price for a binary KPI option above the Exchange designated maximum execution price for that class is either rejected or adjusted down to that maximum execution price. This protection will provide investors with an additional safeguard against executions at potential erroneous prices, further limiting the need for a separate obvious error provision applicable to binary KPI options, which the Exchange believes protects investors and the public interest. The Exchange represents it will not list for trading binary KPI options until such systemic control is in place.

The Exchange believes the proposed amendments related to position limits for binary KPI options are consistent with the Act because they establish a rational position limit framework for binary KPI options that protects against manipulation while facilitating legitimate trading activity in a novel product.

As proposed, binary KPI options with a multiplier of one will count toward applicable limits on a proportional basis relative to standard equity options on the issuer’s stock, which

carry a multiplier of 100. Because the proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 25,000 contracts with a value of $1.00 with a multiplier of 100 would equate to $2,500,000 notional value, while 25,000 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $25,000 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of calculating compliance with position limits effectively calibrates these limits so that investors may hold positions in binary KPI options for an economically equivalent number of contracts as they may hold in standard equity options. Therefore, the Exchange believes this proposed treatment is consistent with just and equitable principles of trade, as it counts option positions in a manner equivalent with their value.

The Exchange further believes the proposal is reasonable given the nature of binary KPI options and their relationship to the underlying issuer. Because binary KPI options have a fixed maximum notional value and settle on an all-or-nothing basis based on a KPI of the issuer rather than the price of the issuer's stock as with a standard equity option, the Exchange believes the proposed position limits appropriately reflects the distinct structure of these contracts and limits the potential for any single market participant to exert undue influence over binary KPI option settlement. With respect to binary KPI options, the economic risk of a position is binary, in that the contract either settles in-the-money at $1.00 or out-of-the-money at $0.00. Additionally, with respect to binary KPI options, the maximum notional exposure per contract is fixed in advance; it cannot exceed $1.00.

Further, the Exchange's proposal to provide that positions in binary KPI options on the same KPI with different expiration dates and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated reflects the distinct structure of binary KPI options. Each binary KPI option expiration corresponds to a separate event tied to a specific issuer reporting period. Thus, the Exchange believes aggregating positions across different expiration dates would not accurately reflect the risk profile of these positions and would impose an unnecessary burden on market participants seeking exposure to company KPI events across different reporting periods.

Similarly, the Exchange believes it is reasonable to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer. Because binary KPI options and equity options overlying the same issuer have different risk profile (i.e., binary KPI options settle based on a KPI of the issuer rather than its stock price), the Exchange believes it would be inappropriate and misleading to require aggregation of these positions for purposes of position limits. As noted above, binary KPI options are based solely on whether a single, specified-issuer KPI meets a discrete threshold at a defined future date, and their value reflects the market's probability assessment of that singular outcome. Standard equity options, on the other hand, reflect a broad array of factors bearing on the price of the underlying security, including macroeconomic conditions and sector dynamics, of which any individual KPI is only one component. Because the two products are not priced off of a common reference and do not represent economically equivalent or fungible exposures, aggregating positions across them would not meaningfully advance the prevention of manipulative practices with respect to the underlying security. The Exchange further notes that this proposed non-aggregation framework in proposed Rule 30.7(b) is consistent with that applied by Cboe regarding binary KPI options.

Finally, the Exchange believes the amendments to the hedge exemption provision in proposed Rule 30.7(d) is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Proposed Rule 30.7(d) provides a hedge exemption for Market Makers with respect to binary KPI options, a binary KPI option short position coupled with a binary KPI option short call position, regardless of the KPI option strike, shall be exempt from the established position limits proscribed in Rule 18.7.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

The Exchange also believes the proposed adoption of Rule 30.8 consistent with the Act. By establishing tailored reporting requirements for binary KPI options, the Exchange will be able to monitor positions effectively and detect any accumulation of positions that may approach or

exceed applicable limits, to the benefit of investors. The Exchange believes it is consistent with just and equitable principles of trade for 100 binary KPI option contracts to equal one standard option contract for purposes of determining whether the report in proposed Rule 30.8 is required given the size of binary KPI contracts. As discussed above, proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100. Therefore, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 200 contracts with a value of $1.00 with a multiplier of 100 would equate to $20,000 notional value, while 200 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $200 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of this report effectively calibrates the reporting requirement so that investors are required to submit the report for an economically equivalent number of contracts, which promotes just and equitable principles of trade.

The Exchange believes the proposal will provide the Exchange and regulators with visibility into large position concentrations in binary KPI options, preserving the ability to identify unusual activity and respond to any unforeseen concerns, while calibrating the threshold to a metric that is meaningful for this contract given its smaller multiplier relative to that of standard equity options. The Exchange believes this reporting framework, coupled with the position limits amendments, provides a fully adequate regulatory framework for these instruments.

Further, as noted above, the Exchange believes it has an adequate surveillance program in place to detect potentially manipulative trading in binary KPI options. The Exchange notes that

manipulation of the reported KPI would constitute securities fraud and expose the issuer to liability under federal securities law, separate and apart from any exchange-related violation.

The Exchange believes the proposed binary KPI options will serve as a vehicle to hedge idiosyncratic, event-specific risk embedded in the specific KPIs. Standard equity options are calibrated to the price of the underlying security and capture a full spectrum of factors or risks which may affect issuer value, such as macroeconomic conditions or sector dynamics. Because equity option pricing incorporates this full spectrum, a participant seeking to hedge exposure to a single, discrete KPI outcome cannot do so precisely using standard equity options. Because settlement of a binary KPI option is determined solely by whether a specified-issuer KPI meets a defined threshold, the contract effectively isolates certain individual risks an investor may seek to manage. For example, consider an investor holding a long-term position in a particular issuer stock, who believes the issuer's quarterly revenue will fall short of expectations (for reasons unrelated to the issuer's long-term prospects). The investor may utilize the binary KPI option to hedge precisely against the near-term risk without disruption to the underlying equity position. This targeted hedging utility represents a distinct and additive function relative to existing listed products, which the Exchange believes will serve the interests of investors and provide an efficient mechanism for managing event-specific, KPI-driven risk.

The Exchange believes the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice for these instruments, offering price transparency and the regulatory protections of a national securities exchange. The Exchange believes the proposed rule change will permit investors to manage their risk exposures and carry

out their investment objectives on a securities exchange with more flexibility and broader applicability. The Exchange also believes the proposed rule change will promote competition, as it will meet demands of investors that currently may trade products structured in substantively the same manner as the proposed binary KPI options in other markets (as further discussed below). Binary KPI options would provide investors with a straightforward means of expressing a directional view on key financial and operating metrics. The Exchange further believes the proposed rule change is consistent with the protection of investors and the public interest, as binary KPI options would be subject to the Exchange's existing rules governing the listing and trading of options. The Exchange believes expanding the universe of binary options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options.

The proposed rule change will permit the Exchange to list binary KPI options on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the OTC market and on other platforms. The Exchange understands investors have traded binary options similar to the proposed binary options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listing options. These benefits include: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary KPI options as a standardized product without the

credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counter party credit risk for Exchange-listed binary KPI options is significantly reduced through the issuance and guarantee of the contracts by a registered clearing agency. Further, as an exchange-traded option, binary options will have the advantage of liquidity provided by Market-Makers, which the Exchange believes may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as binary options that the Exchange may list pursuant to current Rules and as proposed. These platforms offer binary option products overlying issuer KPIs, which may be settled at varying points of the day (not just at the open and close of the trading day). However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a national securities exchange would create a centralized and standardized marketplace for these products, which promotes price discovery and transparency, within an established regulatory framework designed to afford investors in securities with important protections. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market or other market platforms offer. It would contribute to leveling the playing field with these alternative markets and provide

investors with safeguards associated with Commission and SRO oversight of the trading activity in these exchange-listed binary KPI options.

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

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in an intensely competitive global marketplace for transaction services. Relying on its array of services and benefits, the Exchange competes for the privilege of providing market services to broker-dealers. The Exchange's ability to compete in this environment is based in large part on the quality of its trading systems, the overall quality of its market and its attractiveness to the largest number of investors, as measured by speed, likelihood and cost of executions, as well as spreads, fairness, and transparency.

Consolidation amongst U.S. options exchanges has led to concentration of ownership by certain exchange groups, thereby diminishing the competitive landscape among options exchanges. This proposal will enhance competition by allowing the Exchange to introduce a

robust technology platform for trading options. The proposed rule change will insert an additional competitive dynamic into the options landscape by allowing the Exchange to compete with existing options exchanges and will promote further initiative and innovation among market centers and market participants.

The basis for the functionality contemplated by the proposed rules of 24X Options are the approved rules of MEMX Options and Cboe, which have already been found not to result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Therefore, the Exchange does not believe that any of its proposed rules raise any new or novel competitive issues that have not been previously considered by the Commission.

In addition, the Exchange does not believe that the proposed rule change related to binary KPI options 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 related to binary KPI options will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to the payout terms and amount). All market participants will be subject to the same rules applicable to binary KPI options, as described in this proposed rule change. Except as set forth in the proposed rule change, binary KPI options will trade in the same manner as binary KPI options on Cboe.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options have been approved to be listed on Cboe and other options exchanges may propose similar products. Additionally, as noted above, substantively similar

products to binary KPI options, as proposed, are available in the OTC market and various other markets.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to Cboe, the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. As a result, the Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets.

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

Not applicable.

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

As described in further detail above, the proposed rules applicable to the 24X Options Exchange are based on the rules of other national securities exchanges that list and trade options, primarily MEMX Options and Cboe.

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

Not applicable.

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

Not applicable.

11. Exhibits

Exhibit 1. Form of Notice of Proposed Rule Change for Publication in the Federal Register.

Exhibit 5. Text of the Proposed Rule Change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-24X-2026-33)

[Date]

Self-Regulatory Organizations; 24X National Exchange LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt Rules to Govern the Trading of Options on the Exchange

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 [_____], 24X National Exchange LLC ("24X" or the "Exchange") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to adopt rules to govern the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on the Exchange (referred to herein as "24X Options Exchange" or "24X Options"). The proposed rule change is available on the Exchange's website at https://equities.24exchange.com/regulation and at the principal office of the Exchange.

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

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

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

2 17 CFR 240.19b-4.

it received on the proposed rule change. The text of those statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant parts of such statements.

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

1. Purpose

The Exchange is proposing to adopt a series of rules in connection with the trading of options, including rules to permit the listing of binary options overlying key performance indicators ("KPIs") reported by certain issuers of stock ("binary KPI options"), on 24X Options, which will be a facility of the Exchange. 24X Options will operate an electronic trading system developed to trade options (the "System"). The Exchange will operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, with a comprehensive suite of conventional order types and functionality that is designed to provide for an efficient, robust, and transparent order matching process. The proposed functionality for 24X Options is substantially similar to that offered by other options exchanges. Thus, the Exchange proposes to adopt rules applicable to 24X Options that are substantively identical or substantially similar to the approved options rules of MEMX, except for the rules related to binary KPI options which are substantively identical or substantially similar to the approved rules of Cboe Exchange, Inc. ("Cboe") for binary KPI options.

The System will provide for the electronic display and execution of orders in price/time priority without regard to the status of the entities that are entering orders. All Exchange Members will be eligible to participate in 24X Options provided that the Exchange specifically authorizes them to trade in the System. The System will provide a routing service via unaffiliated routing broker-dealers for orders when trading interest is not present on 24X Options

and will comply with all applicable securities laws and regulations and the obligations of the Options Order Protection and Locked/Crossed Market Plan.

24X Options Members

Pursuant to the proposed rules in Chapter 17 (Participation on 24X Options), the Exchange will authorize any Exchange Member that meets certain enumerated qualification requirements (any such Member, an "Options Member") and any Options Member's Sponsored Participants to obtain access to, and transact business on, 24X Options.

There will be two types of Options Members—Options Order Entry Firms ("OEFs") and Options Market Makers.[3] OEFs will be those Options Members representing Customer Orders as agent on 24X Options or trading as principal on 24X Options. Options Market Makers will be those Options Members registered with the Exchange as Options Market Makers pursuant to proposed Rule 22.2. To become an Options Market Maker, an Options Member will be required to register by filing a written application.[4] The Exchange will not place any limit on the number of entities that may become Options Market Makers, the number of appointments an Options Market Maker may have, or the number of Options Market Makers that may have appointments in a class unless the Exchange determines to impose any such limit based on system constraints, capacity restrictions, or other factors relevant to protecting the integrity of the System.[5] The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the Commission for its review and approval.[6]

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3 As set forth in proposed Rule 22.8, no Options Member may make transactions on 24X Options unless a Letter of Guarantee has been issued for such Member by a Clearing Member and such Letter of Guarantee has been filed with the Exchange and remains in effect. Proposed Rule 22.8 is substantively identical to MEMX Rule 22.8.

4 See Proposed Rule 22.2(a).

5 See Proposed Rules 22.2(c) and 22.3(c).

6 See Proposed Rule 22.2(c).

As set forth in proposed Rule 22.6, Options Market Makers will be required to electronically engage in a course of dealing reasonably calculated to contribute to the maintenance of fair and orderly markets. Among other things, an Options Market Maker would generally have to satisfy the following responsibilities and duties during trading: (1) on a daily basis maintain a two-sided market on a continuous basis in at least 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Options Market Maker's appointed classes are open for trading, excluding any adjusted series, any intraday add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days;[7] (2) enter a size of at least one contract for its best bid and its best offer;[8] and (3) maintain minimum net capital in accordance with Commission and Exchange rules.[9] Substantial or continued failure by an Options Market Maker to meet any of its obligations and duties will subject the Options Market Maker to disciplinary action, suspension, or revocation of the Options Market Maker's registration as such or its appointment in one or more of its appointed options classes.[10] The quoting obligations of Options Market Makers set forth in proposed Rule 22.6 are substantively identical to MEMX Rule 22.6.

Options Market Makers would also be required to (1) identify all accounts related to their market making activities to the Exchange; [11] (2) report to the Exchange upon request all orders in

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7 See Proposed Rule 22.6(c)-(d). The Exchange notes that it also proposes to adopt provisions that exclude from the calculation of continuous quoting those times that an Options Market Maker is experiencing a technical failure or limitation, during a trading halt, suspension or pause in the underlying security, or when the underlying security is in a limit up-limit down state. See Proposed Rule 22.6(d)(2)-(3).

8 See Proposed Rule 22.6(b).

9 See Proposed Rule 22.9.

10 See Proposed Rule 22.5(c).

11 See Proposed Rule 22.7(a).

securities underlying options traded on the Exchange or securities convertible into or exchangeable for such underlying security;[12] and (3) comply with certain joint account restrictions.[13] The foregoing requirements are set forth in proposed Rule 22.7, which is substantively identical to MEMX Rule 22.7.

Options Market Makers receive certain benefits for carrying out their duties. For example, a lender may extend credit to a broker-dealer without regard to the restrictions in Regulation T of the Board of Governors of the Federal Reserve System if the credit is to be used to finance the broker-dealer's activities as a specialist or market maker on a national securities exchange. Thus, an Options Market Maker has a corresponding obligation to hold itself out as willing to buy and sell options for its own account on a regular or continuous basis to justify this favorable treatment.

Every Options Member shall at all times maintain membership in another registered options exchange that is not registered solely under Section 6(g) of the Exchange Act[14] or in FINRA. OEFs that transact business with Public Customers must at all times be members of FINRA. Pursuant to proposed Rule 17.2(g), every Options Member will be required to have at least one registered Options Principal who satisfies the criteria of that rule, including the satisfaction of a proper qualification examination. An OEF may only transact business with Public Customers if such Options Member also is an Options Member of another registered national securities exchange or association with which the Exchange has entered into an

12 See Proposed Rule 22.7(b).

13 See Proposed Rule 22.7(c).

14 15 U.S.C. 78f(g).

agreement under Rule 17d-2 under the Exchange Act[15] pursuant to which such other exchange or association shall be the designated options examining authority for the OEF.

The proposed rules relating to qualification and participation on 24X Options as an Options Member (including as an OEF and an Options Market Maker) are substantively identical to the relevant rules of MEMX Options.[16]

As provided in proposed Rule 16.2, existing Exchange Rules applicable to the 24X equities market contained in Chapters 1 through 15 of the Exchange Rules will apply to Options Members unless a specific Exchange Rule applicable to the 24X Options market (proposed Chapters 16 through 30 of the Exchange Rules) governs or unless the context otherwise requires. Options Members can therefore provide sponsored access to the 24X Options Exchange to a non-Member (i.e., a Sponsored Participant) pursuant to Rule 11.3 of the Exchange Rules.

Definitions

The Exchange proposes to define a series of terms under proposed Rule 16.1 (Definitions), which are to be used in proposed Chapters 16 to 30 relating to the trading of options contracts on the Exchange (unless the context otherwise requires). Each of the terms defined in proposed Rule 16.1 is either identical or substantially similar to definitions included in MEMX Rule 16.1.[17]

- **24X Exchange and Exchange.** The terms "24X Exchange" and "Exchange" mean 24X National Exchange LLC.

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15 17 CFR 240.17d-2.

16 See MEMX Rules, Chapters 17 and 22.

17 The Exchange notes that it is not currently proposing the term "index options" as set forth MEMX Rule 16.1, nor the references to complex options as set forth in paragraphs (a) and (c) of Interpretation .01 of MEMX Rule 16.1.

- **24X Exchange Rules and Exchange Rules.** The terms "24X Exchange Rules" and "Exchange Rules" mean the rules of the Exchange, including those for equities and options.
- **24X Options.** The term "24X Options" means the 24X National Exchange LLC Options Market, an options trading facility of the Exchange under Section 3(a)(2) of the Exchange Act.
- **24X Options Book.** The term "24X Options Book" means the electronic book of options orders maintained by the Trading System.
- **24X Options Transaction.** The term "24X Options Transaction" means a transaction involving an options contract that is effected on or through 24X Options or its facilities or systems.
- **ABBO.** The term "ABBO" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in proposed Rule 27.1) and calculated by the Exchange based on market information the Exchange receives from OPRA.
- **Aggregate Exercise Price.** The term "aggregate exercise price" means the exercise price of an options contract multiplied by the number of units of the underlying security covered by the options contract.
- **American-Style Option.** The term "American-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised at any time from its commencement time until its expiration.
- **Associated Person and Person Associated with an Options Member.** The terms "associated person" and "person associated with an Options Member" mean any partner,

officer, director, or branch manager of an Options Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with an Options Member or any employee of an Options Member.

- **Bid.** The term "bid" means a limit order to buy one or more options contracts.
- **Board.** The term "Board" means the Board of Directors of 24X National Exchange LLC.
- **Call.** The term "call" means an options contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of shares of the underlying security covered by the options contract.
- **Capacity.** The term "Capacity" means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. The Capacity codes available on 24X Options will be listed in publicly available specifications and published in a Regulatory Circular.
- **Class of Options.** The terms "class" or "class of options" mean all options contracts with the same unit of trading covering the same underlying security or index.
- **Clearing Corporation and OCC.** The terms "Clearing Corporation" and "OCC" mean The Options Clearing Corporation.
- **Clearing Member.** The term "Clearing Member" means an Options Member that is self-clearing or an Options Member that clears 24X Options Transactions for other Members of 24X Options.
- **Closing Purchase Transaction.** The term "closing purchase transaction" means a 24X Options Transaction that reduces or eliminates a short position in an options contract.

- **Closing Writing Transaction.** The term "closing writing transaction" means a 24X Options Transaction that reduces or eliminates a long position in an options contract.
- **Covered Short Position.** The term "covered short position" means (i) an options position where the obligation of the writer of a call option is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Rules 610(f) or 610(g), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or less than the exercise price of the options contract in such short position; and (ii) an options position where the writer of a put option holds in the same account as the short position, on a share-for-share basis, a long position in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or greater than the exercise price of the options contract in such short position.
- **Customer.** The term "Customer" means a Public Customer or a broker-dealer.
- **Customer Order.** The term "Customer Order" means an agency order for the account of a Customer.
- **Discretion.** The term "discretion" means the authority of a broker or dealer to determine for a Customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.
- **European-Style Option.** The term "European-style option" means an options contract that, subject to the provisions of proposed Rule 23.1 (relating to the cutoff time for

exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

- **Exchange Act.** The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or Rules thereunder.
- **Exercise Price.** The term "exercise price" means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an options contract.
- **He, Him, and His.** The terms "he," "him" and "his" are deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.
- **Individual Equity Option.** The term "individual equity option" means an options contract which is an option on an equity security.
- **Long Position.** The term "long position" means a person's interest as the holder of one or more options contracts.
- **NBB, NBO, and NBBO.** The term "NBB" means the national best bid, the term "NBO" means the national best offer, and the term "NBBO" means the national best bid or offer as calculated by 24X Options based on market information received by 24X Options from OPRA.
- **Offer.** The term "offer" means a limit order to sell one or more options contracts.
- **Opening Purchase Transaction.** The term "opening purchase transaction" means a 24X Options Transaction that creates or increases a long position in an options contract.
- **Opening Writing Transaction.** The term "opening writing transaction" means a 24X Options Transaction that creates or increases a short position in an options contract.
- **OPRA.** The term "OPRA" means the Options Price Reporting Authority.

- **Options Contracts.** The term "options contract" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.
- **Options Market Close and Market Close.** The terms "options market close" and "market close' mean the time the Exchange specifies for the end of a trading session on the Exchange on that trading day.
- **Options Market Maker and Market Maker.** The terms "Options Market Maker" and "Market Maker" mean an Options Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in proposed Chapter 22.
- **Options Market Open and Market Open.** The terms "options market open" and "market open" mean the time the Exchange specifies for the beginning of a trading session on the Exchange on that trading day.
- **Options Member.** The term "Options Member" means a firm, or organization that is registered with the Exchange pursuant to proposed Chapter 17 for purposes of participating in options trading on 24X Options as an "Options Order Entry Firm" or "Options Market Maker."
- **Options Member Agreement.** The term "Options Member Agreement" means the agreement to be executed by Options Members to qualify to participate on 24X Options.
- **Options Order Entry Firm, Order Entry Firm, and OEF.** The terms "Options Order Entry Firm" and "Order Entry Firm" or "OEF" mean those Options Members representing as agent Customer Orders on 24X Options and those non-Market-Maker Members conducting proprietary trading.

- **Options Principal.** The term "Options Principal" means a person engaged in the management and supervision of the Options Member's business pertaining to options contracts that has responsibility for the overall oversight of the Options Member's options related activities on the Exchange.
- **Order.** The term "order" means a firm commitment to buy or sell options contracts as defined in proposed Rule 21.1(c).
- **Outstanding.** The term "outstanding" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.
- **Primary Market.** The term "primary market" means, in the case of securities listed on Nasdaq Stock Market, LLC ("Nasdaq"), the market that is identified as the listing market pursuant to Section X(d) of the approved national market system plan governing the trading of Nasdaq-listed securities, and, in the case of securities listed on another national securities exchange, the market that is identified as the listing market pursuant to Section XI of the Consolidated Tape Association Plan.
- **Priority Customer and Priority Customer Order.** The term "Priority Customer" means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term "Priority Customer Order" means an order for the account of a Priority Customer.
- **Professional.** The term "Professional" means any person or entity that (A) is not a broker or dealer in securities; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members. Orders for any

customer that had an average of more than 390 orders per day during any calendar month must be represented as Professional orders for the next calendar month. Options Members will be required to conduct a monthly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar month.

- **Protected Quotation.** The term "Protected Quotation" has the meaning provided in proposed Rule 27.1.[18]
- **Public Customer.** The term "Public Customer" means a person that is not a broker or dealer in securities.
- **Put.** The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.
- **Quarterly Options Series.** The term "Quarterly Options Series" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and expires at the close of business on the last business day of a calendar quarter.

[18] As defined in proposed Rule 27.1(a)(20), the term "Protected Quotation" refers to a Protected Bid or Protected Offer, and the terms "Protected Bid" and "Protected Offer" refer to a Bid or Offer in an options series, respectively, that: (A) is disseminated pursuant to the OPRA Plan; and (B) is the highest priced Bid or lowest priced Offer, respectively, displayed by an Eligible Exchange.

- **Quote and Quotation.** The terms "quote" and "quotation" mean a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.
- **Responsible Person.** The term "Responsible Person" means a U.S.-based officer, director, or management-level employee of an Options Member, who is registered with the Exchange as an Options Principal, responsible for the direct supervision and control of associated persons of that Options Member.
- **Rules of 24X Options** The term "Rules of 24X Options" mean the rules contained in Chapters 16 to 30 of 24X Exchange Rules governing the trading of options on the Exchange.
- **Rules of the Clearing Corporation and Rules of the OCC.** The terms "Rules of the Clearing Corporation" and "Rules of the OCC" mean the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.
- **SEC and Commission.** The terms "SEC" and "Commission" mean the United States Securities and Exchange Commission.
- **Series of Options.** The terms "series" or "series of options" mean all options contracts of the same class that are the same type of options and have the same exercise price and expiration date.
- **Short Position.** The term "short position" means a person's interest as the writer of one or more options contracts.
- **Short Term Option Series.** The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is

opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

- **SRO.** The term "SRO" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.
- **Trading System and System.** The terms "Trading System" and "System" mean the automated trading system used by 24X Options for the trading of options contracts.
- **Type of Option.** The term "type of option" means the classification of an options contract as either a put or a call.
- **Uncovered.** The term "uncovered" means a short position in an options contract that is not covered.
- **Underlying Security.** The term "underlying security" means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.
- **User.** The term "User" means any Options Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3 (Access).

Execution System

The Exchange plans to implement an options System that will utilize state of the art technology, including with regard to customer connectivity, messaging protocols, quotation and execution engine, order router, data feeds, and network infrastructure. 24X Options will closely resemble the Exchange's equities market, as well as other options markets, such as MEMX, that offer true price/time priority across all participants rather than differentiating between participant/trading interest.

Like the Exchange's system for equities, as well as the MEMX market, all trading interest entered into the System will be automatically executable. Orders entered into the System will be displayed anonymously. Thus, the System will offer anonymous trading, however, options trades are not currently anonymous through settlement. Accordingly, as set forth in proposed Rule 21.10, aggregated and individual transaction reports produced by the System will indicate the details of a User's transactions, including the contra party's executing firm ID ("EFID"), capacity, and clearing firm account number.[19] The Exchange will become an exchange member of the Options Clearing Corporation ("OCC"). The System will be linked to OCC for the Exchange to transmit locked-in trades for clearance and settlement.

Hours of Operation. As stated in proposed Rule 21.2, the 24X Options System will begin accepting orders after 9:30 A.M. Eastern Time pursuant to the market opening procedures described in proposed Rule 21.7. Orders and bids and offers shall be open and available until 4:00 P.M. Eastern Time except for option contracts on Fund Shares, as defined in proposed Rule

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[19] The Exchange shall also reveal a User's identity: (i) when a registered clearing agency ceases to act for a participant, or the User's clearing firm, and the registered clearing agency determines not to guarantee the settlement of the User's trades; and (ii) for regulatory purposes or to comply with an order of an arbitrator or court. See Proposed Rule 21.10. The Exchange notes that proposed Rule 21.10 is identical to MEMX Rule 21.10.

19.3(i), and option contracts on exchange-traded notes including Index-Linked Securities, as defined in proposed Rule 19.3(l). The proposed hours of operation of 24X Options are the same as MEMX Options, and the same as Cboe with regard to KPI binary options.

Units of Trading. As stated in proposed Rule 21.3, the unit of trading in each series of options traded on 24X Options will be the unit of trading established for that series by the OCC pursuant to the Rules of the OCC and the agreements of the Exchange with the OCC. The proposed determination of the unit of trading for a series of options traded on 24X Options is the same as on MEMX Options pursuant to MEMX Rule 21.3.

Meaning of Premium Quotes and Orders. As stated in proposed Rule 21.4, except with respect to certain special cases described in proposed Rule 21.4(b), orders shall be expressed in terms of dollars per unit of the underlying security. Proposed Rule 21.4 is substantively identical to MEMX Rule 21.4.

Minimum Quotation and Trading Increments. As stated in proposed Rule 21.5(a), the Exchange is proposing to apply the following quotation increments: (1) if the options series is trading at less than $3.00, five (5) cents; (2) if the options series is trading at $3.00 or higher, ten (10) cents; and (3) if the options series is trading pursuant to the Penny Interval Program one (1) cent if the options series is trading at less than $3.00, five (5) cents if the options series is trading at $3.00 or higher, unless for QQQ, SPY, or IWM where the minimum quoting increment will be one (1) cent for all series regardless of price. In addition, as stated in proposed Rule 21.5(b), the Exchange is proposing that the minimum trading increment for options contracts traded on 24X Options will be one (1) cent for all series. Such proposed minimum quotation and trading increments are the same as on MEMX Options pursuant to MEMX Rules 21.5(a) and (b).

Penny Interval Program. As set forth in proposed Rule 21.5(d), the Exchange is proposing to adopt a Penny Interval Program that is substantially similar to the penny programs of other exchanges, including MEMX Options pursuant to MEMX Rule 21.5(d), which includes minimum quoting requirements for option classes listed under the Penny Interval Program. However, eligibility for inclusion in the Penny Interval Program will be limited to those classes already operating under penny programs of other options exchanges at the time 24X Options is launched. The list of option classes included in the Penny Interval Program will be announced by the Exchange via circular distributed to Options Members and published by the Exchange on its website.

Order Types and Handling Instructions. Proposed Rule 21.1 describes the Order Types and Handling Instructions available on 24X Options. In doing so, paragraphs (a), (b), and (c) in proposed Rule 22.1 provide definitions of "System," "System Securities," and "Order" that are substantively identical to the definitions of such terms provided in MEMX Rule 22.1.

The System will make available to Users two Order Types (as defined in proposed Rule 21.1(d))—Limit Orders and Market Orders—as well as various other instructions and modifiers that can be appended to such orders. The characteristics and functionality of each Order Type is substantially similar to what is currently approved for use in the Exchange's equities trading facility or on other options exchanges, including MEMX Options, except where described below. 24X Options will support bulk messages for Options Market Makers as specified in the description of each Order Type or other instruction. Proposed Rule 21.1(d) includes the following details with respect to Limit Orders and Market Orders:

- **Limit Order.** Limit Orders are orders (including bulk messages) to buy or sell an option at a specified price or better. A Limit Order is marketable when, for a Limit Order to buy,

at the time it is entered into the System, the order is priced at the current inside offer or higher, or for a Limit Order to sell, at the time it is entered into the System, the order is priced at the current inside bid or lower.

- **Market Order.** Market Orders are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on 24X Options will be rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Bulk messages may not be Market Orders.

The System will also make available to Users several additional instructions that can be designated on an order ("Handling Instructions"). A Handling Instruction applied to a bulk message applies to each bid and offer within that bulk message. The Handling Instructions available on 24X Options are described in proposed Rule 21.1(e) and will include the following:

- **Book Only.** Book Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange. Users may designate bulk messages as Book Only as set forth in proposed Rule 21.1(l).
- **Post Only.** Post Only is an instruction that an order is to be ranked and executed on the Exchange pursuant to proposed Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange except that the order will not remove liquidity from the 24X Options Book. The System cancels or rejects a bid (offer) designated as Post Only with a price that locks or crosses the Exchange's best offer (bid). A Market Order cannot be designated as Post Only. Users

may designate bulk messages as Post Only as set forth in proposed Rule 21.1(l).

- **Intermarket Sweep Order ("ISO").** ISOs are orders that shall have the meaning provided in proposed Rule 27.1, which relates to intermarket trading. Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Options Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to proposed Rule 21.9. A Market Order cannot be designated as an ISO. Users may not designate bulk messages as ISOs.

Time-in-Force Designations. Users entering orders into the System may designate such orders to remain in force and available for display and/or potential execution for varying periods of time. Unless cancelled earlier, once these time periods expire, the order (or the unexecuted portion thereof) is returned to the entering party. A Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the Exchange Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class or system basis. The Time-in-Force designations available on 24X Options are described in proposed Rule 21.1(g) and will include the following, both of which are set forth in MEMX Rule 21.1(g):

- **Immediate Or Cancel ("IOC").** IOC means, for an order so designated, an order that is to be executed in whole or in part as soon as such order is received. The portion not so executed immediately on the Exchange or another options exchange is cancelled and is not posted to the 24X Options Book. IOC orders that are not designated as Book Only

and that cannot be executed in accordance with proposed Rule 21.8 on the System when reaching the Exchange will be eligible for routing away pursuant to proposed Rule 21.9. Users may designate bulk messages as IOC.

- **Day.** Day means, for an order so designated, an order to buy or sell which, if not executed, expires at market close. Users may designate bulk messages as Day.

The Exchange notes that each of the proposed Time-in-Force designations available on 24X Options is identical to the same Time-in-Force designation available on MEMX Options.

Member Match Trade Prevention Modifiers. As with its equities market, the Exchange will allow Users to use certain Match Trade Prevention ("MTP") modifiers, which are described in proposed Rule 21.1(g). Any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same EFID, Exchange Member identifier, trading group identifier, or Exchange Sponsored Participant identifier. The Exchange will offer the following MTP modifiers: MTP Cancel Newest, described in proposed Rule 21.1(g)(1); MTP Cancel Oldest, described in proposed Rule 21.1(g)(2); and MTP Cancel Both, described in proposed Rule 21.1(g)(3). The Exchange notes that each of the proposed MTP modifiers available on 24X Options is identical to the same MTP modifier available on MEMX Options.

Re-Pricing Mechanism. Like other options exchanges, the Exchange proposes to offer a re-pricing mechanism to Users to comply with the order protection and trade through restrictions of the Options Order Protection and Locked/Crossed Market Plan.[20] This re-pricing mechanism,

[20] The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

described in proposed Rule 21.1(i), is referred to by the Exchange as Price Adjust and is identical to the Price Adjust mechanism offered by MEMX Options pursuant to MEMX Rule 21.1(i).

EFIDs. As proposed in Rule 21.1(j), the term "EFIDs" means Executing Firm IDs and shall refer to what the System uses to identify the User and the clearing number for the execution of orders and quotes submitted to the System with that EFID. A User may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to its Users. Each EFID corresponds to a single User and a single clearing number of a Clearing Member with the Clearing Corporation. A User may obtain multiple EFIDs, which may be for the same or different clearing numbers. A User is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a User submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote. The Exchange notes that its proposed Rule 21.1(j) is identical to MEMX Rule 21.1(j).

Ports and Bulk Messages. Proposed Rule 21.1(k) defines two types of ports: (1) a "physical port," which provides a physical connection to the System and may provide access to multiple logical ports; and (2) a "logical port" or "application session," which provides Users with the ability within the System to accomplish a specific function through a connection, such as order entry, data receipt, or access to information. The Exchange notes that each of the proposed types of ports available on 24X Options is identical to the same types of ports on MEMX Options.

Under proposed Rule 21.1(l), the term "bulk message" would mean a bid or offer included in a single electronic message a User submits with a Market Maker Capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number

of bids and offers (which number the Exchange will announce via Exchange notice and publicly available technical specifications). The System handles a bulk message in the same manner as it handles an order or quote, unless the Exchange Rules specify otherwise. Users may submit bulk messages through a logical port, subject to the following: bulk messages must contain a Time-in-Force of Day or IOC; a Market Maker with an appointment in a class must designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market Maker must designate a bulk message for that class as Post Only; the System cancels or rejects a Post Only bulk message bid (offer) with a price that locks or crosses the Exchange best offer (bid) or ABO (ABB); the System executes a Book Only bulk message bid (offer) that locks or crosses the ABO (ABB) against offers (bids) resting in the Book at prices the same as or better than the ABO (ABB) and then cancels the unexecuted portion of that bid (offer). Proposed Rule 21.1(l), regarding bulk messages, is substantively identical to MEMX Rule 21.1(l).

Cancel Back. The term "Cancel Back" is proposed to mean an instruction a User designates on an order (including bulk messages) to not be subject to the Price Adjust process pursuant to proposed Rule 21.1(i). The System cancels or rejects an order with a Cancel Back instruction (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of proposed Rule 27.3, or if the order cannot otherwise be executed or displayed in the Book at its limit price. The System executes a Book Only—Cancel Back order against resting orders. The proposed definition of Cancel Back in proposed Rule 21.1(m) is substantively identical to a Cancel Back Order defined in MEMX Rule 21.1(m)

Entry of Orders. As stated in proposed Rule 21.6, Users would be permitted to enter orders into the System subject to certain requirements and conditions set forth therein. The

conditions set forth in proposed Rules 21.6 would be substantively identical to MEMX Rule 21.6.

Market Opening Procedures. As stated in proposed Rule 21.7, the System shall open options for trading after the System's observation after 9:30 A.M. Eastern Time of both: (i) the first transaction on the primary listing market in the security underlying the option, and (ii) the Limit Up-Limit Down price bands applicable to the security underlying the option as disseminated by the applicable Securities Information Processor ("SIP"). Because the Exchange does not propose to adopt an opening cross or similar opening process, the opening trade that occurs on the Exchange will be a trade in the ordinary course of dealings on the Exchange. Accordingly, the System will ensure that the opening trade in an options series will not trade through a Protected Quotation at another options exchange, consistent with the general standard regarding trade throughs articulated in proposed Rule 21.6(e). The proposed market opening procedures are identical to the market opening procedures currently in effect on MEMX Options.[21] Additionally, the Exchange proposes that it may delay the commencement of trading in any class of options in the interests of a fair and orderly market. As stated in proposed Rule 21.6(c), orders received prior to the opening of the System will be cancelled. The Exchange believes that it is appropriate to commence operations on 24X Options with simplified procedures for when the System is open for trading because for a successful opening process to function, an exchange needs a critical mass of liquidity from market participants in order to price and execute opening transactions. In turn, as a new options exchange, 24X Options does not know the amount of preopening interest it will have, and it will have to gain market share in

[21] See Securities Exchange Act Release No. 102338 (Feb. 4, 2025), 90 FR 9266 (Feb. 10, 2025) (SR-MEMX-2025-01) (Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 21.7 Related to the Exchange's Opening Procedures on MEMX Options).

order to accumulate such interest. 24X Options will re-evaluate its opening procedures over time and may propose to add an opening process through a rule filing submitted to the Commission in the future.

Order Display/Matching System. The System will be based upon functionality currently approved for use in the Exchange's equities trading system. Specifically, the System will allow Users to enter Market Orders and priced Limit Orders to buy and Sell 24X Options listed options. All orders (including bulk messages) will be designated for display (price and size) on an anonymous basis by the Exchange.

Order Routing. The 24X Options Exchange will support orders that are designated to be routed to the NBBO as well as orders that will execute only within 24X Options. Orders that are designated to execute at the NBBO will be routed to other options markets to be executed when the Exchange is not at the NBBO consistent with the Options Order Protection and Locked/Crossed Market Plan. Subject to the exceptions contained in proposed Rule 27.2(b), the System will ensure that an order will not be executed at a price that trades through another options exchange. An order that is designated by an Options Member as routable will be routed in compliance with applicable trade-through restrictions. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. Bulk messages are not eligible for routing.

The proposed routing functionality for 24X Options is designed to operate much like the routing functionality for the Exchange's equities market, in that the Exchange offers a simple routing service to facilitate compliance with applicable regulations and does not currently offer other complex routing strategies. The Exchange notes that the proposed rules relating to the

routing of orders on 24X Options to away options markets are similar to the approved rules of MEMX Options.[22]

24X Options shall route orders in options via one or more routing brokers that are not affiliated with the Exchange ("Third-Party Routing Brokers"), which provide certain Routing Services to the Exchange, as defined in Rule 2.11. The function of the Third-Party Routing Brokers will be to route orders in options listed and open for trading on 24X Options to other options exchanges pursuant to the proposed rules of 24X Options solely on behalf of 24X Options, subject to the requirements set forth in proposed Rule 21.9(e)(1)-(7). Use of the Third-Party Routing Brokers' Routing Services to route orders to other market centers is optional. Parties that do not desire to use Third-Party Routing Brokers' Routing Services must designate orders as not available for routing.

In connection with the proposed rules regarding routing to away options exchanges, proposed Rule 21.9(f) provides that the Third-Party Routing Brokers providing the Routing Services have, pursuant to Rule 15c3-5 under the Act,[23] implemented certain tests designed to mitigate the financial and regulatory risks associated with providing the Exchange's Users with access to such away options exchanges. If an order or series of orders are deemed to be erroneous or duplicative, would cause the entering User's credit exposure to exceed a preset credit threshold, or are non-compliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3-5), the Third-Party Routing Brokers providing the Routing Services will reject such orders prior to routing and/or seek to cancel any orders that have been routed. This is consistent with the routing implementation of other options exchanges, and the Exchange notes

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22 See MEMX Rule 21.9.

23 17 CFR 240.15c3-5.

that proposed Rule 21.9(f) is substantively similar to MEMX Rule 21.9(f), provided that proposed Rule 21.9(f) deviates from MEMX Rule 21.9(f) in certain ways because the Exchange will route orders to other options exchanges via one or more unaffiliated routing brokers while MEMX Options routes orders to other options exchanges primarily via an affiliated routing broker, MEMX Execution Services LLC, and provides certain back-up routing services via unaffiliated routing brokers.

Order Priority. The System, like the Exchange's equities facility, shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Trading interest will be executed with the order clearly established as the first entered into the System at each price level having priority up to the number of contracts specified in the order. Any order entered with a price that would lock or cross a Protected Quotation that is not eligible for either routing or the price adjust process as defined in proposed Rule 21.1(i) will be cancelled. The Exchange notes that the proposed price/time priority and book processing is substantially similar to MEMX Options.

Data Dissemination. As set forth in proposed Rule 21.15, the System will include a proprietary data feed which will display without attribution to Users' orders on both the bid and offer side of the market for price levels then within 24X Options using the minimum price variation applicable to that security. Proposed Rule 21.15 is substantively identical to MEMX Rule 21.15.

Risk Controls. The Exchange also proposes to offer to all Users of 24X Options the ability to establish certain risk control parameters and limits that are intended to assist Users in managing their market risk. The proposed risk controls are set forth in proposed Rules 21.16 and

21.17 and are identical to those of MEMX Options described in MEMX Rules 21.16 and 21.17. The proposed risk controls are designed to offer Users protection from entering orders outside of certain size and price parameters, as well as certain standard or Exchange-established parameters based on order type and market conditions.

The Exchange proposes to offer a Risk Monitor Mechanism described in proposed Rule 21.16 that features passive risk counter functionality, which is similar to the risk monitor mechanism functionality offered by other options exchanges, including MEMX Options, as well as active risk counter functionality.

Under the proposed Risk Monitor Mechanism, Users may configure risk limits for various parameters, including number of contracts executed ("volume"), notional value of executions ("notional"), number of executions ("count"), number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day ("percentage"), and the number of times the limits on any of the foregoing parameters are reached ("risk trips"). The System will track each of the parameters within an underlying for an EFID ("underlying limit"), across all underlyings for an EFID ("EFID limit"), across all underlyings for a group of EFIDs ("EFID Group") ("EFID Group limit"), and/or across a customized group of orders designated by the User ("Custom Group Limit"), over a User-established time period ("interval") and on an absolute basis for a trading day ("absolute limits").

When the System determines that a specified parameter has reached the User-defined risk limit, depending on the User's instructions and the applicable limit that has been reached, the Risk Monitor Mechanism either: (1) cancels or rejects such User's orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the counting program resets; or (2) suspends all of a

User's resting orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the Exchange is instructed to reinstate such bids and offers. A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in proposed Rule 22.10 ("mass cancellation") or to suspend all resting bids and offers until the Exchange is instructed to reinstate such bids and offers ("mass suspension").

The proposed Risk Monitor Mechanism functionality described above is identical to the risk monitor mechanism offered on MEMX Options in that it provides for the System to track specified risk parameters across designated underlyings and/or order groups until the counting program is reset by the User (such functionality, the "passive risk counter"). In addition to the Risk Monitor Mechanism's passive risk counter functionality, which is identical to the Risk Monitor Mechanism functionality offered by MEMX Options in MEMX Rule 21.16, the Exchange also proposes to enable a User to optionally manage their risk limits actively using the Exchange's proposed active risk counter functionality within the Risk Monitor Mechanism. As proposed, for a User using the active risk counter, the System will increment the active risk counter associated with a defined parameter when such parameter increments, and the System will decrement the active risk counter upon positive confirmation from the User via an electronic instruction that the User has acknowledged a change in the active risk counter. A User would also be able to specify the value by which each parameter increments and decrements in the active risk counter. The proposed active risk counter therefore enables a User to interact with the Risk Monitor Mechanism dynamically such that the User may actively acknowledge executions and decrement the counting program by a specified amount as such executions occur (or at any

time), rather than waiting until a risk limit is reached or the User otherwise sends a specific instruction to the Exchange to completely reset the counting program.

The following examples illustrate the proposed behavior of the passive risk counter and the active risk counter within the Risk Monitor Mechanism. In each case, assume a User configures a risk limit of 10,000 contracts executed with respect to options contracts on underlying security ABC for a single EFID.

Passive Risk Counter

- The System executes User's order to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 2"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 2 to a total of 8,000 executed options contracts on ABC for the User.
- The System then executes User's order to purchase 3,000 call options on ABC ("Transaction 3"). The System's counting program would increment an additional 3,000 executed options contracts for Transaction 3 to a total of 11,000 executed options contracts on ABC for the User. As Transaction 3 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.

- The User then submits an electronic instruction to the System to reset the counting program, and the counting program is decremented to zero. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

Active Risk Counter

- The System executes a transaction to purchase 5,000 call options on ABC ("Transaction 1"). The System's counting program would increment to a total of 5,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 1. Upon the System's receipt of such instruction, the counting program decrements the active risk counter by 5,000 options contracts for Transaction 1 to a total of zero with respect to the number of executed options contracts on ABC for the User.
- The System then executes two separate transactions to purchase 3,000 call options on ABC per transaction ("Transaction 2" and "Transaction 3" respectively), and the User does not acknowledge a change in the active risk counter due to either of these executions. The System's counting program would increment 3,000 executed options contracts at the time of execution for each of Transaction 2 and Transaction 3, for a total of 6,000 executed options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due Transaction 3, but not Transaction 2. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 3,000 executed options contracts for Transaction 3 to a total of 3,000 executed options contracts on ABC for the User.

- The User then executes a transaction to purchase 10,000 call options on ABC ("Transaction 4"). The System's counting program would increment an additional 10,000 executed options contracts for Transaction 4 to a total of 13,000 options contracts on ABC for the User. As Transaction 4 results in executions in excess of the User's risk limit with respect to the number of options contracts executed, the Risk Monitor Mechanism is triggered, and the System will cancel, reject or suspend, as applicable in accordance with the User's instructions, the User's orders and quotes in all series of options contracts on ABC for the User.
- The User then submits an electronic instruction to the System acknowledging a change in the active risk counter due to Transaction 4. Upon the System's receipt of such instruction, the counting program would decrement the active risk counter by the 10,000 executed options contracts for Transaction 4 to a total of 3,000 executed options contracts on ABC for the User. The System will now accept new orders or quotes from the User in a series of options contracts on ABC.

In addition to the Risk Monitor Mechanism functionality described above, the Exchange also proposes to offer additional price protection mechanisms and risk controls that relate to certain standard or Exchange-established parameters based on order type and market conditions, which are described in proposed Rule 21.17. These additional price protection mechanisms and risk controls are substantively identical to those offered on MEMX Options pursuant to MEMX Rule 21.17.

One Second Exposure Period. Proposed Rule 22.11 would require Options Members to expose their customers' orders on the Exchange for at least one second under certain circumstances. During this one second exposure period, other Options Members will be able to

enter orders to trade against the exposed order. In adopting a one second order exposure period, the Exchange is proposing a requirement that is consistent with the rules of other options exchanges.[24] Thus, the exposure period will allow Options Members that are members of other options exchanges to comply with proposed Rule 22.11 without programming separate time parameters into their systems for order entry or compliance purposes. The Exchange believes that market participants are sufficiently automated that a one second exposure period allows an adequate time for market participants to electronically respond to an order. Also, it is possible that market participants might wait until the end of the exposure period, no matter how long, before responding. Thus, the Exchange believes that any longer than one second would not further the protection of investors or market participants, but rather, would potentially increase market risk to investors and other market participants by creating a longer period of time for the exposed order to be subject to market risk.

Options Order Protection and Locked/Crossed Market Plan Rules

The Exchange will participate in the Options Order Protection and Locked/Crossed Market Plan (the "Plan"), and therefore will be required to comply with the obligations of Participants under the Plan. The Exchange proposes to adopt rules relating to the Plan that are substantially similar to the rules in place on all of the options exchanges that are Participants to the Plan. The Plan essentially applies the Regulation NMS price-protection provisions to the options markets. Similar to Regulation NMS, the Plan requires the Plan Participants to adopt rules "reasonably designed to prevent Trade-Throughs", while exempting ISOs from that prohibition. The Plan's definition of an ISO is essentially the same as under Regulation NMS.

[24] See, e.g., BZX Rule 22.12; Cboe Rule 5.9; MIAX Options Rule 520(b); BOX Rule IM-7140-3; MEMX Rule 22.11.

The remaining exceptions to the trade-through prohibition, discussed more specifically below, either track those under Regulation NMS or correspond to unique aspects of the options market, or both.

The proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) conform to the requirements of the Plan. Proposed Rule 27.1 sets forth the defined terms for use under the Plan. Proposed Rule 27.2 prohibits trade-throughs and exempts ISOs from that prohibition. Proposed Rule 27.2 also contains additional exceptions to the trade-through prohibition that track the exceptions under Regulation NMS or correspond to unique aspects of the options market, or both.

Proposed Rule 27.3 sets forth the general prohibition against locking/crossing other eligible exchanges as well as certain enumerated exceptions that permit locked markets in limited circumstances; such exceptions have been approved by the Commission for inclusion in the rules of other options exchanges. Specifically, the exceptions to the general prohibition on locking and crossing occur when: (1) the locking or crossing quotation was displayed at a time when the Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment; (2) the locking or crossing quotation was displayed at a time when there is a Crossed Market; (3) the Options Member simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Bid or Protected Offer; or (4) with respect to a locking quotation, the order entered on the Exchange that will lock a Protected Bid or Protected Offer, is: (i) not a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer does not represent, in whole or in part, a Customer order; or (ii) a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer

does not represent, in whole or in part, a Customer order, and, on a case-by-case basis, the Customer specifically authorizes the Member to lock such Protected Bid or Protected Offer.

The Exchange notes that the proposed rules in Chapter 27 (Options Order Protection and Locked and Crossed Markets Rules) are identical to Rules 27.1 – 27.3 of MEMX Options.

Securities Traded on 24X Options

General Listing Standards. The Exchange proposes to adopt listing standards for options traded on 24X Options as described in Chapter 19 (Securities Traded on 24X Options), which are substantively identical to the approved rules of MEMX Options.[25] The Exchange will join the Options Listings Procedures Plan and will list and trade options already listed on other options exchanges. The Exchange will gradually phase-in its trading of options, beginning with a selection of actively traded options.

Conduct and Operational Rules for Options Members

The Exchange proposes to adopt rules for 24X Options that are substantively identical to the rules of MEMX Options regarding: business conduct as described in Chapter 18 (Business Conduct); the binding nature of transaction prices as described in proposed Rule 21.11 (Transaction Price Binding); clearing member give ups as described in proposed Rule 21.12 (Clearing Member Give Up); clearing of options transactions as described in proposed Rule 21.13 (Submission for Clearance); message traffic mitigation as described in proposed Rule 21.14 (Message Traffic Mitigation); exercises and deliveries as described in Chapter 23 (Exercises and Deliveries); records, reports and audits as described in Chapter 24 (Records, Reports and Audits); minor rule violations as described in Chapter 25 (Discipline and Summary

[25] See MEMX Rules, Chapter 19. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in MEMX Chapter 29.

Suspensions); doing business with the public as described in Chapter 26 (Doing Business With the Public); and margin as described in Chapter 28 (Margin Requirements).[26]

National Market System

24X Options will operate as a full and equal participant in the national market system for options trading established under Section 11A of the Exchange Act,[27] just as its equities market participates today. 24X Options will become a member of the Options Price Reporting Authority ("OPRA"), the Options Linkage Authority ("OLA"), the Options Regulatory Surveillance Authority ("ORSA"), and the Options Listing Procedures Plan ("OLPP"). The Exchange expects to participate in those plans on the same terms currently applicable to current members of those plans. The Exchange will be contacting the leadership of each options-related national market system plan to begin the membership process.

Regulation

The Exchange will leverage many of the structures it established to operate a national securities exchange in compliance with Section 6 of the Exchange Act.[28] As described in more detail below, there will be three elements of that regulation: (1) the Exchange will join the existing options industry agreements pursuant to Section 17(d) of the Exchange Act prior to commencing operations,[29] as it did with respect to equities; (2) the Exchange's Regulatory Services Agreement with FINRA will be amended as necessary prior to commencing operations and will govern many aspects of the regulation and discipline of Members that participate in

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26 See MEMX Rules, Chapters 18, 21, 23, 24, 25, 26 and 28. The Exchange notes that it is not currently proposing to adopt rules applicable to listing and trading of index options as set forth in in MEMX Options Rules. See references to index options in Chapters 16, 18, 19, 20, 21, 23, 25 and 29 of MEMX Options Rules.

27 15 U.S.C. 78k-1.

28 15 U.S.C. 78f.

29 15 U.S.C. 78q(d).

options trading, just as it does for equities regulation; and (3) the Exchange will perform options listing regulation, as well as authorize Options Members to trade on 24X Options, and conduct surveillance of options trading as it does today for equities. Section 17(d) of the Exchange Act and the related Exchange Act rules permit SROs to allocate certain regulatory responsibilities to avoid duplicative oversight and regulation. Under Exchange Act Rule 17d-1,[30] the SEC designates one SRO to be the Designated Examining Authority, or DEA, for each broker-dealer that is a member of more than one SRO. The DEA is responsible for the financial aspects of that broker-dealer's regulatory oversight. Because 24X Options Members also must be members of at least one other SRO, the Exchange would generally not be designated as the DEA for any of its members.

Exchange Act Rule 17d-2[31] permits SROs to file with the Commission plans under which the SROs allocate among each other the responsibility to receive regulatory reports from, and examine and enforce compliance with specified provisions of the Exchange Act and rules thereunder and SRO rules by, firms that are members of more than one SRO ("common members"). If such a plan is declared effective by the Commission, an SRO that is a party to the plan is relieved of regulatory responsibility as to any common member for whom responsibility is allocated under the plan to another SRO.

All of the options exchanges, FINRA, and NYSE have entered into the Options Sales Practices Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options. Under this Agreement, the examining SROs will examine firms that are common members of the Exchange and the

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30 17 CFR 240.17d-1.

31 17 CFR 240.17d-2.

particular examining SRO for compliance with certain provisions of the Exchange Act, certain of the rules and regulations adopted thereunder, certain examining SRO rules, and certain proposed 24X Options rules. In addition, the proposed 24X Options rules contemplate participation in this Agreement by requiring that any Options Member also be a member of at least one of the examining SROs. The Exchange and FINRA are also party to a bilateral Rule 17d-2 agreement that requires minor modifications due to the proposed launch of 24X Options. The Exchange intends to modify and seek Commission approval of the modified bilateral Rule 17d-2 agreement prior to commencing of operations for 24X Options. Additionally, all of the options exchanges and FINRA have entered into the Options-Related Market Surveillance Agreement, a Rule 17d-2 agreement, and the Exchange intends to join this agreement prior to the commencement of operations for 24X Options.

For those regulatory responsibilities that fall outside the scope of any Rule 17d-2 agreements, the Exchange will retain full regulatory responsibility under the Exchange Act. However, the Exchange has entered into a Regulatory Services Agreement with FINRA, pursuant to which FINRA personnel operate as agents for the Exchange in performing certain of these functions. The Exchange and FINRA will continue to operate under the Regulatory Services Agreement that is currently in place but with modifications as necessary to accommodate the expanded scope of the relationship. The necessary modifications will be implemented prior to the commencement of operations of 24X Options. As is the case with the Exchange's equities market, the Exchange will supervise FINRA and continue to bear ultimate regulatory responsibility for the 24X Options Exchange.

Consistent with the Exchange's existing regulatory structure, the Exchange's Chief Regulatory Officer shall have general supervision of the regulatory operations of 24X Options,

including responsibility for overseeing the surveillance, examination, and enforcement functions and for administering all regulatory services agreements applicable to 24X Options. Similarly, the Exchange's existing Regulatory Oversight Committee will be responsible for overseeing the adequacy and effectiveness of Exchange's regulatory and self-regulatory organization responsibilities, including those applicable to 24X Options.

Finally, as it does with equities, the Exchange will perform automated surveillance of trading on 24X Options for the purpose of maintaining a fair and orderly market at all times. As it does with its equities trading, the Exchange will monitor 24X Options to identify unusual trading patterns and determine whether particular trading activity requires further regulatory investigation by FINRA.

In addition, the Exchange will oversee the process for determining and implementing trade halts, identifying and responding to unusual market conditions, and administering the Exchange's process for identifying and remediating "obvious errors" by and among its Options Members. The proposed rules in Chapter 20 (Regulation of Trading on 24X Options) regarding halts, unusual market conditions, extraordinary market volatility, obvious errors, audit trail, and rules regarding prohibited and permissible transfers of options positions off the Exchange are substantively identical to the approved rules of MEMX Options.[32] In addition, the Exchange is not proposing to adopt language in Chapter 20 of the MEMX Rules related to index options.

Minor Rule Violation Plan

The Exchange's disciplinary rules, including Exchange Rules applicable to "minor rule violations," are set forth in Chapter 8 of the Exchange's current Rules. Such disciplinary rules will apply to Options Members and their associated persons.

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[32] See MEMX Rules, Chapter 20.

The Commission approved the Exchange's Minor Rule Violation Plan ("MRVP") in 2025.[33] The Exchange's MRVP specifies those uncontested minor rule violations with sanctions not exceeding $2,500 that would not be subject to the provisions of Rule 19d-1(c)(1) under the Act[34] requiring that an SRO promptly file notice with the Commission of any final disciplinary action taken with respect to any person or organization.[35] The Exchange's MRVP includes the policies and procedures included in Exchange Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and in Exchange Rule 8.15, Interpretations and Policy .01.

The Exchange proposes to amend its MRVP and Exchange Rule 8.15, Interpretation and Policy .01 to include proposed Rule 25.3 (Penalty for Minor Rule Violations).[36] The rules included in proposed Rule 25.3 as appropriate for disposition under the Exchange's MRVP are: (a) position limit and exercise limit violations; (b) violations regarding the failure to accurately report position and account information; (c) Market Maker quoting obligations; (d) violations regarding expiring exercise declarations; (e) violations relating to the failure to respond to the Exchange's requests for the submission of trade data; and (f) violations relating to noncompliance with the Consolidated Audit Trail Compliance Rule requirements. The rules

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33 See Securities Exchange Act Rel. No. 103837 (Sept. 3, 2025), 90 FR 43255 (Sept. 8, 2025) (Order Declaring Effective a Minor Rule Violation Plan).

34 17 CFR 240.19d-1(c)(1).

35 The Commission adopted amendments to paragraph (c) of Rule 19d-1 to allow SROs to submit for Commission approval plans for the abbreviated reporting of minor disciplinary infractions. See Securities Exchange Act Rel. No. 21013 (June 1, 1984), 49 FR 23828 (June 8, 1984). Any disciplinary action taken by an SRO against any person for violation of a rule of the SRO which has been designated as a minor rule violation pursuant to such a plan filed with and declared effective by the Commission will not be considered "final" for purposes of Section 19(d)(1) of the Act if the sanction imposed consists of a fine not exceeding $2,500 and the sanctioned person has not sought an adjudication, including a hearing, or otherwise exhausted his administrative remedies.

36 In its proposal to adopt the MRVP, the Exchange requested that, going forward, to the extent that there are any changes to the rules applicable to the Exchange's MRVP, the Exchange requests that the Commission deem such changes to be modifications to the Exchange's MRVP.

included in proposed Rule 25.3 are the same as the rules included in the MRVPs of other options exchanges.[37]

Upon implementation of this proposal, the Exchange will include the enumerated options trading rule violations in the Exchange's standard quarterly report of actions taken on minor rule violations under the MRVP. The quarterly report includes: the Exchange's internal file number for the case, the name of the individual and/or organization, the nature of the violation, the specific rule provision violated, the fine imposed, the number of times the rule violation has occurred, and the date of disposition. The Exchange's MRVP, as proposed to be amended, is consistent with Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the exchange.[38] In addition, because amended Rule 8.15 will offer procedural rights to a person sanctioned for a violation listed in proposed Rule 25.3, the Exchange will provide a fair procedure for the disciplining of members and associated persons, consistent with Section 6(b)(7) of the Act.[39]

This proposal to include the rules listed in proposed Rule 25.3 in the Exchange's MRVP is consistent with the public interest, the protection of investors, or otherwise in furtherance of the purposes of the Act, as required by Rule 19d-1(c)(2) under the Act,[40] because it should strengthen the Exchange's ability to carry out its oversight and enforcement responsibilities as an SRO in cases where full disciplinary proceedings are unsuitable in view of the minor nature of

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37 See, e.g., BZX Rules, Chapter XXV; MEMX Rules, Chapter 25. The Exchange is not proposing language in MEMX Rule 25.3 related to index options.

38 15 U.S.C. 78f(b)(1), 78f(b)(5) and 78f(b)(6).

39 15 U.S.C. 78f(b)(7).

40 17 CFR 240.19d-1(c)(2).

the particular violation. In requesting the proposed change to the MRVP, the Exchange in no way minimizes the importance of compliance with Exchange Rules and all other rules subject to the imposition of fines under the MRVP. However, the MRVP provides a reasonable means of addressing rule violations that do not rise to the level of requiring formal disciplinary proceedings, while providing greater flexibility in handling certain violations. The Exchange will continue to conduct surveillance with due diligence and make a determination based on its findings, on a case-by-case basis, whether a fine of more or less than the recommended amount is appropriate for a violation under the MRVP or whether a violation requires a formal disciplinary action.

Section 36 Exemption Request

The Exchange proposes to incorporate by reference as 24X Options rules certain rules of the Cboe, the New York Stock Exchange ("NYSE"), and FINRA. Specifically, 24X Options Rule 26.16 proposes to incorporate by reference the applicable rules of FINRA with respect to Communications with Public Customers; and 24X Options Rule 28.3 proposes to incorporate by reference initial and maintenance margin requirements of either Cboe or NYSE. Thus, for certain 24X Options rules, Exchange members will comply with a 24X Options rule by complying with the Cboe, NYSE, or FINRA rule referenced. Using its authority under Section 36 of the Act, the Commission has previously exempted certain SROs from the requirement to file proposed rule changes under Section 19(b) of the Act when incorporating another SRO's rules by reference.[41] Each such exempt SRO has agreed to be governed by the incorporated rules, as amended from time to time, but, has not been required to file a separate proposed rule change with the

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41 See, e.g., Securities Exchange Act Release No. 49260 (Feb. 17, 2004), 69 FR 8500 (Feb. 24, 2004). See also Securities Exchange Act Release Nos. 57478 (Mar. 12, 2008), 73 FR 14521, 14539-40 (Mar. 18, 2008); 53128 (Jan. 13, 2006), 71 FR 3550, 3565-66 (Jan. 23, 2006), 85 FR 27451, 27463 (May 8, 2020).

Commission each time the SRO whose rules are incorporated by reference seeks to modify its rules. In addition, each SRO incorporated by reference only regulatory rules (e.g., margin, suitability, arbitration), not trading rules, and incorporated by reference whole categories of rules (i.e., did not "cherry-pick" certain individual rules within a category). Last, each exempt SRO had reasonable procedures in place to provide written notice to its members each time a change is proposed to the incorporated rules of another SRO in order to provide its members with notice of a proposed rule change that affects their interests, so that they would have an opportunity to comment on it.

In connection with this proposal, the Exchange respectfully requests, pursuant to Rule 0-12 under the Act,[42] an exemption under Section 36 of the Act from the rule filing requirements of Section 19(b) of the Act for changes to those 24X Options rules that are effected solely by virtue of a change to a cross-referenced Cboe, NYSE, or FINRA rule. The Exchange proposes to incorporate by reference categories of rules (rather than individual rules within a category) that are not trading rules. The Exchange also agrees to provide written notice to Options Members prior to the launch of 24X Options of the specific Cboe, NYSE, and FINRA rules that it will incorporate by reference. In addition, the Exchange will notify Options Members whenever Cboe, NYSE, or FINRA proposes a change to a cross-referenced Cboe, NYSE, or FINRA rule.[43] For the foregoing reasons, the Exchange believes that its request for exemptive relief is consistent with prior requests for, and provision of, similar exemptive relief.

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42 17 CFR 240.0-12.

43 The Exchange will provide such notice through a posting on the same website location where the Exchange will post its own rule filings pursuant to Rule 19b-4(l) under Act, within the time frame required by that rule. The website posting will include a link to the location on the Cboe, NYSE, or FINRA website where the proposed rule change is posted.

Amendments to Existing Exchange Rules

In addition to the rules of 24X Options proposed above, the Exchange proposes to amend certain of its existing Exchange Rules that currently apply to the Exchange's equities market in order to reflect the Exchange's proposed operation of 24X Options.

First, the Exchange proposes to amend paragraph (d) of Interpretations and Policies .01 to Rule 2.5 (Restrictions), which generally requires each Member to register at least two Principals with the Exchange subject to certain exceptions described therein, to provide that such paragraph (d) shall not apply to a Member that solely conducts business on the Exchange as an Options Member, however, Options Members must comply with the registration requirements set forth in proposed Rule 17.2(g). The Exchange notes that proposed Rule 17.2(g), which provides that every Options Member shall have at least one Options Principal and sets forth the Exchange's Options Principal registration requirements, is identical to MEMX Rule 17.2(g). In connection with this proposed change, the Exchange also proposes to amend paragraph (i) of Interpretations and Policies .01 to Rule 2.5 to include Options Principal as a registration category and to set forth the Exchange's qualification requirements for an Options Principal, which are the same as those for an Options Principal on MEMX Options.

Second, the Exchange proposes to amend Interpretations and Policies .01 of Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules), which contains the list of Exchange Rule violations and recommended fine schedule pursuant to Rule 8.15, to include a new paragraph (i) referencing proposed Rule 25.3 for the recommended fines for minor rule violations of the Exchange Rules applicable to 24X Options, which the Exchange notes are the same as those of MEMX Options.

Binary KPI Options

The Exchange proposes to amend its Rules to permit the listing of binary options overlying KPIs reported by certain issuers of stock ("binary KPI options"). The Exchange proposes to adopt Chapter 30 (Binary KPI Options) to describe binary KPI options. The Exchange's proposal is substantively identical to Cboe Exchange, Inc.'s ("Cboe) recently approved rules which permit the listing of binary options that overlie KPIs.[44]

Binary options are based on the same framework as traditional, standardized options traded on the Exchange, except the payout of a binary option is an amount contingent upon the occurrence of the option being in- or at-the-money rather than the degree to which the option is in-the-money. As a result, payout at expiration of a binary option is an all-or-nothing occurrence.

Similar to the Cboe's approved rules regarding binary KPI options, the Exchange proposes to amend its Rules to permit the listing of binary KPI options. Binary KPI options are European-style, cash-settled options contracts listed on an underlying KPI of an issuer whose exercise settlement value is determined not by the market price of the issuer's stock, but by whether a specific financial or operating metric reported by the issuer in an earnings-related filing submitted to the U.S. Securities and Exchange Commission (the "Commission") meets or exceeds a pre-specified strike level.

Proposed Rule 30.1. – Applicability, Definitions. The Exchange proposes to adopt Rule 30.1 (Applicability, Definitions) to describe the applicability of the rules in proposed Chapter 30 and to define terms used in proposed Chapter 30.

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[44] See Securities Exchange Act Rel. No. 106659 (Oct. 13, 2026), 91 Fed. Reg. 65854 (Oct. 16, 2026) ("Cboe KPI Approval Order").

Paragraph (a) of proposed Rule 30.1 states that the rules in proposed Chapter 30 apply only to binary KPI options. All other rules apply to the trading of binary KPI options, except as otherwise provided or the context otherwise requires.[45]

Like other standardized options, binary KPI options have standardized terms that are established by the Exchange. Standardized terms for binary KPI options include the exercise criteria that is the condition or criteria of a binary KPI option, the exercise settlement amount (i.e., payout amount), strike prices, expiration dates, settlement type as A.M.-settlement or P.M.-settlement, the settlement style (as European), and the requirements used to determine if the KPI condition or criteria of a binary KPI option has been met (the "payout determination requirement"). The Exchange proposes to define terms related to binary KPI options in proposed Rule 30.1.

The Exchange proposes to define a "binary KPI option" in proposed Rule 30.1(b)(1) as a cash-settled option contract listed on an underlying KPI of an issuer with an exercise settlement amount that is established at the creation of the option and with a settlement value that is determined by whether a specific KPI disclosed by the issuer in an earnings-related filing submitted to the Commission meets or exceeds its exercise price. Binary KPI options are paid out if the reported value of the applicable KPI (1) equals or is greater than the exercise price for a call binary KPI option or (2) is less than the exercise price for a put binary KPI option. Proposed Rule 30.1(b)(1) also would provide that unless the context dictates otherwise, the terms

[45] Paragraph (a) of proposed Rule 30.1 is the same as the introductory language to Cboe Chapter 4, Section I.

underlying security, equity, or index, or any variations of these terms, in the Rules mean KPI for purposes of binary KPI options.[46]

The Exchange proposes to define a "call binary KPI option" in proposed Rule 30.1(b)(2) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is at or above the exercise price at expiration (i.e., in- or at-the money).[47]

The Exchange proposes to define the term "Clearing Corporation" in proposed Rule 30.1(b)(3) to mean the registered clearing agency designated by the Exchange to clear binary KPI options.[48]

The Exchange proposes to define "exercise price" (also referred to as "strike price") in proposed Rule 30.1(b)(4) as the value[49] to which the settlement value of the underlying KPI is compared to determine whether the holder of a binary KPI option is entitled to the exercise settlement amount.[50] For binary KPI options, the exercise price is the exercise threshold of an option contract that establishes a number, value, or measure that is compared against the price of the settlement value of the underlying index or the KPI to determine if the cash payout amount (i.e., the exercise settlement amount) will be paid out. In other words, binary options will have a

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[46] Paragraph (b)(1) of proposed Rule 30.1 contains the same language as the definition of "Binary KPI Option" in Cboe Rule 4.80 as well as the last clause regarding binary KPI options in the definition of "underlying security" in Cboe Rule 1.1.

[47] Paragraph (b)(2) of proposed Rule 30.1 is the same as the definition of "call binary KPI option" in Cboe Rule 4.80.

[48] The definition of Clearing Corporation reflects that the Exchange may designate the Options Clearing Corporation ("OCC") or another registered clearing agency to clear binary KPI options. References in this filing to the Clearing Corporation with regard to binary KPI options therefore are intended to be clearing agency-neutral. The proposed definition does not alter the requirement that clearing and settlement occur through a registered clearing agency subject to the applicable provisions of the Act and the rules and oversight applicable to that clearing agency. Upon designation of a clearing agency to clear binary KPI options, the Exchange will submit a separate rule filing to update Rules to reflect such designation.

[49] The value of an exercise price is measured in the applicable units of the KPI. For example, some KPIs are measured in U.S. dollars while others may be measured in percentages or numbers.

[50] Paragraph (b)(4) of proposed Rule 30.1 is the same as the definition of "exercise price" in Cboe Rule 4.80.

threshold number as the exercise price that will be used to determine if the exercise criteria of the binary option has been met and the option will be exercised (and if holders will receive the cash payout amount). For binary KPI options, the exercise threshold will be a number that reflects or is compared to the underlying KPI of the binary option.

The Exchange proposes to define the term "exercise settlement amount" for binary KPI options in proposed Rule 30.1(b)(5) to be $1 (unless otherwise adjusted pursuant to Rule 30.5 or modified pursuant to the Rules of the Clearing Corporation).[51]

The Exchange proposes to define the term KPI (or "key performance indicator") in proposed Rule 30.1(b)(6) as a key financial or operating metric disclosed by an issuer in its earnings-related filings submitted to the Commission (i.e., Form 8-K, Form 10-Q, or Form 10-K, as applicable).[52]

The Exchange proposes to define "put binary KPI option" in proposed Rule 30.1(b)(7) as an option contract that returns an exercise settlement amount if the settlement value of the underlying KPI is below the exercise price at expiration (i.e., in-the-money).[53]

The Exchange proposes to define "settlement value" in proposed Rule 30.1(b)(8) as the value of the underlying KPI that is used to determine whether a binary KPI option is in-, at-, or out-of-the-money. The proposed definition specifies that the "settlement value" is the value of the applicable KPI as disclosed in the applicable issuer's earnings-related filing submitted to, the Commission on applicable expiration date (for both A.M.-settled and P.M.-settled binary KPI

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[51] Paragraph (b)(5) of proposed Rule 30.1 is the same as the definition of "exercise settlement amount" in Cboe Rule 4.80.

[52] Paragraph (b)(6) of proposed Rule 30.1 is the same as the definition of "KPI" in Cboe Rule 4.80.

[53] Paragraph (b)(7) of proposed Rule 30.1 is the same as the definition of "put binary KPI option" in Cboe Rule 4.80.

options).[54] Proposed paragraph (a) of the settlement value definition states the Exchange designates the applicable KPI and the relevant reporting period (for example, a calendar quarter) at the time of listing a binary KPI option series. Proposed paragraph (b) of the settlement value definition provides if the applicable KPI is not reported or otherwise unavailable on the expiration date, settlement will occur in accordance with the Rules of the Clearing Corporation. Additionally, proposed paragraph (c) of the settlement value definition states that, if an applicable KPI is restated after the expiration date and settlement of a binary KPI option, the settlement value (and the exercise settlement amount) of the binary KPI option does not change.[55] In other words, the value of the applicable KPI as reported by the issuer on the applicable expiration date is final, and the amount paid (or not paid) at settlement will not change, regardless of whether it is later restated by the issuer.

Proposed Rule 30.2 – Designation of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.2 (Designation of Binary KPI Option Contracts) to identify the binary KPI options that may be listed for trading on the Exchange. Pursuant to proposed Rule 30.2(a), the Exchange may from time to time approve for listing and trading on the Exchange any of the following binary KPI options contracts for the following issuers:[56]

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[54] While the timing of an issuer's official disclosure informs whether the Exchange will establish a binary KPI option as A.M.-settled or P.M.-settled (as further discussed below), the Exchange will use the KPI value included in an issuer's report submitted to the Commission (and not the press release announcing earnings results, for example) as the settlement value. The Exchange understands, however, these values are generally the same.

[55] Paragraph (b)(8) of proposed Rule 30.1 is the same as the definition of "settlement value" in Cboe Rule 4.80.

[56] Proposed Rule 30.2(a) is the same as Cboe Rule 4.81(a).

Company	**KPI (each financial metric is measured in $ unless otherwise specified)**
Apple, Inc.	Earnings per share: diluted Total net sales Net sales by category: iPhone Net sales by category: Services Net sales by reportable segment: Americas Net sales by reportable segment: Greater China
Advanced Micro Devices, Inc.	GAAP Diluted earnings per share GAAP Revenue Net Revenue: Data Center Segment Net Revenue: Client and Gaming Segment GAAP Operating Margin (%)
Alphabet Inc.	Diluted net income per share Revenues YouTube ads Revenues Google Cloud Revenues
Amazon.com, Inc.	Diluted earnings per share Total Net sales AWS: Net sales North America: Net sales International: Net sales Net Sales: Advertising services
Bank of America Corporation	Diluted earnings per share Total Revenue, net of interest expense

	Net Interest Income Provision for credit losses Net Income
Citigroup Inc.	Diluted earnings per share Total Revenue, net of interest expense Net Interest Income Total Provision for credit losses Net Income
Coinbase Global, Inc.	Net income per share - Diluted Total Revenue Transaction Revenue Total Trading Volume Subscription and Services Revenue
Ford Motor Company	GAAP Earnings per share - Diluted Total Revenues Ford Pro Segment: Revenue Ford Model e Segment: Revenue Ford Blue Segment: Revenue
Intel Corporation	GAAP Earnings per share attributable to Intel - diluted Net revenue Revenue: Client Computing Group (CCG) Revenue: Data Center and AI (DCAI) Revenue: Intel Foundry

	GAAP operating margin (%)
JPMorgan Chase & Co.	Earnings per share - diluted Net revenue - reported Net Interest Income Provision for credit losses Net Income
Marathon Digital Holdings, Inc.	Earnings (Net loss) per share of common stock - diluted Revenues Number of Blocks Won (# Bitcoin (BTC)) Energized Hashrate (EH) (# EH/s) Total Bitcoin Holdings (# BTC) BTC Produced (# BTC) BTC Purchased (# BTC)
Meta Platforms, Inc.	Earnings per share: Diluted Revenue Family Daily Active People (DAP) (#) Revenue: Advertising Operating Margin (%)
Microsoft Corporation	Diluted Earnings per Share Revenue Intelligent Cloud: Revenue Microsoft Cloud revenue More Personal Computing: Revenue
Netflix, Inc.	Earnings per share: Diluted

	Revenues United States and Canada (UCAN): Revenue Europe, Middle East, and Africa (EMEA): Revenue Operating Margin (%)
NVIDIA Corporation	GAAP Diluted earnings per share Revenue Data Center Revenue Edge Computing Revenue Automotive Revenue
Palantir Technologies Inc.	Earnings per share attributable to common stockholders, diluted Revenue Net Income Closed Deals of at Least $1 Million (#)
Robinhood Markets, Inc.	Net income attributable to Robinhood common stockholders: Diluted Total net revenues Funded Customers (#) Average Revenue Per User (“ARPU”) Robinhood Gold Subscribers (#)
SoFi Technologies, Inc.	Earnings per share attributable to common stockholders – diluted Total net revenue Total net revenue – Technology Platform Total net revenue – Financial Services Total net revenue – Lending

Space Exploration Technologies Corp	Earnings per share: Diluted Total Revenues
Super Micro Computer, Inc.	Net income per common share: Diluted Net sales Gross Margin (%) Cash flow used in operations Net Income
Target Corporation	Diluted earnings per share Net sales Food & Beverage Net sales Apparel & Accessories Net sales Operating income: Rate (%)
Tesla, Inc.	Net Income per share of common stocks attributable to common stockholders: diluted Total Revenues Total Automotive Revenue Model 3/Y Production (#) Supercharger Connectors (#) Free Cash Flow
The Walt Disney Company	Diluted earnings per share Revenues Entertainment Subscription Video On Demand(SVOD) Operating Income Revenues: Experiences Segment operating income: Sports

The Exchange proposes to add Rule 30.2(b) to clarify that binary KPI options are a separate class from other options overlying the stock of the issuer and are a separate class from other binary KPI options with differently underlying KPIs for the same issuer.[57] The Exchange believes this is reasonable given that an individual KPI is the specific underlying of binary KPI options, and generally options with different underlyings (e.g., different underlying security or index) are different option classes.

Proposed Rule 30.3 – Terms of Binary KPI Option Contracts. The Exchange proposes to adopt Rule 30.3 (Terms of Binary KPI Option Contracts) to describe the permissible terms of binary KPI option series. Proposed Rule 30.3 provides that binary KPI options listed and traded on the Exchange are designated as to expiration date, exercise price, settlement type, exercise style, exercise settlement amount, contract multiplier, and underlying KPI. After approving a particular binary KPI option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that binary KPI option class.[58]

Proposed Rule 30.3(a) provides that the Exchange may designate the settlement type for binary KPI options as A.M.-settled or P.M.-settled. Binary KPI options for issuers[59] that disclose their earnings results before the open of Regular Trading Hours on a given trading day are designated as A.M.-settled binary KPI options, and binary KPI options for issuers that disclose their earnings results after the close of Regular Trading Hours on a given trading day are

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57 Proposed Rule 30.2(b) is the same as Cboe Rule 4.81(b).

58 The introductory paragraph for proposed Rule 30.3 is the same as the introductory paragraph for Cboe Rule 4.82.

59 The Exchange determines whether an issuer discloses its earnings results before or after the close of Regular Trading Hours on a given trading day based on publicly available information regarding the issuer's disclosure practice. Proposed Rule 30.3(a).

designated as P.M.-settled binary KPI options. The Exchange believes the proposed description of A.M.-settlement and P.M.-settlement appropriately reflects the earnings disclosure practices of issuers, and are consistent with the binary KPI options described in the Cboe binary KPI options rules.[60]

Proposed Rule 30.3(a) further states that the exercise style of binary KPI options is European-style, which is consistent with the exercise style of the binary KPI options that Cboe's recently received approval to list.[61] A European-style option may only be exercised on its expiration date.

Proposed Rule 30.3(b) describes permissible expirations for binary KPI options.[62] Specifically, the proposed rule change will permit the Exchange to list series that expire on the date the issuer discloses its earnings results for the applicable reporting period (such as calendar quarter). The expiration date for a binary KPI option will be the date on which an issuer discloses the applicable KPI in its earnings results (for example, the date on which it issues an earnings results press release) for the specified reporting period (with the specific expiration date to be finalized when an issuer announces the date on which it will disclose its earnings results for that reporting period).[63] If that date is a Tuesday, Wednesday, Thursday, or Friday and the Exchange is not open for business on that date, the expiration date will be the first business day

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60 Proposed Rule 30.3(a) is the same as Cboe Rule 4.82(a).

61 See Cboe Rule 4.82(a).

62 Proposed Rule 30.3(b) is the same as Cboe Rule 4.82(b).

63 For example, for a binary KPI option series, the Exchange may designate the reporting period for a series to be the fourth quarter of 2026. The expiration date for that series would be the date on which the applicable issuer establishes as the date it will announce earnings results for that quarter. The Exchange will issue a notice when the specific expiration date for a binary KPI option is finalized. Additionally, the Exchange will maintain a reference data file for each issuer KPI on which the Exchange lists binary KPI options (as will be described in the Exchange's technical specifications available on its public website), and that reference data file will be updated with the specific expiration date for a binary KPI option once known.

immediately prior to that day. If that date is a Monday and the Exchange is not open for business on that date, the expiration date will be the first business day immediately following that Monday. The disclosed KPIs relate to a specific reporting period (such as a calendar quarter), which KPIs an issuer publicly announces on a date following the end of that reporting period.[64]

While an expiration date for a binary KPI option will be a specific date, as is the case for traditional options, the Exchange's proposed designation of expiration dates for binary KPI options will differ to reflect standard issuer disclosure practices. In some instances, an issuer might not establish the specific date on which it will announce its earnings results for a reporting period until weeks prior to the disclosure date. Consequently, unlike standard equity and index options that have an exact expiration date when strikes are first listed, a binary KPI option will be listed for trading with a placeholder expiration date if the date the KPI information will be disclosed by the issuer is not publicly known. If a placeholder expiration date is required, it will be set as the first trading day following the date of the deadline for the issuer's submission of its earnings-related filing for the reporting period applicable to the series. Once an issuer announces the disclosure date of the KPI information, the expiration date will be updated as the finalized expiration date of the option contract.[65] Ultimately, the expiration date for a binary KPI option is the issuer's earnings disclosure date, even if that date is unknown at the time the series is listed.

The Exchange may designate binary KPI option series to expire up to 12 months from the time they are listed and may list up to two expirations at one time for a binary KPI option (per

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[64] While earnings results are often reported with respect to the time period covered by the issuer's earnings release, such as a calendar quarter, certain issuers may disclose results for different time periods. For example, it is possible in an earnings release for an issuer to announce a KPI that covers a calendar month rather than a calendar quarter.

[65] Issuers have different practices as to when they disclose their earnings results (and when they announce their earnings disclosure dates); however, each issuer's practice is generally consistent and predictable.

KPI per issuer). The Exchange may open for trading a series of binary KPI options at least one business week prior to the expiration date of a binary KPI option.

Proposed Rule 30.3(c) describes the automatic exercise feature of binary KPI options. Specifically, the proposed rule states that binary KPI options will be automatically exercised at expiration if the settlement value of the underlying KPI is equal to or greater than the exercise price of a call binary KPI option or less than the exercise price in the case of a put binary KPI option.[66]

Proposed Rule 30.3(d) describes the permissible exercise prices (or strike prices) the Exchange may designate for series of binary KPI options.[67] Proposed Rule 30.3(d)(1) describes how the value of exercise prices of binary KPI options are measured. Specifically, the exercise price of each binary KPI option series will be fixed at an amount equal to an underlying KPI value divided by a scaling factor. Because the value of certain KPIs may be very large (e.g., billions of dollars), the Exchange proposes that the exercise value of the underlying KPI will be divided by a scaling factor based on the value of the KPI in the issuer's most recent earnings-related disclosure as of the time a binary KPI option class is listed) as follows:

- if the most recently disclosed KPI value is greater than or equal to one trillion, the exercise price equals that value divided by one trillion (e.g., for such KPIs, an exercise price of 27.00 is equivalent to a KPI value of 27,000,000,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one billion but less than one trillion, the exercise price equals that value divided by one billion (e.g., for

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66 Proposed Rule 30.3(c) is the same as Cboe Rule 6.20(g)(2).

67 Proposed Rule 30.3(d) is the same as Cboe Rule 4.82(c).

such KPIs, an exercise price of 112.00 is equivalent to a KPI value of 112,000,000,000.00);

- if the most recently disclosed KPI value is greater than or equal to one million but less than one billion, the exercise price equals that value divided by one million (e.g., for such KPIs, an exercise price of 900.00 is equivalent to a KPI value of 900,000,000.00);
- if the most recently disclosed KPI value is greater than or equal to one thousand but less than one million, the exercise price equals that value divided by one thousand (e.g., for such KPIs, an exercise price of 42.00 is equivalent to a KPI value of 42,000.00); and
- if the most recently disclosed KPI value is less than one thousand, the exercise price equals that value and is not divided by a scaling factor (e.g., for such KPIs, an exercise price of 774.00 is equivalent to a KPI value of 774.00).[68]

The Exchange will apply a different scaling factor to binary KPI option series for a new expiration only after the value of the KPI in the issuer's earnings-related filing submitted to the Commission has a value in a different scaling tier for four consecutive reporting periods or if the Exchange deems it necessary in the interests of a fair and orderly market. Application of a different scaling factor will not affect the exercise prices of any series of the binary KPI options previously opened. For example, if the Exchange begins listing a new class of binary KPI options and the most recently disclosed KPI value for the issuer at the time of that listing was for the third quarter of 2026 and was $892,000, the exercise prices for that class of binary KPI

[68] When applying the scaling factor, the Exchange will not round the scaled KPI value and instead will truncate the value so the scaled strike price value fits within standard strike listing format.

options will be scaled by 1,000, and thus exercise prices of 895, 995, and 1005, would represent $895,000, $995,000, and $1,005,000, respectively. If the issuer discloses a KPI value of $1,020,000 in its fourth quarter 2026 earnings disclosure, the Exchange will continue to list exercise prices scaled by 1,000. If the issuer then discloses KPI values of $1,112,000, $1,237,000, and $1,064,000 for the first, second, and third quarters, respectively, of 2027, the Exchange will begin scaling the exercise prices by 1,000,000 for the fourth quarter 2027 expirations (or for the first quarter 2028 expirations if the Exchange had already listed fourth quarter 2027 expirations prior to the disclosure of the third quarter 2027 KPI value). The Exchange believes this will permit consistency for listing scaled KPI values while allowing the Exchange to update strike prices to reflect long-term changes to an issuer's KPI values.

The Exchange will announce if the scaling factor applied to a binary KPI options changes (for example, the KPIs will be scaled in billions rather than in millions). Additionally, the Exchange will update this information in the Exchange's technical specifications regarding binary KPI options and reference data file that describes the terms of binary KPI options, both of which will be available on the Exchange's website (customers receive notifications of such updates).[69]

It is possible for a KPI to have a negative value, such as earnings per share (which is equivalent to a loss per share). Proposed Rule 30.3(d)(1)(B) provides the Exchange may list binary KPI options series with exercise prices representing negative KPI values. For these series, the exercise price will equal the absolute value of the KPI and will be scaled as described above. For example, if an issuer's earnings per share in the last reporting period was $3.52 (and

[69] The binary KPI option contract specifications available on the Exchange's public website will set forth the scaling factor for each binary KPI option.

thus was a loss per share), a binary KPI option for such issuer with a strike of 3.58 will reflect an expected loss of $3.58 per share. The Exchange will incorporate into symbology for binary KPI options whether the value of the strike price is positive or negative, including if the Exchange lists binary KPI option series with both positive and negative strike prices. Whether a symbol reflects a positive or negative value will be available on contract specifications as well as the reference data file for the specific binary KPI option on the Exchange's public website.

Proposed Rule 30.3(d)(2) states that the minimum interval between strike prices for binary KPI options series is:

- where the strike price is less than 10;
- 0.10 where the strike price is 10 or greater but less than 100;
- 1.00 where the strike price is 100 or greater but less than 1,000;
- 10.00 where the strike price is 1,000 or greater but less than 10,000; and
- 100.00 where the strike price is 10,000 or greater.

As discussed above, while KPI values above 1,000 are generally scaled, there may be circumstances in which the Exchange lists strikes above 1,000 or even 10,000 given the Exchange's proposal to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters). This may occur when a KPI value is near the top of a scaling range; for continuity, the Exchange will continue listing strike prices using the lower scaling factor and not change to a higher scaling factor until the KPI value is regularly within that higher range (as noted above). Suppose a KPI value is 995,000,000; in this case, strike prices will be scaled by 1,000,000. Thus, the Exchange may list binary KPI options above and below 995 (995,000,000 divided by 1,000,000). However, it is realistic that the KPI may increase to above 1,000,000,000. As proposed, the Exchange may list strike prices,

for example, of 1,000 (representing 1,000,000,000) and above, for expirations until the KPI value is above 1,000,000,000 for four consecutive reporting periods. To reduce confusion, the Exchange would not scale strike prices using different scaling factors within a single expiration (and would not change the scale until the KPI value is consistently at the higher level). Therefore, it is possible the Exchange may list strikes greater than 1,000. Similarly, while strikes above 10,000 may be rare, given the Exchange proposes to maintain a lower scale level until a KPI value is consistently above a certain level (e.g., above one billion for four consecutive quarters, as proposed), depending on market factors and demand, it is possible (although unlikely) the Exchange may determine it is appropriate to list strikes above 10,000 if market factors or expectations signify a significant increase of the KPI value. The proposed strike intervals accommodate the listing of binary KPI options in these circumstances before the Exchange shifts the strike prices for an issuer's KPI to a different scaling level.

The proposed strike intervals are identical to the strike intervals applicable to the binary KPI options that Cboe's recently received approval to list.[70] Given the scaling factor for larger KPI values, it may appear the proposed rule change will permit smaller strike intervals for larger KPI values if those intervals are considered solely on a nominal basis. However, that is not the case if the actual values of the strike intervals are considered. The corresponding actual value of the strike interval for a strike price that was subject to a larger scale value is higher than the actual value of the strike interval for a strike price that was subject to a smaller scale value. For example, suppose a strike price of 950 represents $950 million. The proposed rule change would permit strike intervals of $1.00. However, that $1.00 corresponds to $1,000,000. In other words, if the Exchange listed strikes of 950, 951, and 952, the difference in values of those strikes are $1

70 See Cboe Rule 4.82(c)(2).

million, not $1 (i.e., the strikes represent values of $950,000,000, $951,000,000, and $952,000,000). Similarly, suppose a strike price of 3 represents $3,000,000,000. The proposed rule change would permit strike intervals of $0.01. However, in this case, that $0.01 corresponds to $10,000,000. If the Exchange listed strikes of 3.00, 3.01, and 3.02, the difference in values of those strikes are $10,000,000, not $0.01 (i.e., the strikes represent values of $3,000,000,000, $3,010,000,000, and $3,020,000,000, respectively). As a result, the permissible strike intervals for strike prices representing values in the billions are actually larger than the permissible strike intervals for strike prices representing values in the millions. This is consistent with the general premise underlying current strike intervals that larger strike intervals apply to larger strike values.

Proposed Rule 30.3(e) addresses bid and offer conventions for binary KPI options with multipliers other than 100.[71] Proposed Rule 30.3(e) provides that bids and offers for a binary KPI option with a multiplier other than 100 must be expressed in terms of dollars per 1/multiplier of the total value of the contract. For example, if a binary option has a multiplier of 1, an offer of "0.50" represents an offer of $0.50. It will provide clarity and consistency in market quotations relative to the notional size of the option, promotes investor understanding of the cost and value of binary KPI option contracts. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

Proposed Rule 30.3(f) describes the initial series of a binary KPI option the Exchange may open for trading.[72] Specifically, the Exchange may open for trading one or more binary KPI

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[71] Proposed Rule 30.3(e) is the same as Cboe Rule 5.3(c)(3).

[72] Proposed Rule 30.3(f) is the same as Cboe Rule 4.82(d).

option series with a fixed KPI value as the strike price (scaled as described above), with approximately the same number of strike prices being opened above and below the at-the-money KPI value (i.e., the value of the KPI in the issuer's most recent earnings-related disclosure) at the time the binary KPI options are opened. The "at-the-money" KPI value may be the value of the KPI in the issuer's most recent earnings-related filing submitted to the Commission, the issuer's disclosed estimate of the KPI for the next reporting period, or analysts' consensus estimate as reported by major market vendors, as the Exchange deems appropriate based on the most recent market information available to the Exchange. Because KPIs are static values, the Exchange believes it is appropriate to determine strike prices based on all available information that would inform expectations about the KPIs (as investors would do). The Exchange understands that an issuer's previously disclosed KPI, as well as issuer and analyst estimates of the KPI, are primary factors investors may consider when determining in which direction the KPI value may move in the next reporting period (similar to how investors consider the then-current price of an underlying stock when considering their options investment strategies and which direction the stock price may move). Therefore, the Exchange believes using the most recently available of these values is appropriate to use for determining which strikes it should list for a specific issuer KPI. The Exchange believes this flexibility to select the most appropriate at-the-money value is similar to current exchange rules that permit the listing of additional series to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially. The Exchange believes the proposed definition of at-the-money will allow the Exchange to list series with strike prices that are consistent with investor expectations and demands and that are based on information available in the market.

The Exchange will list strike prices for binary KPI option series that are reasonably close to the at-the-money KPI value at the time of listing. A strike is "reasonably close" to the at-the-money KPI value if (1) for KPIs less than or equal to 1, it is no more than 2;[73] (2) for KPIs greater than 1 and less than or equal to 10, it is no more than 100% above or below the at-the-money KPI value; and (3) for KPIs greater than 10, it is no more than 30% above or below the at-the money KPI value. The Exchange may also open binary KPI option series that are more than 30% above or below the at-the-money KPI value (if the KPI is greater than 10) provided demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers.

Per proposed Rule 30.3(g), the Exchange may add new series of binary KPI options when the Exchange deems it necessary to maintain a fair and orderly market or to meet customer demand, and the opening of a new series of binary KPI options on the Exchange will not affect any other series of options of the same binary KPI option class previously opened. This is consistent with Cboe's authority to add new series of binary KPI options.[74] The Exchange may list additional series using updated at-the-money KPI values, such as if the Exchange lists binary KPI options series for an expiration before the applicable issuer has disclosed the KPI value in a filing submitted to the Commission for the immediately preceding reporting period and that value is then disclosed in a filing submitted to the Commission or if the issuer or major market data vendors publish estimates of the KPI value. For example, before expiration of a binary KPI

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[73] The Exchange believes this is appropriate given the potentially small values of certain KPIs. For example, suppose the second quarter earnings per share of a company were $0.04. In such a case, if strikes were limited to 100% above this value, the Exchange could only list strikes up to $0.08, which would provide investors with minimal investment options. Therefore, the Exchange believes this provision is appropriate to provide the Exchange with authority to list meaningful strikes for smaller-valued KPIs.

[74] Proposed Rule 30.3(g) is the same as Cboe Rule 4.82(e).

options series set to expire on the date of an issuer's disclosure of its third quarter earnings results, the Exchange lists series of that binary KPI option to expire on the date of an issuer's disclosure of its fourth quarter earnings results (using the KPI from the second quarter earnings results as the at-the-money KPI value). After the issuer discloses its third quarter earnings results in a filing submitted to the Commission, including the applicable KPI, the Exchange may list additional series for the fourth quarter binary KPI options using the third quarter KPI result as the at-the-money KPI value. Suppose, further, that after the issuer discloses its third quarter earnings results, the issuer publishes an estimate of the fourth quarter KPI value. As investors may see this estimate (and possibly factor it into their investment decisions), the Exchange may determine it is appropriate to consider this estimate the "at-the-money" value and list additional strikes above and below this value. Any additional strike prices the Exchange lists will be reasonably close (as defined above) to the at-the-money KPI value at the time of listing.

Continuing the above example, suppose the Exchange lists binary KPI options for the fourth quarter before the binary KPI options for the third quarter have expired. As proposed, the Exchange would list strikes above and below the at-the-money strike, which at the time of listing would be the settlement value KPI from the issuer's second quarter earnings results disclosure (the most recently available KPI). If the KPI for the option was net sales, and the second quarter value was $45.093 billion, the at-the-money strike would be 45.10, and the Exchange could list strikes within 30% of that value, and additional series based on customer demand or market changes. After the Exchange lists those series, the issuer discloses its third quarter earnings results, including net sales of $57.241 billion. As proposed, after that disclosure, the Exchange may list additional strikes within 30% of $57.24 to reflect the change in value of the underlying (as well as additional series based on customer demand or market changes).

This proposed framework for listing and adding series is identical to recently approved framework for Cboe to list and add binary KPI options.

Proposed Rule 30.3(h) provides that the contract multiplier for each class of binary KPI options is one.[75]

Proposed Rule 30.4 – Determination of Settlement Value. The Exchange proposes to add new Rule 30.4 (Determination of Settlement Value) to establish that binary KPI options that are "at-the-money," "in-the money," or "out-of-the-money" are a function of the settlement value of the underlying KPI in relation to the type of binary KPI option (i.e., put or call) and the exercise price.[76] As described above, the settlement value for a binary KPI option is the value of the KPI for the applicable reporting period as disclosed in the applicable issuer's earnings-related filing submitted to the Commission. While the Exchange factors the timing of an issuer's disclosure of a KPI value into the determination of whether the Exchange lists a binary KPI option as A.M.-settled or P.M.-settled, the Exchange will source the settlement value from the earnings-related filing for the applicable reporting period that the issuer submits to the Commission. Generally, companies issue press releases that contain earnings results and near contemporaneously submit a Form 8-K to the Commission with the press release as an exhibit. Therefore, it is unlikely the value of the KPI in the Commission filing will differ from the value in the initial announcement; however, the value in the Commission filing will be the ultimate settlement value.

Proposed Rule 30.5 – Adjustment. Proposed Rule 30.5 (Adjustment) provides that binary KPI option contracts are subject to adjustment only in accordance with and to the extent

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75 Proposed Rule 30.3(h) is the same as Cboe Rule 4.82(f).

76 Proposed Rule 30.4 is the same as Cboe Rule 4.83.

specified in the Rules of the Clearing Corporation. When any such adjustment has been made pursuant to Rule 30.5 (and Rules of the Clearing Corporation), the Exchange will announce this adjustment, which will become effective as of the time specified in that announcement.[77]

As described above, binary KPI options would be cleared by the Clearing Corporation, which would serve as the central counterparty to each transaction and facilitate standardized clearing, settlement, and contract administration processes pursuant to its Rules. Consistent with this centralized clearing framework, proposed Rule 30.5 provides that binary KPI options would be subject to adjustment only in accordance with and to the extent specified in the Rules of the Clearing Corporation. When any such adjustment has been determined, the Exchange will announce this adjustment, which will become effective at the time specified in that announcement. The Exchange believes that limiting contract adjustments to those provided under the Rules of the Clearing Corporation provides a clear and transparent framework under which any adjustments to binary KPI options would be administered. A registered clearing agency designated to clear binary KPI options would be subject to Commission oversight and would possess expertise in the clearance and settlement of financial products. Because binary KPI options represent a novel product type, the Exchange anticipates that the Clearing Corporation would develop adjustment procedures designed to address the unique characteristics of these contracts and the types of events that may require adjustment. To the extent the Clearing Corporation adopts new adjustment procedures for binary KPI options, those procedures would be subject to the applicable regulatory process, including review and approval by the Commission, as applicable, before the Exchange commences trading in the product.

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[77] Proposed Rule 30.5 is the same as Cboe Rule 4.84.

Proposed Rule 30.6 – Binary KPI Options Trading Hours. The Exchange proposes to add Rule 30.6 to describe the trading hours for binary KPI options.[78] As set forth in Proposed Rule 30.6, binary KPI options may be traded on the Exchange from 9:30 A.M. to 4:00 P.M.[79] Further, the last day of trading for P.M.-settled binary KPI options is the day of expiration, and the last day of trading for A.M.-settled binary KPI options is the trading day prior to expiration.

The Exchange recognizes it is possible, although unusual and unlikely, that KPI information may become available at unexpected times. Proposed Rule 30.6 addresses the impact on trading and expiration that such disclosure may have. First, proposed Rule 30.6(c) provides if the Exchange confirms an issuer discloses the KPI prior to the expiration date (i.e., the date on which the issuer had announced it would disclose its earnings results for the applicable reporting period), trading in the applicable binary KPI options series will cease, and the expiration date for the option accelerates to a date on or shortly after the date of that disclosure in accordance with the Rules of the Clearing Corporation. This may occur if, for example, the applicable issuer discloses the KPI information in advance of the expiration date of the option. If the issuer discloses KPI information after the expiration date, which may be the case if, for example, the issuer's disclosure of its earnings is delayed, trading in the option will not be impacted and will cease as of the expiration date. While the expiration date will not change, expiration and settlement processing of such options will be delayed until the KPI information becomes available, in accordance with the rules of the Clearing Corporation.

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78 Proposed Rule 30.6 is the same as Cboe Rule 5.1(b)(3)(F).

79 Unless otherwise specified, all times in this proposal are Eastern Time.

Additionally, proposed Rule 30.6(d) provides if there is an unofficial disclosure[80] of the KPI prior to the expiration date, the Exchange may determine to halt (and resume) trading in the applicable binary KPI options series in accordance with Rule 20.3. In certain circumstances, the expiration date for the option may accelerate in accordance with the rules of the Clearing Corporation rules; if this occurs, trading in the binary KPI will cease. This proposed provision addresses the unlikely event that KPI information becomes available through sources other than the issuer in advance of the expiration date. If the Exchange determines the KPI information reported from the unofficial source is unreliable, trading in the binary KPI option may resume until it expires.

Finally, proposed Rule 30.6(e) states that the System shall open binary KPI options for trading at 9:30 A.M. Eastern Time.[81]

Proposed Rule 30.7 – Position Limits for Binary KPI Options. The Exchange proposes to adopt Rule 30.7 (Position Limits for Binary KPI Options) to set forth position limit requirements for binary KPI options. Proposed Rule 30.7(a) would provide that, in determining compliance with Rule 18.7, the position limit for binary KPI options is 25,000 standard option contracts per expiration and 100 binary KPI option contracts equal one standard option contract.[82]

Per proposed Rule 30.7(b), positions in binary KPI options on the same KPI that have different expiration dates are not aggregated (as proposed position limits are calculated per

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[80] Unofficial disclosure of a KPI may include, for example, an unsanctioned leak of the KPI or disclosure of the KPI by a source other than the issuer.

[81] Proposed Rule 30.6(e) is similar to Cboe Rule 5.31(d)(1)(D). The proposed language, however, recognizes that 24X would not have an opening rotation like Cboe does.

[82] Proposed Rule 30.7(a) is the same as Cboe Rule 8.36(a)(3).

expiration) and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated.[83]

The Exchange proposes to adopt Rule 30.7(c) to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer.[84] Finally, proposed Rule 30.7(d), provides a hedge exemption for Market Makers with respect to binary KPI options.[85] A binary KPI option short position coupled with a binary KPI option short call position held by a Market Maker, regardless of the KPI option strike price, shall be exempt from the established position limits as discussed above.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge

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83 Proposed Rule 30.7(b) is the same as Cboe Rule 8.36(b)(2).

84 Proposed Rule 30.7(c) is the same as Cboe Rule 8.36(c)(2).

85 Proposed Rule 30.7(d) is the same as Cboe Rule 8.36(e)(2).

exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

Proposed Rule 30.8 – Reporting of Positions. The Exchange also proposes to adopt Rule 30.8 (Reporting of Positions).[86] Positions in binary KPI options shall be reported pursuant to Rule 18.10, except, in computing reportable binary KPI options thereunder, aggregation of positions shall be in accordance with proposed Rule 30.7. Proposed Rule 30.8 further provides that, for purposes of this report, 100 binary KPI option contracts equal one standard option contract.

Proposed Rule 30.9 – Minimum Increment for Bids and Offers. The Exchange proposes to adopt Rule 30.9 to establish the minimum increment for bids and offers on orders for binary KPI options.[87] Proposed Rule 30.9 states that the minimum price variation for binary KPI options shall be established on a case-by-case basis by the Exchange and shall not be less than $0.01.

Proposed Rule 20.6 – Nullification and Adjustment of Options Contracts including Obvious Errors. In proposed interpretation .04 to Rule 20.6, the Exchange proposes to exclude binary KPI options from the obvious error provisions in Rule 20.6.[88]

Proposed Rule 21.17 – Additional Price Protection Mechanisms and Risk Controls. Proposed paragraph (h) of Proposed Rule 21.17 states that, in addition to the order and quote price protection mechanisms and risk controls described in this Rule, the Exchange may apply a maximum execution price protection for binary options on a class basis, pursuant to which the

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86 Proposed Rule 30.8 is based on Cboe Rule 8.43(f).

87 Proposed Rule 30.9 is the same as Cboe Rule 5.4(c)(1).

88 Proposed Interpretation .04 of Rule 20.6 is the same as Cboe Rule 6.5, Interpretation .01.

System adjusts any execution price for a binary option above the Exchange-designated maximum execution price for that class down to that maximum execution price.[89]

Application of Other Rules. Except as otherwise described above, all binary KPI options will be listed and traded on the Exchange in a substantially similar manner as standard equity options are proposed to be listed and traded on the Exchange. The Rules that will apply to the listing and trading of non-binary options on the Exchange, including those related to customer accounts, margin requirements and trading halt procedures,[90] which are designed to prevent fraudulent and manipulative acts and practices, will apply to the listing and trading of binary KPI options. The Exchange has analyzed its planned capacity and represents that it believes the Exchange will have the necessary systems capacity to handle any potential additional message traffic associated with the listing of binary KPI options.

OPRA. The Exchange will send quotation and transaction price information for binary KPI options to The Options Price Reporting Authority ("OPRA") in the same manner it will send this information to OPRA for all other options the Exchange lists. Additionally, the Exchange understands from OPRA that it will disseminate information regarding binary KPI options in the same manner it does for all other options the Exchange lists. The Exchange intends to follow OPRA's standard capacity monitoring process for binary KPI options (in accordance with OPRA instructions), which includes submission of quarterly capacity projections (the Exchange will include its projected binary KPI option volume in the applicable submission). Further, the Exchange understands from OPRA that no technical changes are required to accommodate the

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89 Proposed paragraph (h) of Proposed Rule 21.17 is the same as Cboe Rule 5.34(d).

90 Binary KPI options will not be tied to the trading state of the underlying issuer stock and thus, trading in binary KPI options will not be affected by halts in the underlying issuer stock. The binary KPI options will halt in accordance with proposed Rule 20.3

reporting to OPRA of quotation and transaction information regarding binary KPI options (the Exchange represents, if later required by OPRA, it will adhere to any new technical requirements OPRA deems necessary to accommodate binary KPI options).[91]

Capacity. The Exchange does not believe Options Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with binary KPI options and the effect (if any) of binary KPI options on market fragmentation and the capacity of the Exchange's automated system.

Surveillance. The Exchange represents that the same surveillance procedures that will be applicable to all other options that will be listed and traded on the Exchange will apply to binary KPI options, and that it has the necessary systems capacity to support the option series. The Exchange's surveillance and reporting safeguards for options will be designed to deter and detect possible manipulative behavior and other improper trading. In addition, the Exchange has a Regulatory Services Agreement with the Financial Industry Regulatory Authority, Inc. ("FINRA") with regard to its equity trading; the Exchange intends to extend this agreement to cover options as well. Pursuant to a multi-party 17d-2 joint plan, all options exchanges allocate regulatory responsibilities to FINRA to conduct certain options-related market surveillances.[92] The Exchange intends to participate in this joint plan. The Exchange is also a member of the

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91 The Exchange understands OPRA may need to update how it disseminates open interest information for binary KPI options, as its current process incorporates information from OCC and references in this filing are clearing agency-neutral.

92 Section 19(g)(1) of the Act, among other things, requires every self-regulatory organization ("SRO") registered as a national securities exchange or national securities association to comply with the Act, the rules and regulations thereunder, and the SRO's own rules, and, absent reasonable justification or excuse, enforce compliance by its members and persons associated with its members. See 15 U.S.C. 78q(d)(1) and 17 CFR 240.17d-2. Section 17(d)(1) of the Act allows the Commission to relieve an SRO of certain responsibilities with respect to members of the SRO who are also members of another SRO. 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.

Intermarket Surveillance Group ("ISG") under the ISG Agreement. ISG members work together to coordinate surveillance and investigative information sharing in the stock, options, and futures markets. Further, the Exchange will implement any new surveillance procedures it deems necessary to effectively monitor the trading of binary KPI options.

CAT. The Exchange will report any information regarding binary KPI options required to be reported to the Consolidated Audit Trail ("CAT") in the same manner it reports this information to CAT for all other options the Exchange lists.[93] The Exchange represents, if later required by FINRA CAT, it will adhere to any new technical requirements FINRA CAT deems necessary to accommodate binary KPI options).

Linkage Plan. Pursuant to the Options Order Protection and Locked/Crossed Market Plan ("Linkage Plan"),[94] participant exchanges to the Linkage Plan established a framework to provide order protection. The Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage) applies during all trading sessions during which multiply listed options trade. Proposed Rule 27.2 addresses order routing away from the Exchange to promote compliance with the Linkage Plan. If the proposed binary KPI options become multiply listed options, Users may designate an order for routing (or not available for routing), and the Exchange System is designed to, at all times, prevent trade-throughs and avoid displaying

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93 CAT reporting requirements will apply to broker-dealers with respect to binary KPI options in the same manner as they apply to any other options the Exchange lists. The Exchange understands from the CAT Plan Processor that there will be no changes to the reporting specifications for broker-dealers to accommodate the reporting of information regarding binary KPI options to CAT.

94 The Linkage Plan requires U.S. options exchanges to establish a framework for providing order protection and addressing locked and crossed markets in eligible options classes. The Linkage Plan is a national market system plan approved by the Commission pursuant to Section 11A of the Act and Rule 608 thereunder. The full text of the Linkage Plan is available at https://www.theocc.com/getcontentasset/7fc629d9-4e54-4b99-9f11-c0e4db1a2266/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/options_order_protection_plan.pdf.

locked/crossed markets in accordance with the Linkage Plan (and proposed Exchange Chapter 27 regarding intermarket linkage).

Clearance. Upon launch, binary KPI options will clear through the Clearing Corporation as that term is defined in proposed Rule 30.1. In doing so, the proposal would bring these securities products within the established regulatory infrastructure applicable to listed options, including exchange trading and surveillance, standardized disclosure, and centralized clearance and settlement through a registered clearing agency, as further described below. Additionally, binary KPI options would be cleared through a registered clearing agency, which would serve as the central counterparty to each transaction and facilitate risk mitigation through established clearing, settlement, contract adjustment, and other standardized operational processes.

The Exchange represents it will not list for trading binary KPI options until the registered clearing agency designated as the Clearing Corporation is authorized and operationally ready to clear the options and until all applicable filings and documents of the Clearing Corporation related to binary KPI options being cleared through the Clearing Corporation are approved by the Commission or effective after review by the Commission, as applicable.

OLPP. The Options Listings Procedure Plan (the "OLPP") sets forth procedures to facilitate the listing and trading of standardized options. This plan currently describes procedures with respect to options issued by and cleared at the OCC. If the Exchange ultimately does not designate the OCC as the Clearing Corporation for the purposes of the definition set forth in proposed Rule 30.1, the Exchange will take steps necessary and within its authority to amend the OLPP to reflect listing procedures applicable to binary KPI Options to the extent not cleared by the OCC.

Standardized Options. As discussed in further detail below, the Exchange intends for binary KPI options to be treated as listed standardized options. Rule 9b-1 under the Act establishes a disclosure framework for standardized options pursuant to which investors receive a disclosure document describing the terms, characteristics, and risks of the product before trading. Depending on which registered clearing agency is designated as the Clearing Corporation, the applicable Rule 9b-1 disclosure document may be based on an existing options disclosure document utilized by that clearing agency, as modified or supplemented, as appropriate, or another comparable disclosure document prepared in connection with the clearance of binary KPI options. In either case, the disclosure document would contain substantially similar information regarding the terms, characteristics, risks, settlement mechanics, and other material features of binary KPI options and would be tailored, as necessary, to address the product's unique features and distinctions from traditional listed options. The Exchange believes that disclosure through the Rule 9b-1 framework would better serve the informational needs of investors than a traditional prospectus because binary KPI options are standardized options for which the principal investor considerations relate to the contract's terms, payout structure, settlement mechanics, and trading characteristics rather than the disclosure typically provided in connection with an offering of a corporate issuer's securities.

Conditions. The Exchange will not commence listing and trading of binary KPI options until a registered clearing agency is authorized and operationally ready to clear the contracts; the applicable disclosure document under Rule 9b-1 is in place; any necessary changes relating to CAT, FINRA, OPRA, the Linkage Plan, and OLPP have been completed; and the Exchange has issued an implementation notice to Members.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act[95] in general, and furthers the objectives of Section 6(b)(5) of the Act[96] 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

As described above, the Exchange proposes to operate its options market much as it operates its cash equities market today and in a manner similar to that of other options exchanges, namely MEMX Options. As a result, the proposed rules of 24X Options are substantially similar to the approved rules of MEMX Options, Cboe, Nasdaq ISE Options, and Cboe EDGX, which have already been found to be consistent with the Exchange Act. Therefore, the Exchange does not believe that any of the proposed rules raise any new or novel issues that have not been previously considered by the Commission. The Exchange believes that 24X Options will benefit individual investors, options trading firms, and the options markets generally by providing an additional competitive dynamic to the options landscape, thereby promoting further initiative and innovation among market centers and market participants. The entry of an innovative, cost-competitive market such as 24X Options will promote competition, spurring existing exchanges to improve their own execution systems and reduce trading costs.

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95 15 U.S.C. 78f(b).

96 15 U.S.C. 78f(b)(5).

General

More broadly, the Exchange believes that the functionality that it proposes to offer is consistent with Section 6(b)(5) of the Act because the System is designed to be efficient and its operation transparent, thereby facilitating transactions in securities, removing impediments to and perfecting the mechanisms of a free and open national market system. As described above, the Exchange's proposed rules, including the proposed Order Types and Handling Instructions, opening procedures, routing services, and order matching process are designed to provide a comprehensive suite of conventional features and to comply with all applicable regulatory requirements, including the obligations of the Options Order Protection and Locked/Crossed Market Plan.

The Exchange believes that the proposed rules of 24X Options, as well as the proposed method of monitoring for compliance with and enforcing such rules is also consistent with the Exchange Act, particularly Sections 6(b)(1), 6(b)(5) and 6(b)(6) of the Exchange Act, which require, in part, that an exchange have the capacity to enforce compliance with, and provide appropriate discipline for, violations of the rules of the Commission and of the Exchange. The Exchange has proposed to adopt rules necessary to regulate Options Members that are either substantively identical or substantially similar to the approved rules of other options exchanges, as described above. The Exchange proposes to regulate activity on 24X Options in the same way it regulates activity on its equities market, specifically through various Exchange-specific functions, an RSA with FINRA, as well as participation in industry plans, including plans pursuant to Rule 17d-2 under the Exchange Act.

Binary KPI Options

As an initial matter, the Exchange's proposal is identical to the recently approved proposal made by the Cboe to list binary KPI options.[97] Similar to Cboe, the Exchange believes that trading such instruments as binary KPI options would promote a fair and orderly market and facilitate new investment and hedging opportunities on a Commission-regulated exchange.

The Exchange believes the proposed rule change 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 establishes a clear and transparent framework for a new category of listed options (binary KPI options) that are tied to financial and operating metrics of issuers that are publicly disclosed in reports submitted to the Commission. Currently, investors wishing to position their investment strategies around earnings disclosures must rely primarily on equity options, whose pricing is affected by a wide range of variables beyond the reported financial or operating measure of interest (e.g., implied volatility, delta, time value, and general market movement). Binary KPI options allow investors to take a targeted, defined-risk position directly on a specific financial or operating measure (i.e., a KPI) for a particular reporting period. The Exchange believes this additional investment tool will protect investors and the public interest because it will promote market efficiency, enable more precise price discovery around earnings events, allow investors to hedge against potential idiosyncratic risks, and remove a gap in current national securities exchange-listed products available to market participants.

The Exchange believes the proposed list of issuers and KPIs on which the Exchange may list binary KPI options will prevent fraudulent and manipulative acts and practices, remove

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97 See Cboe Binary KPI Approval Order

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. First, as noted above, the Exchange is proposing to list binary KPI contracts based on specific financial and operating metrics reported by the following issuers in their earnings-related disclosures submitted to the Commission: Apple, Inc.; Advanced Micro Devices, Inc.; Alphabet Inc.; Amazon.com, Inc.; Bank of America Corporation; Citigroup Inc.; Coinbase Global, Inc.; Ford Motor Company; Intel Corporation; JPMorgan Chase & Co.; Marathon Digital Holdings, Inc.; Meta Platforms, Inc.; Microsoft Corporation; Netflix, Inc.; NVIDIA Corporation; Palantir Technologies Inc.; SoFi Technologies, Inc.; Space Exploration Technologies Corp.; Super Micro Computer, Inc.; Target Corporation; Tesla, Inc.; and The Walt Disney Company. The Exchange believes offering investors an additional investment tool on a national securities exchange related to some of the most actively traded stocks and options will perfect the mechanism of a free and open market and benefit investors by allowing them to further refine their investment strategies, including using these options to hedge idiosyncratic, even-specific risk embedded in the specific KPIs (as further discussed below), for these actively traded companies.

The Exchange believes the proposed universe of issuers will prevent fraudulent and manipulative acts and practices, because the proposed issuers are large, well capitalized, and widely followed issuers with highly liquid underlying securities and options markets. As noted in its filing to amend its rules to permit the listing of binary KPI options,[98] Cboe noted that during May 2026, each of the issuers exceeded $3 billion in market capitalization and ranked among the top 200 U.S. companies by average daily options or stock volume, with the exception of Space Exploration Technologies Corp (commonly referred to as SpaceX), which had not been

[98] See Securities Exchange Act Rel. No. 105877 (July 10, 2026), 91 Fed. Reg. 43418 (July 15, 2026).

trading for a full calendar month but which the Exchange believes will satisfy these measures with its first month of trading results based on its volumes since it began trading.[99]

Securities with high market capitalizations and liquid markets are generally less susceptible to manipulation because of the substantial capital required to artificially influence prices of those securities. The depth and breadth of trading activity for securities with significant market capitalizations, such as the stocks of the proposed issuers, make it unlikely that a single market participant would be able to exert undue influence on the price of such a stock, as large volumes of buyers and sellers are what ultimately continuously reflect the true market value of the stock. The Exchange believes the KPIs of issuers with high market capitalizations proposed to underlie binary KPI options are similarly less susceptible to manipulation because any attempt to distort a financial metric of such an issuer would require an enormous and economically impractical deployment of capital, which would likely exceed the fixed payout of a binary KPI option. Therefore, like stocks of large-cap issuers, KPIs of large-cap issuers are less susceptible to manipulation due to the structural barriers that would make manipulating KPI values operationally difficult and financially irrational (in addition to the rigorous financial oversight to which these issuers are subject, as further discussed below).

In addition to the proposed issuers being highly capitalized and having actively traded stocks and options on such stocks, the Exchange also believes the proposed limited universe of issuers for binary KPI options to those proposed will prevent fraudulent and manipulative acts and practices because each issuer is subject to periodic reporting requirements under the Act. Therefore, each of the proposed issuers must file annual reports on Form 10-K, quarterly reports

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[99] As noted by Cboe, the ADV of SpaceX stock between June 12 and June 22, 2026 was approximately 290,009,963 shares. The market capitalization of SpaceX as of June 22, 2026 was $2.145 trillion.

on Form 10-Q, and current reports on Form 8-K with the Commission, which as discussed above disclose information the issuer believes is necessary for an investor to understand its financial condition, changes in financial condition and results of operations, which can include KPIs. Further, each issuer maintains audited financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP") and is subject to executive certification requirements under the Sarbanes-Oxley Act. As a result, the settlement-determining KPI values for each eligible issuer are produced within the Commission's supervisory jurisdiction, are publicly verifiable from a Commission-regulated source and are subject to relevant anti-fraud provisions under the Act, which the Exchange believes will reduce the potential for manipulation of the underlying KPIs as well as the applicable issuer's stock.

Further, the Exchange believes the proposed limited universe of issuers will introduce binary KPI options in a well-developed, well-understood, and transparent Commission-regulated market environment. Each issuer is among the most widely followed, actively traded, and extensively analyzed issuer in its respective sector, with deep and liquid equity and derivatives markets and a broad institutional and retail investor base. The depth of existing market activity surrounding these issuers supports fair and orderly pricing by ensuring that binary KPI options are listed in markets where price discovery is well-established, liquidity is readily available, and participants have broad access to the information necessary to form and express informed views on KPI outcomes. The Exchange believes the continuous public scrutiny to which these issuers are subject substantially reduces the likelihood that any market participant could obtain or maintain an informational advantage sufficient to manipulate the settlement value of the binary KPI options.

The Exchange believes the proposed KPI metrics will similarly prevent fraudulent and manipulative acts and practices, 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. The Exchange's proposal limits eligible KPIs to GAAP and non-GAAP measures and other statistics related to an issuer's financial condition and operational results, all of which the proposed issuers disclose in their earnings-related filings (i.e., Forms 8-K, 10-Q, and 10-K) submitted to the Commission. As such, the settlement values of the proposed binary KPI options are derived exclusively from information that issuers deem as material information required to be disclosed in reports submitted to the Commission. These metrics are routinely referenced and tracked in the investment community and are figures that the market recognizes as a meaningful and central indicator of issuer performance. The Exchange believes that the inclusion of well-established metrics as eligible KPIs expands the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process.

The proposed KPI metrics are among the most widely followed and extensively analyzed measures for the proposed issuers. Specifically, the Exchange proposes to be able to list a binary KPI option on earnings per share (prepared in accordance with GAAP) for each proposed issuer. This metric is among the most widely followed and extensively analyzed figures in public company financial disclosure and is disclosed in each issuer's periodic Commission filings. Similarly, the Exchange proposes to list binary KPI options on revenue, prepared in accordance with the applicable GAAP, for each issuer. As is the case for earnings per share, revenue is a widely followed financial metric for publicly reporting companies and is the subject of extensive analyst coverage.

The Exchange proposes KPIs representing revenues broken out by applicable reportable segment, business unit, or product category, including cloud and artificial intelligence infrastructure revenues, streaming and geographic subscription revenues, automotive segment revenues, financial services segment revenues, consumer product category revenues, and digital asset exchange transaction and subscription revenues, among others, for several of the proposed issuers. Each such metric is a GAAP-defined figure required to be disclosed in the issuer's periodic Commission filings. The Exchange understands these metrics enable market participants to express views on specific high-profile business lines that are extensively covered by analysts and subject to a high volume of publicly available forecasts.

The Exchange proposes KPIs for the proposed financial institution issuers that are specific to financial institution income statement presentation, including net interest income, provision for credit losses, and net income. Each such metric reflects the distinct GAAP reporting framework applicable to banking institutions and is subject to the same periodic disclosures as other proposed KPIs.

The proposed rule change also includes operating margin, gross margin, or cash flow from operations KPIs for several issuers, each of which is computed directly from GAAP financial statement line items disclosed in the issuer's periodic Commission filings. These metrics provide market participants with insight into issuer profitability and capital generation and complement other revenue and earnings figures when market participants are evaluating the value of an issuer and its stock.

The Exchange also proposes several non-financial operational KPIs that issuers disclosed in their periodic Commission filings, including relevant production volumes, network and infrastructure counts, user engagement metrics, deal counts, digital asset trading volume, and

digital asset mining and holdings metrics. Each designated non-financial operational metric is closely tied to the core economic activity of the respective issuer's business and is a figure that the issuer has affirmatively chosen to disclose to the public as a key indicator of business performance. Issuers typically designate and disclose such metrics precisely because they are understood by the market to be among the most meaningful measures of their business activities. As discussed above, this is consistent with Commission guidance that an issuer should include KPIs in these report that the issuer believes an investor needs to gain understanding of its financial condition, changes in financial condition and results of operations, as such KPIs present the "pulse" of the issuer's business. The market significance of these metrics is further reflected in the extensive analyst coverage and investor attention, particularly near each reporting date. Each metric is subject to executive certification as part of the periodic report in which it appears and is widely tracked by financial data services and equity research analysts.

Overall, the Exchange believes that the proposed well-established, publicly reported metrics as eligible KPIs will expand the value of binary KPI options for investors without compromising the integrity of trading processes, including the settlement process. As a result, the Exchange believes the proposed KPIs will protect investors and the public interest as it will permit the Exchange to offer investors additional investment and hedging tools on the Exchange that investors can incorporate into their investment strategies regarding the proposed issuers.

The Exchange believes the proposed contract terms for binary KPI options will promote just and equitable principles of trade, remove impediments to and perfect a free and open market and national market system, and protect investors. As discussed above, the Exchange believes the proposed contract terms for binary KPI options are standardized option terms. Like standard option contracts, each proposed binary KPI option will be a call or a put, will have an underlying

exercise price, an expiration date, a settlement type, a settlement style, and a multiplier. As is the case for binary index options, each proposed binary KPI option will have an exercise settlement amount paid depending on how the settlement value of the underlying compares to the exercise price.

The proposed binary KPI options will function identically to, and carry the same contractual terms as, the binary KPI options the Cboe has recently been approved to list. The proposed definitions of binary KPI option, call binary KPI option, exercise price, and put binary KPI option are the same as those terms employed by Cboe for its binary KPI options.

The proposed definition of settlement value for binary KPI options is identical to the definition applied by Cboe for binary KPI options. The Exchange believes the proposed $1 exercise settlement amount is reasonable given the retail nature of the proposed binary KPI options and merely adds specificity to the Rules for binary KPI options. The Exchange notes binary KPI options differ from standardized index options (which are also cash-settled) in that the exercise settlement amount is $1.00 rather than the cash difference amount between the settlement value of the index and the strike price of an option. Since the $1.00 exercise settlement amount will be paid out to the option holder if the criteria of the binary KPI option have been met, binary KPI options utilize a fixed exercise settlement amount.

The Exchange proposes new Rule 30.2 to list the specific binary KPI option contracts with the KPI criteria for each option contract. Such KPI criteria are established as the set of KPI events that will be used to determine whether an option contract will be exercised by comparing the strike price of the binary KPI option to the KPI value. The Exchange believes these proposed contracts (including the issuers and KPIs) are consistent with the Act for the reasons set forth above.

The Exchange believes the proposed expirations for binary KPI options will remove impediments to and perfect the mechanism of a free and open market and a national market system because they will align with the reporting periods for which the proposed issuers disclose earnings results and submit corresponding reports to the Commission. These expirations will, therefore, permit investors to incorporate binary KPI options into their investment strategies that correspond to issuers' earnings results. Further, as discussed above, the Exchange believes aligning expirations with Commission-regulated sources will reduce the potential for manipulation of the underlying KPIs, which will ultimately protect investors and the public interest.

The proposed rule establishes a strike regime for binary KPI options similar to that for traditional options. As is the case for traditional options and binary index options, the proposed rule change establishes permissible strike intervals, the amounts of which increase as the value of the strike increases. Additionally, the Exchange proposes to list initial and additional series pursuant to a similar framework as traditional equity options. The differences in the proposed strike regime compared to that of standard equity and index options are necessary and appropriate to reflect the static nature of KPIs (unlike underlying equities and indexes, the values of which change throughout the trading day) and the timing of their disclosure. As noted above, the Exchange intends to list binary KPI options aligned with the cadence of the KPI disclosures as their expiration cycle (generally quarterly). The Exchange intends to list for trading binary KPI options with expirations for the then-current reporting period (e.g., third quarter) as well as the following period (e.g., fourth quarter) prior to the expiration of the binary KPI options for the then-current reporting period.

As described above, the Exchange intends to list strikes for binary KPI options by listing strikes relative to the then-current value of the underlying KPI or publicly available estimates from the issuer or major market data vendors. The Exchange believes it is consistent with just and equitable principles of trade to permit the Exchange to list strikes based on all available information that would inform expectations about the KPIs (as investors would do), and then add strikes based on new or updated information, as it will allow the Exchange to list series with strikes consistent with investor expectations and demands. This will enable the Exchange to respond to changes in market conditions for binary KPI options, factoring in the static value of KPIs. Specifically, the Exchange believes this flexibility is appropriate for binary KPI options because the value of a KPI changes only when an issuer discloses that KPI, which generally happens every three months, unlike other underlyings, the value of which changes every trading day. This proposed strike listing regime for binary KPI options permits the Exchange to list strikes reflective of the then-current value of the underlying and in response to customer demand. It is possible the changed value of an underlying KPI in a more recent earnings disclosure or new or updated estimates may be more sudden and pronounced than changes in the value of an underlying equity or index (which are susceptible to sudden value changes); however, like the listing rules for equity and index options, the proposed rules permit the Exchange to list strikes to reflect changes in the value of the underlying, including substantial changes.

The Exchange believes the proposed scaling of strike prices is reasonable and will protect investors, as it will permit the Exchange to list strike values in amounts similar to current strike values for other options. As noted above, values of certain KPIs may be large (e.g., in the billions). The proposed scaling will permit the Exchange, for example, to list a strike of 27 rather than 27,000,000,000, which the Exchange believes will be simpler for investors to

understand (as it will be made clear that 27 will reflect billions in this example) and consistent with current strike levels. The proposed scaling also permits the strike prices for binary KPI options to fit within current system capabilities regarding strike price values. The Exchange believes scaling rather than modifying its systems (and potentially causing investors to modify their systems) will benefit investors by allowing them to trade binary KPI options in the same manner as they trade other options today.

The Exchange believes the proposed strike intervals promote just and equitable principles of trade because it will permit the Exchange to list commercially meaningful strikes that will permit investors to tailor their trading strategies with precision. The Exchange acknowledges the proposed strike intervals are smaller than those in exchange rules for other types of options. However, the Exchange believes the precision is appropriate and necessary given the nature of KPIs and the proposed options. The purpose of binary KPI options is to permit investors to take discrete and precise positions on KPIs. Therefore, the Exchange needs the ability to list strikes with the precision necessary to permit investors to take these positions. For example, earnings per share is generally a relatively small number (under $10). While strike intervals for other options are limited to $0.50 intervals, that would not be meaningful in the context of binary KPI options when investors are looking to take positions for a specific KPI, which will be measured in penny intervals. Therefore, the Exchange believes smaller strike intervals will benefit investors because they will allow the Exchange to list binary KPI options that will enable investors to use these options in the precise nature for which they are intended and provide sufficient flexibility for the Exchange to list series to respond to changes in market conditions and customer demand, while other rules will place bounds around the strikes the Exchange may

list. Further, as discussed above, the proposed strike intervals are consistent with the strike intervals used by Cboe for the binary KPI options it recently received approval to list.

The Exchange believes this proposed rule change clearly describes the proposed terms of binary KPI options, such as with respect to expirations (including the Exchange's announcement of the specific expiration date after binary KPI options series for that expiration are listed) and exercise prices (including the scaling factor, negative values, and potential changes to that scaling factor for a binary KPI option class) for all investors. As discussed above, these terms and changes to such terms will be described in Exchange notices, technical specifications (including binary KPI option reference data files), and contract specifications (all of which are posted on the Exchange's public website and thus available to all investors). Exchange Options Members and retail brokerage firms are highly sophisticated investors that intake information regarding other Exchange-listed options (including changes) in the same manner that the Exchange plans to release this information for binary KPI options. Therefore, the Exchange expects retail customers to have access to all relevant information regarding the terms of binary KPI options they choose to trade, including changes to expiration dates and exercise price values as announced by the Exchange.

Proposed Rule 30.3(e) specifies a multiplier of one for binary KPI options rather than require the Exchange to designate a multiplier of at least one as the rules for binary index options do. This proposed multiplier is consistent with the definition of contract multiplier applicable to the binary KPI options approved for listing on Cboe. Therefore, the Exchange believes the proposed rule change is consistent with just and equitable principles of trade because it creates a pricing structure that reflects the notional value of an option based on its multiplier.

The Exchange believes proposed Rule 30.6, which establishes trading hours for binary KPI options, is consistent with the Act, protects investors, and prevents fraudulent and manipulative practices. The Exchange believes the proposed structure ensures that trading in binary KPI options ceases before the earnings disclosure that determines settlement. The distinction between A.M.- and P.M.-settled contracts mirrors the settlement terms applicable to the binary KPI options approved for listing on Cboe.

The Exchange believes proposed Rule 30.6(e), which states that the System shall open binary KPI options for trading at 9:30 A.M., removes impediments to a free and open market by applying the same opening process to binary KPI options that will govern other listed options classes on the Exchange. Additionally, unlike equity options, for which the underlying opens for trading and can trigger the market opening, KPIs do not trade, so setting the opening based on a set time is reasonable for binary KPI options.

The Exchange believes excluding binary KPI options from the obvious error provisions in Rule 20.6 is consistent with the Act and promotes just and equitable principles of trade because the standard obvious error framework, which evaluates whether an execution price deviates from a "theoretical value" by a prescribed amount, is incompatible with the structure of binary KPI options. Binary KPI options have no continuously observable theoretical value (unlike equity and index options) prior to the date of the earnings-related disclosure. Rather, their exercise settlement amount is fixed at either a pre-specified dollar amount or zero, depending entirely on whether the reported KPI satisfies the exercise condition, which itself is based on a single, publicly verifiable metric, disclosed in Commission filings. Applying an obvious error framework premised on theoretical value calculations to a product with a binary, fixed payout would be technically inapplicable and could produce unjust or arbitrary results.

Moreover, because settlement of binary KPI options is determined by issuer-reported metrics disclosed through Commission filings (i.e., figures produced pursuant to established accounting standards, subject to independent audit, and certified under the Sarbanes-Oxley Act), the settlement process is itself governed by a comprehensive external regulatory framework. The Exchange believes that establishing any alternative dispute mechanism in this context would be not only unnecessary, but potentially disruptive to market integrity, as it may introduce an element of post-hoc discretion into a settlement process that is expressly designed to be objective, verifiable, and rule bound.

Finally, the Exchange notes that it is planning to implement a systemic maximum execution price protection for binary KPI options on a class basis, pursuant to which any execution price for a binary KPI option above the Exchange designated maximum execution price for that class is either rejected or adjusted down to that maximum execution price. This protection will provide investors with an additional safeguard against executions at potential erroneous prices, further limiting the need for a separate obvious error provision applicable to binary KPI options, which the Exchange believes protects investors and the public interest. The Exchange represents it will not list for trading binary KPI options until such systemic control is in place.

The Exchange believes the proposed amendments related to position limits for binary KPI options are consistent with the Act because they establish a rational position limit framework for binary KPI options that protects against manipulation while facilitating legitimate trading activity in a novel product.

As proposed, binary KPI options with a multiplier of one will count toward applicable limits on a proportional basis relative to standard equity options on the issuer’s stock, which

carry a multiplier of 100. Because the proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 25,000 contracts with a value of $1.00 with a multiplier of 100 would equate to $2,500,000 notional value, while 25,000 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $25,000 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of calculating compliance with position limits effectively calibrates these limits so that investors may hold positions in binary KPI options for an economically equivalent number of contracts as they may hold in standard equity options. Therefore, the Exchange believes this proposed treatment is consistent with just and equitable principles of trade, as it counts option positions in a manner equivalent with their value.

The Exchange further believes the proposal is reasonable given the nature of binary KPI options and their relationship to the underlying issuer. Because binary KPI options have a fixed maximum notional value and settle on an all-or-nothing basis based on a KPI of the issuer rather than the price of the issuer's stock as with a standard equity option, the Exchange believes the proposed position limits appropriately reflects the distinct structure of these contracts and limits the potential for any single market participant to exert undue influence over binary KPI option settlement. With respect to binary KPI options, the economic risk of a position is binary, in that the contract either settles in-the-money at $1.00 or out-of-the-money at $0.00. Additionally, with respect to binary KPI options, the maximum notional exposure per contract is fixed in advance; it cannot exceed $1.00.

Further, the Exchange's proposal to provide that positions in binary KPI options on the same KPI with different expiration dates and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated reflects the distinct structure of binary KPI options. Each binary KPI option expiration corresponds to a separate event tied to a specific issuer reporting period. Thus, the Exchange believes aggregating positions across different expiration dates would not accurately reflect the risk profile of these positions and would impose an unnecessary burden on market participants seeking exposure to company KPI events across different reporting periods.

Similarly, the Exchange believes it is reasonable to provide that binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer. Because binary KPI options and equity options overlying the same issuer have different risk profile (i.e., binary KPI options settle based on a KPI of the issuer rather than its stock price), the Exchange believes it would be inappropriate and misleading to require aggregation of these positions for purposes of position limits. As noted above, binary KPI options are based solely on whether a single, specified-issuer KPI meets a discrete threshold at a defined future date, and their value reflects the market's probability assessment of that singular outcome. Standard equity options, on the other hand, reflect a broad array of factors bearing on the price of the underlying security, including macroeconomic conditions and sector dynamics, of which any individual KPI is only one component. Because the two products are not priced off of a common reference and do not represent economically equivalent or fungible exposures, aggregating positions across them would not meaningfully advance the prevention of manipulative practices with respect to the underlying security. The Exchange further notes that this proposed non-aggregation framework in proposed Rule 30.7(b) is consistent with that applied by Cboe regarding binary KPI options.

Finally, the Exchange believes the amendments to the hedge exemption provision in proposed Rule 30.7(d) is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Proposed Rule 30.7(d) provides a hedge exemption for Market Makers with respect to binary KPI options, a binary KPI option short position coupled with a binary KPI option short call position, regardless of the KPI option strike, shall be exempt from the established position limits proscribed in Rule 18.7.

The Exchange believes the proposed hedge exemption provision is consistent with the Act because it facilitates legitimate hedging activity in binary KPI options. Because a liquidity provider simultaneously holding a short put and short call position in binary KPI options has taken opposing sides of the potential binary outcome (i.e., the short call is at risk if the KPI is met, and the short put is at risk if the KPI is not met), the Exchange believes such a position represents a defined, bounded risk profile that does not present the same potential for manipulation or market disruption that position limits are designed to prevent. The Exchange believes it is reasonable to make the proposed hedge exemption available only to binary KPI positions held by Market-Makers. The Exchange believes that offsetting binary KPI option creates a similar hedge to one to which the equity exemption is available. The Exchange believes the proposed hedge exemption security will allow Market-Makers to provide depth and liquidity in the marketplace for binary KPI options. The Exchange therefore believes the hedge exemption as proposed will encourage market-making activity and liquidity provision in binary KPI options while protecting investors and the public.

The Exchange also believes the proposed adoption of Rule 30.8 consistent with the Act. By establishing tailored reporting requirements for binary KPI options, the Exchange will be able to monitor positions effectively and detect any accumulation of positions that may approach or

exceed applicable limits, to the benefit of investors. The Exchange believes it is consistent with just and equitable principles of trade for 100 binary KPI option contracts to equal one standard option contract for purposes of determining whether the report in proposed Rule 30.8 is required given the size of binary KPI contracts. As discussed above, proposed binary KPI options have a multiplier of one, while standard option contracts have a multiplier of 100. Therefore, the notional value of a binary KPI option is significantly less than the notional value of standard option contracts. For example, 200 contracts with a value of $1.00 with a multiplier of 100 would equate to $20,000 notional value, while 200 binary KPI option contracts with a value of $1.00 (which is the fixed maximum value of a binary KPI option contract) with a multiplier of one would equate to $200 notional value. Counting 100 binary KPI contracts as one standard option contract for purposes of this report effectively calibrates the reporting requirement so that investors are required to submit the report for an economically equivalent number of contracts, which promotes just and equitable principles of trade.

The Exchange believes the proposal will provide the Exchange and regulators with visibility into large position concentrations in binary KPI options, preserving the ability to identify unusual activity and respond to any unforeseen concerns, while calibrating the threshold to a metric that is meaningful for this contract given its smaller multiplier relative to that of standard equity options. The Exchange believes this reporting framework, coupled with the position limits amendments, provides a fully adequate regulatory framework for these instruments.

Further, as noted above, the Exchange believes it has an adequate surveillance program in place to detect potentially manipulative trading in binary KPI options. The Exchange notes that

manipulation of the reported KPI would constitute securities fraud and expose the issuer to liability under federal securities law, separate and apart from any exchange-related violation.

The Exchange believes the proposed binary KPI options will serve as a vehicle to hedge idiosyncratic, event-specific risk embedded in the specific KPIs. Standard equity options are calibrated to the price of the underlying security and capture a full spectrum of factors or risks which may affect issuer value, such as macroeconomic conditions or sector dynamics. Because equity option pricing incorporates this full spectrum, a participant seeking to hedge exposure to a single, discrete KPI outcome cannot do so precisely using standard equity options. Because settlement of a binary KPI option is determined solely by whether a specified-issuer KPI meets a defined threshold, the contract effectively isolates certain individual risks an investor may seek to manage. For example, consider an investor holding a long-term position in a particular issuer stock, who believes the issuer's quarterly revenue will fall short of expectations (for reasons unrelated to the issuer's long-term prospects). The investor may utilize the binary KPI option to hedge precisely against the near-term risk without disruption to the underlying equity position. This targeted hedging utility represents a distinct and additive function relative to existing listed products, which the Exchange believes will serve the interests of investors and provide an efficient mechanism for managing event-specific, KPI-driven risk.

The Exchange believes the proposed rule change will facilitate transactions in securities, remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, protect investors and the public interest, because it will provide investors with a securities exchange-listed investment choice for these instruments, offering price transparency and the regulatory protections of a national securities exchange. The Exchange believes the proposed rule change will permit investors to manage their risk exposures and carry

out their investment objectives on a securities exchange with more flexibility and broader applicability. The Exchange also believes the proposed rule change will promote competition, as it will meet demands of investors that currently may trade products structured in substantively the same manner as the proposed binary KPI options in other markets (as further discussed below). Binary KPI options would provide investors with a straightforward means of expressing a directional view on key financial and operating metrics. The Exchange further believes the proposed rule change is consistent with the protection of investors and the public interest, as binary KPI options would be subject to the Exchange's existing rules governing the listing and trading of options. The Exchange believes expanding the universe of binary options will benefit investors, particularly retail investors and other investors who prefer simplicity, as a complementary offering to current exchange-traded options.

The proposed rule change will permit the Exchange to list binary KPI options on a national securities exchange as alternatives to products that are structured in substantially the same manner as binary options currently available in the OTC market and on other platforms. The Exchange understands investors have traded binary options similar to the proposed binary options in OTC markets for many years but may prefer to trade such options in a listed environment to receive the benefits of trading listing options. These benefits include: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. The Exchange believes the proposed rule change may encourage liquidity to shift from the OTC market onto the Exchange, which the Exchange believes would increase market transparency as well as enhance the process of price discovery conducted on the Exchange through increased order flow. The proposed rule change is intended to provide a market for binary KPI options as a standardized product without the

credit risk of an individual issuer. By providing a listed and standardized market for more classes of binary options, the Exchange seeks to attract investors who desire the simplicity of a binary option with the certainty and safeguards of a regulated and standardized marketplace. Additionally, unlike an OTC binary option, counter party credit risk for Exchange-listed binary KPI options is significantly reduced through the issuance and guarantee of the contracts by a registered clearing agency. Further, as an exchange-traded option, binary options will have the advantage of liquidity provided by Market-Makers, which the Exchange believes may lead to tighter spreads than those in the OTC market. The Exchange also believes that standardization will enable more interested parties to become market participants.

In addition to the OTC market, various market platforms that are not registered as national securities exchanges currently offer products structured in substantively the same manner as binary options that the Exchange may list pursuant to current Rules and as proposed. These platforms offer binary option products overlying issuer KPIs, which may be settled at varying points of the day (not just at the open and close of the trading day). However, as these venues are not national securities exchanges, they do not offer investors the benefits of centralized liquidity, market transparency, or securities regulations intended to protect investors. The Exchange believes listing competitive products on a national securities exchange would create a centralized and standardized marketplace for these products, which promotes price discovery and transparency, within an established regulatory framework designed to afford investors in securities with important protections. In other words, the Exchange believes its proposal offers a more transparent platform than the OTC market or other market platforms offer. It would contribute to leveling the playing field with these alternative markets and provide

investors with safeguards associated with Commission and SRO oversight of the trading activity in these exchange-listed binary KPI options.

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

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

The Exchange does not believe that the proposed rule change will result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange operates in an intensely competitive global marketplace for transaction services. Relying on its array of services and benefits, the Exchange competes for the privilege of providing market services to broker-dealers. The Exchange's ability to compete in this environment is based in large part on the quality of its trading systems, the overall quality of its market and its attractiveness to the largest number of investors, as measured by speed, likelihood and cost of executions, as well as spreads, fairness, and transparency.

Consolidation amongst U.S. options exchanges has led to concentration of ownership by certain exchange groups, thereby diminishing the competitive landscape among options exchanges. This proposal will enhance competition by allowing the Exchange to introduce a

robust technology platform for trading options. The proposed rule change will insert an additional competitive dynamic into the options landscape by allowing the Exchange to compete with existing options exchanges and will promote further initiative and innovation among market centers and market participants.

The basis for the functionality contemplated by the proposed rules of 24X Options are the approved rules of MEMX Options and Cboe, which have already been found not to result in any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. Therefore, the Exchange does not believe that any of its proposed rules raise any new or novel competitive issues that have not been previously considered by the Commission.

In addition, the Exchange does not believe that the proposed rule change related to binary KPI options 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 related to binary KPI options will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options will be available to all market participants who wish to trade such options on the same terms and in the same manner (including with respect to the payout terms and amount). All market participants will be subject to the same rules applicable to binary KPI options, as described in this proposed rule change. Except as set forth in the proposed rule change, binary KPI options will trade in the same manner as binary KPI options on Cboe.

The Exchange does not believe the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act, because binary KPI options have been approved to be listed on Cboe and other options exchanges may propose similar products. Additionally, as noted above, substantively similar

products to binary KPI options, as proposed, are available in the OTC market and various other markets.

The Exchange notes that it operates in a highly competitive market in which market participants can readily direct order flow to competing venues who offer similar products. The Exchange believes the proposed rule change will provide investors with a comparable alternative to Cboe, the OTC market and other venues. The Exchange believes it may be a more attractive alternative to the OTC market and these other venues, as market participants will benefit from being able to trade these options in an exchange environment, which provides, among other things: (1) enhanced efficiency in initiating and closing out positions; (2) increased market transparency; and (3) heightened contra-party creditworthiness. As a result, the Exchange believes that the proposed rule change may relieve any burden on, or otherwise promote, competition, as it will allow the Exchange to offer a securities exchange-listed alternative to the products currently available in these other markets.

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

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

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the 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-24X-2026-33 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-24X-2026-33. 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-24X-2026-33 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.[100]

[_____],

Assistant Secretary.

[100] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Additions underlined
Deletions [bracketed]

Rules of 24X National Exchange LLC

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CHAPTER 2. MEMBERS OF THE EXCHANGE

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Rule 2.5. Restrictions

(a) - (g) No changes.

Interpretations and Policies

.01 Proficiency Examinations:

(a) - (c) No changes.

(d) The Exchange requires each Member other than a sole proprietorship or a proprietary trading firm with 25 or fewer Authorized Traders ("Limited Size Proprietary Firm") to register at least two Principals with the Exchange. A Limited Size Proprietary Firm is required to register at least one Principal with the Exchange. In addition, the Exchange may waive the two Principal requirement in situations that indicate conclusively that only one Principal associated with the Member should be required. For purposes of this paragraph (d), a "Principal" shall be any individual responsible for supervising the activities of a Member's Authorized Traders and each person designated as a Chief Compliance Officer on Schedule A of Form BD. This paragraph (d) shall not apply to a Member that solely conducts business on the Exchange as an Options Member, however, Options Members must comply with the registration requirements set forth in Rule 17.2(g). Each Principal is required to successfully complete the General Securities Principal Examination ("Series 24"). The Exchange uses Form U4 as part of its procedure for registration and oversight of Member personnel. The Exchange will accept the New York Stock Exchange Series 14 Compliance Official Examination in lieu of the Series 24 to satisfy the above requirement for any person designated as a Chief Compliance Officer. Individuals that supervise the activities of General Securities Representatives must successfully complete the Series 7 as a prerequisite to the Series 24 or Series 14 and shall be referred to as General Securities Principals. The Exchange will require the Series 57 as a prerequisite to the Series 24 or Series 14 for those Principals whose supervisory responsibilities are limited to overseeing the activities of Series 57 qualified Securities Traders. These limited representative Principals shall be referred to as Securities Trader Principals. Each Principal with responsibility over securities trading

activities on the Exchange shall become qualified and registered as a Securities Trader Principal.

(e) - (h) No changes.

(i) The following sets forth the qualification requirements for each of the registration categories described above:

CATEGORY OF REGISTRATION	QUALIFICATION EXAMINATION	ALTERNATIVE ACCEPTABLE QUALIFICATIONS
General Securities Representative	Series 7 and SIE	
Securities Trader	Series 57 and SIE	N/A
General Securities Principal	Series 24	Compliance Official Examination (Series 14)[1]
Securities Trader Principal	Series 24	Compliance Official Examination (Series 14)[1]
Financial Operations Principal	Series 27	Other examination acceptable to designated examining authority[2]
Options Principal[3]	Series 4	General Securities Principal Examination (Series 24)

[1] The Exchange will only permit the Series 14 for those designated as Chief Compliance Officers on Schedule A of Form BD.

[2] An examination acceptable to the Member's designated examining authority is only acceptable to the Exchange if the Exchange waives the requirements of paragraph (e).

[3] Please refer to Rule 17.2(g) for a more detailed description of the requirements for registration as an Options Principal.

(j) - (h) No changes.

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CHAPTER 8. DISCIPLINE

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Rule 8.15. Imposition of Fines for Minor Violation(s) of Rules

(a) - (e) No changes.

Interpretations and Policies

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List of Exchange Rule Violations and Recommended Fine Schedule Pursuant to Rule 8.15:

Recommended Fine Schedule – Rule 8.15.01(a)-(e)

Occurrence*	Individual	Member firm
First time fined	$100	$500
Second time fined	$300	$1,000
Third time fined	$500	$2,500

* Within a "rolling" 12-month period.

(a) Rule 4.2 and Interpretations, thereunder, requiring the submission of responses to Exchange requests for trading data within specified time period.

(b) Rule 11.9(a)(5) requirement to identify short sale orders as such.

(c) Rule 11.9(f) requirement to comply with locked and crossed market rules.

(d) Rule 3.5 Advertising Practices.

(e) Rule 12.11 Interpretation and Policy .01 and Exchange Act Rule 604 – Failure to properly display limit orders.

Recommended Fine Amount for Rule 8.15.01(f)-(g): $100 per violation

(f) Rule 4.2 and Interpretations thereunder related to the requirement to furnish Exchange-related order, market and transaction data, as well as financial or regulatory records and information.

(g) Rule 11.20(a)(1) requirement for Market Makers to maintain continuous two-sided quotations.

Recommended Fine Amount for Rule 8.15.01(h); see paragraph Rule 8.15.01(h) below.

(h) For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 4.5 through 4.16, the Exchange may impose a minor rule violation fine of up to $2,500.

Recommended Fines for 8.15.01(i): see Rule 25.3

(i) Rules contained in the Rules applicable to 24X Options, as set forth in Rule 25.3 (Penalty for Minor Rule Violations).

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CHAPTER 16. GENERAL PROVISIONS – 24X OPTIONS

Rule 16.1. Definitions

With respect to the Rules contained in Chapters 16 to 29 below, relating to the trading of options contracts on the Exchange, the following terms shall have the meanings specified in this Rule. A term defined elsewhere in the Exchange Rules shall have the same meaning with respect to this Chapter 16, unless otherwise defined below.

24X Exchange and Exchange

The terms "24X Exchange" and "Exchange" mean 24X National Exchange LLC.

24X Exchange Rules and Exchange Rules

The terms "24X Exchange Rules" and "Exchange Rules" mean the rules of the Exchange, including those for equities and options.

24X Options

The term "24X Options" means the 24X National Exchange LLC Options Market, an options trading facility of the Exchange under Section 3(a)(2) of the Exchange Act.

24X Options Book

The term "24X Options Book" means the electronic book of options orders maintained by the Trading System.

24X Options Transaction

The term "24X Options Transaction" means a transaction involving an options contract that is effected on or through 24X Options or its facilities or systems.

ABBO

The term "ABBO" means the best bid(s) or offer(s) disseminated by other Eligible Exchanges (as defined in Rule 27.1) and calculated by the Exchange based on market information the Exchange receives from OPRA.

Aggregate Exercise Price

The term "aggregate exercise price" means the exercise price of an options contract multiplied by the number of units of the underlying security covered by the options contract.

American-Style Option

The term "American-style option" means an options contract that, subject to the provisions of Rule 23.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, may be exercised at any time from its commencement time until its expiration.

Associated Person and Person Associated with an Options Member

The terms "associated person" and "person associated with an Options Member" mean any partner, officer, director, or branch manager of an Options Member (or any person occupying a similar status or performing similar functions), any person directly or indirectly controlling, controlled by, or under common control with an Options Member or any employee of an Options Member.

Bid

The term "bid" means a limit order to buy one or more options contracts.

Board

The term "Board" means the Board of Directors of 24X National Exchange LLC.

Call

The term "call" means an options contract under which the holder of the option has the right, in accordance with the terms of the option, to purchase from the Clearing Corporation the number of shares of the underlying security covered by the options contract.

Capacity

The term "Capacity" means the capacity in which a User submits an order, which the User specifies by applying the corresponding code to the order. The Capacity codes available on 24X Options will be listed in publicly available specifications and published in a Regulatory Circular.

Class of Options

The terms "class" or "class of options" mean all options contracts with the same unit of trading covering the same underlying security or index.

Clearing Corporation and OCC

The terms "Clearing Corporation" and "OCC" mean The Options Clearing Corporation.

Clearing Member

The term "Clearing Member" means an Options Member that is self-clearing or an Options Member that clears 24X Options Transactions for other Members of 24X Options.

Closing Purchase Transaction

The term "closing purchase transaction" means a 24X Options Transaction that reduces or eliminates a short position in an options contract.

Closing Writing Transaction

The term "closing writing transaction" means a 24X Options Transaction that reduces or eliminates a long position in an options contract.

Covered Short Position

The term "covered short position" means (i) an options position where the obligation of the writer of a call option is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Rules 610(f) or 610(g), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or less than the exercise price of the options contract in such short position; and (ii) an options position where the writer of a put option holds in the same account as the short position, on a share-for-share basis, a long position in an options contract of the same class of options where the exercise price of the options contract in such long position is equal to or greater than the exercise price of the options contract in such short position.

Customer

The term "Customer" means a Public Customer or a broker-dealer.

Customer Order

The term "Customer Order" means an agency order for the account of a Customer.

Discretion

The term "discretion" means the authority of a broker or dealer to determine for a Customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.

European-Style Option

The term "European-style option" means an options contract that, subject to the provisions of Rule 23.1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

Exchange Act

The term "Exchange Act" means the Securities Exchange Act of 1934, as amended, or Rules thereunder.

Exercise Price

The term "exercise price" means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an options contract.

He, Him, and His

The terms "he," "him" and "his" are deemed to refer to persons of female as well as male gender, and to include organizations, as well as individuals, when the context so requires.

Individual Equity Option

The term "individual equity option" means an options contract which is an option on an equity security.

Long Position

The term "long position" means a person's interest as the holder of one or more options contracts.

NBB, NBO, and NBBO

The term "NBB" means the national best bid, the term "NBO" means the national best offer, and the term "NBBO" means the national best bid or offer as calculated by 24X Options based on market information received by 24X Options from OPRA.

Offer

The term "offer" means a limit order to sell one or more options contracts.

Opening Purchase Transaction

The term "opening purchase transaction" means a 24X Options Transaction that creates or increases a long position in an options contract.

Opening Writing Transaction

The term "opening writing transaction" means a 24X Options Transaction that creates or increases a short position in an options contract.

OPRA

The term "OPRA" means the Options Price Reporting Authority

Options Contract

The term "options contract" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

Options Market Close and Market Close

The terms "options market close" and "market close" mean the time the Exchange specifies for the end of a trading session on the Exchange on that trading day.

Options Market Maker and Market Maker

The terms "Options Market Maker" and "Market Maker" mean an Options Member registered with the Exchange for the purpose of making markets in options contracts traded on the Exchange and that is vested with the rights and responsibilities specified in Chapter 22 of these Rules.

Options Market Open and Market Open

The terms "options market open" and "market open" mean the time the Exchange specifies for the beginning of a trading session on the Exchange on that trading day.

Options Member

The term "Options Member" means a firm, or organization that is registered with the Exchange pursuant to Chapter 17 of these Rules for purposes of participating in options trading on 24X Options as an "Options Order Entry Firm" or "Options Market Maker."

Options Member Agreement

The term "Options Member Agreement" means the agreement to be executed by Options Members to qualify to participate on 24X Options.

Options Order Entry Firm, Order Entry Firm, and OEF

The terms "Options Order Entry Firm" and "Order Entry Firm" or "OEF" mean those Options Members representing as agent Customer Orders on 24X Options and those non-Market Maker Members conducting proprietary trading.

Options Principal

The term "Options Principal" means a person engaged in the management and supervision of the Options Member's business pertaining to options contracts that has responsibility for the overall oversight of the Options Member's options related activities on the Exchange.

Order

The term "order" means a firm commitment to buy or sell options contracts as defined in Rule 21.1(c).

Outstanding

The term "outstanding" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has reached its expiration date.

Primary Market

The term "primary market" means, in the case of securities listed on Nasdaq Stock Market, LLC ("Nasdaq"), the market that is identified as the listing market pursuant to Section X(d) of the approved national market system plan governing the trading of Nasdaq-listed securities, and, in the case of securities listed on another national securities exchange, the market that is identified as the listing market pursuant to Section XI of the Consolidated Tape Association Plan.

Priority Customer and Priority Customer Order

The term "Priority Customer" means any person or entity that is not: (A) a broker or dealer in securities; or (B) a Professional. The term "Priority Customer Order" means an order for the account of a Priority Customer.

Professional

The term "Professional" means any person or entity that (A) is not a broker or dealer in securities; and (B) places more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). All Professional orders shall be appropriately marked by Options Members. Orders for any customer that had an average of more than 390 orders per day during any calendar month must be represented as Professional orders for the next calendar month. Options Members will be required to conduct a monthly review and make any appropriate changes to the way in which they are representing orders within five days after the end of each calendar month.

Protected Quotation

The term "Protected Quotation" has the meaning provided in Rule 27.1.

Public Customer

The term "Public Customer" means a person that is not a broker or dealer in securities.

Put

The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option and the Rules of the OCC, to sell to the Clearing Corporation the number of units of the underlying security covered by the options contract, at a price per unit equal to the exercise price, upon the timely exercise of such option.

Quarterly Options Series

The term "Quarterly Options Series" means a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and expires at the close of business on the last business day of a calendar quarter.

Quote and Quotation

The terms "quote" and "quotation" mean a bid or offer entered by a Market Maker as a firm order that updates the Market Maker's previous bid or offer, if any.

Responsible Person

The term "Responsible Person" means a U.S.-based officer, director, or management-level employee of an Options Member, who is registered with the Exchange as an Options Principal, responsible for the direct supervision and control of associated persons of that Options Member.

Rules of 24X Options

The term "Rules of 24X Options" mean the rules contained in Chapters 16 to 30 of 24X Exchange Rules governing the trading of options on the Exchanges.

Rules of the Clearing Corporation and Rules of the OCC

The terms "Rules of the Clearing Corporation" and "Rules of the OCC" mean the Certificate of Incorporation, the By-Laws and the Rules of the Clearing Corporation, and all written interpretations thereof, as may be in effect from time to time.

SEC and Commission

The terms "SEC" and "Commission" mean the United States Securities and Exchange Commission.

Series of Options

The terms "series" or "series of options" mean all options contracts of the same class that are the same type of options and have the same exercise price and expiration date.

Short Position

The term "short position" means a person's interest as the writer of one or more options contracts.

Short Term Option Series

The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday or Friday of the next business week, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday, respectively. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

SRO

The term "SRO" means a self-regulatory organization as defined in Section 3(a)(26) of the Exchange Act.

Trading System and System

The terms "Trading System" and "System" mean the automated trading system used by 24X Options for the trading of options contracts.

Type of Option

The term "type of option" means the classification of an options contract as either a put or a call.

Uncovered

The term "uncovered" means a short position in an options contract that is not covered.

Underlying Security

The term "underlying security" means the security that the Clearing Corporation shall be obligated to sell (in the case of a call option) or purchase (in the case of a put option) upon the valid exercise of an options contract.

User

The term "User" means any Options Member or Sponsored Participant who is authorized to obtain access to the System pursuant to Rule 11.3 (Access).

Interpretations and Policies

.01 Calculation of Professional Orders. Except as noted below, each order of any order type counts as one order for Professional order counting purposes.

(a) Reserved.

(b) "Parent"/"Child" Orders:

(1) Same Side and Same Series: A "parent" order that is placed for the beneficial account(s) of a person or entity that is not a broker or dealer in securities that is broken into multiple "child" orders on the same side (buy/sell) and series as the "parent" order by a broker or dealer, or by an algorithm housed at a broker or dealer or by an algorithm licensed from a broker or dealer, but which is housed with the customer, counts as one order even if the "child" orders are routed across multiple exchanges.

(2) Both Sides and/or Multiple Series: A "parent" order (including a strategy order) that is broken into multiple "child" orders on both sides (buy/sell) of a series and/or multiple series counts as multiple orders, with each "child" order counting as a new and separate order.

(c) Cancel/Replace:

(1) Except as provided in paragraph (c)(2) below, any order that cancels and replaces an existing order counts as a separate order.

(2) Same Side and Same Series: An order that cancels and replaces any "child" order resulting from a "parent" order that is placed for the beneficial account(s) of a person or entity that is not a broker, or dealer in securities that is broken into multiple "child" orders on the same side (buy/sell) and series as the "parent" order by a broker or dealer, by an algorithm housed at a broker or dealer, or by an algorithm licensed from a broker or dealer, but which is housed with the customer, does not count as a new order.

(3) Both Sides and/or Multiple Series: An order that cancels and replaces any "child" order resulting from a "parent" order (including a strategy order) that generates "child" orders on both sides (buy/sell) of a series and/or in multiple series counts as a new order.

Rule 16.2. Applicability

(a) The Rules contained in Chapters 16 to 29 herein are the Exchange Rules applicable to the trading of options contracts issued by The Options Clearing Corporation through 24X Options, the terms and conditions of such contracts, the exercise and settlement thereof, the handling of orders, and the conduct of accounts and other matters relating to options trading on 24X Options.

(b) Except to the extent that specific Rules relating to options trading govern or unless the context otherwise requires, the provisions of the Exchange Rules shall be applicable to Options Members and to the trading of option contracts on 24X Options and, for purposes of their application with respect to Options Members and options trading shall be interpreted in light of the nature of options trading and the 24X Options market, and the fact that options on 24X Options shall be traded electronically through the Trading System. To the extent that the provisions of the Rules relating to options trading contained in Chapters 16 to 29 are inconsistent with any other provisions of the Exchange Rules, the Rules relating to options trading shall control.

(c) For marketing and other purposes, the Exchange's options market facility may be referred to as the "24X Options Exchange" or "24X Options."

CHAPTER 17. PARTICIPATION ON 24X OPTIONS

Rule 17.1. Options Participation

(a) These Rules establish a new category of 24X Exchange member participation called "Options Member." Only Options Members and their Sponsored Participants may transact business on 24X Options via the Trading System. Options Members may trade options for their own proprietary accounts or, if authorized to do so under applicable law, and consistent with these Rules and with applicable law and SEC rules and regulations, may conduct business on behalf of Customers.

(b) A prospective Options Member must:

(1) complete an Options Member Application in the form prescribed by the Exchange;

(2) provide such other information as required by the Exchange;

(3) be an existing member or become a Member of the Exchange, pursuant to Chapter 2 (Members of the Exchange), and continue to abide by the requirements of the Chapter 2 Exchange Rules with respect to participation in 24X Options;

(4) enter into an Options Member Agreement in the form specified by the Exchange, agree to abide by the same as it has been or shall be from time to time amended, and pledge to abide by the Exchange Rules as amended from time to time, and by all circulars, notices, directives or decisions adopted pursuant to or made in accordance with the Exchange Rules; and

(5) be under the supervision and control of a Responsible Person who is registered with the Exchange as an Options Principal.

(c) Upon completion of the application, the Exchange, or person(s) designated by the Exchange ("designee") shall consider whether to approve the application, unless there is just cause for delay. In its consideration process, the Exchange may conduct such investigation as it deems appropriate and may take such steps as it deems necessary to confirm the information provided by the applicant. Within thirty (30) days after the Exchange or its designee has completed its consideration of an application, it shall provide written notice of the action of the Exchange, specifying in the case of disapproval of an application the grounds therefore.

(d) These Rules place no limit on the number of qualifying entities that may become Options Members. However, based on system constraints or capacity restrictions, approval of qualifying applications for Options Members may, in limited circumstances, be temporarily deferred. To the extent that the Board places limitations on otherwise qualified applicants to act as Options Members, such limits shall be

objectively determined and submitted to the Commission for approval pursuant to a rule change filing under Section 19(b) of the Exchange Act.

(e) Options Member status cannot be leased or transferred except in the event of a change in control or corporate reorganization involving an Options Member. In such a case, Options Member status may be transferred to a qualified affiliate or successor upon written notice to the Exchange or its designee.

(f) Every Options Member shall file with the Exchange and keep current an address where notices may be served, including current addresses of each Responsible Person, as specified in paragraph (b)(5) of this Rule.

Rule 17.2. Requirements for Options Participation

(a) Options Members may be corporations, partnerships, limited liability companies or sole proprietorships organized under the laws of a jurisdiction of the United States, or such other jurisdictions as the Exchange may approve.

(b) Options Members must be Clearing Members or establish a clearing arrangement with a Clearing Member.

(c) Options Members must have demonstrated ability to adhere to all applicable Exchange, SEC, Clearing Corporation and Federal Reserve Board policies, rules and regulations related to the trading of options, including those concerning record-keeping, reporting, finance and trading procedures and be able to satisfactorily demonstrate reasonably adequate systems capability and capacity.

(d) All associated persons of Options Members who are not themselves Responsible Persons must be under the supervision of a U.S.-based Responsible Person who is registered with the Exchange as an Options Principal.

(e) Every Options Member shall have as the principal purpose of being an Options Member the conduct of a securities business. Such a purpose shall be deemed to exist if and so long as:

(1) the Options Member has qualified and acts in respect of its business on 24X Options as either an OEF or an Options Market Maker, or both; and

(2) all transactions effected by the Options Member are in compliance with Section 11(a) of the Exchange Act and the rules and regulations adopted thereunder.

(f) Every Options Member shall at all times maintain membership in another registered options exchange that is not registered solely under Section 6(g) of the Securities Exchange Act of 1934, or in FINRA. Options Members that transact business with Public Customers shall at all times be members of FINRA.

(g) Options Principal.

(1) Every Options Member shall have at least one Options Principal who shall have satisfied the requirements of this subparagraph. Persons engaged in the management and supervision of the Options Member's business pertaining to options contracts shall be designated as Options Principals and shall have responsibility for the overall oversight of the Options Member's options related activities on the Exchange.

(2) Each person required by subparagraph (g)(1) to be an Options Principal shall pass the appropriate Registered Options Principal Qualification Examination ("Series 4"), or an equivalent examination acceptable to the Exchange, for the purpose of demonstrating an adequate knowledge of options trading generally, the Rules of the Exchange applicable to trading of option contracts and the rules of registered clearing agencies for options, and be registered as such before engaging in the duties or accepting the responsibilities of an Options Principal.

(3) Each person required to register and qualify as an Options Principal must, prior to or concurrent with such registration, be or become qualified as a General Securities Representative.

(4) Options Principals must comply with Exchange Rule 2.5, Interpretation and Policy .02, which requires completion of certain continuing education requirements.

(5) A person registered solely as an Options Principal shall not be qualified to function in a principal capacity with responsibility over any area of business activity not prescribed in subparagraph (1).

(6) In connection with their registration, Options Principals shall electronically file a Uniform Application for Securities Industry Registration or Transfer ("Form U4") with the Central Registration Depository ("CRD") System, shall successfully complete an examination prescribed by the Exchange for the purpose of demonstrating an adequate knowledge of the options business, and shall further agree in the Form U4 filing to abide by the Rules of the Exchange and the Rules of the Clearing Corporation; provided, however, that Options Principals of Members that are members of another national securities exchange or association that has standards of approval acceptable to the Exchange may be deemed to be approved by and registered with the Exchange, so long as such Options Principals are approved by and registered with such other exchange or association.

(7) Termination of employment or affiliation of any Options Principal in such capacity shall be promptly reported to the CRD System together with a brief statement of the reason for such termination on Uniform Termination Notice for Securities Industry Registration ("Form U-5").

(8) Change in Options Principal

(A) Options Members having a single Options Principal are required promptly to notify the Exchange in the event such person is terminated, resigns, becomes incapacitated or is otherwise unable to perform the duties of an Options Principal.

(B) Following receipt of such notification, the Exchange will require an Options Member to agree, in writing, to refrain from engaging in any options-related activities that would necessitate the prior or subsequent approval of an Options Principal including, among other things, the opening of new options accounts or the execution of discretionary orders for option contracts until such time as a new Options Principal has been qualified.

(C) Options Members failing to qualify a new Options Principal within two weeks following the loss of their sole Options Principal, or by the earliest available date for administration of the Options Principal examination, whichever is longer, shall be required to cease doing an options business; provided, however, that an Options Member may effect closing transactions in options to reduce or eliminate existing open options positions in their own account as well as the accounts of their customers.

Rule 17.3. Persons Associated with Options Members

Persons associated with Options Members shall be bound by the Exchange Rules and the Rules of the Clearing Corporation. The Exchange may discipline, suspend or terminate the registration with the Exchange of any person associated with an Options Member for violation of the Rules of the Exchange or the Rules of the Clearing Corporation.

Rule 17.4. Good Standing for Options Members

(a) To remain in good standing, all Options Members must:

(1) continue to satisfy the qualification requirements specified by the Exchange, as amended from time to time by the Exchange;

(2) comply with the Exchange Rules; and

(3) pay on a timely basis such participation, transaction and other fees as the Exchange and/or 24X Options shall prescribe.

(b) The good standing of an Options Member may be suspended, terminated or otherwise withdrawn, as provided in Chapter 7 (Suspension by Chief Regulatory Officer), if any of the conditions of Rules 17.2 or 17.3 are not met or the Options Member violates any of its agreements with the Exchange and/or 24X Options or any of the provisions of the Exchange Rules.

(c) Unless an Options Member is in good standing, the Options Member shall have no rights or privileges of options participation except as otherwise provided by law or Rules, shall not hold himself or itself out for any purpose as an Options Member, and shall not deal with the Exchange and/or 24X Options on any basis except as a non-Member.

CHAPTER 18. BUSINESS CONDUCT

Rule 18.1. Adherence to Law

No Options Member shall engage in conduct in violation of the Exchange Act or Rules thereunder, the Exchange Rules or the Rules of the Clearing Corporation insofar as they relate to the reporting or clearance of any Exchange transaction, or any written interpretation thereof. Every Options Member shall supervise persons associated with the Member to assure compliance therewith.

Rule 18.2. Conduct and Compliance with the Rules

(a) Each Options Member shall be responsible for ensuring that all arrangements made and systems used in connection with business conducted on 24X Options, and the transaction of such business itself, comply with the Options Member's and associated persons' obligations under the Exchange Rules, the Rules of the Clearing Corporation and any other relevant laws, rules, interpretations and obligations. In accordance with the Rules and in connection with business conducted on 24X Options, each Options Member shall:

(1) have adequate arrangements to ensure that all staff involved in the conduct of business on 24X Options are suitable, adequately trained and properly supervised;

(2) be responsible for the acts and conduct of each associated person;

(3) establish its trading arrangements such that each Options Member is able to meet the requirements set out in Rule 18.1 and that all other relevant obligations contained in the Rules are complied with;

(4) implement suitable security measures such that only those individuals explicitly authorized by the Options Member to trade may gain access to passwords and security keys;

(5) ensure that any trading access granted to individuals (whether employees of the Options Member or otherwise), for example by way of order routing systems, is adequately controlled and supervised, including appropriate checks before any orders are submitted to the Trading System; and

(6) ensure that accurate information is input into the System, including, but not limited to, the Options Member's capacity.

Rule 18.3. Rumors

No Options Member or person associated with an Options Member shall circulate, in any manner, rumors of a character which might affect market conditions in any security; provided, however, that this Rule shall not prohibit discussion of unsubstantiated information, so long as its source and unverified nature are disclosed.

Rule 18.4. Prevention of the Misuse of Material Nonpublic Information

(a) Every Options Member shall establish, maintain and enforce written policies and procedures reasonably designed, taking into consideration the nature of the Options Member's business, to prevent the misuse of material nonpublic information by such Options Member or persons associated with such Options Member in violation of the federal securities laws or the Rules thereunder, and the Exchange Rules.

(b) Misuse of material nonpublic information includes, but is not limited to:

(1) trading in any securities issued by a corporation, or in any related securities or related options or other derivative securities, while in possession of material nonpublic information concerning that corporation;

(2) trading in an underlying security or related options or other derivative securities, while in possession of material nonpublic information concerning imminent transactions in the underlying security or related securities; and

(3) disclosing to another person any material nonpublic information involving a corporation whose shares are publicly traded or disclosing an imminent transaction in an underlying security or related securities for the purpose of facilitating the possible misuse of such material nonpublic information.

(c) Each Options Member shall establish, maintain and enforce the following policies and procedures as appropriate for the nature of each Options Member's business:

(1) All associated persons must be advised in writing of the prohibition against the misuse of material nonpublic information.

(2) Signed attestations from the Options Member and all associated persons affirming their awareness of, and agreement to abide by, the aforementioned prohibitions must be maintained for at least three (3) years, the first two (2) years in an easily accessible place.

(3) Records of all brokerage accounts maintained by the Options Member and all associated persons must be acquired and maintained for at least three (3) years, the first two (2) years in an easily accessible place, and such brokerage accounts must be reviewed periodically by the Options Member for the purpose of detecting the possible misuse of material nonpublic information.

(4) Any business dealings the Options Member may have with any corporation whose securities are publicly traded, or any other circumstances that may result in the Options Member receiving, in the ordinary course of business, material nonpublic information concerning any such corporation, must be identified and documented.

(d) Options Members for which the Exchange is the designated examining authority ("DEA") that are required to file SEC Form X-17A-5 with the Exchange on an annual or more frequent basis must file contemporaneously with the submission for the calendar year end ITSFEA compliance acknowledgements stating that the procedures mandated by this Rule have been established, enforced and maintained.

(e) Any Options Member or associated person who becomes aware of any possible misuse of material nonpublic information must promptly notify the Exchange.

(f) It may be considered conduct inconsistent with just and equitable principles of trade for any Options Member or person associated with an Options Member who has knowledge of all material terms and conditions of:

(1) an order and a solicited order;

(2) an order being facilitated; or

(3) orders being crossed;

the execution of which are imminent, to enter, based on such knowledge, an order to buy or sell an option for the same underlying security as any option that is the subject of the order, or an order to buy or sell the security underlying such class, or an order to buy or sell any related instrument until (a) the terms and conditions of the order and any changes in the terms and conditions of the order of which the Options Member or person associated with the Options Member has knowledge are disclosed, or (b) the trade can no longer reasonably be considered imminent in view of the passage of time since the order was received. The terms of an order are "disclosed" to Option Members when the order is entered into the 24X Options Book.

Rule 18.5. Disciplinary Action by Other Organizations

Every Options Member shall promptly notify the Exchange in writing of any disciplinary action, including the basis therefore, taken by any national securities exchange or registered securities association, clearing corporation, commodity futures market or government regulatory body against the Options Member or its associated persons who are directly involved in derivatives trading, and shall similarly notify the Exchange of any disciplinary action taken by the Options Member itself against any of its associated persons who are directly involved in derivatives trading involving suspension, termination, the withholding of commissions or imposition of fines in excess of $2,500, or any other significant limitation on activities.

Rule 18.6. Other Restrictions on Members

Whenever the Exchange shall find that an Options Member has failed to perform on its contracts or is insolvent or is in such financial or operational condition or is otherwise conducting business in such a manner that it cannot safely conduct business with Customers, creditors or the Exchange, the Exchange may summarily suspend the Options Member in accordance with Chapter 25 (Discipline and Summary Suspensions) or may impose such

conditions and restrictions upon the Options Member as the Exchange considers reasonably necessary for the protection of the Exchange, 24X Options, and the Customers of such Options Member.

Rule 18.7. Position Limits

(a) Except with the prior permission of an Exchange Official or his designee, to be confirmed in writing, no Options Member shall make, for any account in which it has an interest or for the account of any Customer, an opening transaction on any exchange if the Options Member has reason to believe that as a result of such transaction the Options Member or its Customer would, acting alone or in concert with others, directly or indirectly:

(1) control, (as defined in paragraph (f) below) an aggregate position in an options contract traded on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 options contracts (whether long or short), of the put type and the call type on the same side of the market respecting the same underlying security, combining for purposes of this position limit long positions in put options with short positions in call options, and short positions in put options with long positions in call options, or such other number of options contracts as may be fixed from time to time by the Exchange as the position limit for one or more classes or series of options; or

(2) exceed the applicable position limit fixed from time to time by another exchange for an options contract not traded on the Exchange, when the Options Member is not a member of the other exchange on which the transaction was effected.

(b) Should an Options Member have reason to believe that a position in any account in which it has an interest or for the account of any Customer of such Options Member is in excess of the applicable limit, such Options Member shall promptly take the action necessary to bring the position, into compliance.

(c) Reasonable notice shall be given of each new position limit fixed by the Exchange.

(d) Limits shall be determined in the following manner:

(1) A 25,000 option contract limit applies to those options having an underlying security that does not meet the requirements for a higher options contract limit.

(2) To be eligible for the 50,000 option contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least twenty (20) million shares, or the most recent six (6) month trading volume of the underlying security must have totaled at least fifteen (15) million

shares and the underlying security must have at least forty (40) million shares currently outstanding.

(3) To be eligible for the 75,000 option contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least forty (40) million shares or the most recent six (6) month trading volume of the underlying security must have totaled at least thirty (30) million shares and the underlying security must have at least 120 million shares currently outstanding.

(4) To be eligible for the 200,000 option contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least eighty (80) million shares or the most recent six (6) month trading volume of the underlying security must have totaled at least sixty (60) million shares and the underlying security must have at least 240 million shares currently outstanding.

(5) To be eligible for the 250,000 option contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.

(e) Every six (6) months, the Exchange will review the status of underlying securities to determine which limit should apply. A higher limit will be effective on the date set by the Exchange, while any change to a lower limit will take effect after the last expiration then trading, unless the requirement for the same or a higher limit is met at the time of the intervening six (6) month review. If, however, subsequent to a six (6) month review, an increase in volume and/or outstanding shares would make a stock eligible for a higher position limit prior to the next review, the Exchange in its discretion may immediately increase such position limit.

(f) Control exists under this Rule 18.7 when it is determined by the Exchange that an individual or entity makes investment decisions for an account or accounts, or materially influences directly or indirectly the actions of any person who makes investment decisions.

(1) Control will be presumed in the following circumstances, and will be presumed to continue until determined otherwise pursuant to paragraph (f)(2) below:

(A) among all parties to a joint account who have authority to act on behalf of the account;

(B) among all general partners to a partnership account;

(C) when an individual or entity holds an ownership interest of ten percent (10%) or more in an entity (ownership interest of less than ten percent (10%) will not preclude aggregation), or shares in ten percent (10%) or more of profits and losses of an account;

(D) when accounts have common directors or management;

(E) where a person has the authority to execute transactions in an account.

(2) Control, presumed by one or more of the above findings or circumstances, can be rebutted by proving to the Exchange that the factor does not exist or by showing other factors which negate the presumption of control. The rebuttal proof must be submitted by affidavit and/or such other documentary evidence as may be appropriate in the circumstances. The Exchange also will consider the following factors in determining if aggregation of accounts is required:

(A) similar patterns of trading activity among separate entities;

(B) the sharing of kindred business purposes and interests;

(C) whether there is common supervision of the entities which extends beyond assuring adherence to each entity's investment objectives and/or restrictions.

(D) the degree of contact and communication between directors and/or managers of separate accounts.

(3) Initial determinations under this paragraph (f) shall be made by the staff of the Regulatory Department of the Exchange. The initial determination may be reviewed by an Exchange Official or his designee, based upon a report by the Regulatory Department. An Options Member or Customer directly affected by such a determination may ask an Exchange Official or his designee to reconsider, but may not request any other review or appeal except in the context of a disciplinary proceeding. The decision to grant non-aggregation under this paragraph (f) shall not be retroactive.

Interpretations and Policies

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

Security Underlying Option	**Position Limit**
SPDR® S&P 500® ETF (SPY)	3,600,000 contracts

Invesco QQQ Trust (QQQ)	1,800,000 contracts
iShares® Russell 2000® ETF (IWM)	1,000,000 contracts
iShares MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
iShares China Large-Cap ETF (FXI)	1,000,000 contracts
iShares MSCI EAFE ETF (EFA)	1,000,000 contracts
iShares MSCI Brazil Capped ETF (EWZ)	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF (TLT)	500,000 contracts
iShares MSCI Japan ETF (EWJ)	500,000 contracts
iShares iBoxx High Yield Corporate Bond Fund (HYG)	500,000 contracts
iShares iBoxx $ Investment Grade Corporate Bond ETF (LQD)	500,000 contracts
Financial Select Sector SPDR Fund (XLF)	500,000 contracts
VanEck Vectors Gold Miners ETF (GDX)	500,000 contracts
SPDR®Dow Jones Industrial Average ETF Trust (DIA)	300,000 contracts

.02 Positions in Short Term Option Series, Monthly Options Series, and Quarterly Options Series shall be aggregated with positions in options contracts on the same underlying security.

Rule 18.8. Exemptions from Position Limits

An Options Member may rely upon any available exemptions from applicable position limits granted from time to time by another options exchange for any options contract traded on 24X Options provided that such Options Member (a) provides the Exchange with a copy of any written exemption issued by another options exchange or a written, description of any exemption issued by another options exchange other than in writing containing sufficient detail for the Exchange to verify the validity of that exemption with the issuing options exchange, and (b) fulfills all conditions precedent for such exemption and complies at all times with the requirements of such exemptions with respect to its trading on 24X Options.

Rule 18.9. Exercise Limits

(a) Except with prior permission of an Exchange Official or his designee, to be confirmed in writing, no Options Member shall exercise, for any account in which it has an interest or for the account of any Customer, a long position in any options contract

where such Options Member or Customer, acting alone or in concert with others, directly or indirectly, has or will have:

(1) exercised within any five (5) consecutive business days aggregate long positions in any class of options traded on the Exchange in excess of 25,000 or 50,000 or 75,000 or 200,000 or 250,000 option contracts or such other number of option contracts as may be fixed from time to time by the Exchange as the exercise limit for that class of options; or

(2) exceeded the applicable exercise limit fixed from time to time by another exchange for an options class not traded on the Exchange, when the Options Member is not a member of the other exchange which lists the options class.

(b) Reasonable notice shall be given of each new exercise limit fixed by the Exchange by posting notice thereof by the Exchange.

(c) Limits shall be determined in the manner described in Rule 18.7.

(d) For an Options Member that has been granted an exemption to position limits pursuant to Rule 18.8 (Exemption from Position Limits), the number of contracts which can be exercised over a five (5) business day period shall equal the Options Member's exempted position.

Interpretations and Policies

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

Security Underlying Option	**Exercise Limit**
SPDR® S&P 500® ETF (SPY)	3,600,000 contracts
Invesco QQQ Trust (QQQ)	1,800,000 contracts
iShares® Russell 2000® ETF (IWM)	1,000,000 contracts
iShares MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
iShares China Large-Cap ETF (FXI)	1,000,000 contracts
iShares MSCI EAFE ETF (EFA)	1,000,000 contracts
iShares MSCI Brazil Capped ETF (EWZ)	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF (TLT)	500,000 contracts

iShares MSCI Japan ETF (EWJ)	500,000 contracts
iShares iBoxx High Yield Corporate Bond Fund (HYG)	500,000 contracts
iShares iBoxx $ Investment Grade Corporate Bond ETF (LQD)	500,000 contracts
Financial Select Sector SPDR Fund (XLF)	500,000 contracts
VanEck Vectors Gold Miners ETF (GDX)	500,000 contracts
SPDR®Dow Jones Industrial Average ETF Trust (DIA)	300,000 contracts

Rule 18.10. Reports Related to Position Limits

(a) In a manner and form prescribed by the Exchange, each Options Member shall report to the Exchange the name, address, and social security or tax identification number of any customer who, acting alone, or in concert with others, on the previous business day maintained aggregate long or short positions on the same side of the market of 200 or more contracts of any single class of option contracts dealt in on the Exchange. The report shall indicate for each such class of options, the number of option contracts comprising each such position and, in the case of short positions, whether covered or uncovered.

(b) In addition to the reporting requirement described in paragraph (a) of this Rule, each Options Member (other than an Options Market Maker) that maintains a position in excess of 10,000 equity option contracts on the same side of the market on behalf of its own account or for the account of a customer, shall report information as to whether such positions are hedged, and provide documentation as to how such contracts are hedged, in a manner and form prescribed by the Exchange. In addition, whenever the Exchange determines based on a report to the Exchange or otherwise, that a higher margin requirement is necessary in light of the risks associated with an under-hedged equity option position in excess of 10,000 contracts on the same side of the market, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position, pursuant to its authority under Rule 28.4 (Margin Required is Minimum). Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC Rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirements.

(c) In addition to the reports required by paragraph (a) of this Rule, each Options Member shall report promptly to the Exchange any instance in which the Options Member has reason to believe that a customer, acting alone or in concert with others, has exceeded or is attempting to exceed the position limits established pursuant to Rule 18.7 (Position Limits).

(d) For purposes of this rule, the term "customer" in respect of any Options Member shall include the member, any general or special partner of the Options Member,

any officer or director of the Options Member, or any participant, as such, in any joint, group or syndicate account with the Options Member or with any partner, officer or director thereof.

Rule 18.11. Liquidation Positions

(a) Whenever the Exchange shall find that a person or group of persons acting in concert holds or controls, or is obligated in respect of, an aggregate position (whether long or short) in all options contracts or one or more classes or series traded on 24X Options in excess of the applicable position limit established pursuant to Rule 18.7 (Position Limits), it may order all Options Members carrying a position in options contracts of such classes or series for such person or persons to liquidate such positions as expeditiously as possible, consistent with the maintenance of a fair and orderly market.

(b) Whenever such an order is given, no Options Member shall accept any order to purchase, sell or exercise any options contract for the account of the person or persons named in the order, unless and until the Exchange expressly approves such person or persons for options transactions.

Rule 18.12. Other Restrictions on Options Transactions and Exercises

(a) 24X Options may impose such restrictions on transactions or exercises in one or more series of options of any class traded on 24X Options as the Exchange in its judgment deems advisable in the interests of maintaining a fair and orderly market in options contracts or in underlying securities, or otherwise deems advisable in the public interest or for the protection of investors.

(1) During the effectiveness of such restrictions, no Options Member shall, for any account in which it has an interest or for the account of any Customer, engage in any transaction or exercise in contravention of such restrictions.

(2) Notwithstanding the foregoing, during the ten (10) business days prior to the expiration date of a given series of options no restriction on exercise under this Rule may be in effect with respect to that series of options.

(3) Reserved.

(b) Whenever the issuer of a security underlying a call option traded on 24X Options is engaged or proposes to engage in a public underwritten distribution ("public distribution") of such underlying security or securities exchangeable for or convertible into such underlying security, the underwriters may request that 24X Options impose restrictions upon all opening writing transactions in such options at a "discount" where the resulting short position will be uncovered ("uncovered opening writing transactions").

(1) In addition to a request, the following conditions are necessary for the imposition of restrictions:

(A) less than a majority of the securities to be publicly distributed in such distribution are being sold by existing security holders;

(B) the underwriters agree to notify the Exchange upon the termination of their stabilization activities; and

(C) the underwriters initiate stabilization activities in such underlying security on a national securities exchange when the price of such security is either at a "minus" or "zero minus" tick.

(2) Upon receipt of such a request and determination that the conditions listed above are met, the Exchange shall impose the requested restrictions as promptly as possible but no earlier than fifteen (15) minutes after the Options Members shall have been notified and shall terminate such restrictions upon request of the underwriters or when the Exchange otherwise discovers that stabilizing transactions by the underwriters has been terminated.

(3) For purposes of paragraph (b) of this Rule, an uncovered opening writing transaction in a call option will be deemed to be effected at a "discount" when the premium in such transaction is either:

(A) in the case of a distribution of the underlying security not involving the issuance of rights and in the case of a distribution of securities exchangeable for or convertible into the underlying security, less than the amount by which the underwriters' stabilization bid for the underlying security exceeds the exercise price of such option; or

(B) in the case of a distribution being offered pursuant to rights, less than the amount by which the underwriters' stabilization bid in the underlying security at the subscription price exceeds the exercise price of such option.

Rule 18.13. Mandatory Systems Testing

(a) Each Options Member that the Exchange designates as required to participate in a system test must conduct or participate in the testing of its computer systems to ascertain the compatibility of such systems with the Exchange's systems in the manner and frequency prescribed by the Exchange. The Exchange will designate Options Members as required to participate in a system test based on: (1) the category of the Options Member (Market Maker and OEF); (2) the computer system(s) the Options Member uses; and (3) the manner in which the Options Member connects to the Exchange. The Exchange will give Options Members reasonable notice of any mandatory systems test, which notice will specify the nature of the test and Options Members' obligations in participating in the test.

(b) Every Options Member required by the Exchange to conduct or participate in testing of computer systems shall provide to the Exchange such reports relating to the

testing as the Exchange may prescribe. Options Members shall maintain adequate documentation of tests required by this Rule and results of such testing for examination by the Exchange.

(c) An Options Member that is subject to this Rule and that fails to conduct or participate in the tests, fails to file the required reports, or fails to maintain the required documentation, may be subject to a summary suspension or other action taken pursuant to Chapter 24 (Records, Reports and Audits) and/or a disciplinary action pursuant to Chapter 8 (Discipline).

Rule 18.14. Limit on Outstanding Uncovered Short Positions

(a) Whenever it is determined from the reports of uncovered short positions submitted pursuant to Rule 24.2 (Reports of Uncovered Short Positions), viewed in light of current market conditions in options and in underlying securities, that there are outstanding an excessive number of uncovered short positions in options contracts of a given class traded on 24X Options or that an excessively high percentage of outstanding short positions in options contracts of a given class traded on 24X Options are uncovered, the Exchange may determine to prohibit Options Members from any further opening writing transactions on any exchange in options contracts of that class unless the resulting short position will be covered, and the Exchange may prohibit the uncovering of any existing covered short positions in one or more series of options of that class, as it deems appropriate in the interest of maintaining a fair and orderly market in options contracts or in underlying securities.

(b) The Exchange may exempt transactions of Options Market Makers from restrictions imposed under this Rule. Such restrictions shall be rescinded upon a determination that they are no longer appropriate.

CHAPTER 19. SECURITIES TRADED ON 24X OPTIONS

Rule 19.1. Designation of Securities

Securities traded on 24X Options are options contracts, each of which is designated by reference to the issuer of the underlying security, expiration month, exercise price and type (put or call).

Rule 19.2. Rights and Obligations of Holders and Writers

The rights and obligations of holders and writers are set forth in the Rules of the Clearing Corporation.

Rule 19.3. Criteria for Underlying Securities

(a) Underlying securities with respect to which put or call options contracts are approved for listing and trading on 24X Options must meet the following criteria:

(1) The security must be registered with the SEC and be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act; and

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

(b) In addition, the Exchange shall from time to time establish standards to be considered in evaluating potential underlying securities for listing on 24X Options. There are many relevant factors which must be considered in arriving at such a determination, and the fact that a particular security may meet the standards established by the Exchange does not necessarily mean that it will be selected as an underlying security. The Exchange may give consideration to maintaining diversity among various industries and issuers in selecting underlying securities. Notwithstanding the foregoing, an underlying security will not be selected unless:

(1) There are a minimum of seven (7) million shares of the underlying security which are owned by persons other than those required to report their stock holdings under Section 16(a) of the Exchange Act.

(2) There are a minimum of 2,000 holders of the underlying security.

(3) The issuer is in compliance with any applicable requirements of the Exchange Act or Rules thereunder.

(4) Trading volume (in all markets in which the underlying security is traded) has been at least 2,400,000 shares in the preceding twelve (12) months.

(5) Either:

(A) if the underlying security is a "covered security" as defined under Section 18(b)(1)(A) of the Securities Act of 1933: (1) the market price per share of the underlying security has been at least $3.00 for the previous three consecutive business days preceding the date on which the Exchange submits a certificate to the Options Clearing Corporation for listing and trading, as measured by the closing price reported in the primary market in which the underlying security is traded; however, (2) the requirements set forth in (5)(A)(1) will be waived during the three days following its initial public offering day for an underlying security having a market capitalization of at least $3 billion based upon the offering price of its initial public offering, and may be listed and traded starting on or after the second business day following the initial public offering day; or

(B) if the underlying security is not a "covered security," the market price per share of the underlying security has been at least $7.50 for the majority of business days during the three (3) calendar months preceding the date of selection, as measured by the lowest closing price reported in any market in which the underlying security traded on each of the subject days.

(c) Securities of Restructured Companies

(1) Definitions. The following definitions shall apply to the provisions of this paragraph (c):

(A) "Restructuring Transaction" refers to a spin-off, reorganization, recapitalization, restructuring or similar corporate transaction.

(B) "Restructure Security" refers to an equity security that a company issues, or anticipates issuing, as the result of a Restructuring Transaction of the company.

(C) "Original Equity Security" refers to a company's equity security that is issued and outstanding prior to the effective date of a Restructuring Transaction of the company.

(D) "Relevant Percentage" refers to either: (i) twenty-five percent (25%), when the applicable measure determined with respect to the Original Equity Security or the business it represents includes the business represented by the Restructure Security; or (ii) thirty-three and one-third percent (33-1/3%), when the applicable measure determined with respect to the Original Equity Security or the business it represents excludes the business represented by the Restructure Security.

(2) "Share" and "Number of Shareholder" Standards. In determining whether a Restructure Security satisfies the share standard set forth in paragraph (b)(1) of this Rule (the "Share Standard") or the number of holders standard set forth in paragraph (b)(2) of this Rule (the "Number of Shareholders Standard"), the Exchange may rely upon the facts and circumstances that it expects to exist on the option's intended listing date, rather than on the date on which the Exchange selects for options trading the underlying Restructure Security.

(A) The Exchange may assume that: (i) both the "Share" and "Number of Shareholders" Standards are satisfied if, on the option's intended listing date, the Exchange expects no fewer than forty (40) million shares of the Restructure Security to be issued and outstanding; and (ii) either such Standard is satisfied if, on the option's intended listing day, the Exchange expects the Restructure Security to be listed on an exchange or automatic quotation system that has, and is subject to, an initial listing requirement that is no less stringent than the Standard in question.

(B) The Exchange may not rely on any such assumption, however, if a reasonable Exchange investigation or that of another exchange demonstrates that either the Share Standard or Number of Shareholders Standard will not in fact be satisfied on an option's intended listing date.

(C) In addition, in the case of a Restructuring Transaction in which the shares of a Restructure Security are issued or distributed to the holders of shares of an Original Equity Security, the Exchange may determine that either the Share Standard or the Number of Shareholders Standard is satisfied based upon the Exchange's knowledge of the outstanding shares or number of shareholders of the Original Equity Security.

(3) "Trading Volume" Standard. In determining whether a Restructure Security that is issued or distributed to the holders of shares of an Original Equity Security (but not a Restructure Security that is issued pursuant to a public offering or rights distribution) satisfies the trading volume standard set forth in Rule 19.3(b)(4) (the "Trading Volume Standard"), the Exchange may consider the trading volume history of the Original Equity Security prior to the "ex-date" of the Restructuring Transaction if the Restructure Security satisfies the "Substantiality Test" set forth in subparagraph (5) below.

(4) "Market Price" Standard. In determining whether a Restructure Security satisfies the market price history standard set forth in Rule 19.3(b)(5) (the "Market Price Standard"), the Exchange may consider the market price history of the Original Equity Security prior to the "ex-date" of the Restructuring Transaction if:

(A) the Restructure Security satisfies the "Substantiality Test" set forth in subparagraph (5) below; and

(B) in the case of the application of the Market Price Standard to a Restructure Security that is distributed pursuant to a public offering or a rights distribution: (i) the Restructure Security trades "regular way" on an exchange or automatic quotation system for at least the five (5) trading days immediately preceding the date of selection; and (ii) at the close of trading on each trading day on which the Restructure Security trades "regular way" prior to the date of selection, and the opening of trading on the date of selection, the market price of the Restructure Security was at least $7.50, or, if the Restructure Security is a "covered security," as defined in Rule 19.3(b)(5)(A), the market price of the Restructure Security was at least $3.00.

(5) The "Substantiality Test". A Restructure Security satisfies the "Substantiality Test" if:

(A) the Restructure Security has an aggregate market value of at least $500 million; or

(B) at least one of the following conditions is met:

(i) the aggregate market value of the Restructure Security equals or exceeds the Relevant Percentage of the aggregate market value of the Original Equity Security;

(ii) the aggregate book value of the assets attributed to the business represented by the Restructure Security equals or exceeds both $50 million and the Relevant Percentage of the aggregate book value of the assets attributed to the business represented by the Original Equity Security; or

(iii) the revenues attributed to the business represented by the Restructure Security equals or exceeds both $50 million and the Relevant Percentage of the revenues attributed to the business represented by the Original Equity Security.

(6) A Restructure Security's aggregate market value may be determined from "when issued" prices, if available.

(7) In calculating comparative aggregate market values for the purpose of assessing whether a Restructure Security qualifies to underlie an option, the Exchange shall use the Restructure Security's closing price on its primary market on the last business day prior to the selection date or the Restructure Security's opening price on its primary market on the selection date and shall use the corresponding closing or opening price of the related Original Equity Security.

(8) In calculating comparative asset values and revenues, the Exchange shall use either: (A) the issuer's latest annual financial statements or (B) the issuer's most recently available interim financial statements (so long as such interim financial statements cover a period of not less than three months), whichever are more recent. Those financial statements may be audited or unaudited and may be pro forma.

(9) Except in the case of a Restructure Security that is distributed pursuant to a public offering or rights distribution, the Exchange may not rely upon the trading volume or market price history of an Original Equity Security as paragraph (c) of this Rule permits for any trading day unless it relies upon both of those measures for that trading day.

(10) Once the Exchange commences to rely upon a Restructure Security's trading volume and market price history for any trading day, the Exchange may not rely upon the trading volume and market price history of the security's related Original Equity Security for any trading day thereafter.

(11) "When Issued" Trading Prohibited. The Exchange shall not list for trading options contracts that overlie a Restructure Security that is not yet issued and outstanding, regardless of whether the Restructure Security is trading on a "when issued" basis or on another basis that is contingent upon the issuance or distribution of shares.

(d) In considering underlying securities, the Exchange shall ordinarily rely upon information made publicly available by the issuer and/or the markets in which the security is traded.

(e) The word "security" shall be broadly interpreted to mean any equity security, as defined in Rule 3a11-1 under the Exchange Act, which is appropriate for options trading, and the word "shares" shall mean the unit of trading of such security.

(f) American Depositary Receipts. Securities deemed appropriate for options trading shall include nonconvertible preferred stock issues and American Depositary Receipts ("ADRs") if they meet the criteria and standards set forth in this Rule and if, in the case of ADRs:

(1) The Exchange has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(2) the combined trading volume of the ADR and other related ADRs and securities (as defined below) occurring in the U.S. ADR market or in markets with which the Exchange has in place an effective surveillance sharing agreement represents (on a share equivalent basis) at least fifty percent (50%) of the combined worldwide trading volume in the ADR, the security underlying the ADR, other classes of common stock related to the underlying security, and

ADRs overlying such other stock (together "other related ADRs and securities") over the three month period preceding the date of selection of the ADR for options trading; or

(3)

(A) the combined trading volume of the ADR and other related ADRs and securities occurring in the U.S. ADR market and in markets where the Exchange has in place an effective surveillance sharing agreement, represents (on a share equivalent basis) at least twenty percent (20%) of the combined worldwide trading volume in the ADR and in other related ADRs and securities over the three month period preceding the date of selection of the ADR for options trading,

(B) the average daily trading volume for the security in the U.S. markets over the three (3) months preceding the selection of the ADR for options trading is 100,000 or more shares, and

(C) the trading volume is at least 60,000 shares per day in U.S. markets on a majority of the trading days for the three (3) months preceding the date of selection of the ADR for options trading ("Daily Trading Volume Standard"),

(D) or the SEC otherwise authorizes the listing.

(g) International Fund Shares. Securities deemed appropriate for options trading shall include shares issued by registered closed-end management investment companies that invest in the securities of issuers based in one or more foreign countries ("International Funds") if they meet the criteria and standards set forth in this Rule and either:

(1) the Exchange has a market information sharing agreement with the primary home exchange for each of the securities held by the fund, or

(2) the International Fund is classified as a diversified fund as that term is defined by Section 5(b) of the Investment Company Act of 1940, as amended, and the securities held by the fund are issued by issuers based in five (5) or more countries.

(h) A "market information sharing agreement" for purposes of this Rule is an agreement that would permit the Exchange to obtain trading information relating to the securities held by the fund including the identity of the member of the foreign exchange executing a trade. International Fund shares not meeting the criteria of paragraph (i) shall be deemed appropriate for options trading if the SEC specifically authorizes the listing thereof.

(i) Fund Shares. Securities deemed appropriate for options trading shall include shares or other securities ("Fund Shares"), including but not limited to Partnership Units as defined in this Rule, that are principally traded on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, and that (i) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities, and that hold portfolios of securities comprising or otherwise based on or representing investments in indexes or portfolios of securities (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities) ("Funds ") and/or financial instruments including, but not limited to, stock index futures contracts, options on futures, options on securities and indexes, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the "Financial Instruments"), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the "Money Market Instruments") constituting or otherwise based on or representing an investment in an index or portfolio of securities and/or Financial Instruments and Money Market Instruments, or (ii) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and /or non-U.S. currency ("Commodity Pool ETFs") or (iii) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust or similar entity when aggregated in some specified minimum number may be surrendered to the trust by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust ("Currency Trust Shares"), or (iv) represent interests in the SPDR Gold Trust or are issued by the iShares COMEX Gold Trust, the iShares Silver Trust, abrdn Standard Physical Silver Trust, abrdn Standard Physical Gold Trust, abrdn Standard Physical Palladium Trust, abrdn Standard Physical Platinum Trust, Sprott Physical Gold Trust, Goldman Sachs Physical Gold ETF, iShares Bitcoin Trust, Fidelity Wise Origin Bitcoin Fund, ARK 21Shares Bitcoin ETF, Grayscale Bitcoin Trust, Grayscale Bitcoin Mini Trust, Bitwise Bitcoin ETF, iShares Ethereum Trust, Fidelity Ethereum Fund, Grayscale Ethereum Trust ETF, Grayscale Ethereum Mini Trust ETF, or the Bitwise Ethereum ETF, or (v) represent interests in a Commodity-Based Trust that meets the generic criteria of the U.S. securities exchange that is the primary equities listing market for the Commodity-Based Trust, except that the Commodity-Based Trust holds a single crypto asset or multiple crypto assets that meets the following requirements: (1) the total global supply of each underlying crypto asset(s) held by the Commodity-Based Trust has an average daily market value of at least $700 million over the last 12 months; and (2) each crypto asset held by the Commodity-Based Trust underlies a derivatives contract that trades on a market with which the Exchange has a comprehensive surveillance sharing agreement, whether directly or through common membership in the Intermarket Surveillance Group. For purposes of number (v) in this Rule, the term "crypto asset" means an asset that is generated, issued and/or transferred using a blockchain or similar distributive ledger technology network, including but not limited to, assets known as "tokens", "digital

assets", "virtual currencies", and "coins" and that relies on cryptographic protocols; provided that all of the following conditions are met:

(1) The Fund Shares either:

(A) meet the criteria and standards set forth in paragraphs (a) and (b) of this Rule above; or

(B) the Fund Shares are available for creation or redemption each business day in cash or in kind from the investment company, commodity pool or other entity at a price related to net asset value, and the investment company, commodity pool or other entity is obligated to provide that Fund Shares may be created even if some or all of the securities and/or cash required to be deposited have not been received by the Fund, the unit investment trust or the management investment company, provided the authorized creation participant has undertaken to deliver the securities and/or cash as soon as possible and such undertaking is secured by the delivery and maintenance of collateral consisting of cash or cash equivalents satisfactory to the Fund, all as described in the Fund's or unit trust's prospectus; and

(2) The Fund Shares meet the following criteria:

(A) the Fund Shares are listed pursuant to generic listing standards for series of portfolio depositary receipts or index fund shares based on international or global indexes under which a comprehensive surveillance sharing agreement is not required; or

(B) any non-U.S. component stocks of the index or portfolio on which the Fund Shares are based that are not subject to comprehensive surveillance agreements do not in the aggregate represent more than 50% of the weight of the index or portfolio;

(C) stocks for which the primary market is in any one country that is not subject to a comprehensive surveillance agreement do not represent 20% or more of the weight of the index;

(D) stocks for which the primary market is in any two countries that are not subject to comprehensive surveillance agreements do not represent 33% or more of the weight of the index;

(E) For Commodity Pool ETFs that engage in holding and/or managing portfolios or baskets commodity futures contracts, options on commodity futures contracts, swaps, forward contracts, options on physical commodities, options on non-U.S. currency and/or securities, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting

that represent(s) the highest volume in such commodity futures contracts and/or options on commodity futures contracts on the specified commodities or non-U.S. currency, which are utilized by the national securities exchange where the underlying Commodity Pool ETFs are listed and traded; and

(F) For Currency Trust Shares, the Exchange has entered into a comprehensive surveillance sharing agreement with the marketplace or marketplaces with last sale reporting that represent(s) the highest volume in derivatives (options or futures) on the specified non-U.S. currency, which are utilized by the national securities exchange where the underlying Currency Trust Shares are listed and traded.

(j) Trust Issued Receipts. Securities deemed appropriate for options trading shall include shares or other securities ("Trust Issued Receipts") that are principally traded on a national securities exchange or through the facilities of a national securities association and reported as a national market security, and that represent ownership of the specific deposited securities held by a trust, provided:

(1) the Trust Issued Receipts (A) meet the criteria and standards for underlying securities set forth in paragraph (b) to this Rule; or (B) must be available for issuance or cancellation each business day from the Trust in exchange for the underlying deposited securities; and

(2) not more than 20% of the weight of the Trust Issued Receipt is represented by ADRs on securities for which the primary market is not subject to a comprehensive surveillance agreement.

(k) Notwithstanding the requirements set forth in paragraphs (b)(1), (b)(2), (b)(4), and (b)(5) above, options may be listed for trading on 24X Options if:

(1) the underlying security meets the guidelines for continued listing in Rule 19.4 (Withdrawal of Approval of Underlying Securities); and

(2) options on such underlying security are listed and traded on at least one other national securities exchange.

The Exchange shall employ the same procedures to qualify underlying securities pursuant to this subsection (k) as it employs in qualifying underlying securities pursuant to other subsections of this Rule.

(l) Index-Linked Securities

(1) Securities deemed appropriate for options trading shall include shares or other securities ("Equity Index-Linked Securities," "Commodity-Linked Securities," "Currency-Linked Securities," "Fixed Income Index-Linked Securities," "Futures-Linked Securities," and "Multifactor Index-Linked

Securities," collectively known as "Index-Linked Securities") that are principally traded on a national securities exchange and an "NMS Stock" (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934), and represent ownership of a security that provides for the payment at maturity, as described below:

(A) Equity Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an underlying index or indexes of equity securities ("Equity Reference Asset");

(B) Commodity-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more physical commodities or commodity futures, options on commodities, or other commodity derivatives or Commodity-Based Trust Shares or a basket or index of any of the foregoing ("Commodity Reference Asset");

(C) Currency-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more currencies, or options on currencies or currency futures or other currency derivatives or Currency Trust Shares (as defined in this Rule), or a basket or index of any of the foregoing ("Currency Reference Asset");

(D) Fixed Income Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of one or more notes, bonds, debentures or evidence of indebtedness that include, but are not limited to, U.S. Department of Treasury securities ("Treasury Securities"), government-sponsored entity securities ("GSE Securities"), municipal securities, trust preferred securities, supranational debt and debt of a foreign country or a subdivision thereof or a basket or index of any of the foregoing ("Fixed Income Reference Asset");

(E) Futures-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of an index of (i) futures on Treasury Securities, GSE Securities, supranational debt and debt of a foreign country or a subdivision thereof, or options or other derivatives on any of the foregoing; or (ii) interest rate futures or options or derivatives on the foregoing in this subparagraph (ii) ("Futures Reference Asset"); and

(F) Multifactor Index-Linked Securities are securities that provide for the payment at maturity of a cash amount based on the performance of any combination of two or more Equity Reference Assets, Commodity Reference Assets, Currency Reference Assets, Fixed Income

Reference Assets, or Futures Reference Assets ("Multifactor Reference Asset");

(2) For purposes of paragraph (l) of this Rule, Equity Reference Assets, Commodity Reference Asset, Currency Reference Assets, Fixed Income Reference Assets, Futures Reference Assets together with Multifactor Reference Assets, collectively will be referred to as "Reference Assets."

(3)

(A) The Index-Linked Securities must meet the criteria and guidelines for underlying securities set forth in sub-section (b) of this Rule; or

(B) the Index-Linked Securities must be redeemable at the option of the holder at least on a weekly basis through the issuer at a price related to the applicable underlying Reference Asset. In addition, the issuing company is obligated to issue or repurchase the securities in aggregation units for cash, or cash equivalents, satisfactory to the issuer of Index-Linked Securities which underlie the option as described in the Index-Linked Securities prospectus.

(4) The Exchange will implement surveillance procedures for options on Index-Linked Securities, including adequate comprehensive surveillance sharing agreements with markets trading in non-U.S. components, as applicable.

(m) "Partnership Unit" means a security (1) that is issued by a partnership that invests in any combination of futures contracts, options on futures contracts, forward contracts, commodities (as defined in Section 1(a)(4) of the Commodity Exchange Act) and/or securities; and (2) that is issued and redeemed daily in specified aggregate amounts at net asset value.

Rule 19.4. Withdrawal of Approval of Underlying Securities

(a) If put or call options contracts with respect to an underlying security are approved for listing and trading on 24X Options, such approval shall continue in effect until such approval is affirmatively withdrawn by the Exchange. Whenever the Exchange determines that an underlying security previously approved for 24X Options Transactions does not meet the then current requirements for continuance of such approval or for any other reason should no longer be approved, the Exchange shall not open for trading any additional series of options of the class covering that underlying security and shall prohibit any opening purchase transactions in series of options of that class previously opened to the extent it deems such action necessary or appropriate; provided, however, that where exceptional circumstances have caused an underlying security not to comply with the Exchange's current approval maintenance requirements, regarding number of publicly held shares of publicly held principal amount, number of shareholders, trading volume or market price the Exchange may, in the interest of

maintaining a fair and orderly market or for the protection of investors, determine to continue to open additional series of option contracts of the class covering that underlying security.

(b) An underlying security will not be deemed to meet the Exchange's requirements for continued approval whenever any of the following occur:

(1) There are fewer than 6,300,000 shares of the underlying security held by persons other than those who are required to report their security holdings under Section 16(a) of the Exchange Act.

(2) There are fewer than 1,600 holders of the underlying security.

(3) The trading volume (in all markets in which the underlying security is traded) has been less than 1,800,000 shares in the preceding twelve (12) months.

(4) The underlying security ceases to be an "NMS stock" as defined in Rule 600 of Regulation NMS under the Exchange Act.

(5) If an underlying security is approved for options listing and trading under the provisions of Rule 19.3 (Criteria for Underlying Securities), the trading volume of the Original Security (as therein defined) prior to but not after the commencement of trading in the Restructure Security (as therein defined), including "when-issued" trading, may be taken into account in determining whether the trading volume requirement of paragraph (b)(3) above is satisfied.

(c) In considering whether any of the events specified in paragraph (b) of this Rule have occurred with respect to an underlying security, the Exchange shall ordinarily rely on information made publicly available by the issuer and/or the markets in which such security is traded.

(d) If prior to the delisting of a class of options contracts covering an underlying security that has been found not to meet the Exchange's requirements for continued approval, the Exchange determines that the underlying security again meets the Exchange's requirements, the Exchange will open for trading additional series of options of that class and may lift any restriction on opening purchase transactions imposed by this Rule.

(e) Whenever the Exchange announces that approval of an underlying security has been withdrawn for any reason or that the Exchange has been informed that the issuer of an underlying security has ceased to be in compliance with SEC reporting requirements, each Options Member shall, prior to effecting any transaction in options contracts with respect to such underlying security for a Customer, inform such Customer of such fact and of the fact that the Exchange may prohibit further transactions in such options contracts to the extent it shall deem such action necessary and appropriate.

(f) If an ADR was initially deemed appropriate for options trading on the grounds that fifty percent (50%) or more of the worldwide trading volume (on a share-equivalent basis) in the ADR and other related ADRs and securities takes place in U.S. markets or in markets with which the Exchange has in place an effective surveillance sharing agreement, or if an ADR was initially deemed appropriate for options trading based on the daily trading volume standard in Rule 19.3 (Criteria for Underlying Securities), the Exchange may not open for trading additional series of options on the ADR unless:

(1) the percentage of worldwide trading volume in the ADR and other related securities that takes place in the U.S. and in markets with which the Exchange has in place effective surveillance sharing agreements for any consecutive three (3) month period is either: (A) at least thirty percent (30%) without regard to the average daily trading volume in the ADR, or (B) at least fifteen percent (15%) when the average U.S. daily trading volume in the ADR for the previous three (3) months is at least 70,000 shares; or

(2) the Exchange then has in place an effective surveillance sharing agreement with the primary exchange in the home country where the security underlying the ADR is traded; or

(3) the SEC has otherwise authorized the listing thereof.

(g) Fund Shares approved for options trading pursuant to Rule 19.3 (Criteria for Underlying Securities) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Fund Shares if the security is delisted from trading as provided in subparagraph (b)(4) of this Rule. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Fund Shares in any of the following circumstances:

(1) In the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(1)(A), in accordance with the terms of subparagraphs (b)(1), (2), (3) and (4) of this Rule;

(2) In the case of options covering Fund Shares approved pursuant to Rule 19.3(i)(1)(B), following the initial twelve-month period beginning upon the commencement of trading in the Fund Shares on a national securities exchange and are defined as NMS stock under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Fund Shares for 30 consecutive days;

(3) In the case of options covering Fund Shares approved pursuant to Rule19.3(i)(v), if the criteria in Rule 19.3(i)(v)(1) are no longer satisfied, as determined by the Exchange on a monthly basis, or if the criteria in Rule 19.3(i)(v)(2) are no longer satisfied.

(4) the value of the index, non-U.S. currency, portfolio of commodities including commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or Financial Instruments or Money Market Instruments, or portfolio of securities on which the Fund Shares are based is no longer calculated or available; or

(5) such other event occurs or condition exists that in the opinion of the Exchange makes further dealing in such options on 24X Options inadvisable.

(h) Securities initially approved for options trading pursuant to paragraph (j) of Rule 19.3 (Criteria for Underlying Securities) (such securities are defined and referred to in that paragraph as "Trust Issued Receipts") shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Trust Issued Receipts, whenever the Trust Issued Receipts are delisted and trading in the Receipts is suspended on a national securities exchange, or the Trust Issued Receipts are no longer traded as national market securities through the facilities of a national securities association. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Trust Issued Receipts in any of the following circumstances:

(1) in accordance with the terms of paragraph (b) of this Rule in the case of options covering Trust Issued Receipts when such options were approved pursuant to subparagraph (j)(1)(A) under Rule 19.3 (Criteria for Underlying Securities);

(2) upon annual review, the Trust has more than 60 days remaining until termination and there are fewer than 50 record and/or beneficial holders of Trust Issued Receipts for 30 consecutive days;

(3) the Trust has fewer than 50,000 receipts issued and outstanding;

(4) the market value of all receipts issued and outstanding is less than $1,000,000; or

(5) such other event shall occur or condition exist that in the opinion of the Exchange makes further dealing in such options on 24X Options inadvisable.

(i) For Trust Issued Receipts approved for options trading pursuant to paragraph (j) of Rule 19.3 (Criteria for Underlying Securities) that are also Holding Company Depositary Receipts ("HOLDRs"), the Exchange will not open additional series of options overlying HOLDRs (without prior Commission approval) if: (1) the proportion of securities underlying standardized equity options to all securities held in a HOLDRs trust is less than 80% (as measured by their relative weightings in the HOLDRs

trust); or (2) less than 80% of the total number of securities held in a HOLDRs trust underlie standardized equity options.

(j) Index Linked Securities. Absent exceptional circumstances, Index-Linked Securities ("Securities") initially approved for options trading pursuant to paragraph (l) of Rule 19.3 (Criteria for Underlying Securities) shall not be deemed to meet the Exchange's requirements for continued approval, and the Exchange shall not open for trading any additional series or option contracts of the class covering such Securities whenever the underlying Securities are delisted and trading in the Securities is suspended on a national securities exchange, or the Securities are no longer an "NMS Stock" (as defined in Rule 600 of Regulation NMS under the Securities Exchange Act of 1934). In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Index-Linked Securities in any of the following circumstances:

(1) the underlying Index-Linked Security fails to comply with the terms of paragraph (l) of Rule 19.3 (Criteria for Underlying Securities);

(2) in accordance with the terms of paragraph (b) of this Rule, in the case of options covering Index-Linked Securities when such options were approved pursuant to paragraph (l) of Rule 19.3 (Criteria for Underlying Securities), except that, in the case of options covering Index-Linked Securities approved pursuant to Rule 19.3(l)(3)(B) that are redeemable at the option of the holder at least on a weekly basis, then option contracts of the class covering such Securities may only continue to be open for trading as long as the Securities are listed on a national securities exchange and are "NMS" stock as defined in Rule 600 of Regulation NMS;

(3) in the case of any Index-Linked Security trading pursuant to paragraph (l) of Rule 19.3 (Criteria for Underlying Securities), the value of the Reference Asset is no longer calculated; or

(4) such other event shall occur or condition exist that in the opinion of the Exchange make further dealing in such options on the Exchange inadvisable.

(k) Inadequate Volume Delisting. Absent exceptional circumstances, a security initially approved for options trading may be deemed by the Exchange not to meet the requirements for continued approval, in which case the Exchange will not open for trading any additional series of equity option contracts of the class of options and may determine to delist the class of options if it meets the following criteria:

(1) the option has been trading on the Exchange not less than six (6) months; and

(2) the Exchange average daily volume ("ADV") of the entire class of options over the last six (6) month period was less than twenty (20) contracts.

If the option is singly listed only on the Exchange, the Exchange will cease to add new series and may delist the class of options when there is no remaining open interest. Should the Exchange determine to delist an equity option pursuant to this subsection, it will provide notification of the determination to delist such option not less than three (3) days prior to the scheduled delisting date.

Rule 19.5. Series of Options Contracts Open for Trading

(a) After a particular class of options has been approved for listing and trading on 24X Options by the Exchange, the Exchange from time to time may open for trading series of options in that class. Only options contracts in series of options currently open for trading may be purchased or written on 24X Options. Prior to the opening of trading in a given series, the Exchange will fix the expiration month, year and exercise price of that series. For Quarterly Options Series and Short Term Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in Interpretations and Policy .04 and .05, respectively. For Monthly Options Series, the Exchange will fix a specific expiration date and exercise price, as provided in Interpretation and Policy .08.

(b) Except for Short Term Option Series, Monthly Options Series, and Quarterly Options Series, at the commencement of trading on 24X Options of a particular class of options, 24X Options will open a minimum of one (1) series of options in that class. The exercise price of the series will be fixed at a price per share, relative to the underlying stock price in the primary market at about the time that class of options is first opened for trading on 24X Options. Interpretation and Policy .04 will govern the procedures for opening Quarterly Options Series. Interpretation and Policy .05 will govern the procedures for opening Short Term Option Series. Interpretation and Policy .08 will govern the procedures for opening Monthly Options Series.

(c) Additional series of options of the same class may be opened for trading on 24X Options when the Exchange deems it necessary to maintain an orderly market, to meet Customer demand or when the market price of the underlying stock moves more than five strike prices from the initial exercise price or prices. The opening of a new series of options shall not affect the series of options of the same class previously opened. New series of options on an individual stock may be added until the beginning of the month in which the options contract will expire. Due to unusual market conditions, the Exchange, in its discretion, may add a new series of options on an individual stock until the close of trading on the business day prior to expiration.

(d) Except as otherwise provided in this Rule and the Interpretations and Policies hereto, the interval between strike prices of series of options on individual stocks will be:

(1) $2.50 or greater where the strike price is $25.00 or less;

(2) $5.00 or greater where the strike price is greater than $25.00; and

(3) $10.00 or greater where the strike price is greater than $200.00, except as provided in (d)(5) below.

(4) The interval between strike prices of series of options on Fund Shares approved for options trading pursuant to Rule 19.3(i) shall be fixed at a price per share which is reasonably close to the price per share at which the underlying security is traded in the primary market at or about the same time such series of options is first open for trading on 24X Options, or at such intervals as may have been established on another options exchange prior to the initiation of trading on 24X Options. Notwithstanding any other provision regarding the interval between strike prices of series of options on Fund Shares in this Rule, the interval between strike prices of series of options on Standard & Poor's Depository Receipts Trust ("SPY"), iShares S&P 500 Index ETF ("IVV"), and the DIAMONDS Trust ("DIA"), and SPDR® Gold Shares ("GLD") will be $1 or greater.

(5) The Exchange may list series in intervals of $5 or greater where the strike price is more than $200 in up to five (5) option classes on individual stocks. The Exchange may list $5 strike prices on any other option classes designated by other securities exchanges that employ a similar $5 Strike Price Program.

(e) The Exchange will open at least one expiration month for each class of options open for trading on 24X Options.

(f) The interval of strike prices may be $2.50 in any multiply-traded option class to the extent permitted on 24X Options by the SEC or once another exchange trading that option lists strike prices of $2.50 on such options class.

(g) Notwithstanding the requirements set forth in this Rule and any Interpretations and Policies thereto:

(i) During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to Interpretation and Policy .05 of this Rule ("Short Term Option"), the strike price intervals for the related non-Short Term Option ("Related non-Short Term Option") shall be the same as the strike price intervals for the Short Term Option.

(ii) During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by Interpretation and Policy .05 of this Rule.

Interpretations and Policies

.01 The interval between strike prices of series of options on individual stocks may be $2.50 or greater where the strike price is $25 or less, provided however, that 24X Options may

not list $2.50 intervals below $50 (e.g., $12.50, $17.50) for any class included within the $1 Strike Price Program, as detailed below in Interpretations and Policy .02, if the addition of $2.50 intervals would cause the class to have strike price intervals that are $0.50 apart. For series of options on Exchange-Traded Fund Shares that satisfy the criteria set forth in Rule 19.3(i), the interval of strike prices may be $1 or greater where the strike price is $200 or less or $5 or greater where the strike price is over $200. Exceptions to the strike price intervals above are set forth in Interpretations and Policies .02 and .03 below.

.02 The interval between strike prices of series of options on individual stocks may be:

(a) $1.00 or greater ("$1 Strike Prices") provided the strike price is $50 or less, but not less than $1. The listing of $1 strike prices shall be limited to option classes overlying no more than one hundred fifty (150) individual stocks (the "$1 Strike Price Program") as specifically designated by 24X Options. 24X Options may list $1 Strike Prices on any other option classes if those classes are specifically designated by other national securities exchanges that employ a similar $1 Strike Price Program under their respective rules. If a class participates in the $1 Strike Price Program, $2.50 strike price intervals are not permitted between $1 and $50 for non-long-term options contracts and long-term options contracts.

(b) To be eligible for inclusion into the $1 Strike Price Program, an underlying security must close below $50 in the primary market on the previous trading day. After a security is added to the $1 Strike Price Program, 24X Options may list $1 Strike Prices from $1 to $50 according to the following parameters:

(i) If the price of the underlying stock is equal to or less than $20, the Exchange may list series with an exercise price up to 100% above and 100% below the price of the underlying stock. However, the foregoing restriction shall not prohibit the listing of at least five strike prices above and below the price of the underlying stock per expiration month in an option class. For example, if the price of the underlying stock is $2, the Exchange would be permitted to list the following series: $1, $2, $3, $4, $5, $6, and $7.

(ii) If the price of the underlying stock is greater than $20, the Exchange may list series with an exercise price up to 50% above and 50% below the price of the underlying security up to $50.

(iii) For the purpose of adding strikes under the $1 Strike Price Program, the "price of the underlying stock" shall be measured in the same way as "the price of the underlying security" is as set forth in the Options Listing Procedures Plan.

(iv) No additional series in $1 strike price intervals may be listed if the underlying stock closes at or above $50 in its primary market.

Additional series in $1 strike price intervals may not be added until the underlying stock closes again below $50.

(v) Long-Term Options Contracts. For stocks in the $1 Strike Price Program, the Exchange may list one $1 strike price interval between each standard $5 strike interval, with the $1 strike price interval being $2 above the standard strike for each interval above the price of the underlying stock, and $2 below the standard strike for each interval below the price of the underlying stock ("$2 wings"). For example, if the price of the underlying stock is $24.50, the Exchange may list the following standard strikes in $5 intervals: $15, $20, $25, $30 and $35. Between these standard $5 strikes, the Exchange may list the following $2 wings: $18, $27 and $32.

(c) In addition, the Exchange may list the $1 strike price interval which is $2 above the standard strike just below the underlying price at the time of listing. In the above example, since the standard strike just below the underlying price ($24.50) is $20, the Exchange may list a $22 strike. The Exchange may add additional long-term options series strikes as the price of the underlying stock moves, consistent with the OLPP. Additional long-term option strikes may not be listed within $1 of an existing strike until less than nine months to expiration.

The Exchange may list $1 strike prices up to $5 in long-term options contracts in up to 200 option classes on individual stocks. The Exchange may not list $1 strike price intervals within $0.50 of an existing $2.50 strike in the same expiration.

A security shall remain in the $1 Strike Price Program until otherwise designated by 24X Options.

(d) Delisting Policy. For options classes selected to participate in the $1 Strike Program, the Exchange will, on a monthly basis, review series that were originally listed under the $1 Strike Program with strike prices that are more than $5 from the current value of an options class and delist those series with no open interest in both the put and the call series having a: (1) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (2) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month. If the Exchange identifies series for delisting pursuant to this policy, the Exchange shall notify other options exchanges with similar delisting policies regarding the eligible series for delisting, and shall work jointly with such other exchanges to develop a uniform list of series to be delisted so as to ensure uniform series delisting of multiply listed options classes.

Notwithstanding the above delisting policy, the Exchange may grant Options Member requests to add strikes and/or maintain strikes in series of options classes traded pursuant to the $1 Strike Program that are eligible for delisting.

.03

(a) The options exchanges may select up to 200 options classes on individual stocks for which the interval of strike prices will be $2.50 where the strike price is greater than $25 but less than $50. The 200 options classes are selected by the various options exchanges pursuant to any agreement mutually agreed to by the individual exchanges and approved by the Commission. The strike price interval may be $2.50 in any multiply traded option once another exchange trading that option selects such option, as part of this program.

(b) In addition, on any option class that has been selected as part of the $2.50 Strike Price Program pursuant to paragraph (a) above, the Exchange may list $2.50 strike prices between $50 and $75, provided the $2.50 strike prices between $50 and $75 are no more than $10 from the closing price of the underlying stock in its primary market on the preceding day. For example, if an option class has been selected as part of $2.50 Strike Price Program, and the underlying stock closes at $48.50 in its primary market, the Exchange may list the $52.50 strike price and the $57.50 strike price on the next business day. If an underlying security closes at $54, the Exchange may list the $52.50 strike price, the $57.50 strike price, and the $62.50 strike price on the next business day.

(c) An option class shall remain in the $2.50 Strike Price Program until otherwise designated by the Exchange and a decertification notice is sent to the Options Clearing Corporation.

.04 Quarterly Options Series Program: The Exchange may list and trade P.M. settled options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are options on exchange traded funds ("ETF"). In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(a) The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters, as well as the fourth quarter of the next calendar year.

(b) Initial Series. The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Quarterly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.

(c) Additional Series. Additional Quarterly Options Series of the same class may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing price of the underlying ETF (or "Fund Shares") as defined in Rule 19.3(i) on the preceding day. The Exchange may also open additional strike prices of Quarterly Options Series in ETF options that are more than 30% above or below the current price of the underlying ETF provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Options Market Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of new Quarterly Options Series shall not affect the series of options of the same class previously opened. In addition to the initial listed series, the Exchange may list up to sixty (60) additional series per expiration month for each Quarterly Options Series in ETF options.

(d) The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(e) Delisting Policy. With respect to Quarterly Options Series added pursuant to the above paragraphs, the Exchange will, on a monthly basis review series that are outside of a range of five (5) strikes above and five (5) strikes below the current price of the ETF, and delist series with no open interest in both the call and the put series having a (1) strike higher than the highest price with open interest in the put and/or call series for a given expiration month; and (2) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration month.

Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Quarterly Options Series eligible for delisting shall be granted. In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other option exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to help to ensure uniform delisting of multiply listed Quarterly Options Series in ETF options.

.05 Short Term Option Series Program. After an option class has been approved for listing and trading on 24X Options, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on each of the next five (5) Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Friday Short Term Option Expiration Dates ("Short Term Options Weekly Expirations). If 24X Options is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Options Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if 24X Options

is not open for business on the Friday that the options are set to expire, the Short Term Option Expiration Date for Short Term Options Weekly Expirations will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(a) The Exchange may select up to fifty (50) currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the 50 option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to thirty (30) Short Term Option Series for each expiration date in that class. The Exchange may also open Short Term Option Series that are opened by other securities exchanges in option classes selected by such exchanges under their respective short term option rules.

(b) With the exception of Short Term Option Daily Expirations, no Short Term Option Series may expire in the same week in which standard expiration option series on the same class expire or, in the case of Monthly Options Series and Quarterly Options Series, on an expiration that coincides with an expiration of a Monthly Options Series or Quarterly Options Series, respectively, on the same class.

(c) Initial Series. The Exchange may open up to thirty (30) initial series for each option class that participates in the Short Term Option Series Program. The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying security at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven (7) series are initially opened, there will be at least three (3) strike prices above and three (3) strike prices below the value of the underlying security). Any strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying is less than or equal to $20, strike prices shall be not more than 100% above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than $20, strike prices shall be not more than fifty (50%) above or below the price of the underlying security.

(d) Additional Series. If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be reasonably close to the price of the underlying equity security and within the following parameters: (i) if the price of the underlying is less than or equal to $20, strike prices shall be not more than 100% above or below the price of the underlying security; and (ii) if the price of the underlying security is greater than $20, strike prices shall be not more than fifty (50%) above or below the price of the underlying security. The Exchange may also open additional strike prices of Short Term Option Series that are more than 50% above or below the current value of the underlying security (if the price is greater than $20);

provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers, provided that such strike prices comply with the Options Listing Procedures Plan. Market Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security and all existing series have open interest, the Exchange may list additional series, in excess of the thirty series per class limit set forth in paragraph (c) above, that are between 10% and 30% above or below the price of the underlying security. In the event that the underlying security has moved such that there are no series that are at least 10% above or below the current price of the underlying security, the Exchange will delist any series with no open interest in both the call and the put series having a: (i) strike higher than the highest price with open interest in the put and/or call series for a given expiration week; and (ii) strike lower than the lowest strike price with open interest in the put and/or the call series for a given expiration week. Notwithstanding any other provisions in this Rule, Short Term Options Series may be added up to and including on the Short Term Option Expiration Date for that option series.

(e) Strike Interval. The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same option class that expire in accordance with the normal monthly expiration cycle. During the expiration week of an option class that is selected for the Short Term Option Series Program pursuant to this rule ("Short Term Option"), the strike price intervals for the related non-Short Term Option ("Related non-Short Term Option") shall be the same as the strike price intervals for the Short Term Option. If the class does not trade in $1 strike price intervals, the strike price interval for Short Term Option Series may be (i) $0.50 or greater where the strike price is less than $100; (ii) $1.00 or greater where the strike price is between $100 and $150; or (iii) $2.50 or greater for strike prices greater than $150. During the week before the expiration week of a Short Term Option, the Exchange shall open the related non-Short Term Option for trading in Short Term Option intervals in the same manner permitted by this Interpretation and Policy .05.

(f) Strike Interval Limitations. Notwithstanding paragraph (e) above, when Short Term Option Series in equity options (excluding options on ETFs and ETNs) have an expiration more than 21 days from the listing date, the strike interval for each option class will be based on the table below, which specifies the applicable interval for listing.

Tier	**Average Daily Volume**	**Share Price**					
		Less than $2.50	**$2.50 to less than $25**	**$25 to less than $75**	**$75 to less than $150**	**$150 to less than $500**	**$500 or greater**
1	Greater than 5,000	$0.50	$0.50 for strikes less than $100 in Short Term Option Series Program classes and classes that trade in $1 increments in non-Short Term Option Series $1.00 for strikes between $100 and $150 for classes that do not otherwise trade in $1.00 increments in non-Short Term Option Series $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$5.00
2	Greater than 1,000 to 5,000	$0.50	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$1.00 for strikes less than $150 $2.50 for strikes greater than $150	$5.00	$10.00
3	0 to 1,000	$0.50	$2.50	$5.00	$5.00	$5.00	$10.00

(1) The Share Price is the closing price on the primary market on the last day of the calendar quarter. In the event of a corporate action, the Share Price of the surviving company is utilized.

(2) The Average Daily Volume is the total number of option contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume is calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at OCC. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume is calculated using the quarter prior to the last trading calendar quarter.

(3) Options that are newly eligible for listing pursuant to Rule 19.3 and designated to participate in the Short Term Option Program will not be subject to this paragraph (f) until after the end of the first full calendar quarter following the date the option class was first listed for trading on any options market.

(g) Notwithstanding the requirements set forth in this Rule and any Interpretations and Policies thereto, the Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at $0.50 strike price intervals for option classes that trade in one dollar increments and are in the Short Term Option Series Program.

(h) *Short Term Option Daily Expirations*

In addition to the above, the Exchange may open for trading series of options on the symbols provided in Table 1 and Table 2 below that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days on which standard expiration options series, Monthly Options Series or Quarterly Options Series expire ("Short Term Option Daily Expirations"). The Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time. Short Term Option Daily Expirations would be subject to this Interpretation and Policy .05.

Table 1

Symbol	**Number of Expirations**			
	Monday	**Tuesday**	**Wednesday**	**Thursday**
SPY	2	2	2	2
IWM	2	2	2	2

QQQ	2	2	2	2
USO	0	0	2	0
UNG	0	0	2	0
GLD	2	0	2	0
SLV	2	0	2	0
TLT	2	0	2	0

Table 2

Symbol	**Number of Expirations**			
	Monday	**Tuesday**	**Wednesday**	**Thursday**
Qualifying Securities*	2	0	2	0

* "Qualifying Securities" are eligible individual stocks or Fund Shares (as defined in Rule 19.3(i)), which are separate and apart from the symbols listed in Table 1, that have received approval to list additional expiries on specific symbols, that meet the following criteria on a quarterly basis:

(1) an underlying security, as measured on the last day of the prior calendar quarter, must have:

(A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price, or

(B) Assets under Management ("AUM") greater than 50 billion dollars for a Fund Share based on net asset value ("NAV");

(2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options;

(3) a position limit of at least 250,000 contracts; and

(4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks shall be calculated based on the closing

price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from OCC. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to the last trading calendar quarter.

With respect to Monday expirations for symbols defined in Table 1 and Table 2 above ("Monday Expirations"), the Exchange may open for trading on any Friday or Monday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Mondays that are business days and are not business days on which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Monday Short Term Option Expiration Date"), provided that Monday Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration. For Qualifying Securities, the Exchange would not list an expiry on a day when there will be an Earnings Announcement that takes place after market close. "Earnings Announcement" shall include official public quarterly or yearly earnings filed with the SEC.

With respect to Tuesday expirations for symbols defined in Table 1 and Table 2 above ("Tuesday Expirations"), the Exchange may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Tuesdays that are business days and are not business days on which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Tuesday Short Term Option Expiration Date").

With respect to Wednesday expirations for symbols defined in Table 1 and Table 2 above ("Wednesday Expirations"), the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Wednesdays that are business days and are not business days on which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Wednesday Short Term Option Expiration Date"). For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close.

With respect to Thursday expirations for symbols defined in Table 1 and Table 2 above ("Thursday Expirations"), the Exchange may open for trading on any Wednesday or Thursday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Thursdays that are business days and are not business days on which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Thursday Short Term Option Expiration Date").

Monday Short Term Option Expiration Dates, Tuesday Short Term Option Expiration Dates, Wednesday Short Term Option Expiration Dates, and Thursday Short Term Option Expiration Dates, together with Friday Short Term Option Expiration Dates, are collectively "Short Term Option Expiration Dates."

If the Exchange is not open for business on a Monday, the Monday Short Term Option Expiration Date will be the business day immediately following that Monday. If the Exchange is not open for business on a Tuesday, Wednesday, or Thursday, the Tuesday Short Term Option Expiration Date, Wednesday Short Term Option Expiration Date, and Thursday Short Term Option Expiration Date, respectively, will be the first business day immediately prior to that Tuesday, Wednesday, or Thursday, respectively.

.06 The interval between strike prices of series of options on individual stocks may be $0.50 or greater beginning at $.50 where the strike price is $5.50 or less, but only for options classes whose underlying security closed at or below $5.00 in its primary market on the previous trading day and which have national average daily volume that equals or exceeds 1,000 contracts per day as determined by The Options Clearing Corporation during the preceding three calendar months. The listing of $0.50 strike prices shall be limited to options classes overlying no more than 20 individual stocks (the "$0.50 Strike Program") as specifically designated by 24X Options. 24X Options may list $0.50 strike prices on any other option classes if those classes are specifically designated by other securities exchanges that employ a similar $0.50 Strike Program under their respective rules. A stock shall remain in the $0.50 Strike Program until otherwise designated by 24X Options.

.07 Mini Options Contracts

(a) After an option class on a stock, Exchange-Traded Fund Share, Trust Issued Receipt, Exchange Traded Note, and other Index Linked Security with a 100 share deliverable has been approved for listing and trading on the Exchange, series of option contracts with a 10 share deliverable on that stock, Exchange-Traded Fund Share, Trust Issued Receipt, Exchange Traded Note, and other Index Linked Security may be listed for all expirations opened for trading on the Exchange. Mini Option contracts may currently be listed on SPDR S&P 500 ("SPY"), Apple Inc. ("AAPL"), SPDR Gold Trust ("GLD"), Alphabet Inc. ("GOOGL"), and Amazon.com Inc. ("AMZN").

(b) Strike prices for Mini Options shall be set at the same level as for regular options. For example, a call series strike price to deliver 10 shares of stock at $125 per share has a total deliverable value of $1250 and the strike price will be set at 125.

(c) No additional series of Mini Options may be added if the underlying security is trading at $90 or less. The underlying security must trade above $90 for five consecutive days prior to listing Mini Options contracts in an additional expiration month.

(d) The minimum trading increment for Mini Options shall be the same as the minimum trading increment permitted for standard options on the same underlying security. For example, if a security participates in the Penny Interval Program, Mini

Options in the same underlying security may be quoted and traded in the same minimum increments, e.g., $0.01 for all quotations in series that are quoted at less than $3 per contract and $0.05 for all quotations in series that are quoted at $3 per contract or greater, $0.01 for all SPY option series.

.08 Monthly Options Series Program. The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar month ("Monthly Options Series").

(a) Classes. The Exchange may list Monthly Options Series for up to five currently listed option classes that are options on ETFs. In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(b) Expiration. The Exchange may list 12 expirations for Monthly Options Series. Monthly Options Series expirations need not be for consecutive months; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. No Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. Other expirations in the same class are not counted as part of the maximum numbers of Monthly Option Series expirations for a class.

(c) Settlement. Monthly Options Series will be P.M.-settled.

(d) Initial Series. The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.

(e) Additional Series. Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Option Series that are more than 30% above or below the current price of the underlying index or security, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers.

Market Makers trading for their own account will not be considered when determining customer interest under this provision. The opening of the new Monthly Options Series will not affect the series of options in the same class previously opened.

(f) Strike Interval. The interval between strike prices on Monthly Options Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(g) Delisting Policy.

(1) With respect to Monthly Options Series added pursuant to subparagraphs (a) through (f) above, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a: (A) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (B) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting shall be granted.

(3) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.

.09 Low Priced Stock Strike Price Interval Program

(a) Eligibility for the Low Priced Stock Strike Price Interval Program. To be eligible for inclusion in the Low Priced Stock Strike Price Interval Program, an underlying stock must (1) close below $2.50 in its primary market on the previous trading day; and (2) have an average daily trading volume of at least 1,000,000 shares per day for the three preceding calendar months.

(b) Strike Prices To Be Added. After a stock is added to the Low Priced Stock Strike Price Interval Program, the Exchange may list $0.50 strike price intervals from $0.50 up to $2.00.

(1) For the purpose of adding strikes under the Low Priced Stock Strike Price Interval Program, the “price of the underlying stock” is measured in the same way as “the price of the underlying security” is measured as set forth in Section 3(g) the Options Listing Procedures Plan.

(2) No additional series in $0.50 intervals may be listed if the underlying stock closes above $2.50 in its primary market. Additional series in $0.50 intervals may not be added until the underlying stock again closes below $2.50.

Rule 19.6. Adjustments

Options contracts shall be subject to adjustments in accordance with the Rules of the Clearing Corporation. The Exchange will announce adjustments, and such changes will be effective for all subsequent transactions in that series at the time specified in the announcement.

Rule 19.7. Long-Term Options Contracts

Notwithstanding conflicting language in Rule 19.5 (Series of Options Contracts Open for Trading), the Exchange may list long-term options contracts that expire from twelve (12) to thirty-nine (39) months from the time they are listed. There may be up to ten (10) additional expiration months for options on SPY and up to six (6) additional expiration months for all other option classes. Strike price interval, bid/ask differential and continuity rules shall not apply to such options series until the time to expiration is less than nine (9) months.

CHAPTER 20. REGULATION OF TRADING ON 24X OPTIONS

Rule 20.1. Access to and Conduct on the 24X Options Market

(a) Access to 24X Options.

Unless otherwise provided in the Rules, no one but an Options Member or a person associated with an Options Member shall effect any 24X Options Transactions.

(b) 24X Options Conduct.

Options Members and persons employed by or associated with any Options Member, while using the facilities of 24X Options, shall not engage in conduct: (1) inconsistent with the maintenance of a fair and orderly market; (2) apt to impair public confidence in the operations of the Exchange; or (3) inconsistent with the ordinary and efficient conduct of business. Activities that shall violate the provisions of this paragraph (b) include, but are not limited to, the following:

(1) failure of an Options Market Maker to provide quotations in accordance with Rule 22.6 (Market Maker Quotations);

(2) failure of an Options Market Maker to bid or offer within the ranges specified by Rule 22.5 (Obligations of Market Makers);

(3) failure of an Options Member to supervise a person employed by or associated with such Member adequately to ensure that person's compliance with this paragraph (b);

(4) failure to maintain adequate procedures and controls that permit the Options Member to effectively monitor and supervise the entry of orders by users to prevent the prohibited practices set forth in this paragraph (b) and Rule 18.2 (Conduct and Compliance with the Rules);

(5) failure to abide by a determination of the Exchange;

(6) effecting transactions that are manipulative as provided in Rule 12.1 (Market Manipulation) or any other rule of the Exchange;

(7) refusal to provide information requested by the Exchange; and

(8) failure to abide by the provisions of Rule 22.11.

(c) Subject to the Rules, the Exchange will provide access to the Trading System to Options Members in good standing that wish to conduct business on 24X Options.

(d) Pursuant to the Rules and the arrangements referred to in this Chapter 20, the Exchange may:

(1) suspend a User's access to the Trading System following a warning which may be made in writing or verbally (and subsequently confirmed in writing); or

(2) terminate an User's access to the Trading System by notice in writing.

Rule 20.2. Surveillance

Personnel from the Exchange shall monitor and surveil options trading on 24X Options in order to ensure the maintenance of a fair and orderly market.

Rule 20.3. Trading Halts

(a) Halts.

The Exchange may halt trading in any option contract in the interests of a fair and orderly market. The following are among the factors that shall be considered in determining whether the trading in an option contract should be halted:

(1) trading in the underlying security has been halted or suspended in the primary market;

(2) the opening of such underlying security has been delayed because of unusual circumstances;

(3) occurrence of an act of God or other event outside the Exchange's control;

(4) a Trading System technical failure or failures including, but not limited to, the failure of a part of the central processing system, a number of Options Member trading applications, or the electrical power supply to the system itself or any related system; or

(5) other unusual conditions or circumstances are present.

(b) In the event the Exchange determines to halt trading, all trading in the effected class or classes of options shall be halted and all orders will be cancelled unless a User has entered instructions not to cancel its orders. 24X Options shall disseminate through its trading facilities and over OPRA a symbol with respect to such class or classes of options indicating that trading has been halted. A record of the time and duration of the halt shall be made available to vendors.

(c) No Options Member or person associated with an Options Member shall effect a trade on 24X Options in any options class in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect.

Interpretations and Policies

.01 The Exchange shall nullify any transaction that occurs:

(a) during a trading halt in the affected option on the Exchange; or

(b) with respect to equity options (including options overlying ETFs), during a regulatory halt as declared by the primary listing market for the underlying security.

Rule 20.4. Resumption of Trading After a Halt

Trading in an option that has been the subject of a halt under Rule 20.3 (Trading Halts) shall be resumed as described in Rule 21.7 upon the determination by the Exchange that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading.

Rule 20.5. Unusual Market Conditions

(a) 24X Options staff may determine that the level of trading activities or the existence of unusual market conditions is such that 24X Options is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on 24X Options. Upon making such a determination, the Exchange shall designate the market in such option to be "fast," and the Exchange shall halt trading in the class or classes so affected.

(b) The Exchange will monitor the activity or conditions that caused a fast market to be declared, and shall review the condition of such market at least every thirty (30) minutes. Regular trading procedures shall be resumed when the Exchange determines that the conditions supporting a fast market declaration no longer exist.

(c) The Exchange shall halt trading in all options whenever a market wide trading halt is initiated on the New York Stock Exchange (commonly known as a "circuit breaker") in response to extraordinary market conditions.

Rule 20.6. Nullification and Adjustment of Options Transactions including Obvious Errors

The Exchange may nullify a transaction or adjust the execution price of a transaction in accordance with this Rule. However, the determination as to whether a trade was executed at an erroneous price may be made by mutual agreement of the affected parties to a particular transaction. A trade may be nullified or adjusted on the terms that all parties to a particular transaction agree, provided, however, that such agreement to nullify or adjust must be conveyed to the Exchange in a manner prescribed by the Exchange prior to 8:30 a.m. Eastern Time on the first trading day following the execution. It is considered conduct inconsistent with just and equitable principles of trade for any Options Member to use the mutual adjustment process to circumvent any applicable Exchange rule, the Act or any of the rules and regulations thereunder.

(a) *Definitions.*

(1) *Customer*. For purposes of this Rule, a Customer shall not include any broker-dealer or Professional.

(2) *Erroneous Sell/Buy Transaction*. For purposes of this Rule, an "erroneous sell transaction" is one in which the price received by the person selling the option is erroneously low, and an "erroneous buy transaction" is one in which the price paid by the person purchasing the option is erroneously high.

(3) *Official*. For purposes of this Rule, an Official is an Officer of the Exchange or such other employee designee of the Exchange that is trained in the application of this Rule.

(4) *Size Adjustment Modifier*. For purposes of this Rule, the Size Adjustment Modifier will be applied to individual transactions as follows:

Number of Contracts per Execution	**Adjustment – TP Plus/Minus**
1-50	N/A
51-250	2 times adjustment amount
251-1000	2.5 times adjustment amount
1001 or more	3 times adjustment amount

(b) *Theoretical Price*. Upon receipt of a request for review and prior to any review of a transaction execution price, the "Theoretical Price" for the option must be determined. For purposes of this Rule, if the applicable option series is traded on at least one other options exchange, then the Theoretical Price of an option series is the last NBB just prior to the trade in question with respect to an erroneous sell transaction or the last NBO just prior to the trade in question with respect to an erroneous buy transaction unless one of the exceptions in subparagraphs (b)(1) through (3) below exists. For purposes of this provision, when a single order received by the Exchange is executed at multiple price levels, the last NBB and last NBO just prior to the trade in question would be the last NBB and last NBO just prior to the Exchange's receipt of the order. The Exchange will rely on this paragraph (b) and Interpretation and Policy .03 of this Rule when determining Theoretical Price.

(1) *Transactions at the Open*. To the extent any transactions occur through the opening process as described in Rule 21.7, the Exchange will determine the Theoretical Price if there is no NBB or NBO for the affected series just prior to the erroneous transaction or if the bid/ask differential of the NBB and NBO just prior to the erroneous transaction is equal to or greater than the Minimum Amount set forth in the chart contained in sub-paragraph (b)(3) below. If the bid/ask differential is less than the Minimum Amount, the Theoretical Price is the NBB or NBO just prior to the erroneous transaction.

(2) *No Valid Quotes*. The Exchange will determine the Theoretical Price if there are no quotes or no valid quotes for comparison purposes. Quotes that are not valid are:

(A) all quotes in the applicable option series published at a time where the last NBB is higher than the last NBO in such series (a "crossed market");

(B) quotes published by the Exchange that were submitted by either party to the transaction in question;

(C) quotes published by another options exchange if either party to the transaction in question submitted the quotes in the series representing such options exchange's best bid or offer, provided that the Exchange will only consider quotes invalid on other options exchanges in up to twenty-five (25) total options series that the party identifies to the Exchange the quotes which were submitted by such party and published by other options exchanges; and

(D) quotes published by another options exchange against which the Exchange has declared self-help.

(3) Wide Quotes.

(A) The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the erroneous transaction was equal to or greater than the Minimum Amount set forth below and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction. If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction then the Theoretical Price of an option series is the last NBB or NBO just prior to the transaction in question, as set forth in paragraph (b) above.

Bid Price at Time of Trade	**Minimum Amount**
Below $2.00	$0.75
$2.00 to $5.00	$1.25
Above $5.00 to $10.00	$1.50
Above $10.00 to $20.00	$2.50
Above $20.00 to $50.00	$3.00
Above $50.00 to $100.00	$4.50

Above $100.00	$6.00

(B) Customer Transactions Occurring Within 10 Seconds or Less After an Opening or Re-Opening:

(i) The Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the Minimum Amount set forth in paragraph (A) above and there was a bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction.

(ii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds prior to the transaction, then the Exchange will determine the Theoretical Price if the bid/ask differential of the NBB and NBO for the affected series just prior to the Customer's erroneous transaction was equal to or greater than the Minimum Amount set forth in paragraph (A) above and there was a bid/ask differential less than the Minimum Amount anytime during the 10 seconds after an opening or re-opening.

(iii) If there was no bid/ask differential less than the Minimum Amount during the 10 seconds following an Opening or Re-Opening, then the Theoretical Price of an option series is the last NBB or NBO just prior to the Customer transaction in question, as set forth in paragraph (b) above.

(iv) Customer transactions occurring more than 10 seconds after an opening or re-opening are subject to paragraph (A) above.

(c) Obvious Errors.

(1) *Definition*. For purposes of this Rule, an Obvious Error will be deemed to have occurred when the Exchange receives a properly submitted filing where the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	**Minimum Amount**
Below $2.00	$0.25
$2.00 to $5.00	$0.40

Above $5.00 to $10.00	$0.50
Above $10.00 to $20.00	$0.80
Above $20.00 to $50.00	$1.00
Above $50.00 to $100.00	$1.50
Above $100.00	$2.00

(2) *Time Deadline*. A party that believes that it participated in a transaction that was the result of an Obvious Error must notify the Exchange's Trade Desk in the manner specified from time to time by the Exchange in a circular distributed to Options Members. Such notification must be received by the Exchange's Trade Desk within the timeframes specified below:

(A) *Customer Orders*. For an execution of a Customer order, a filing must be received by the Exchange within thirty (30) minutes of the execution, subject to sub-paragraph (C) below; and

(B) *"Non-Customer" Orders*. For an execution of any order other than a Customer order, a filing must be received by the Exchange within fifteen (15) minutes of the execution, subject to sub-paragraph (C) below.

(C) *Linkage Trades*. Any other options exchange will have a total of forty-five (45) minutes for Customer orders and thirty (30) minutes for non-Customer orders, measured from the time of execution on the Exchange, to file with the Exchange for review of transactions routed to the Exchange from that options exchange and executed on the Exchange ("linkage trades"). This includes filings on behalf of another options exchange filed by a third-party routing broker if such third-party broker identifies the affected transactions as linkage trades. In order to facilitate timely reviews of linkage trades the Exchange will accept filings from either the other options exchange or, if applicable, the third-party routing broker that routed the applicable order(s). The additional fifteen (15) minutes provided with respect to linkage trades shall only apply to the extent the options exchange that originally received and routed the order to the Exchange itself received a timely filing from the entering participant (i.e., within 30 minutes if a Customer order or 15 minutes if a non-Customer order).

(3) *Official Acting on Own Motion*. An Official may review a transaction believed to be erroneous on his/her own motion in the interest of maintaining a fair and orderly market and for the protection of investors. A transaction reviewed pursuant to this paragraph may be nullified or adjusted only

if it is determined by the Official that the transaction is erroneous in accordance with the provisions of this Rule, provided that the time deadlines of sub-paragraph (c)(2) above shall not apply. The Official shall act as soon as possible after becoming aware of the transaction, and ordinarily would be expected to act on the same day that the transaction occurred. In no event shall the Official act later than 8:30 a.m. Eastern Time on the next trading day following the date of the transaction in question. A party affected by a determination to nullify or adjust a transaction pursuant to this provision may appeal such determination in accordance with paragraph (l) below; however, a determination by an Official not to review a transaction or determination not to nullify or adjust a transaction for which a review was conducted on an Official's own motion is not appealable. If a transaction is reviewed and a determination is rendered pursuant to another provision of this Rule, no additional relief may be granted under this provision.

(4) *Adjust or Bust*. If it is determined that an Obvious Error has occurred, the Exchange shall take one of the actions listed below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) *Non-Customer Transactions*. Where neither party to the transaction is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any non-Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above.

Theoretical Price (TP)	**Buy Transaction Adjustment – TP Plus**	**Sell Transaction Adjustment – TP Minus**
Below $3.00	$0.15	$0.15
At or above $3.00	$0.30	$0.30

(B) *Customer Transactions*. Where at least one party to the Obvious Error is a Customer, the execution price of the transaction will be adjusted by the Official pursuant to the table immediately above. Any Customer Obvious Error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in subparagraph (a)(4) above. However, if such adjustment(s) would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price, the trade will be nullified, subject to sub-paragraph (C) below.

(C) If any Options Member submits requests to the Exchange for review of transactions pursuant to this rule, and in aggregate that Options Member has 200 or more Customer transactions under review concurrently and the orders resulting in such transactions were submitted during the course of 2 minutes or less, where at least one party to the

Obvious Error is a non-Customer, the Exchange will apply the non-Customer adjustment criteria set forth in sub-paragraph (A) above to such transactions.

(d) *Catastrophic Errors*.

(1) *Definition*. For purposes of this Rule, a Catastrophic Error will be deemed to have occurred when the execution price of a transaction is higher or lower than the Theoretical Price for the series by an amount equal to at least the amount shown below:

Theoretical Price	**Minimum Amount**
Below $2.00	$0.50
$2.00 to $5.00	$1.00
Above $5.00 to $10.00	$1.50
Above $10.00 to $20.00	$2.00
Above $20.00 to $50.00	$2.50
Above $50.00 to $100.00	$3.00
Above $100.00	$4.00

(2) *Time Deadline*. A party that believes that it participated in a transaction that was the result of a Catastrophic Error must notify the Exchange's Trade Desk in the manner specified from time to time by the Exchange in a circular distributed to Options Members. Such notification must be received by the Exchange's Trade Desk by 8:30 a.m. Eastern Time on the first trading day following the execution. For transactions in an expiring options series that take place on an expiration day, a party must notify the Exchange's Trade Desk within 45 minutes after the close of trading that same day.

(3) *Adjust or Bust*. If it is determined that a Catastrophic Error has occurred, the Exchange shall take action as set forth below. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone. In the event of a Catastrophic Error, the execution price of the transaction will be adjusted by the Official pursuant to the table below. Any Customer order subject to this sub-paragraph will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price.

Theoretical Price (TP)	**Buy Transaction**	**Sell Transaction**

	Adjustment – TP Plus	**Adjustment – TP Minus**
Below $2.00	$0.50	$0.50
$2.00 to $5.00	$1.00	$1.00
Above $5.00 to $10.00	$1.50	$1.50
Above $10.00 to $20.00	$2.00	$2.00
Above $20.00 to $50.00	$2.50	$2.50
Above $50.00 to $100.00	$3.00	$3.00
Above $100.00	$4.00	$4.00

(e) *Significant Market Events.*

(1) *Definition*. For purposes of this Rule, a Significant Market Event will be deemed to have occurred when: criterion (A) below is met or exceeded or the sum of all applicable event statistics, where each is expressed as a percentage of the relevant threshold in criteria (A) through (D) below, is greater than or equal to 150% and 75% or more of at least one category is reached, provided that no single category can contribute more than 100% to the sum and any category contributing more than 100% will be rounded down to 100%. All criteria set forth below will be measured in aggregate across all exchanges.

(A) Transactions that are potentially erroneous would result in a total Worst-Case Adjustment Penalty of $30,000,000, where the Worst-Case Adjustment Penalty is computed as the sum, across all potentially erroneous trades, of:

(i) $0.30 (i.e., the largest Transaction Adjustment value listed in sub-paragraph (e)(3)(A) below); times

(ii) the contract multiplier for each traded contract; times

(iii) the number of contracts for each trade; times

(iv) the appropriate Size Adjustment Modifier for each trade, if any, as defined in sub-paragraph (e)(3)(A) below.

(B) Transactions involving 500,000 options contracts are potentially erroneous;

(C) Transactions with a notional value (i.e., number of contracts traded multiplied by the option premium multiplied by the contract multiplier) of $100,000,000 are potentially erroneous;

(D) 10,000 transactions are potentially erroneous.

(2) *Coordination with Other Options Exchanges*. To ensure consistent application across options exchanges, in the event of a suspected Significant Market Event, the Exchange shall initiate a coordinated review of potentially erroneous transactions with all other affected options exchanges to determine the full scope of the event. When this paragraph is invoked, the Exchange will promptly coordinate with the other options exchanges to determine the appropriate review period as well as select one or more specific points in time prior to the transactions in question and use one or more specific points in time to determine Theoretical Price. Other than the selected points in time, if applicable, the Exchange will determine Theoretical Price in accordance with paragraph (b) above.

(3) *Adjust or Bust*. If it is determined that a Significant Market Event has occurred then, using the parameters agreed as set forth in sub-paragraph (e)(2) above, if applicable, an Official will determine whether any or all transactions under review qualify as Obvious Errors. The Exchange shall take one of the actions listed below with respect to all transactions that qualify as Obvious Errors pursuant to sub-paragraph (c)(1) above. Upon taking final action, the Exchange shall promptly notify both parties to the trade electronically or via telephone.

(A) The execution price of each affected transaction will be adjusted by an Official to the price provided below unless both parties agree to adjust the transaction to a different price or agree to bust the trade. In the context of a Significant Market Event, any error exceeding 50 contracts will be subject to the Size Adjustment Modifier defined in sub-paragraph (a)(4) above.

Theoretical Price (TP)	**Buy Transaction Adjustment – TP Plus**	**Sell Transaction Adjustment – TP Minus**
Below $3.00	$0.15	$0.15
At or above $3.00	$0.30	$0.30

(B) Where at least one party to the transaction is a Customer, the trade will be nullified if the adjustment would result in an execution price higher (for buy transactions) or lower (for sell transactions) than the Customer's limit price.

(4) *Nullification of Transactions*. If the Exchange, in consultation with other options exchanges, determines that timely adjustment is not feasible due to the extraordinary nature of the situation, then the Exchange will nullify some or all transactions arising out of the Significant Market Event during the review period selected by the Exchange and other options exchanges consistent with this paragraph. To the extent the Exchange, in consultation with other options exchanges, determines to nullify less than all transactions arising out of the Significant Market Event, those transactions subject to nullification will be selected based upon objective criteria with a view toward maintaining a fair and orderly market and the protection of investors and the public interest.

(5) *Final Rulings*. With respect to rulings made pursuant to this paragraph, the number of affected transactions is such that immediate finality is necessary to maintain a fair and orderly market and to protect investors and the public interest. Accordingly, rulings by the Exchange pursuant to this paragraph are non-appealable.

(f) *Trading Halts*. The Exchange shall nullify any transaction that occurs during a trading halt in the affected option on the Exchange pursuant to Rule 20.3.

(g) *Erroneous Print in Underlying*. A trade resulting from an erroneous print(s) disseminated by the underlying market that is later nullified by that underlying market shall be adjusted or busted as set forth in sub-paragraph (c)(4) of this Rule, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. For purposes of this paragraph, a trade resulting from an erroneous print(s) shall mean any options trade executed during a period of time for which one or more executions in the underlying security are nullified and for one second thereafter. If a party believes that it participated in an erroneous transaction resulting from an erroneous print(s) pursuant to this paragraph it must notify the Exchange's Trade Desk within the timeframes set forth in sub-paragraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification by the underlying market(s) of nullification of transactions in the underlying security. If multiple underlying markets nullify trades in the underlying security, the allowed notification timeframe will commence at the time of the first market's notification. For the purposes of this paragraph, the underlying (which includes, but is not limited to, the underlying or related Fund Share(s), HOLDRS(s) and/or index value(s), and/or related futures product(s)) and the relevant underlying market(s) will be designated by the Exchange and announced to Options Members via an Exchange Notice. To qualify for consideration as an "underlying," the Fund Shares or HOLDRS class and related instrument must be derived from or designed to track the same underlying index.

(h) *Erroneous Quote in Underlying*. A trade resulting from an erroneous quote(s) in the underlying security shall be adjusted or busted as set forth in sub-paragraph (c)(4) this Rule, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. An erroneous quote occurs when the underlying security has a width of at least $1.00 and has a width at least five times greater than the average quote width for such underlying security during the time period encompassing

two minutes before and after the dissemination of such quote. For purposes of this paragraph, the average quote width shall be determined by adding the quote widths of sample quotations at regular 15-second intervals during the four-minute time period referenced above (excluding the quote(s) in question) and dividing by the number of quotes during such time period (excluding the quote(s) in question). If a party believes that it participated in an erroneous transaction resulting from an erroneous quote(s) pursuant to this paragraph it must notify the Exchange's Trade Desk in accordance with sub-paragraph (c)(2) above. For the purposes of this paragraph, the underlying (which includes, but is not limited to, the underlying or related Fund Share(s), HOLDRS(s) and/or index value(s), and/or related futures product(s)) and the relevant underlying market(s) will be designated by the Exchange and announced to Options Members via an Exchange Notice. To qualify for consideration as an "underlying," the Fund Shares or HOLDRS class and related instrument must be derived from or designed to track the same underlying index.

(i) *Stop (and Stop-Limit) Order Trades Triggered by Erroneous Trades*. Transactions resulting from the triggering of a stop or stop-limit order by an erroneous trade in an option contract shall be nullified by the Exchange, provided a party notifies the Exchange's Trade Desk in a timely manner as set forth below. If a party believes that it participated in an erroneous transaction pursuant to this paragraph it must notify the Exchange's Trade Desk within the timeframes set forth in sub-paragraph (c)(2) above, with the allowed notification timeframe commencing at the time of notification of the nullification of transaction(s) that triggered the stop or stop-limit order.

(j) *Linkage Trades*. If the Exchange routes an order pursuant to the Plan (as defined in Rule 27.1(18)) that results in a transaction on another options exchange (a "Linkage Trade") and such options exchange subsequently nullifies or adjusts the Linkage Trade pursuant to its rules, the Exchange will perform all actions necessary to complete the nullification or adjustment of the Linkage Trade.

(k) *Verifiable Disruptions or Malfunctions of Exchange Systems*.

(1) Transactions arising out of a "verifiable disruption or malfunction" in the use or operation of any Exchange automated quotation, dissemination, execution, or communication system may either be nullified or adjusted by an Official. Transactions that qualify for price adjustment will be adjusted to Theoretical Price, as defined in paragraph (b) above.

(2) Absent extraordinary circumstances, any such action of an Official pursuant to this paragraph (k) shall be initiated within sixty (60) minutes of the occurrence of the erroneous transaction that resulted from a verifiable disruption or malfunction. Each Options Member involved in the transaction shall be notified as soon as practicable.

(3) Any Options Member aggrieved by the action of an Official taken pursuant to paragraph (k)(1) above, may appeal such action in accordance with the provision of paragraph (l) below.

(l) Appeals.

If an Options Member affected by a determination made under this Rule so requests within the time permitted below, the Obvious Error Panel ("Obvious Error Panel") will review decisions made by the 24X Official under this Rule, including whether an obvious error occurred and whether the correct determination was made.

(1) The Obvious Error Panel will be comprised of the Exchange's Chief Regulatory Officer ("CRO") or a designee of the CRO, a representative of one (1) Options Member engaged in market making (any such representative, a "MM Representative") and representatives from two (2) Options Members satisfying one or both of the criteria set forth as (A) and (B) below (any such representative, a "Non-MM Representative"). To qualify as a representative of an Options Member other than an Options Member engaged in market making, a person must:

(A) be employed by an Options Member whose revenues from options market making activity do not exceed ten percent (10%) of its total revenues; or

(B) have as his or her primary responsibility the handling of Public Customer orders or supervisory responsibility over persons with such responsibility, and not have any responsibilities with respect to market making activities.

(2) In no case shall an Obvious Error Panel include a person affiliated with a party to the trade in question. To the extent reasonably possible, the Exchange shall call upon the designated representatives to participate on an Obvious Error Panel on an equally frequent basis.

(3) A request for review on appeal must be made in writing via e-mail or other electronic means specified from time to time by the Exchange in a circular distributed to Options Members within thirty (30) minutes after the party making the appeal is given notification of the initial determination being appealed. The Obvious Error Panel shall review the facts and render a decision as soon as practicable, but generally on the same trading day as the execution(s) under review. On requests for appeal received after 3:00 p.m. Eastern Time, a decision will be rendered as soon as practicable, but in no case later than the trading day following the date of the execution under review.

(4) The Obvious Error Panel may overturn or modify an action taken by the 24X Official under this Rule. All determinations by the Obvious Error Panel shall constitute final action by the Exchange on the matter at issue.

(5) If the Obvious Error Panel votes to uphold the decision made pursuant to paragraph (1)(1) above, the Exchange will assess a $500.00 fee against the Options Member(s) who initiated the request for appeal. In addition,

in instances where the Exchange, on behalf of an Options Member, requests a determination by another market center that a transaction is clearly erroneous, the Exchange will pass any resulting charges through to the relevant Options Member.

(6) Any determination by an Officer or by the Obvious Error Panel shall be rendered without prejudice as to the rights of the parties to the transaction to submit their dispute to arbitration.

Interpretations and Policies

.01 Limit Up-Limit Down State. An execution will not be subject to review as an Obvious Error or Catastrophic Error pursuant to paragraph (c) or (d) of this Rule if it occurred while the underlying security was in a "Limit State" or "Straddle State," as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act.

Nothing in this provision shall prevent such execution from being reviewed on an Official's own motion pursuant to sub-paragraph (c)(3) of this Rule, or a bust or adjust pursuant to paragraphs (e) through (k) of this Rule.

.02 For the purposes of this Rule, to the extent the provisions of this Rule would result in the Exchange applying an adjustment of an erroneous sell transaction to a price lower than the execution price or an erroneous buy transaction to a price higher than the execution price, the Exchange will not adjust or nullify the transaction, but rather, the execution price will stand.

.03 Exchange Determining Theoretical Price. For purposes of this Rule, when the Exchange must determine Theoretical Price pursuant to sub-paragraphs (b)(1)-(3) of this Rule (i.e., at the open, when there are no valid quotes or when there is a wide quote), then the Exchange will determine Theoretical Price as follows.

(a) The Exchange will request Theoretical Price from the third party vendor defined in paragraph (d) below ("TP Provider") to which the Exchange and all other options exchanges have subscribed. The Exchange will apply the Theoretical Price provided by the TP Provider, except as otherwise described below.

(b) To the extent an Official of the Exchange believes that the Theoretical Price provided by the TP Provider is fundamentally incorrect and cannot be used consistent with the maintenance of a fair and orderly market, the Official shall contact the TP Provider to notify the TP Provider of the reason the Official believes such Theoretical Price is inaccurate and to request a review and correction of the calculated Theoretical Price. The Exchange shall also promptly provide electronic notice to other options exchanges that the TP Provider has been contacted consistent with this paragraph and include a brief explanation of the reason for the request.

(c) An Official of the Exchange may determine the Theoretical Price if the TP Provider has experienced a systems issue that has rendered its services unavailable to accurately calculate Theoretical Price and such issue cannot be corrected in a timely manner.

(d) The current TP Provider to which the Exchange and all other options exchanges have subscribed is: Cboe Livevol, LLC. Neither the Exchange, the TP Provider, nor any affiliate of the TP Provider (the TP Provider and its affiliates are referred to collectively as the "TP Provider"), makes any warranty, express or implied, as to the results to be obtained by any person or entity from the use of the TP Provider pursuant to this Interpretation .03. The TP Provider does not guarantee the accuracy or completeness of the calculated Theoretical Price. The TP Provider disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to such Theoretical Price. Neither the Exchange nor the TP Provider shall have any liability for any damages, claims, losses (including any indirect or consequential losses), expenses, or delays, whether direct or indirect, foreseen or unforeseen, suffered by any person arising out of any circumstance or occurrence relating to the use of such Theoretical Price or arising out of any errors or delays in calculating such Theoretical Price.

.04 Non-applicability. This Rule 20.6 does not apply to binary KPI options.

Rule 20.7. Audit Trail

(a) Order Identification. When entering orders on 24X Options, each Options Member shall submit order information in such form as may be prescribed by the Exchange in order to allow 24X Options to properly prioritize and match orders and report resulting transactions to the Clearing Corporation.

(b) An Options Member must ensure that each options order received from a Customer for execution on 24X Options is recorded and time-stamped immediately. The order record must be time-stamped again on execution and also at the time of any modification or cancellation of the order by the Customer. Order records relating to 24X Options must contain the following information at a minimum:

(1) a unique order identification;

(2) the underlying security;

(3) opening/closing designation;

(4) the identity of the Clearing Member;

(5) Options Member identification;

(6) User Capacity;

(7) identity of the individual/terminal completing the order ticket;

(8) customer identification;

(9) account identification;

(10) buy/sell;

(11) contract volume;

(12) contract month;

(13) exercise price;

(14) put/call;

(15) price or price limit, price range or strategy price;

(16) special instructions; and

(17) such other information as may be required by 24X Options.

(c) An Options Member that employs an electronic system for order routing or order management which complies with 24X Options requirements will be deemed to be complying with the requirements of this Rule if the required information is recorded in electronic form rather than in written form.

(d) In addition to any related requirement under applicable securities laws, information recorded pursuant to this Rule must be retained by Options Members for a period of no less than three (3) years after the date of the transaction.

Rule 20.8. Failure to Pay Premium

(a) When the Clearing Corporation shall reject a 24X Options Transaction because of the failure of the Clearing Member acting on behalf of the purchaser to pay the aggregate premiums due thereon as required by the Rules of the Clearing Corporation, the Options Member acting as or on behalf of the writer shall have the right either to cancel the transaction by giving notice thereof to the Clearing Member or to enter into a closing writing transaction in respect of the same options contract that was the subject of the rejected 24X Options Transaction for the account of the defaulting Clearing Member.

(b) Such action shall be taken as soon as possible, and in any event not later than 10:00 A.M. Eastern Time on the business day following the day the 24X Options Transaction was rejected by the Clearing Corporation.

Rule 20.9. Prohibition on Transactions Off the Exchange

(a) No rule, stated policy, or practice of the Exchange may prohibit or condition, or be construed to prohibit or condition, or otherwise limit, directly or

indirectly, the ability of any Options Member acting as agent to effect any transaction otherwise than on the Exchange with another person (except when such Options Member also is acting as agent for such other person in such transaction) in any equity security listed on the Exchange or to which unlisted trading privileges on the Exchange have been extended.

(b) No rule, stated policy, or practice of the Exchange may prohibit or condition, or be construed to prohibit, condition, or otherwise limit, directly or indirectly, the ability of any Options Member to effect any transaction otherwise than on the Exchange in any reported security listed and registered on the Exchange or as to which unlisted trading privileges on the Exchange have been extended (other than a put option or call option issued by the Clearing Corporation) which is not a covered security.

Rule 20.10. Transfers of Positions

(a) Permissible Transfers. Notwithstanding the prohibition set forth in Rule 20.9, existing positions in options listed on the Exchange of an Options Member or of a non-Member that are to be transferred on, from, or to the books of a Clearing Member may be transferred off the Exchange if the transfer involves one or more of the following events:

(1) an adjustment or transfer in connection with the correction of a bona fide error in the recording of a transaction or the transferring of a position to another account, provided that the original trade documentation confirms the error;

(2) the transfer of positions from one account to another account where no change in ownership is involved (i.e., accounts of the same person (as defined in Rule 1.5)), provided the accounts are not in separate aggregation units or otherwise subject to information barrier or account segregation requirements;

(3) the consolidation of accounts where no change in ownership is involved;

(4) a merger, acquisition, consolidation, or similar non-recurring transaction for a person;

(5) the dissolution of a joint account in which the remaining Options Member assumes the positions of the joint account;

(6) the dissolution of a corporation or partnership in which a former nominee of the corporation or partnership assumes the positions;

(7) positions transferred as part of an Options Member's capital contribution to a new joint account, partnership, or corporation;

(8) the donation of positions to a not-for-profit corporation;

(9) the transfer of positions to a minor under the Uniform Gifts to Minors Act; or the transfer of positions through operation of law from death, bankruptcy, or otherwise.

(b) Netting. Unless otherwise permitted by paragraph (f), when effecting a transfer pursuant to paragraph (a), no position may net against another position ("netting"), and no position transfer may result in preferential margin or haircut treatment.

(c) Transfer Price. The transfer price, to the extent it is consistent with applicable laws, rules, and regulations, including rules of other self-regulatory organizations, and tax and accounting rules and regulations, at which a transfer is effected may be:

(1) the original trade prices of the positions that appear on the books of the transferring Clearing Member, in which case the records of the transfer must indicate the original trade dates for the positions; provided, transfers to correct errors under subparagraph (a)(1) must be transferred at the correct original trade prices;

(2) mark-to-market prices of the positions at the close of trading on the transfer date;

(3) mark-to-market prices of the positions at the close of trading on the trade date prior to the transfer date; or

(4) the then-current market price of the positions at the time the transfer is effected.

(d) Prior Written Notice. An Options Member(s) and its Clearing Member(s) (to the extent that the Options Member is not self-clearing) must submit to the Exchange, in a manner determined by the Exchange, written notice prior to effecting a transfer from or to the account(s) of an Options Member(s), except that notification is not required for transfers effected pursuant to subparagraph (a)(1) or (a)(2) of this Rule.

(1) The notice must indicate (A) the Exchange-listed options positions to be transferred, (B) the nature of the transaction, (C) the enumerated provision(s) under paragraph (a) pursuant to which the positions are being transferred, (D) the name of the counterparty(ies), (E) the anticipated transfer date, (F) the method for determining the transfer price under paragraph (c) above, and (G) any other information requested by the Exchange.

(2) Receipt of notice of a transfer does not constitute a determination by the Exchange that the transfer was effected or reported in conformity with the requirements of this Rule. Notwithstanding submission of written notice to Exchange, Options Members and Clearing Members that effect transfers that do

not conform to the requirements of this Rule will be subject to appropriate disciplinary action in accordance with the Rules.

(e) Records. Each Options Member and each Clearing Member that is a party to a transfer must make and retain records of the information provided in the notice to the Exchange pursuant to subparagraph (d)(1), as well as information on (1) the actual Exchange-listed options transferred; (2) the actual transfer date; and (3) the actual transfer price (and the original trade dates, if applicable). The Exchange may also request the Options Member or Clearing Member to provide other information.

(f) Presidential Exemptions. In addition to the exemptions set forth in paragraph (a) of this Rule, the Exchange President (or senior-level designee) may grant an exemption from the requirement of Rule 20.9, on his or her own motion or upon application of the Options Member (with respect to the Options Member's positions) or a Clearing Member (with respect to positions carried and cleared by the Clearing Member), when, in the judgment of the President or his or her designee, allowing the transfer is necessary or appropriate for the maintenance of a fair and orderly market and the protection of investors and is in the public interest, including due to unusual or extraordinary circumstances, such as the possibility that the market value of the person's positions will be compromised by having to comply with the requirement to trade on the Exchange pursuant to the normal auction process or when, in the judgment of the president or his or her designee, market conditions make trading on the Exchange impractical.

(g) Routine, Recurring Transfers. The transfer procedure set forth in this Rule is intended to facilitate non-routine, non-recurring movements of positions and is not to be used repeatedly or routinely, except for transfers between accounts of the same person pursuant to subparagraph (a)(2). The transfer procedure may not be used in circumvention of the normal auction process.

(h) Exchange-Listed Options. The transfer procedure set forth in this Rule is only applicable to positions in options listed on the Exchange. Transfers of positions in Exchange-listed options may also be subject to applicable laws, rules, and regulations, including rules of other self-regulatory organizations. Transfers of non-Exchange listed options and other financial instruments are not governed by this Rule.

Rule 20.11. Off-Exchange RWA Transfers

Notwithstanding Rule 20.9, existing positions in options listed on the Exchange of an Options Member or non-Member (including an affiliate of an Options Member) may be transferred on, from, or to the books of a Clearing Member off the Exchange if the transfer establishes a net reduction of risk-weighted assets attributable to those the Options Member or non-Member's options positions (an "RWA Transfer").

(a) RWA Transfers include, but are not limited to: (1) a transfer of options positions from Clearing Corporation member A to Clearing Corporation member B that net (offset) with positions held at Clearing Corporation member B, and thus closes all or

part of those positions, and (2) a transfer of positions from a bank-affiliated Clearing Corporation member to a nonbank-affiliated Clearing Corporation member.

(b) RWA Transfers may occur on a routine, recurring basis.

(c) RWA Transfers may result in the netting of positions.

(d) No RWA Transfer may result in preferential margin or haircut treatment.

(e) No RWA Transfer may result in a change in ownership (i.e., an RWA transfer must occur between accounts of the same person (as defined in Rule 1.5)).

(f) No prior written notice to the Exchange is required for RWA Transfers.

(g) Off-Exchange transfers of positions in Exchange-listed options may be subject to applicable laws, rules, and regulations, including rules of other self-regulatory organizations. Transfers of non-Exchange listed options and other financial instruments are not governed by this Rule.

Rule 20.12. In-Kind Exchange of Options Positions and Fund Shares and UIT Interests

Notwithstanding Rule 20.9, positions in options listed on the Exchange may be transferred off the Exchange by an Options Member in connection with transactions (a) to purchase or redeem creation units of Fund Shares between an authorized participant and the issuer of such Fund Shares or (b) to create or redeem units of a unit investment trust ("UIT") between a broker-dealer and the issuer of such UIT units, which transfers would occur at the price(s) used to calculate the net asset value of such Fund Shares or UIT units, respectively. For purposes of this Rule:

(a) an "authorized participant" is an entity that has a written agreement with the issuer of Fund Shares or one of its service providers, which allows the authorized participant to place orders for the purchase and redemption of creation units (i.e., specified numbers of Fund Shares);

(b) an "issuer of Fund Shares" is an entity registered with the Commission as an open-end management investment company under the Investment Company Act of 1940; and

(c) an "issuer of UIT units" is a trust registered with the Commission as a unit investment trust under the Investment Company Act of 1940.

CHAPTER 21. TRADING SYSTEMS

Rule 21.1. Definitions

The following definitions apply to Chapter 21 for the trading of options listed on 24X Options.

(a) The term "System" shall mean the automated system for order execution and trade reporting owned and operated by the Exchange. The System comprises:

(1) an order execution service that enables Users to automatically execute transactions in System Securities; and provides Users with sufficient monitoring and updating capability to participate in an automated execution environment;

(2) a trade reporting service that submits "locked-in" trades for clearing to a registered clearing agency for clearance and settlement; transmits last-sale reports of transactions automatically to the Options Price Reporting Authority for dissemination to the public and industry, and provides participants with monitoring and risk management capabilities to facilitate participation in a "locked-in" trading environment; and

(3) a data feed(s) that can be used to display without attribution to Users' orders on both the bid and offer side of the market for price levels then within 24X Options using the minimum price variation applicable to that security.

(b) The term "System Securities" shall mean all options that are currently trading on 24X Options pursuant to Chapter 19 above.

(c) The term "Order" shall mean a single order (including a bulk message) submitted to the System by a User designated for display (price and size) on an anonymous basis by the Exchange.

(d) The term "Order Type" shall mean the unique processing prescribed for designated orders, subject to the restrictions set forth in paragraph (l) below with respect to bulk messages, that are eligible for entry into the System. An Order Type applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following Order Types are available on a class or system basis.

(1) "Limit Orders" are orders (including bulk messages) to buy or sell an option at a specified price or better. A Limit Order is marketable when, for a Limit Order to buy, at the time it is entered into the System, the order is priced at the current inside offer or higher, or for a Limit Order to sell, at the time it is entered into the System, the order is priced at the current inside bid or lower.

(2) "Market Orders" are orders to buy or sell at the best price available at the time of execution. Market Orders to buy or sell an option traded on 24X

Options will be rejected if they are received when the underlying security is subject to a "Limit State" or "Straddle State" as defined in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS under the Act (the "Limit Up-Limit Down Plan"). Bulk messages may not be Market Orders.

(e) The term "Handling Instruction" shall mean an additional instruction a User designates on an order, subject to the restrictions set forth in paragraph (l) below with respect to bulk messages. A Handling Instruction applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the Rules or the context indicates otherwise, the Exchange determines which of the following Handling Instructions are available on a class or system basis.

(1) "Book Only" is an instruction that an order is to be ranked and executed on the Exchange pursuant to Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange. Users may designate bulk messages as Book Only as set forth in paragraph (l) below.

(2) "Post Only" is an instruction that an order is to be ranked and executed on the Exchange pursuant to Rule 21.8 (Order Display and Book Processing) or cancelled, as appropriate, without routing away to another options exchange except that the order will not remove liquidity from the 24X Options Book. The System cancels or rejects a bid (offer) designated as Post Only with a price that locks or crosses the Exchange's best offer (bid). A Market Order cannot be designated as Post Only. Users may designate bulk messages as Post Only as set forth in paragraph (l) below.

(3) "Intermarket Sweep Orders" or "ISO" are orders that shall have the meaning provided in Rule 27.1 (Definitions). Such orders may be executed at one or multiple price levels in the System without regard to Protected Quotations at other options exchanges (i.e., may trade through such quotations). The Exchange relies on the marking of an order as an ISO order when handling such order, and thus, it is the entering Options Member's responsibility, not the Exchange's responsibility, to comply with the requirements relating to ISOs. ISOs are not eligible for routing pursuant to Rule 21.9 (Order Routing). A Market Order cannot be designated as an Intermarket Sweep Order. Users may not designate bulk messages as ISOs.

(f) The term "Order Size" shall mean the number of contracts up to 999,999 associated with the Order.

(g) The term "Time-in-Force" shall mean the period of time that the System will hold an order, subject to the restrictions set forth in paragraph (l) below with respect to bulk messages, for potential execution. A Time-in-Force applied to a bulk message applies to each bid and offer within that bulk message. Unless otherwise specified in the

Rules or the context indicates otherwise, the Exchange determines which of the following Times-in-Force are available on a class or system basis.

(1) "Immediate Or Cancel" or "IOC" shall mean, for an order so designated, an order that is to be executed in whole or in part as soon as such order is received. The portion not so executed immediately on the Exchange or another options exchange is cancelled and is not posted to the 24X Options Book. IOC orders that are not designated as Book Only and that cannot be executed in accordance with Rule 21.8 on the System when reaching the Exchange will be eligible for routing away pursuant to Rule 21.9. Users may designate bulk messages as IOC.

(2) "Day" shall mean, for an order so designated, an order to buy or sell which, if not executed, expires at market close. Users may designate bulk messages as Day.

(h) The term "Match Trade Prevention ("MTP") modifier" shall mean a modifier appended to an order that restricts interactions with contra-side orders as set forth below. Any incoming order designated with an MTP modifier will be prevented from executing against a resting opposite side order also designated with an MTP modifier and originating from the same executing firm ID ("EFID"), Exchange Member identifier, trading group identifier, or Exchange Sponsored Participant identifier (any such identifier, a "Unique Identifier"). The MTP modifier on the incoming order controls the interaction between two orders marked with MTP modifiers. Subject to the restrictions set forth in paragraph (l) below with respect to bulk messages, orders may contain the following MTP modifiers:

(1) MTP Cancel Newest ("MCN"). An incoming order marked with the "MCN" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The incoming order marked with the MCN modifier will be cancelled back to the originating User(s). The resting order marked with an MTP modifier will remain on the 24X Options Book. Users may designate bulk messages as MCN, as set forth in paragraph (l) below.

(2) MTP Cancel Oldest ("MCO"). An incoming order marked with the "MCO" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The resting order marked with the MTP modifier will be cancelled back to the originating User(s). The incoming order marked with the MCO modifier will remain on the 24X Options Book. Users may designate bulk messages as MCO, as set forth in paragraph (l) below.

(3) MTP Cancel Both ("MCB"). An incoming order marked with the "MCB" modifier will not execute against opposite side resting interest marked with any MTP modifier originating from the same Unique Identifier. The entire

size of both orders will be cancelled back to the originating User(s). Users may designate bulk messages as MCB, as set forth in paragraph (l) below.

(i) The term "Price Adjust" shall mean the re-pricing mechanism through which the System re-prices orders to comply with the order protection and trade through restrictions of the Options Order Protection and Locked/Crossed Market Plan, as further described below.

(1) An order that, at the time of entry, would lock or cross a Protected Quotation of another options exchange or the Exchange will be ranked and displayed by the System at one minimum price variation below the current NBO (for bids) or to one minimum price variation above the current NBB (for offers) ("Price Adjust").

(2) In the event the NBBO changes such that an order subject to Price Adjust would not lock or cross a Protected Quotation, the order will receive a new timestamp, and will be displayed at the price that originally locked the NBO (for bids) or NBB (for offers) on entry. All orders that are re-ranked and re-displayed pursuant to Price Adjust will retain their priority as compared to other orders subject to Price Adjust based upon the time such orders were initially received by the Exchange. Following the initial ranking and display of an order subject to Price Adjust, an order will only be re-ranked and re-displayed to the extent it achieves a more aggressive price.

(3) The ranked and displayed price of an order subject to Price Adjust may be adjusted once or multiple times depending upon the instructions of a User and changes to the prevailing NBBO.

(j) The term "EFIDs" means Executing Firm IDs and shall refer to what the System uses to identify the User and the clearing number for the execution of orders and quotes submitted to the System with that EFID. A User may obtain one or more EFIDs from the Exchange (in a form and manner determined by the Exchange). The Exchange assigns an EFID to its Users.

(1) Each EFID corresponds to a single User and a single clearing number of a Clearing Member with the Clearing Corporation.

(2) A User may obtain multiple EFIDs, which may be for the same or different clearing numbers.

(3) A User is able (in a form and manner determined by the Exchange) to designate which of its EFIDs may be used for each of its ports. If a User submits an order or quote through a port with an EFID not enabled for that port, the System cancels or rejects the order or quote.

(k) The term "port" includes the following types of ports:

(1) A "physical port" provides a physical connection to the System. A physical port may provide access to multiple logical ports.

(2) A "logical port" or "application session" provides Users with the ability within the System to accomplish a specific function through a connection, such as order entry, data receipt, or access to information.

(l) The term "bulk message" shall mean a bid or offer included in a single electronic message a User submits with a Market Maker Capacity to the Exchange in which the User may enter, modify, or cancel up to an Exchange-specified number of bids and offers (which number the Exchange announces via Exchange notice and publicly available technical specifications). The System handles a bulk message in the same manner as it handles an order or quote, unless the Rules specify otherwise. Users may submit bulk messages through a logical port, subject to the following:

(1) bulk messages must contain a Time-in-Force of Day or IOC;

(2) a Market Maker with an appointment in a class must designate a bulk message for that class as Post Only or Book Only, and a non-appointed Market Maker must designate a bulk message for that class as Post Only;

(3) the System cancels or rejects a Post Only bulk message bid (offer) with a price that locks or crosses the Exchange best offer (bid) or ABO (ABB);

(4) the System executes a Book Only bulk message bid (offer) that locks or crosses the ABO (ABB) against offers (bids) resting in the Book at prices the same as or better than the ABO (ABB) and then cancels the unexecuted portion of that bid (offer).

(m) The term "Cancel Back" shall mean an instruction a User designates on an order (including bulk messages) to not be subject to the Price Adjust process pursuant to paragraph (i) above. The System cancels or rejects an order with a Cancel Back instruction (immediately at the time the System receives the order or upon return to the System after being routed away) if displaying the order on the Book would create a violation of Rule 27.3, or if the order cannot otherwise be executed or displayed in the Book at its limit price. The System executes a Book Only – Cancel Back order against resting orders.

Rule 21.2. Days and Hours of Business

(a) The Exchange will begin accepting orders after 9:30 a.m. Eastern Time, as described in Rule 21.7. Orders and bids and offers shall be open and available until 4:00 p.m. Eastern Time except for option contracts on Fund Shares, as defined in Rule 19.3(i), and option contracts on exchange-traded notes including Index-Linked Securities, as defined in Rule 19.3(l).

(b) Except as set forth in paragraph (a) above or in unusual conditions as may be determined by the Exchange, hours during which transactions in options on individual stocks may be made on 24X Options shall correspond to the normal business days and hours for business set forth in the rules of the primary market trading the securities underlying options traded on 24X Options.

(c) 24X Options shall not be open for business on any holiday observed by the Exchange.

Rule 21.3. Units of Trading

The unit of trading in each series of options traded on 24X Options shall be the unit of trading established for that series by the Clearing Corporation pursuant to the Rules of the Clearing Corporation and the agreements of the Exchange with the Clearing Corporation.

Rule 21.4. Meaning of Premium Quotes and Orders

(a) General. Except as provided in paragraph (b), orders shall be expressed in terms of dollars per unit of the underlying security. For example, a bid of "5" shall represent a bid of $500 for an options contract having a unit of trading consisting of 100 shares of an underlying security, or a bid of $550 for an options contract having a unit of trading consisting of 110 shares of an underlying security.

(1) *Mini Options*. Bids and offers for an option contract overlying 10 shares shall be expressed in terms of dollars per 1/10th part of the total value of the contract. An offer of ".50" shall represent an offer of $5.00 on an option contract having a unit of trading consisting of 10 shares.

(b) Special Cases. Orders for an options contract for which 24X Options has established an adjusted unit of trading in accordance with Rule 21.3 (Units of Trading) shall be expressed in terms of dollars per 1/100 part of the total securities and/or other property constituting such adjusted unit of trading. For example, an offer of "3" shall represent an offer of $300 for an options contract having a unit of trading consisting of 100 shares of an underlying security plus ten (10) rights.

Rule 21.5. Minimum Increments

(a) The following principles apply to the minimum quoting increments for options contracts traded on 24X Options: (1) if the options series is trading at less than $3.00, five (5) cents; (2) if the options series is trading at $3.00 or higher, ten (10) cents; and (3) if the options series is trading pursuant to the Penny Interval Program one (1) cent if the options series is trading at less than $3.00, five (5) cents if the options series is trading at $3.00 or higher, unless for QQQ, SPY, or IWM where the minimum quoting increment will be one cent for all series regardless of price.

(b) The minimum trading increment for options contracts traded on 24X Options will be one (1) cent for all series.

(c) *Mini Options*. Notwithstanding any other provision of this Rule, the minimum trading increment for Mini Options shall be determined in accordance with Interpretations and Policies .07 to Rule 19.5.

(d) Requirements for Penny Interval Program. The Exchange will list option classes for the Penny Interval Program ("Penny Program") with minimum quoting requirements ("penny increments") of one cent ($0.01) and five cents ($0.05), as set forth in paragraph (a) above. The list of the option classes included in the Penny Program will be announced by the Exchange via a circular distributed to Options Members and published by the Exchange on its website.

(1) *Initial Selection*. The Penny Program will apply only to the 363 most actively traded multiply listed option classes, based on OCC's National Cleared Volume, that (i) currently quote in penny increments, or (ii) overlie securities priced below $200, or any index at an index level below $200. Eligibility for inclusion in the Penny Program will be limited to those classes already operating under penny programs of other options exchanges at the time 24X Options is launched.

(2) *Annual Review*. In December of each year, OCC will rank all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

(A) Addition to the Penny Program. Based on the Annual Review, any option class not in the Penny Program that is among the 300 most actively traded multiply listed option classes overlying securities priced below $200, or an index at an index level below $200, will be added to the Penny Program on the first trading day of January.

(B) Removal from the Penny Program. Except as provided in subparagraphs (d)(3) – (6) below, based on the Annual Review, any option class in the Penny Program that falls outside the 425 most actively traded multiply listed option classes will be removed from the Penny Program on the first trading day of April.

(3) *Newly listed Option Classes*. The Exchange may add to the Penny Program a newly listed option class provided that (i) it is among the 300 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in its first full calendar month of trading and (ii) the underlying security is priced below $200 or the underlying index is at an index level below $200. Any option class added under this provision will be added on the first trading day of the month after it qualifies and will remain in the Penny Program for one full calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(4) *Classes with Significant Growth in Activity*. The Exchange may add any option class to the Penny Program, provided that (i) it is among the 75 most actively traded multiply listed option classes, as ranked by National Cleared Volume at OCC, in the past six full calendar months of trading and (ii) the underlying security is priced below $200 or the underlying index is at an index level below $200. Any option class added under this provision will be added on the first trading day of the second full month after it qualifies and will remain in the Penny Program for the rest of the calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(5) *Corporate Actions*. If a corporate action involves one or more option classes in the Penny Program, all adjusted and unadjusted series of the option class will be included in the Penny Program. Any new option class added to the Penny Program under this provision will remain in the Penny Program for at least one full calendar year, after which it will be subject to the Annual Review stated in subparagraph (d)(2) above.

(6) *Delisted or Ineligible Option Classes*. Any series in an option class participating in the Penny Program in which the underlying security has been delisted, or are identified by OCC as ineligible for opening customer transactions, will continue to quote pursuant to the terms of the Penny Program until all such options have expired.

Rule 21.6. Entry of Orders

Users can enter orders into the System, subject to the following requirements and conditions:

(a) Users shall be permitted to transmit to the System multiple orders at a single as well as multiple price levels. However, a User may enter only one bid and one offer for a series per EFID using bulk messages.

(b) The System shall time-stamp an order which shall determine the time ranking of the order for purposes of processing the order.

(c) Orders can be entered into the System (or previously entered orders cancelled) after 9:30 a.m. Eastern Time, subject to Rule 21.7, until market close. Orders received prior to the opening of the System will be cancelled.

(d) For each System Security, the aggregate size of all orders at the best price to buy and sell resident in the System and eligible for display will be transmitted for display to the appropriate network processor.

(e) Subject to the exceptions contained in paragraph (b) of Rule 27.2 (Order Protection), an order will not be executed at a price that trades through another options exchange. An order that is designated by an Options Member as routable will be routed in compliance with applicable Trade-Through restrictions.

(f) Any order entered with a price that would lock or cross a Protected Quotation of another options exchange that is not eligible for either routing or the Price Adjust Process as defined in paragraph (i) of Rule 21.1 will be cancelled.

Rule 21.7. Market Opening Procedures

(a) The System shall open options for trading after the System's observation after 9:30 a.m. Eastern Time of both: (i) the first transaction on the primary listing market in the security underlying the option, and (ii) the Limit Up-Limit Down price bands applicable to the security underlying the option as disseminated by the applicable Securities Information Processor ("SIP").

(b) In the event the underlying security has not opened within a reasonable time after 9:30 a.m. Eastern Time, the Exchange shall determine the cause of the delay. The beginning of trading of options contracts in such class shall be delayed until the market for the underlying security has opened unless the Exchange determines that the interests of a fair and orderly market are best served by opening trading in the options contracts.

(c) The Exchange may delay the commencement of trading in any class of options in the interests of a fair and orderly market.

Rule 21.8. Order Display and Book Processing

All bids or offers made and accepted on 24X Options in accordance with the Rules shall constitute binding contracts, subject to applicable requirements of the Exchange Rules and the Rules of the Clearing Corporation.

A System order is an order that is entered into the System for display and/or execution as appropriate. Such orders are executable against marketable contra-side orders in the System. System orders shall be executed through the 24X Options Book Process set forth below:

(a) Execution Algorithm — Price/Time — The System shall execute trading interest within the System in price/time priority, meaning it will execute all trading interest at the best price level within the System before executing trading interest at the next best price. Trading interest will be executed with the order clearly established as the first entered into the System at each price level having priority up to the number of contracts specified in the order.

(b) Price Improvement — any potential price improvement resulting from an execution in the System shall accrue to the party that is removing liquidity previously posted to the 24X Options Book.

(c) 24X Options — listed options that are the subject of a trading halt initiated pursuant to Rule 20.3 (Trading Halts) shall open for trading at the time specified by the Exchange pursuant to Rule 20.4. When the System opens, orders shall be added to the

24X Options Book in time priority and executed as described in paragraph (a) above. Rule.

(d) Match Trade Prevention. Pursuant to Rule 21.1(h), Users may direct that orders entered into the System not execute against orders entered under the same Unique Identifier. In such a case, the System will not permit such orders to execute against one another, regardless of priority ranking.

Rule 21.9. Order Routing

(a) General. For System securities, the order routing process shall be available to Users from 9:30 a.m. Eastern Time until market close, and shall route orders as follows. Users can designate orders that have not been executed in full by the System pursuant to Rule 21.8(a) above as either available for routing or not available for routing. Orders designated as not available for routing and bulk messages, which are not eligible for routing, shall follow the book processing rules set forth in Rule 21.8 (Order Display and Book Processing) above.

(1) *Routing of Market Orders*. With respect to an order that is eligible for routing, the System will designate Market Orders as IOC or ISO with a limit price and will cause such orders to be routed to one or more options exchanges for potential execution, per the entering User's instructions, in compliance the Options Order Protection and Locked/Crossed Market Plan. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will cancel any unexecuted portion back to the User.

(2) *Routing of Marketable Limit Orders*. With respect to an order that is eligible for routing, the System will designate marketable Limit Orders as IOC or ISO with a limit price and will cause such orders to be routed for execution to one or more options exchanges for potential execution, per the entering User's instructions, in compliance the Options Order Protection and Locked/Crossed Market Plan. After the System receives responses to orders that were routed away, to the extent an order is not executed in full through the routing process, the System will process the balance of such order as follows. Depending on parameters set by the User when the incoming order was originally entered, the System will either: (i) process the unfilled balance of an order as an order with a Book Only instruction subject to the price adjust process as defined in Rule 21.1(i), if applicable, or (ii) repeat the process described above by executing against the 24X Options Book and/or routing orders to other options exchanges until the original, incoming order is executed in its entirety or its limit price is reached. If the order's limit price is reached, the order will be posted in the 24X Options Book.

(3) *Routing Table*. The System will consider the quotations only of accessible markets when routing. The term "System routing table" refers to the proprietary process for determining the specific options exchanges to which the

System routes orders and the order in which it routes them. The Exchange reserves the right to route orders simultaneously or sequentially and to modify the System routing table at any time without notice.

(b) Priority of Routed Orders. Orders that have been routed by the System to other options exchanges are not ranked and maintained in the 24X Options Book pursuant to Rule 21.8, and therefore are not available to execute against incoming orders. Once routed by the System, an order becomes subject to the rules and procedures of the destination options exchange including, but not limited to, order cancellation. If a routed order is subsequently returned, in whole or in part, that order, or its remainder, shall receive a new time stamp reflecting the time of its return to the System.

(c) Users whose orders are routed to other options exchanges shall be obligated to honor such trades that are executed on other options exchanges to the same extent they would be obligated to honor a trade executed on 24X Options.

(d) Reserved.

(e) Routing Services. The Exchange will route orders to other options exchanges in conjunction with one or more routing brokers that are not affiliated with the Exchange ("Routing Services") as described in this paragraph (e). In connection with such services, the following shall apply:

(1) For each routing broker used by the Exchange, an agreement will be in place between the Exchange and the routing broker that will, among other things, restrict the use of any confidential and proprietary information that the routing broker receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.

(2) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the routing broker, and any other entity, including any affiliate of the routing broker, and, if the routing broker or any of its affiliates engages in any other business activities other than providing routing services to the Exchange, between the segment of the routing broker or affiliate that provides the other business activities and the segment of the routing broker that provides the routing services.

(3) The Exchange may not use a routing broker for which the Exchange or any affiliate of the Exchange is the designated examining authority.

(4) The Exchange will provide its Routing Services in compliance with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its members and issuers and other persons

using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

(5) For all Routing Services, the Exchange will determine the logic that provides when, how, and where orders are routed away to other options exchanges.

(6) The routing broker will receive routing instructions from the Exchange, to route orders to other options exchanges and report such executions back to the Exchange. The routing broker cannot change the terms of an order or the routing instructions, nor does the routing broker have any discretion about where to route an order.

(7) Any bid or offer entered on the Exchange routed to another options exchange via a routing broker that results in an execution shall be binding on the User that entered such bid/offer.

(f) *Market Access*. In addition to the Exchange Rules regarding routing to away options exchanges, the Routing Services, as defined in Rule 2.11, has pursuant to Rule 15c3-5 under the Act, have implemented certain tests designed to mitigate the financial and regulatory risks associated with providing the Exchange's Users with access to such away options exchanges. If an order or series of orders are deemed to be erroneous or duplicative, would cause the entering User's credit exposure to exceed a preset credit threshold, or are non-compliant with applicable pre-trade regulatory requirements (as defined in Rule 15c3-5), the Routing Services will reject such orders prior to routing and/or seek to cancel any orders that have been routed.

Rule 21.10. Anonymity

(a) Aggregated and individual transaction reports produced by the System will indicate the details of a User's transactions, including the contra party's EFID, capacity, and clearing firm account number.

(b) The Exchange shall reveal a User's identity when a registered clearing agency ceases to act for a participant, or the User's clearing firm, and the registered clearing agency determines not to guarantee the settlement of the User's trades.

(c) The Exchange shall reveal a User's identity for regulatory purposes or to comply with an order of an arbitrator or court.

Rule 21.11. Transaction Price Binding

The price at which an order is executed shall be binding notwithstanding that an erroneous report in respect thereto may have been rendered, or no report rendered. A report shall not be binding if an order was not actually executed but was reported to have been executed in error.

Rule 21.12. Clearing Member Give Up

(a) *General*. For each transaction in which a User participates, the User may indicate, at the time of the trade or through post-trade allocation, any Options Clearing Corporation ("OCC") number of the Clearing Member through which the transaction will be cleared ("give up"). The Clearing Member that is given up must be a Designated Give Up or a Guarantor of the User as set forth in paragraph (b) below. Clearing Members may elect to Opt In, as defined and described in paragraph (c) below, and restrict one or more of its OCC number(s) ("Restricted OCC Number"). A User may give up a Restricted OCC Number provided the User has written authorization as described in paragraph (c)(2) below ("Authorized User") and provided the Restricted OCC Number belongs to a Designated Give Up of the User.

(b) Designated Give Ups.

(1) *Definition of Designated Give Up*. For purposes of this Rule, a Designated Give Up of a User refers to a Clearing Member identified to the Exchange by that User as a Clearing Member the User requests the ability to give up and that has been processed by the Exchange as a Designated Give Up.

(2) *Definition of Guarantor*. For purposes of this Rule, a "Guarantor" of an executing User refers to a Clearing Member that has issued a Letter of Guarantee for the executing User under the Rules of the Exchange that are in effect at the time of the execution of the applicable trade.

(3) *Identification of Designated Give Up*. Every User (other than a Market Maker) must identify, in a form and manner prescribed by the Exchange and in advance of giving up any Clearing Member that is not a Guarantor for the User, any Designated Give Ups. A User shall only give up (A) a Clearing Member that has previously been identified and processed by the Exchange as a Designated Give Up for that User, provided that the Designated Give Up has not Opted In, or provided that the User is an Authorized User of that Designated Give Up, or (B) a Guarantor for that User.

(4) *Non Market Makers*. Any User (other than a Market Maker) may designate, pursuant to subparagraph (b)(3) above, any Clearing Member other than its Guarantor, as a Designated Give Up.

(5) *Market Makers*. For each transaction in which a Market Maker participates, a Guarantor of the Market Maker shall be the Clearing Member through which the transaction will be cleared.

(6) *Guarantors*. A Guarantor for a User will be enabled to be given up for that User without any further action by the Clearing Member or User.

(7) *Removal of Designated Give Up*. If a User (other than a Market Maker) no longer wants the ability to give up a particular Designated Give Up, the User must notify the Exchange, in a form and manner prescribed by the Exchange.

(c) *Opt In*. Clearing Members may request the Exchange restrict one or more of their OCC clearing numbers ("Opt In") as described in subparagraph (c)(1) below. If a Clearing Member Opts In, the Exchange will require written authorization from the Clearing Member permitting a User to give up a Clearing Member's Restricted OCC Number. An Opt In would remain in effect until the Clearing Member terminates the Opt In as described in subparagraph (c)(3) below. If a Clearing Member does not Opt In, that Clearing Member's OCC number would be subject to give up by any User.

(1) *Clearing Member Process to Opt In*. A Clearing Member may Opt In by sending a completed "Clearing Member Restriction Form" listing all Restricted OCC Numbers and Authorized Users. A Clearing Member may elect to restrict one or more OCC clearing numbers that are registered in its name at OCC. The Clearing Member would be required to submit the Clearing Member Restriction Form to the Exchange's Membership Department as described on the form. Once submitted, the Exchange requires ninety days before a Restricted OCC Number is effective within the System.

(2) *User Give Up Process for Restricted OCC Numbers*. A User desiring to give up a Restricted OCC Number must become an Authorized User. The Clearing Member will be required to authorize a User as described in subparagraph (1) or (3), unless the Restricted OCC Number is already subject to a Letter of Guarantee that the User is a party to.

(3) *Amendments to Authorized Users or Restricted OCC Numbers*. A Clearing Member may amend its Authorized Users or Restricted OCC Numbers by submitting a new Clearing Member Restriction Form to the Exchange's Membership Department indicating the amendment as described on the form. Once a Restricted OCC Number is effective within the System pursuant to paragraph (1) above, the Exchange may permit the Clearing Member to authorize, or remove authorization for, a User to Give Up the Restricted OCC Number intra-day only in unusual circumstances, and on the next business day in all regular circumstances. The Exchange will promptly notify Users if they are no longer authorized to give up a Clearing Member's Restricted OCC Number. If a Clearing Member removes a Restricted OCC Number, any User may give up that OCC clearing number once the removal has become effective on or before the next business day, provided that the User has identified the Clearing Member as a Designated Give Up.

(d) *System*. The Exchange's trading systems shall only accept orders that identify an effective Designated Give Up or a Guarantor. For any Restricted OCC Number, the Exchange's trading systems will only accept orders for that number from an Authorized User that has also designated that Clearing Member as a Designated Give Up.

(e) *Notice*. The Exchange shall notify a Clearing Member, in writing and as soon as practicable, of each User that has identified the Clearing Member as a Designated Give Up pursuant to subparagraph (b)(3) above. The Exchange shall notify a User, in

writing and as soon as practicable, of each Clearing Member that has identified the User as an Authorized User pursuant to subparagraph (c) above.

(f) *Other Give Up Changes*.

(1) *Give Up Changes Made by Executing User*. If the executing User has the ability through an Exchange system to do so, the User may change the give up on the trade to another Designated Give Up, provided it's an Authorized User for any Restricted OCC Number, or to its Guarantor. The ability of an executing User to make any give up change will end at the trade input cutoff time established by the Clearing Corporation (or fifteen minutes thereafter if the Exchange receives and is able to process a request to extend its time of final trade submission to the Clearing Corporation) ("Trade Date Cutoff Time").

(2) *Give Up Changes Made by Designated Give Up to Affiliates and Back Office Agents*. If a Designated Give Up has the ability through an Exchange system to do so, the Designated Give Up may change the give up on a trade to (A) another Clearing Member affiliated with the Designated Give Up or (B) a Clearing Member that is a back office agent for the Designated Give Up. The ability to make such a change will end at the Trade Date Cutoff Time.

(3) *Give Up Changes Made by Designated Give Ups or Guarantors and Clearing Members on T+1*. If a Designated Give Up (or Guarantor) and a Clearing Member have the ability through an Exchange system to do so, the Designated Give Up (or Guarantor) and Clearing Member may each enter trade records into the Exchange's systems on the next trading day ("T+1") that would effect a transfer of a trade in nonexpired option series from that Designated Give Up (or Guarantor) to that Clearing Member. The ability to make such a change will end at 12:00 p.m. Eastern Time on T+1 ("T+1 Cutoff Time"). The Designated Give Up (or Guarantor) will notify the Exchange and all the parties to the trade, in writing, of any such change.

(g) *Responsibility*. For purposes of the Rules of the Exchange, a Clearing Member will be financially responsible for all trades for which it is the give up at the Applicable Cutoff Time. Nothing in this Rule will preclude a different party from being responsible for the trade outside of the Rules of the Exchange pursuant to the Rules of the Options Clearing Corporation, any agreement between the applicable parties, other applicable rules and regulations, arbitration, court proceedings or otherwise. For purposes of this Rule, the "Applicable Cutoff Time" shall refer to the Cutoff Time for non-expiring option series and to the Trade Date Cutoff Time for expiring option series.

(h) *Misuse*. An intentional misuse of this Rule is impermissible, and may be treated as a violation of Rule 3.1.

Interpretations and Policies

.01 Nothing herein will be deemed to preclude the clearance of Exchange transactions by a non-User pursuant to the By-Laws of the Options Clearing Corporation so long as a Clearing Member who is a User is also designated as having responsibility under these Rules for the clearance of such transactions.

Rule 21.13. Submission for Clearance

(a) All options transactions effected on 24X Options shall be submitted for clearance to the Clearing Corporation, and all such transactions shall be subject to the Rules of the Clearing Corporation. Every Clearing Member shall be responsible for the clearance of 24X Options Transactions of such Clearing Member and of each User that gives up such Clearing Member's name pursuant to a letter of authorization, letter of guarantee or other authorization given by such Clearing Member to such User, which authorization must be submitted to the Exchange.

(b) On each business day at or prior to such time as may be prescribed by the Clearing Corporation, 24X Options shall furnish the Clearing Corporation a report of each Clearing Member's matched trades.

Rule 21.14. Message Traffic Mitigation

For the purpose of message traffic mitigation, based on 24X Options' traffic with respect to target traffic levels and in accordance with 24X Options' overall objective of reducing both peak and overall traffic:

(a) 24X Options will periodically delist options with an average daily volume ("ADV") of less than 100 contracts. The Exchange will, on a monthly basis, determine the ADV for each series listed on 24X Options and delist the current series and not list the next series after expiration where the ADV is less than 100 contracts. For options series traded solely on 24X Options, the Exchange will delay delisting until there is no open interest in that options series.

(b) 24X Options will implement a process by which an outbound quote message that has not been sent, but is about to be sent, will not be sent if a more current quote message for the same series is available for sending. This replace on queue functionality will be applied to all options series listed on 24X Options in real time and will not delay the sending of any messages.

(c) 24X Options will also prioritize price update messages and send out price updates before sending size update messages. This functionality will be applied to all options series listed on the 24X Options and in conjunction with the previously described replace on queue functionality will ensure that 24X Options quote update messages are the most current and relevant available.

(d) All message traffic mitigation mechanisms which are used on 24X Options will be identical to the OPRA "top of the book" broadcast.

Rule 21.15. Data Dissemination

(a) Dissemination of Quotations. The Exchange will disseminate to quotation vendors the highest bid and the lowest offer, and the aggregate quotation size associated therewith that is available, in accordance with the requirements of Rule 602 of Regulation NMS under the Exchange Act.

(b) Exchange Data Products. The Exchange offers the following data products free of charge, except as otherwise noted in the Fee Schedule:

(1) 24X Options Depth. 24X Options Depth is an uncompressed data feed that offers depth of book quotations and execution information based on options orders entered into the System.

(2) 24X Options Top. 24X Options Top is an uncompressed data feed that offers top of book quotations and execution information based on options orders entered into the System.

(3) DROP. DROP is an uncompressed data feed that offers information regarding the options trading activity of a specific User. DROP is only available to the User to whom the specific data relates and those recipients expressly authorized by the User.

(4) Historical Data. Historical Data is a data product that offers historical options data.

(c) Notification of Priority Customer Interest on the Book.

(1) The Exchange will make available to all market participants through OPRA an indication that there is Priority Customer interest included in the BBO disseminated by the Exchange.

(2) The Exchange will identify Priority Customer Orders and trades as such on messages disseminated by the Exchange through its 24X Options Depth data feed.

Rule 21.16. Risk Monitor Mechanism

(a) *Risk Parameters*. Each User may configure limits for the following parameters in the Exchange's Risk Monitor Mechanism. The System tracks each of the following within an underlying for an EFID ("underlying limit"), across all underlyings for an EFID ("EFID limit"), across all underlyings for a group of EFIDs ("EFID Group") ("EFID Group limit"), and/or across a customized group of orders designated by the User ("Custom Group limit"), over a User-established time period ("interval") and on an absolute basis for a trading day ("absolute limits"):

(1) number of contracts executed ("volume");

(2) notional value of executions ("notional");

(3) number of executions ("count");

(4) number of contracts executed as a percentage of number of contracts outstanding within an Exchange-designated time period or during the trading day, as applicable ("percentage"), which the System determines by calculating the percentage of a User's outstanding contracts that executed on each side of the market during the time period or trading day, as applicable, and then summing the series percentages on each side in the underlying; and

(5) number of times the limits established by the parameters under (a)(1)-(4) above are reached ("risk trips").

(b) *Active Risk Counter*. A User may optionally manage its risk limits actively using the Exchange's active risk counter. For a User using the active risk counter, the System increments the active risk counter associated with a defined parameter when such parameter increments. The System will decrement the active risk counter upon positive confirmation from the User via an electronic instruction that the User has acknowledged a change in the active risk counter. A User may specify the value by which each parameter increments and decrements in the active risk counter.

(c) *Risk Limits Reached.* When the System determines that a specified parameter has reached the User defined risk limit, depending on the User's instructions and the applicable limit that has been reached (i.e., underlying limit, EFID limit, EFID Group limit or Custom Group limit), the Risk Monitor Mechanism:

(1) cancels or rejects such User's orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the counting program resets; or

(2) suspends all of such User's resting orders or quotes in all series of the applicable underlying(s) and cancels or rejects any additional orders or quotes from the User in the applicable underlying(s) until the Exchange is instructed to reinstate such bids and offers (as described below).

The Risk Monitor Mechanism will also attempt to cancel or reject any orders routed away to other exchanges.

(d) *Executions through Risk Limits.* The System will execute any marketable orders or quotes that are executable against a User's order or quote and received prior to the time the Risk Monitor Mechanism is triggered at the price up to the size of the User's order or quote, even if such execution results in executions in excess of the User's risk limit with respect to any parameter.

(e) *Counting Program Reset*.

(1) *Reset Process*. The System will not accept new orders or quotes from a User after a risk limit is reached until the User submits an electronic instruction to the System to reset the applicable counting program, acknowledges the changes in the active risk counter, or notifies the Exchange to reset the applicable counting program. If a User's resting orders or quotes have been suspended and the User instructs the Exchange to reinstate such bids and offers, each reinstated order or quote shall receive a new timestamp reflecting the time it was posted to the 24X Options Book.

(2) *Reset Limit*. The Exchange may restrict the number of User underlying, EFID, EFID Group, and Custom Group resets per second. Any such restriction will be set forth in publicly available technical specifications.

(3) *Failure to Reset*. If the Exchange cancels all of a User's orders and quotes and the User does not reactivate its ability to send orders and quotes, the block will be in effect only for the trading day that the User reached its underlying, EFID, EFID Group, and/or Custom Group limit.

(4) *Other Resets*. The System will reset the counting period for absolute limits when a User refreshes its risk limit thresholds. The System will reset the counting program and commence a new interval time period when (A) a previous interval time period has expired and a transaction occurs in any series of an underlying or (B) a User refreshes its risk limit thresholds prior to the expiration of the interval time period.

(f) *Mass Cancellation or Suspension.* A User may also engage the Risk Monitor Mechanism to cancel resting bids and offers, as well as subsequent orders as set forth in Rule 22.10 or to suspend all resting bids and offers until the Exchange is instructed to reinstate such bids and offers.

Rule 21.17. Additional Price Protection Mechanisms and Risk Controls

The System's acceptance and execution of orders, quotes, and bulk messages, as applicable, are subject to the price protection mechanisms and risk controls in Rule 21.16, this Rule and as otherwise set forth in the Rules. All numeric values established by the Exchange pursuant to this Rule will be maintained by the Exchange in publicly available specifications and/or published in a Regulatory Circular. Unless otherwise specified the price protections set forth in this Rule, including the numeric values established by the Exchange, may not be disabled or adjusted. The Exchange may share any of a User's risk settings with the Clearing Member that clears transactions on behalf of the User.

(a) *Market Order NBBO Width Protection*. If a User submits a Market Order to the System when the NBBO width is greater than x% of the midpoint of the NBBO, subject to minimum and maximum dollar values established by the Exchange, the System will reject or cancel back to the User the Market Order. The Exchange will establish "x" and the minimum and maximum values on a class-by-class basis. This protection does not apply to bulk messages.

(b) *Limit Order Fat Finger Check*. If a User submits a buy (sell) Limit Order to the System with a price that is more than a buffer amount established by the Exchange above (below) the NBO (NBB), the System will reject or cancel back to the User the Limit Order. This check does not apply to bulk messages.

(c) *Buy Order Put Check*. If a User enters a buy Limit Order for a put with a price that is higher than or equal to the strike price of the option, the System will reject or cancel back to the User the Limit Order. If a User enters a buy Market Order for a put that would execute at (or the remaining portion would execute at) a price higher than or equal to the strike price of the option, the System will reject or cancel back to the User the Market Order (or remaining portion). This check does not apply to adjusted options or bulk messages.

(d) *Drill-Through Price Protection*. The System executes an incoming order up to a buffer amount (the Exchange determines the buffer amount on a class-by-class basis) above (below) the offer (bid) limit of the NBO (NBB) that existed at the time of order entry, respectively (the "Drill-Through Price"). The unexecuted portion of an order will be cancelled back to the User. This protection does not apply to bulk messages.

(e) Market Orders in No-Bid (Offer) Series.

(1) If the System receives a sell Market Order in a series after it is open for trading with an NBB of zero:

(A) if the NBO in the series is less than or equal to $0.50, then the System converts the Market Order to a Limit Order with a limit price equal to the minimum quoting increment applicable to the series and enters the order into the 24X Options Book with a timestamp based on the time it enters the Book.

(B) if the NBO in the series is greater than $0.50, then the System cancels or rejects the Market Order.

(2) If the System receives a buy market order in a series after it is open for trading with an NBO of zero, the System cancels or rejects the Market Order.

(3) This protection does not apply to bulk messages.

(f) *Bulk Message Fat Finger Check*. The System cancels or rejects any bulk message bid (offer) more than a buffer amount above (below) the NBO (NBB), subject to a minimum and maximum dollar value, determined by the Exchange on a class-by-class basis. This check does not apply to bulk messages submitted when no NBBO is available.

(g) *Rejection of Bulk Message Updates*. If, pursuant to the Rules, the System cancels or rejects a bulk message bid (offer) to update a resting bulk message bid (offer)

submitted for the same EFID, the System also cancels the resting bulk message bid (offer).

(h) Binary Options. In addition to the order and quote price protection mechanisms and risk controls described in this Rule, the Exchange may apply a maximum execution price protection for binary options on a class basis, pursuant to which the System adjusts any execution price for a binary option above the Exchange-designated maximum execution price for that class down to that maximum execution price.

Interpretations and Policies:

.01 In addition to the risk settings set forth in this Rule and Rule 21.16, the Exchange offers certain risk settings applicable to a User's activities on 24X Options. The following risk settings currently offered by 24X Options will result in the order being cancelled on entry:

(a) controls related to the maximum dollar amount for a single order and the maximum number of contracts that may be included in a single order;

(b) controls related to the order types or modifiers that can be utilized as well as orders when the market is crossed;

(c) controls to restrict the options classes for which a User may enter orders to test symbols only;

(d) controls prohibiting the entry of duplicative orders;

(e) controls restricting the overall rate of order entry; and

(f) credit controls measuring both gross and net exposure that warn when approached and, when breached, prevent submission of either all new orders or Market Orders only.

.02

(a) 24X Options also offers risk functionality that permits a User to (i) cancel all unexecuted orders and quotes in the 24X Options Book, or (ii) block the entry of any new orders and quotes, or (iii) both cancel all unexecuted orders and quotes in the 24X Options Book and block the entry of any new orders and quotes. In addition to (i), (ii), and (iii), the Exchange also offers (iv) risk functionality that automatically cancels a User's open orders and quotes to the extent the User loses its connection to the Exchange.

(b) 24X Options offers batch cancel functionality that permits a User to cancel any orders or quotes in any series of options by requesting the Exchange to affect such cancellation. A User initiating such a request may also request that the Exchange block new inbound orders in any series of options. The block will remain in effect until the User requests the Exchange remove the block.

.03 The risk controls described in this Rule are meant to supplement, and not replace, the Member's or User's own internal systems, monitoring, and procedures related to risk management and are not designed for compliance with Rule 15c3-5 under the Exchange Act. Responsibility for compliance with all Exchange and SEC rules remains with the Member or User.

CHAPTER 22. MARKET PARTICIPANTS

Rule 22.1. Customer Orders and Order Entry Firms

Order Entry Firms (OEFs) are those Options Members representing as agent Customer Orders on 24X Options or trading as principal on 24X Options.

Rule 22.2. Options Market Maker Registration

Options Members registered as Market Makers have certain rights and bear certain responsibilities beyond those of other Options Members. All Market Makers are designated as specialists on 24X Options for all purposes under the Exchange Act.

(a) To register as a Market Maker, an Options Member must file an application in writing on such forms as the Exchange may prescribe. The Exchange reviews applications and considers an applicant's market making ability and such other factors as the Exchange deems appropriate in determining whether to approve an applicant's registration as a Market Maker.

(b) The registration of any Options Member as a Market Maker may be suspended or terminated by the Exchange upon a determination that such Options Member has failed to properly perform as a Market Maker.

(c) There is no limit on the number of Options Members that may become Market Makers unless the Exchange determines to impose a limit based on system constraints, capacity restrictions, or other factors relevant to protecting the integrity of the System. The Exchange will not impose any such limitations until it has submitted objective standards for imposing the limits to the SEC for its review and approval.

(d) An Options Member or prospective Options Member adversely affected by an Exchange determination under this Chapter 22, including the Exchange's termination or suspension of an Options Member's registration as a Market Maker or a Market Maker's appointment to a class, may obtain a review of such determination in accordance with the provisions of Chapter 10.

Rule 22.3. Market Maker Class Appointments

(a) An Options Member that has qualified as an Options Market Maker may select class appointments to make markets in those classes.

(b) An Options Market Maker may enter an appointment request via an Exchange approved electronic interface with the Exchange's systems by 6:00 a.m. Eastern Time, which appointment becomes effective on the day the Market Maker enters the appointment request.

(c) The Exchange may limit the number of appointments an Options Market Maker may have, or the number of Options Market Makers that may have appointments in a class, pursuant to Rule 22.2(c).

Rule 22.4. Good Standing for Market Makers

(a) To remain in good standing as a Market Maker, the Market Maker must:

(1) Continue to meet the requirements established in SEC Rule 15c3-1, and the general membership requirements set forth in Chapter 2 of the Exchange Rules and the requirements for Market Makers as set forth in Rule 22.2 (Options Market Maker Registration);

(2) comply with the Exchange Rules as well as the Rules of the OCC and the Federal Reserve Board; and

(3) pay on a timely basis such participation, transaction and other fees as the Exchange and 24X Options prescribes.

(b) The Exchange may suspend or terminate an Option Member's registration as a Market Maker or a Market Maker's appointment to a class, or otherwise withdraw the good standing of a Market Maker as provided in the Exchange Rules, if the Market Maker ceases to maintain any of these conditions for approval or violates any of its agreements with the Exchange or any of the provisions of the Exchange Rules.

Rule 22.5. Obligations of Market Makers

(a) In registering as a Market Maker, an Options Member commits himself to various obligations. Transactions of a Market Maker in its market making capacity must constitute a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and Market Makers should not make bids or offers or enter into transactions that are inconsistent with such course of dealings. Ordinarily, a Market Maker must:

(1) during trading hours, a Market Maker must maintain a continuous two-sided market, in each of its appointed classes, pursuant to Rule 22.6(d)(1);

(2) engage, to a reasonable degree under the existing circumstances, in dealings for its own accounts when there exists, or it is reasonably anticipated that there will exist, a lack of price continuity, a temporary disparity between the supply of (or demand for) a particular option contract, or a temporary distortion of the price relationships between option contracts of the same class;

(3) compete with other Market Makers in its appointed classes;

(4) make markets that will be honored for the number of contracts entered into 24X Options's system in its appointed classes;

(5) update quotations in response to changed market conditions in its appointed classes; and

(6) maintain active markets in its appointed classes.

(b) Options Market Makers should only effect purchases or sales on 24X Options in a reasonable and orderly manner.

(c) If the Exchange finds any substantial or continued failure by an Options Market Maker to engage in a course of dealings as specified in paragraph (a) of this Rule, the Options Market Maker will be subject to disciplinary action or suspension or revocation of registration as a Market Maker or its appointment in one or more of its appointed classes. Nothing in this Rule will limit any other power of the Exchange under the Rules, or procedures of 24X Options with respect to the registration or appointment of a Market Maker or in respect of any violation by a Market Maker of the provisions of this Rule.

Rule 22.6. Market Maker Quotations

(a) Firm Quotes. Market Maker bids and offers are firm for all orders under this Rule and Rule 602 of Regulation NMS under the Exchange Act ("Rule 602") for the number of contracts specified in the bid or offer, except if:

(1) a system malfunction or other circumstance impairs the Exchange's ability to disseminate or update market bids and offers in a timely and accurate manner;

(2) the level of trading activities or the existence of unusual market conditions is such that the Exchange is incapable of collecting, processing, and making available to quotation vendors the data for the option in a manner that accurately reflects the current state of the market on the Exchange;

(3) prior to the conclusion of the opening process; or

(4) any of the circumstances provided in paragraph (c)(4) of Rule 602 exist.

(b) Size Associated with Quotes. A Market Maker's bid (offer) for a series of options contracts must be accompanied by the number of contracts at the price of the bid (offer) the Market Maker is willing to buy (sell). The best bid and best offer entered by a Market Maker must have a size of at least one (1) contract.

(c) Two-Sided Quotes. A Market Maker that enters a bid (offer) in a series in an appointed class on 24X Options must enter an offer (bid).

(d) Continuous Quotes. A Market Maker must enter continuous bids and offers (in accordance with the requirements in Rules 22.5 and 22.6) in 60% of the cumulative number of seconds, or such higher percentage as the Exchange may announce in advance, for which that Market Maker's appointed classes are open for trading, excluding any adjusted series, any intraday add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days.

(1) Specifically, the Exchange will calculate this requirement by taking the total number of seconds the Market Maker disseminates quotes in each appointed class, excluding any adjusted series, any intra-day add-on series on the day during which such series are added for trading, any Quarterly Option Series, and any series with an expiration of greater than 270 days, and dividing that time by the eligible total number of seconds each appointed class is open for trading that day. Quoting is not required in every appointed class. This quoting obligation applies to all of the Market Maker's appointed classes collectively. The Exchange determines compliance by a Market Maker with the quoting obligations in this paragraph (d) on a monthly basis. However, determining compliance with this quoting obligation on a monthly basis does not relieve a Market Maker from meeting this obligation on a daily basis, nor does it prohibit the Exchange from taking disciplinary action against a Market Maker for failing to meet this obligation each trading day.

(2) If a technical failure or limitation of the System prevents a Market Maker from maintaining, or from communicating to the Exchange, timely and accurate quotes in a series, the Exchange does not consider the duration of such failure when determining whether that Market Maker has satisfied the 60% quoting standard with respect to that series.

(3) The continuous quoting obligations set forth in this paragraph (d): (i) will be suspended during a trading halt, suspension, or pause in the underlying security, and will not recommence until after the first regular way transaction on the primary listing market in the underlying security following such halt, suspension, or pause in the underlying security, as reported by the responsible single plan processor, and (ii) will be suspended for the duration that an underlying NMS stock is in a limit up-limit down state.

(4) The Exchange may consider other exceptions to this obligation based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(e) The Exchange may call on a Market Maker to submit a single quote or maintain continuous quotes in one or more series of a Market Maker's appointed class whenever, in the judgment of the Exchange, it is necessary to do so in the interest of maintaining a fair and orderly market.

(f) A Market Maker is considered an OEF under the Rules in all classes in which the Market Maker has no appointment. The total number of contracts a Market Maker may execute in classes in which it has no appointment may not exceed twenty-five (25) percent of the total number of all contracts the Market Maker executes on the Exchange in any calendar quarter.

Rule 22.7. Securities Accounts and Orders of Market Makers

(a) Identification of Accounts.

In a manner prescribed by the Exchange, each Market Maker shall file with the Exchange and keep current a list identifying all accounts for stock, options and related securities trading in which the Market Maker may, directly or indirectly, engage in trading activities or over which it exercises investment discretion. No Market Maker shall engage in stock, options or related securities trading in an account which has not been reported pursuant to this Rule.

(b) Reports of Orders.

Each Market Maker shall, upon request and in the prescribed form, report to the Exchange every order entered by the Market Maker for the purchase or sale of (1) a security underlying options traded on 24X Options, or (2) a security convertible into or exchangeable for such underlying security, as well as opening and closing positions in all such securities held in each account reported pursuant to paragraph (a) of this Rule. The report pertaining to orders must include the terms of each order, identification of the brokerage firms through which the orders were entered, the times of entry or cancellation, the times report of execution were received and, if all or part of the order was executed, the quantity and execution price.

(c) Joint Accounts.

No Market Maker shall, directly or indirectly, hold any interest or participate in any joint account for buying or selling any options contract unless each participant in such joint account is an Options Member and unless such account is reported to, and not disapproved by, the Exchange. Such reports in a form prescribed by the Exchange shall be filed with the Exchange before any transaction is effected on 24X Options for such joint account. A participant in a joint account must:

(1) Be either a Market Maker or a Clearing Member that carries the joint account.

(2) File and keep current a completed application on such form as is prescribed by the Exchange.

(3) Be jointly and severally responsible for assuring that the account complies with all Exchange Rules.

(4) Not be a Market Maker registered to the same options classes to which the joint account holder is also registered as a Market Maker.

Interpretations and Policies

.01 Reports of accounts and transactions required to be filed with 24X Options pursuant to this Rule relate only to accounts in which a Market Maker, as an individual, directly or indirectly controls trading activities or has a direct interest in the profits or losses of such account. Such reports would be required for accounts over which a Market Maker exercises investment discretion as well as a Market Maker's proprietary accounts.

Rule 22.8. Letters of Guarantee

(a) Required of Each Options Member.

No Options Member shall make any transactions on 24X Options unless a Letter of Guarantee has been issued for such Member by a Clearing Member and filed with the Exchange, and unless such Letter of Guarantee has not been revoked pursuant to paragraph (c) of this Rule.

(b) Terms of Letter of Guarantee.

A Letter of Guarantee shall provide that the issuing Clearing Member accepts financial responsibilities for all 24X Options Transactions made by the guaranteed Options Member.

(c) Revocation of Letter of Guarantee.

A Letter of Guarantee filed with the Exchange shall remain in effect until a written notice of revocation has been filed with the Exchange by the Guarantor Clearing Member. A revocation shall in no way relieve a Clearing Member of responsibility for transactions guaranteed prior to the effective date of such revocation.

Rule 22.9. Financial Requirements for Market Makers

(a) Each Market Maker shall maintain (i) net liquidating equity in its Market Maker account of not less than $200,000, and in conformity with such guidelines as the Board may establish from time to time, and (ii) net capital sufficient to comply with the requirements of Exchange Act Rule 15c3-1. Each Market Maker which is a Clearing Member shall also maintain net capital sufficient to comply with the requirements of the Clearing Corporation. This equity requirement, as well as all other provisions of the section (including capital maintenance requirements), applies to each Market Maker account, without regard to the number of Market Maker accounts per firm. The term "net liquidating equity" means the sum of positive cash balances and long securities positions less negative cash balances and short securities positions.

(b) Each Market Maker that makes an arrangement to finance his transactions as a Market Maker must identify in writing to the Exchange the source of the financing and its terms. The Exchange must be informed immediately of the intention of any party to terminate or change any such arrangement.

Rule 22.10. Mass Cancellation of Trading Interest

A User may simultaneously cancel all or a subset of its bids, offers, and orders in all series of options or in all options for a specified underlying security by requesting the Exchange to effect such cancellation. A User may also request that the Exchange block all or a subset of its new inbound bids, offers, and orders in all series of options or in all options for a specified underlying security. The block will remain in effect until the User requests the Exchange remove the block.

Rule 22.11. Order Exposure Requirements

With respect to orders routed to 24X Options, Options Members may not execute as principal orders they represent as agent unless (a) agency orders are first exposed on 24X Options for at least one (1) second or (b) the Options Member has been bidding or offering on 24X Options for at least one (1) second prior to receiving an agency order that is executable against such bid or offer.

Interpretations and Policies

.01 This Rule prevents Options Members from executing agency orders to increase its economic gain from trading against the order without first giving other trading interest on 24X Options an opportunity to either trade with the agency order or to trade at the execution price when the Options Member was already bidding or offering on the book. However, the Exchange recognizes that it may be possible for an Options Member to establish a relationship with a customer or other person to deny agency orders the opportunity to interact on 24X Options and to realize similar economic benefits as it would achieve by executing agency orders as principal. It will be a violation of this Rule for an Options Member to be a party to any arrangement designed to circumvent this Rule by providing an opportunity for a customer to regularly execute against agency orders handled by the Options Member immediately upon their entry into 24X Options.

.02 It will be a violation of this Rule for an Options Member to cause the execution of an order it represents as agent on 24X Options against orders it solicited from Options Members and non-Options Member broker-dealers, whether such solicited orders are entered into 24X Options directly by the Options Member or by the solicited party (either directly or through another Options Member), if the Options Member fails to expose orders on 24X Options as required by this Rule.

.03 Prior to or after submitting an order to 24X Options, an Options Member cannot inform another Options Member or any other third party of any of the terms of the order.

CHAPTER 23. EXERCISES AND DELIVERIES

Rule 23.1. Exercise of Options Contracts

(a) Subject to the restrictions set forth in Rule 18.9 (Exercise Limits) and to such restrictions as may be imposed pursuant to Rule 18.12 (Other Restrictions on Options Transactions and Exercises) or pursuant to the Rules of the Clearing Corporation, an outstanding options contract may be exercised during the time period specified in the Rules of the Clearing Corporation by the tender to the Clearing Corporation of an exercise notice in accordance with the Rules of the Clearing Corporation. An exercise notice may be tendered to the Clearing Corporation only by the Clearing Member in the account of which such options contract is carried with the Clearing Corporation. Options Members may establish fixed procedures as to the latest time they will accept exercise instructions from customers.

(b) Special procedures apply to the exercise of equity options on the last business day before their expiration ("expiring options"). Unless waived by the Clearing Corporation, expiring options are subject to the Exercise-by-Exception ("Ex-by-Ex") procedure under Clearing Corporation Rule 805. This Rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to the Rules of the Clearing Corporation, the following 24X Options requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

(1) take no action and allow exercise determinations to be made in accordance with the Clearing Corporation's Ex-by-Ex procedure where applicable; or

(2) submit a "Contrary Exercise Advice" to 24X Options through the participant's clearing firm as specified in paragraph (d) below.

(c) Exercise cut-off time.

Option holders have until 5:30 p.m. Eastern Time on the business day immediately prior to the expiration date or, in the case of Quarterly Options Series, on the expiration date, to make a final decision to exercise or not exercise an expiring option. Options Members may not accept exercise instructions for customer or non-customer accounts after 5:30 p.m. Eastern Time.

(d) Submission of Contrary Exercise Advices. A Contrary Exercise Advice is a communication either: (A) to not exercise an option that would be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure, or (B) to exercise an option that would not be automatically exercised under the Clearing Corporation's Ex-by-Ex procedure.

(1) A Contrary Exercise Advice may be submitted to 24X Options by an Options Member by using the Clearing Corporation's ENCORE system, a

Contrary Exercise Advice form of any other national securities exchange of which the firm is a member and where the option is listed, or such other method as 24X Options may prescribe. A Contrary Exercise Advice may be canceled by filing an "Advice Cancel" with 24X Options or resubmitted at any time up to the submission cut-off times specified below.

(2) Deadline for CEA Submission for Customer Accounts. An Options Member has until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice.

(3) Deadline for CEA Submission for Non-Customer Accounts. An Options Member has until 7:30 p.m. Eastern Time to submit a Contrary Exercise Advice if such Options Member employs an electronic submission procedure with time stamp for the submission of exercise instructions by option holders. An Options Member is required to manually submit a Contrary Exercise Advice by 5:30 p.m. Eastern Time for noncustomer accounts if such Options Member does not employ an electronic submission procedure with time stamp for the submission of exercise instructions by option holders.

(e) If the Clearing Corporation has waived the Ex-by-Ex procedure for an options class, Options Members must either:

(1) submit to 24X Options, a Contrary Exercise Advice, in a manner specified by 24X Options, within the time limits specified in paragraph (d) above if the holder intends to exercise the option; or

(2) take no action and allow the option to expire without being exercised.

In cases where the Ex-by-Ex procedure has been waived, the Rules of the Clearing Corporation require that Options Members wishing to exercise such options must submit an affirmative Exercise Notice to the Clearing Corporation, whether or not a Contrary Exercise Advice has been filed with 24X Options.

(f) An Options Member that has accepted the responsibility to indicate final exercise decisions on behalf of another Options Member or non-Member broker-dealer shall take the necessary steps to ensure that such decisions are properly indicated to 24X Options. Such Member may establish a processing cut-off time prior to 24X Options's exercise cut-off time at which it will no longer accept final exercise decisions in expiring options from option holders for whom it indicates final exercise decisions. Each Options Member that indicates final exercise decisions through another broker-dealer is responsible for ensuring that final exercise decisions for all of its proprietary (including market maker) and public customer account positions are indicated in a timely manner to such broker-dealer.

(g) Notwithstanding the foregoing, Options Members may make final exercise decisions after the exercise cut-off time but prior to expiration without having submitted

a Contrary Exercise Advice in the circumstances listed below. A memorandum setting forth the circumstance giving rise to instructions after the exercise cutoff time shall be maintained by the Options Member and a copy thereof shall be filed with 24X Options no later than 12:00 noon Eastern Time on the first business day following the respective expiration. An exercise decision after the exercise cut-off time may be made:

(1) in order to remedy mistakes or errors made in good faith; or

(2) where exceptional circumstances have restricted an option holder's ability to inform an Options Member of a decision regarding exercise, or an Options Member's ability to receive an option holder's decision by the cut-off time. The burden of establishing any of the above exceptions rests solely on the Options Member seeking to rely on such exceptions.

(h) In the event 24X Options provides advance notice on or before 5:30 p.m. Eastern Time on the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in paragraph (c) of this Rule. However, an Options Members has until 7:30 p.m. Eastern Time to deliver a Contrary Exercise Advice or Advice Cancel to 24X Options for customer accounts and non-customer accounts where such Options Member employs an electronic submission procedure with time stamp for the submission of exercise instructions. For non-customer accounts, Options Members that do not employ an electronic procedure with time stamp for the submission of exercise instructions are required to deliver a Contrary Exercise Advice or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. Eastern Time deadline found in paragraph (d) of this Rule.

(i) Modification of cut-off time.

(1) 24X Options may establish extended cut-off times for decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual circumstances. For purposes of this subparagraph (i)(1), an "unusual circumstance" includes, but is not limited to, increased market volatility; significant order imbalances; significant volume surges and/or systems capacity constraints; significant spreads between the bid and offer in underlying securities; internal system malfunctions affecting the ability to disseminate or update market bids and offers and/or execute or route orders; or other similar occurrences.

(2) 24X Options with at least one (1) business day prior advance notice, by 12:00 noon Eastern Time on such day, may establish a reduced cut-off time for the decision to exercise or not exercise an expiring option and for the submission of Contrary Exercise Advices on a case-by-case basis due to unusual

circumstances; provided, however, that under no circumstances should the exercise cut-off time and the time for submission of a Contrary Exercise Advice be before the close of trading. For purposes of this subparagraph (i)(2), an "unusual circumstance" includes, but is not limited to, a significant news announcement concerning the underlying security of an option contract that is scheduled to be released just after the close on the business day immediately prior to expiration.

(j) Submitting or preparing an exercise instruction, contrary exercise advice or advice cancel after the applicable exercise cut-off time in any expiring options on the basis of material information released after the cut-off time is activity inconsistent with just and equitable principles of trade.

(k) The failure of any Options Member to follow the procedures in this Rule may result in the assessment of a fine, which may include but is not limited to disgorgement of potential economic gain obtained or loss avoided by the subject exercise, as determined by 24X Options.

(l) Reserved.

Interpretations and Policies

.01 For purposes of this Rule, the terms "customer account" and "non-customer account" have the same meaning as defined in the Clearing Corporation By-Laws Article IC.(37) and Article IN.(1), respectively.

.02 Each Options Member shall prepare a memorandum of every exercise instruction received showing the time when such instruction was so received. Such memoranda shall be subject to the requirements of SEC Rule 17a-4(b).

.03 Each Options Member shall establish fixed procedures to insure secure time stamps in connection with their electronic systems employed for the recording of submissions to exercise or not exercise expiring options.

.04 The filing of a Contrary Exercise Advice required by this Rule does not serve to substitute as the effective notice to the Clearing Corporation for the exercise or non-exercise of expiring options.

Rule 23.2. Allocation of Exercise Notices

(a) Each Options Member shall establish fixed procedures for the allocation of exercise notices assigned in respect of a short position in such Options Member's customers' accounts. The allocation shall be on a "first in, first out," or automated random selection basis that has been approved by the Exchange, or on a manual random selection basis that has been specified by the Exchange. Each Options Member shall inform its customers in writing of the method it uses to allocate exercise notices to its

customers' account, explaining its manner of operation and the consequences of that system.

(b) Each Options Member shall report its proposed method of allocation to the Exchange and obtain the Exchange's prior approval thereof, and no Options Member shall change its method of allocation unless the change has been reported to and approved by the Exchange. The requirements of this paragraph shall not be applicable to allocation procedures submitted to and approved by another SRO having comparable standards pertaining to methods of allocation.

(c) Each Options Member shall preserve for a three-year period sufficient work papers and other documentary materials relating to the allocation of exercise notices to establish the manner in which allocation of such exercise notices is in fact being accomplished.

Rule 23.3. Delivery and Payment

(a) Delivery of the underlying security upon the exercise of an options contract, and payment of the aggregate exercise price in respect thereof, shall be in accordance with the Rules of the Clearing Corporation.

(b) As promptly as possible after the exercise of an options contract by a customer, the Options Member shall require the customer to make full cash payment of the aggregate exercise price in the case of a call options contract, or to deposit the underlying security in the case of a put options contract, or to make the required margin deposit in respect thereof if the transaction is effected in a margin account, in accordance with Exchange Rules, the provisions of Chapter 28, and the applicable regulations of the Federal Reserve Board.

(c) As promptly as practicable after the assignment to a customer of an exercise notice the Options Member shall require the customer to deposit the underlying security in the case of a call options contract if the underlying security is not carried in the customer's account, or to make full cash payment of the aggregate exercise price in the case of a put options contract, or in either case to deposit the required margin in respect thereof if the transaction is effected in a margin account, in accordance with Exchange Rules, the provisions of Chapter 28, and the applicable regulations of the Federal Reserve Board.

CHAPTER 24. RECORDS, REPORTS AND AUDITS

Rule 24.1. Maintenance, Retention and Furnishing of Books, Records and Other Information

(a) Each Options Member shall make, keep current and preserve such books and records as the Exchange may prescribe pursuant to Exchange Rules and as may be prescribed by the Exchange Act and the rules and regulations thereunder.

(b) No Options Member shall refuse to make available to the Exchange such books, records or other information as may be called for under Exchange Rules or as may be requested in connection with an investigation by the Exchange.

(c) All Options Members shall prepare and make available all books and records as required by Exchange Rules in English and U.S. dollars.

Rule 24.2. Reports of Uncovered Short Positions

(a) Upon request of the Exchange, each Options Member shall submit a report of the total uncovered short positions in each options contract of a class dealt in on 24X Options showing:

(1) positions carried by such Options Member for its own account; and

(2) positions carried by such Options Member for the accounts of Customers, provided that the Options Member shall not report positions carried for the accounts of other Options Members where such other Options Members report the positions themselves.

(b) Such report shall be submitted not later than the second business day following the date the request is made.

Rule 24.3. Financial Reports and Audits

Each Options Member shall submit to the Exchange answers to financial questionnaires, reports of income and expenses and additional financial information in the type, form, manner and time prescribed by the Exchange under Exchange Rules.

Rule 24.4. Automated Submission of Trade Data

(a) An Options Member shall submit requested trade data elements, in such automated format as may be prescribed by the Exchange from time to time, in regard to a transaction(s) that is the subject of the particular request for information.

(b) If the transaction was a proprietary transaction effected or caused to be effected by the Options Member for any account in which such Member, or any person associated with the Options Member, is directly or indirectly interested, the Options

Member shall submit or cause to be submitted, any or all of the following information as requested by the Exchange:

(1) Clearing house number or alpha symbol as used by the Options Member submitting the data;

(2) Clearing house number(s) or alpha symbol(s) as may be used from time to time, of the Options Member(s) on the opposite side of the transaction;

(3) Identifying symbol assigned to the security and where applicable for the options month and series symbols;

(4) Date transaction was executed;

(5) Number of option contracts for each specific transaction and whether each transaction was an opening or closing purchase or sale, as well as:

(A) the number of shares traded or held by accounts for which options data is submitted;

(B) where applicable, the number of shares for each specific transaction and whether each transaction was a purchase, sale or short sale;

(6) Transaction price;

(7) Account number; and

(8) Market center where transaction was executed.

(c) If the transaction was effected or caused to be effected by the Options Member for any Customer, such Options Member shall submit or cause to be submitted any or all the following information as requested by the Exchange:

(1) Data elements (1) through (8) of paragraph (b) above;

(2) If the transaction was effected for a Public Customer, customer name, address(es), branch office number, representative number, whether the order was discretionary, solicited or unsolicited, date the account was opened and employer name and tax identification number(s); and

(3) If the transaction was effected for an Options Member's broker-dealer customer, whether the broker-dealer was acting as a principal or agent on the transaction or transactions that are the subject of the Exchange's request.

(d) In addition to the above trade data elements, an Options Member shall submit such other information in such automated format as may be prescribed by the Exchange, as may from time to time be required.

(e) The Exchange may grant exceptions, in such cases and for such time periods as it deems appropriate, from the requirement that the data elements prescribed in paragraphs (b) and (c) above be submitted to the Exchange in an automated format.

Rule 24.5. Regulatory Cooperation

(a) The Exchange may enter into agreements that provide for the exchange of information and other forms of mutual assistance for market surveillance, investigative, enforcement and other regulatory purposes, with domestic and foreign self-regulatory organizations, as well as associations and contract markets and the regulators of such markets.

(b) No Options Member, partner, officer, director or other person associated with an Options Member or other person or entity subject to the jurisdiction of the Exchange shall refuse to appear and testify before another exchange or self-regulatory organization in connection with a regulatory investigation, examination or disciplinary proceeding or refuse to furnish documentary materials or other information or otherwise impede or delay such investigation, examination or disciplinary proceeding if the Exchange requests such information or testimony in connection with an inquiry resulting from an agreement entered into by the Exchange pursuant to paragraph (a) of this Rule, including but not limited to Options Members and affiliates of the Intermarket Surveillance Group. The requirements of this paragraph (b) shall apply regardless whether the Exchange has itself initiated a form investigation or disciplinary proceeding.

(c) Whenever information is requested by the Exchange pursuant to this Rule, the Options Member or person associated with an Options Member from whom the information is requested shall have the same rights and procedural protections in responding to such request as such Options Member or person would have in the case of any other request for information initiated by the Exchange pursuant to the Exchange's investigative powers.

Rule 24.6. Risk Analysis of Options Market Maker Accounts

Each Clearing Member that clears or guarantees the transactions of Market Makers pursuant to Rule 22.8 (Letters of Guarantee), shall establish and maintain written procedures for assessing and monitoring the potential risks to the Member's capital over a specified range of possible market movements of positions maintained in such Market Maker accounts and such related accounts as the Exchange shall from time to time direct. The procedures shall specify the computations to be made, the frequency of computations, the records to be reviewed and maintained and the position(s) within the organization responsible for the risk management.

CHAPTER 25. DISCIPLINE AND SUMMARY SUSPENSIONS

Rule 25.1. Suspensions

The provisions of Chapter 7 (Suspension by Chief Regulatory Officer), Chapter 8 (Discipline), Chapter 9 (Arbitration), and Chapter 10 (Adverse Action) of the Exchange Rules shall be applicable to Options Members and trading on 24X Options.

Rule 25.2. Contracts of Suspended Members

(a) When an Options Member, other than a Clearing Member, is suspended pursuant to the Rules in this Chapter, all open short positions of the suspended Options Member in options contracts and all open positions resulting from exercise of options contracts, other than positions that are secured in full by a specific deposit or escrow deposit in accordance with the Rules of the Clearing Corporation, shall be closed without unnecessary delay by all Options Members carrying such positions for the account of the suspended Options Member; provided that the Exchange may cause the foregoing requirement to be temporarily waived for such period as it may determine if it shall deem such temporary waiver to be in the interest of the public or the other Options Members of 24X Options.

(b) No temporary waiver hereunder by the Exchange shall relieve the suspended Options Member of its obligations or of damages, nor shall it waive the close out requirements of any other Rules.

(c) When a Clearing Member is suspended pursuant to the Rules in this Chapter, the positions of such Clearing Member shall be closed out in accordance with the Rules of the Clearing Corporation.

Rule 25.3. Penalty for Minor Rule Violations

The following 24X Options rule and policy violations may be determined by the Exchange to be minor in nature. If so, the Exchange may, with respect to any such violation, proceed under Rule 8.15 (Imposition of Fines for Minor Violation(s) of Rules) and impose the fine set forth below. The Exchange is not required to proceed under said Rules as to any rule violation and may, whenever such action is deemed appropriate, commence a disciplinary proceeding under Chapter 8 (Discipline) rules as to any such violation. A subsequent violation is calculated on the basis of a rolling 24-month period ("Period").

(a) Position Limit and Exercise Limit Violations.

Violations of Rule 18.7 (Position Limits) or Rule 18.9 (Exercise Limits) of these Rules shall be subject to the fines listed below.

Number of Violations Within One Period	**Fine Amount**
First Offense	$500
Second Offense	$1,000
Third Offense	$2,500
Fourth and Each Subsequent Offense	$5,000

* A violation that consists of (i) a 1 trade date overage, (ii) a consecutive string of trade date overage violations where the position does not change or where a steady reduction in the overage occurs, or (iii) a consecutive string of trade date overage violations resulting from other mitigating circumstances, may be deemed to constitute one offense, provided that the violations are inadvertent.

(b) Reports Related to Position Limits.

Violations of Rule 18.10 regarding the failure to accurately report position and account information shall be subject to the fines listed below.

Number of Violations Within One Period	**Fine Amount**
1	$500
2	$1,000
3	$2,500
4 or more	$5,000

(c) Market Maker Quoting Obligations.

Violations of Rule 22.6(b)-(d) regarding Market Maker initial quote volume requirements (Rule 22.6(b)), Market Maker two-sided quote requirements (Rule 22.6(c)) and Market Maker continuous bids and offers (Rule 22.6(d)) shall be subject to the fines listed below.

Number of Offenses Within One Period	**Fine Amount**
1	Letter of Caution
2	$1,500
3	$3,000
Subsequent Offenses	Formal Disciplinary Action

(d) Expiring Exercise Declarations.

(1) Non-Cash-Settled Equity Options. Violations of Rule 23.1(a) through (k) regarding expiring exercise declarations and the timely submission of "Advice Cancel" or exercise instruction relating to the exercise or non-exercise of non-cash-settled equity options shall be subject to the fines listed below.

Number of Violations Within One Period	**Fine Amount**	
	Individual	**Member Organization**
1	$500	$1,000
2	$1,000	$2,500
3 or more	$2,500	$5,000

(2) Reserved.

(e) Requests for Trade Data.

Any Options Member who fails to respond within ten (10) business days to a request by the Exchange for submission of trade data pursuant to Rule 24.4 shall be subject to the fines listed below.

Number of Violations Within One Period	**Fine Amount**
1	$2,500

2 or more	$5,000 or Formal Disciplinary Action

(f) Consolidated Audit Trail Compliance Rules.

For failures to comply with the Consolidated Audit Trail Compliance Rule requirements of Rules 4.5 through 4.16, the Exchange may impose a minor rule violation fine of up to $2,500.

CHAPTER 26. DOING BUSINESS WITH THE PUBLIC

Rule 26.1. Eligibility

An OEF may only transact business with Public Customers if such Options Member also is an options member of another registered national securities exchange or association with which the Exchange has entered into an agreement under Rule 17d-2 under the Exchange Act pursuant to which such other exchange or association shall be the designated options examining authority for the OEF. Eligibility to transact business with the public shall be based upon an OEF's meeting the general requirements set forth in this Chapter and the net capital requirements set forth in Exchange Act Rule 15c3-1 (Net Capital Requirements). Such approval may be withdrawn if any such requirements cease to be met.

Rule 26.2. Opening of Accounts

(a) Approval Required.

No OEF shall accept an order from a Public Customer to purchase or write an options contract unless the Public Customer's account has been approved for options transactions in accordance with the provisions of this Rule.

(b) Diligence in Opening Account.

In approving a Public Customer's account for options transactions, an OEF shall exercise due diligence to learn the essential facts as to the Public Customer and his investment objectives and financial situation, and shall make a record of such information, which shall be retained in accordance with SEC Rule 17a-4 under the Exchange Act. Based upon such information, the branch office manager or other Options Principal shall approve in writing the Public Customer's account for options transactions; provided, that if the branch office manager is not an Options Principal, his approval shall within a reasonable time be confirmed by an Options Principal.

(1) In fulfilling its obligations under this paragraph (b) with respect to options Public Customers that are natural persons, an OEF shall seek to obtain the following information at a minimum (information shall be obtained for all participants in a joint account):

(A) investment objectives (e.g., safety of principal, income, growth, trading profits, speculation);

(B) employment status (name of employer, self-employed or retired);

(C) estimated annual income from all sources;

(D) estimated net worth (exclusive of primary residence);

(E) estimated liquid net worth (cash, securities, other);

(F) marital status;

(G) number of dependents;

(H) age; and

(I) investment experience and knowledge (e.g., number of years, size, frequency and type of transactions for options, stocks and bonds, commodities, other).

(2) In addition to the information required in subparagraph (b)(1) above, the Public Customer's account records shall contain the following information, if applicable:

(A) the source or sources of background and financial information (including estimates) concerning the Public Customer;

(B) discretionary trading authorization, including agreement on file, name, relationship to Public Customer and experience of person holding trading authority;

(C) date(s) options disclosure document(s) furnished to Public Customer;

(D) nature and types of transactions for which account is approved (e.g., buying, covered writing, uncovered writing, spreading, discretionary transactions);

(E) name of representative;

(F) name of the Options Principal approving account;

(G) date of approval; and

(H) dates of verification of currency of account information.

(3) Refusal of a Public Customer to provide any of the information called for in this paragraph (b) shall be so noted on the Public Customer's records at the time the account is opened. Information provided shall be considered together with other information available in determining whether and to what extent to approve the account for options transactions.

(c) Verification of Public Customer Background and Financial Information.

The background and financial information upon which the account of every new Public Customer that is a natural person has been approved for options trading, including all of the information required in paragraph (b)(2) of this Rule, unless the information is included in the Public Customer's account agreement, shall be sent to the Public

Customer for verification or correction within fifteen (15) days after the Public Customer's account has been approved for options transactions. A copy of the background and financial information on file with the OEF shall also be sent to the Public Customer for verification within fifteen (15) days after the OEF becomes aware of any material change in the Public Customer's financial situation. Absent advice from the Public Customer to the contrary, the information will be deemed to be verified.

(d) Agreements to Be Obtained.

Within fifteen (15) days after a Public Customer's account has been approved for options transactions, an OEF shall obtain from the Public Customer a written agreement that the account shall be handled in accordance with the Exchange Rules and the Rules of the Clearing Corporation and that such Public Customer, acting alone or in concert with others, will not violate the position or exercise limits set forth in Rules 18.7 (Position Limits) and 18.9 (Exercise Limits).

(e) Options Disclosure Documents to Be Furnished.

At or prior to the time a Public Customer's account is approved for options transactions, an OEF shall furnish the Public Customer with one (1) or more current options disclosure documents issued by the OCC in accordance with the requirements of Rule 26.10 (Delivery of Current Options Disclosure Documents and Prospectus).

(f) Every OEF transacting business with the public in uncovered options contracts shall develop, implement and maintain specific written procedures governing the conduct of such business that shall at least include the following:

(1) specific criteria and standards to be used in evaluating the suitability of a Public Customer for uncovered short options transactions;

(2) specific procedures for approval of accounts engaged in writing uncovered short options contracts (which for the purposes of this Rule shall include combinations and any transactions that involve naked writing), including written approval of such accounts by an Options Principal;

(3) designation of a specific Options Principal(s) as responsible for approving accounts that do not meet the specific criteria and standards for writing uncovered short options transactions and for maintaining written records of the reasons for every account so approved;

(4) establishment of specific minimum net equity requirements for initial approval and maintenance of Public Customer uncovered options accounts; and

(5) requirements that Public Customers approved for writing uncovered short options transactions be provided with a special written description of the risks inherent in writing uncovered short options transactions, at

or prior to the initial uncovered short options transaction pursuant to Rule 26.10 (Delivery of Current Options Disclosure Documents and Prospectus).

Rule 26.3. Supervision of Accounts

(a) Duty to Supervise - General.

Each Options Member that conducts a public customer options business shall ensure that its written supervisory system policies and procedures pursuant to Rule 5.1 (Written Procedures) adequately address the Options Member's public customer options business.

(b) Duty to Supervise - Non-Member Accounts.

Every OEF shall develop and implement a written program for the review of its non-Member Public Customer accounts and all orders in such accounts, insofar as such accounts and orders relate to options contracts.

(c) Duty to Supervise - Uncovered Short Options.

Every OEF shall develop and implement specific written procedures concerning the manner of supervision of Public Customer accounts maintaining uncovered short (written) options positions (which for the purposes of this Rule shall include combinations and any transactions that involve naked writing) and specifically providing for frequent supervisory review of such accounts.

(d) Maintenance of Public Customer Records.

Background and financial information of Public Customers who have been approved for options transactions shall be maintained at the principal supervisory office having jurisdiction over the office servicing a Public Customer's account, or shall have readily accessible and promptly retrievable, information to permit review of each Public Customer's options account on a timely basis to determine:

(1) the compatibility of options transactions with investment objectives and with the types of transactions for which the account was approved;

(2) the size and frequency of options transactions;

(3) commission activity in the account;

(4) profit or loss in the account;

(5) undue concentration in any options class or classes; and

(6) compliance with the provisions of Regulation T of the Federal Reserve Board.

Rule 26.4. Suitability of Recommendations

(a) Every OEF, Options Principal or representative who recommends to a Public Customer the purchase or sale (writing) of any options contract shall have reasonable grounds for believing that the recommendation is not unsuitable for such Public Customer on the basis of the information furnished by such Public Customer after reasonable inquiry as to his investment objectives, financial situation and needs, and any other information known by such OEF, Options Principal or representative.

(b) No OEF, Options Principal or representative shall recommend to a Public Customer an opening transaction in any options contract unless the person making the recommendation has a reasonable basis for believing at the time of making the recommendation that the Public Customer has such knowledge and experience in financial matters that he may reasonably be expected to be capable of evaluating the risks of the recommended transaction, and is financially able to bear the risks of the recommended position in the options contract.

Rule 26.5. Discretionary Accounts

(a) Authorization and Approval Required.

No OEF shall exercise any discretionary power with respect to trading in options contracts in a Public Customer's account unless such Public Customer has given prior written authorization and the account has been accepted in writing by an Options Principal.

(1) Each participant shall designate specific Options Principals to review discretionary accounts. An Options Principal other than the Options Principal who accepted the account shall review the acceptance of each discretionary account to determine that the Options Principal accepting the account had a reasonable basis for believing that the Public Customer was able to understand and bear the risks of the strategies or transactions proposed, and the reviewing Options Principal shall maintain a record of the basis for his determination.

(2) Every discretionary order shall be identified as discretionary on the order at the time of its entry into 24X Options market. Discretionary accounts shall receive frequent appropriate supervisory review by an Options Principal who is not exercising the discretionary authority.

(b) Record of Transactions.

A record shall be made of every options transaction for an account with respect to which an OEF is vested with any discretionary power, such record to include the name of the Public Customer, options class and series, number of contracts, premium, and date and time when such transaction took place.

(c) Excessive Transactions Prohibited.

No OEF shall effect with or for any Public Customer's account with respect to which such Options Member is vested with any discretionary power any transactions of purchase or sale of options contracts that are excessive in size or frequency in view of the financial resources and character of such account.

(d) Options Programs.

Where the discretionary account utilizes options programs involving the systematic use of one or more options strategies, the Public Customer shall be furnished with a written explanation of the nature and risks of such programs.

(e) Discretion as to Price or Time Excepted.

This Rule shall not apply to discretion as to the price at which or the time when an order given by a customer for the purchase or sale of a definite number of option contracts in a specified security shall be executed, except that the authority to exercise time and price discretion will be considered to be in effect only until the end of the business day on which the customer granted such discretion, absent a specific, written contrary indication signed and dated by the customer. Any exercise of time and price discretion must be reflected on the order ticket.

(f) Any participant that does not utilize computerized surveillance tools for the frequent and appropriate review of discretionary account activity must establish and implement procedures to require Options Principal qualified individuals who have been designated to review discretionary accounts to approve and initial each discretionary order on the day entered.

Rule 26.6. Confirmation to Public Customers

(a) Every OEF shall promptly furnish to each Public Customer a written confirmation of each transaction in options contracts that shows the underlying security, type of options, expiration month, exercise price, number of options contracts, premium, commissions, date of transaction and settlement date, and shall indicate whether the transaction is a purchase or sale and whether a principal or agency transaction.

(b) The confirmation shall, by appropriate symbols, distinguish between 24X Options transactions and other transactions in option contracts though such confirmation does not need to specify the exchange or exchanges on which such option contracts were executed.

Rule 26.7. Statement of Accounts to Public Customers

(a) Every OEF shall send to its Public Customers a statement of account showing security and money positions, entries, interest charges and any special charges that have been assessed against such account during the period covered by the statement; provided, however, that such charges need not be specifically delineated on the statement

if they are otherwise accounted for on the statement and have been itemized on transaction confirmations.

(b) With respect to options Public Customers having a general (margin) account, the Public Customer statement shall also provide the mark-to-market price and market value of each options position and other security position in the general (margin) account, the total market value of all positions in the account, the outstanding debit or credit balance in the account, and the general (margin) account equity. For purposes of this paragraph (b), general (margin) account equity shall be computed by subtracting the total of the short security values and any debit balance from the total of the long security values and any credit balance.

(c) The Public Customer statement shall bear a legend stating that further information with respect to commissions and other charges related to the execution of listed options transactions has been included in confirmations of such transactions previously furnished to the Public Customer, and that such information will be made available to the Public Customer promptly upon request.

(d) Public Customer statements shall bear a legend requesting that the Public Customer promptly advise the Options Member of any material change in the Public Customer's investment objectives or financial situation.

(e) Public Customer statements shall be sent at least quarterly to all accounts having a money or a security position during the preceding quarter and at least monthly to all accounts having an entry during the preceding month.

Rule 26.8. Statements of Financial Condition to Public Customers

Every OEF shall send to each of its Public Customers statements of the Options Member's financial condition as required by SEC Rule 17a-5 under the Exchange Act.

Rule 26.9. Addressing of Communications to Public Customers

No OEF shall address any communications to a Public Customer in care of any other person unless either: (a) the Public Customer, within the preceding twelve (12) months, has instructed the OEF in writing to send communications in care of such other persons, or (b) duplicate copies are sent to the Public Customer at some other address designated in writing by him.

Rule 26.10. Delivery of Current Options Disclosure Documents and Prospectus

(a) Options Disclosure Documents.

Every OEF shall deliver a current options disclosure document issued by the OCC to each customer at or prior to the time such customer's account is approved for options transactions. Where a customer is a broker or dealer, the OEF shall take reasonable steps to assure that such broker or dealer is furnished reasonable quantities of current options

disclosure documents, as requested by the broker or dealer, to enable it to comply with the requirements of this Rule.

(1) The term "current options disclosure document" means, as to any category of underlying security, the most recent edition of such document that meets the requirements of Rule 9b-1 under the Exchange Act.

(2) A copy of each amendment to an options disclosure document shall be furnished to each customer who was previously furnished the options disclosure document to which the amendment pertains, not later than the time a confirmation of a transaction in the category of options to which the amendment pertains is delivered to such customer. The Exchange will advise OEFs when an options disclosure document is amended.

(b) The written description of risks required by this Rule shall be in a format prescribed by the Exchange or in a format developed by the Options Member, provided it contains substantially similar information as the prescribed Exchange format and has received prior written approval of the Exchange.

(c) Below is a sample risk description for use by OEFs to satisfy the requirements of paragraph (b) of this Rule:

Special Statement for Uncovered Options Writers.

There are special risks associated with uncovered options writing which expose the investor to potentially significant loss. Therefore, this type of strategy may not be suitable for all Public Customers approved for options transactions.

1. The potential loss of uncovered call writing is unlimited. The writer of an uncovered call is in an extremely risky position, and may incur large losses if the value of the underlying instrument increases above the exercise price.

2. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The writer of an uncovered put option bears a risk of loss if the value of the underlying instrument declines below the exercise price. Such loss could be substantial if there is a significant decline in the value of the underlying instrument.

3. Uncovered options writing is thus suitable only for the knowledgeable investor who understands the risks, has the financial capacity and willingness to incur potentially substantial losses, and has sufficient liquid assets to meet applicable margin requirements. In this regard, if the value of the underlying instrument moves against an uncovered writer's options position, the investor's broker may request significant additional margin payments. If an investor does not make such margin payments, the broker may liquidate stock or options positions in the investor's account with little or no prior notice in accordance with the investor's margin agreement.

4. For combination writing, where the investor writes both a put and a call on the same underlying instrument, the potential risk is unlimited.

5. If a secondary market in options were to become unavailable, investors could not engage in closing transactions, and an options writer would remain obligated until expiration or assignment.

6. The writer of an American-style option is subject to being assigned an exercise at any time after he has written the option until the option expires. By contrast, the writer of a European-style option is subject to exercise assignment only during the exercise period. NOTE: It is expected that you will read the booklet entitled CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS available from your broker. In particular, your attention is directed to the chapter entitled Risks of Buying and Writing Options. This statement is not intended to enumerate all of the risks entailed in writing uncovered options.

Rule 26.11. Restrictions on Pledge and Lending of Public Customers' Securities

(a) No OEF shall lend, either to itself or to others, securities carried for the account of any Public Customer, unless such OEF shall first have obtained a separate written authorization from such Public Customer permitting the lending of the securities.

(b) Regardless of any agreement between an OEF and a Public Customer authorizing the OEF to lend or pledge such securities, no OEF shall lend or pledge more of such securities than is fair and reasonable in view of the indebtedness of the Public Customer to such OEF, except such lending as may be specifically authorized under paragraph (c) of this Rule.

(c) No OEF shall lend securities carried for the account of any Public Customer that have been fully paid for, or that are in excess of the amount that may be loaned in view of the indebtedness of the Public Customer, unless such OEF first obtains from such Public Customer a separate written authorization designating the particular securities to be loaned.

(d) No OEF shall hold securities carried for the account of any Public Customer that have been fully paid for, or that are in excess of the amount that may be pledged in view of the indebtedness of the Public Customer, unless such securities are segregated and identified by a method that clearly indicates the interest of such Public Customer in those securities.

Rule 26.12. Transactions of Certain Public Customers

(a) No OEF shall execute any transaction in securities or carry a position in any security in which:

(1) an officer or employee of the Exchange or any national securities exchange that is a participant of the Clearing Corporation, or an officer or

employee of a corporation in which the Exchange, or such other exchange, owns the majority of the capital stock, is directly or indirectly interested, without the prior written consent of the Exchange; or

(2) a partner, officer, director, principal shareholder or employee of another OEF is directly or indirectly interested, without the consent of such other OEF.

(b) Where the required consent has been granted, duplicate reports of the transaction and position shall promptly be sent to the Exchange or OEF, as the case may be.

Rule 26.13. Guarantees

No OEF shall guarantee a Public Customer against loss in his account or in any transaction effected with or for such Public Customer.

Rule 26.14. Profit Sharing

(a) No OEF or person associated with an OEF shall share directly or indirectly in the profits or losses in any Public Customer's account, whether carried by such OEF or any other OEF unless the person associated with an OEF obtains prior written consent from the OEF employing such person and such OEF or person associated with an OEF obtains prior written consent from the Public Customer.

(b) Where such consent is obtained, the OEF, person associated with an OEF or Options Principal shall share in the profits or losses in such account only in direct proportion to the financial contribution made to the account by such person.

Rule 26.15. Assuming Losses

No OEF shall assume for its own account any position established for a Public Customer in a security traded on the Exchange after a loss to the Public Customer has been established or ascertained, unless the position was created by the OEF's mistake or unless approval of the Exchange has first been obtained.

Rule 26.16. Communications with Public Customers

Options Members and associated persons of Options Members shall be bound to comply with the Communications with Public Customers rule of FINRA, as applicable, as though said rules were part of these Rules.

Rule 26.17. Public Customer Complaints

(a) Every OEF conducting a non-Member Public Customer business shall make and keep current a separate central log, index or other file for all options-related complaints, through which these complaints can easily be identified and retrieved.

(b) The term "options-related complaint" shall mean any written statement by a Public Customer or person acting on behalf of a Public Customer alleging a grievance arising out of or in connection with listed options.

(c) The central file shall be located at the principal place of business of the Options Member or such other principal office as shall be designated by the OEF.

(1) Each options-related complaint received by a branch office of an OEF shall be forwarded to the office in which the separate, central file is located not later than thirty (30) days after receipt by the branch office.

(2) A copy of every options-related complaint shall be maintained at the branch office that is the subject of a complaint.

(d) At a minimum, the central file shall include:

(1) identification of complainant;

(2) date complaint was received;

(3) identification of the representative servicing the account, if applicable;

(4) a general description of the subject of the complaint; and

(5) a record of what action, if any, has been taken by the Options Member with respect to the complaint.

CHAPTER 27. OPTIONS ORDER PROTECTION AND LOCKED AND CROSSED MARKETS RULES

Rule 27.1. Definitions

(a) The following terms shall have the meaning specified in this Rule solely for the purpose of this Chapter 27:

(1) "Best Bid" and "Best Offer" mean the highest priced Bid and the lowest priced Offer.

(2) "Bid" or "Offer" means the bid price or the offer price communicated by a member of an Eligible Exchange to any Broker/Dealer, or to any customer, at which it is willing to buy or sell, as either principal or agent, but shall not include indications of interest.

(3) "Broker/Dealer" means an individual or organization registered with the SEC in accordance with Section 15(b)(1) of the Exchange Act or a foreign broker or dealer exempt from such registration pursuant to Rule 15a-6 under the Exchange Act.

(4) "Complex Trade" means: (i) the execution of an order in an option series in conjunction with the execution of one or more related order(s) in different option series in the same underlying security occurring at or near the same time in a ratio that is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.0) and for the purpose of executing a particular investment strategy; or (ii) the execution of a stock option order to buy or sell a stated number of units of an underlying stock or a security convertible into the underlying stock ("convertible security") coupled with the purchase or sale of option contract(s) on the opposite side of the market representing either (A) the same number of units of the underlying stock or convertible security, or (B) the number of units of the underlying stock or convertible security necessary to create a delta neutral position, but in no case in a ratio greater than eight (8) option contracts per unit of trading of the underlying stock or convertible security established for that series by the Clearing Corporation.

(5) "Crossed Market" means a quoted market in which a Protected Bid is higher than a Protected Offer in a series of an Eligible Class.

(6) "Customer" means an individual or organization that is not a Broker/Dealer.

(7) "Eligible Exchange" means a national securities exchange registered with the SEC in accordance with Section 6(a) of the Exchange Act that: (a) is a Participant Exchange in OCC (as that term is defined in Section VII of the OCC bylaws); (b) is a party to the OPRA Plan (as that term is described in Section I of the OPRA Plan); and (c) if the national securities exchange chooses

not to become a party to this Plan, is a participant in another plan approved by the Commission providing for comparable Trade-Through and Locked and Crossed Market protection.

(8) "Eligible Options Class" means all options series overlying a security (as that term is defined in Section 3(a)(10) of the Exchange Act) or group of securities, including both put options and call options, which class is available for trading on two or more Eligible Exchanges.

(9) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(10) "Intermarket Sweep Order (ISO)" means a limit order for an options series that meets the following requirements:

(A) When routed to an Eligible Exchange, the order is identified as an ISO;

(B) Simultaneously with the routing of the order, one or more additional ISOs, as necessary, are routed to execute against the full displayed size of any Protected Bid, in the case of a limit order to sell, or any Protected Offer, in the case of a limit order to buy, for the options series with a price that is superior to the limit price of the ISO, with such additional orders also marked as ISOs.

(11) "Locked Market" means a quoted market in which a Protected Bid is equal to a Protected Offer in a series of an Eligible Options Class.

(12) "NBBO" means the national best bid and offer in an option series as calculated by an Eligible Exchange.

(13) "Non-Firm" means, with respect to quotations, that Members of an Eligible Exchange are relieved of their obligation to be firm for their quotations pursuant to Rule 602 under the Exchange Act.

(14) "OCC" means The Options Clearing Corporation.

(15) "OPRA" means the Options Price Reporting Authority.

(16) "OPRA Plan" means the plan filed with the SEC pursuant to Section 11A(a)(1)(C)(iii) of the Exchange Act, approved by the SEC and declared effective as of January 22, 1976, as from time to time amended.

(17) "Participant" means an Eligible Exchange whose participation in the Plan has become effective pursuant to Section 3(c) of the Plan.

(18) "Plan" means the Options Order Protection and Locked/Crossed Market Plan, as such plan may be amended from time to time.

(19) "Protected Bid" or "Protected Offer" means a Bid or Offer in an options series, respectively, that:

(A) Is disseminated pursuant to the OPRA Plan; and

(B) Is the Best Bid or Best Offer, respectively, displayed by an Eligible Exchange.

(20) "Protected Quotation" means a Protected Bid or Protected Offer.

(21) "Quotation" means a Bid or Offer.

(22) "SEC" means the United States Securities and Exchange Commission.

(23) "Trade-Through" means a transaction in an options series at a price that is lower than a Protected Bid or higher than a Protected Offer.

Rule 27.2. Order Protection

(a) Avoidance of Trade-Throughs. Except as provided in paragraph (b) below, Options Members shall not effect Trade-Throughs.

(b) Exceptions to Trade-Through Liability. The provisions of paragraph (a) pertaining to the satisfaction of Trade-Throughs shall not apply under the following circumstances:

(1) If an Eligible Exchange repeatedly fails to respond within one (1) second to incoming orders attempting to access its Protected Quotations, the Exchange may bypass those Protected Quotations by:

(A) Notifying the non-responding Eligible Exchange immediately after (or at the same time as) electing self-help; and

(B) Assessing whether the cause of the problem lies with its own systems and, if so, taking immediate steps to resolve the problem;

Any time a determination to bypass Protected Quotations of an Eligible Exchange is made pursuant to this sub-paragraph, the Exchange must promptly document the reasons supporting such determination.

(2) The transaction traded through a Protected Quotation being disseminated by an Eligible Exchange during a trading rotation;

(3) The transaction that constituted the Trade-Through occurred when there was a Crossed Market;

(4) The transaction that constitutes the Trade-Through is the execution of an order identified as an ISO;

(5) The transaction that constitutes the Trade-Through is effected by the Exchange while simultaneously routing an ISO to execute against the full displayed size of any better priced Protected Quotation;

(6) The Eligible Exchange displaying the Protected Quotation that was traded through had displayed, within one (1) second prior to execution of the Trade-Through, a Best bid or Best offer, as applicable, for the options series with a price that was equal or inferior to the price of the Trade-Through transaction;

(7) The Protected Quotation traded through was being disseminated from an Eligible Exchange whose Quotations were Non-Firm with respect to such options series;

(8) The transaction that constituted the Trade-Through was effected as a portion of a Complex Trade;

(9) The transaction that constituted the Trade-Through was the execution of an order for which, at the time of receipt of the order, an Options Member had guaranteed an execution at no worse than a specified price (a "stopped order"), where:

(A) the stopped order was for the account of a Customer;

(B) the Customer agreed to the specified price on an order-by-order basis; and

(C) the price of the Trade-Through was, for a stopped buy order, lower than the national Best Bid in the options series at the time of execution, or, for a stopped sell order, higher than the national Best Offer in the options series at the time of execution;

(10) The transaction that constituted the Trade-Through was the execution of an order that was stopped at a price that did not Trade-Through an Eligible Exchange at the time of the stop; or

(11) The transaction that constituted the Trade-Through was the execution of an order at a price that was not based, directly or indirectly, on the quoted price of the options series at the time of execution and for which the material terms were not reasonably determinable at the time the commitment to execute the order was made.

Interpretations and Policies

.01 Notwithstanding the exceptions set forth above, in the event of a Crossed Market, unless an order is marked ISO, the Exchange will not execute any portion of a bid at a price more

than the greater of 5 cents or 0.5 percent higher than the lowest Protected Offer or any portion of an offer that would execute at a price more than the greater of 5 cents or 0.5 percent lower than the highest Protected Bid. Upon instruction from a User, the Exchange will cancel any incoming order from such User in the event of a Crossed Market.

.02 To the extent an incoming order is executable because a Protected Bid is crossing a Protected Offer as set forth in paragraph (b)(3) of this Rule but such incoming order is eligible for routing and there is a Protected Bid or Protected Offer available at another options exchange that is better priced than the bid or offer against which the order would execute on the Exchange, the Exchange will first seek to route the order to such better priced quotation pursuant to Rule 21.9.

Rule 27.3. Locked and Crossed Markets

(a) Prohibition. Except for quotations that fall within the provisions of paragraph (b) of this Rule, Options Members shall reasonably avoid displaying, and shall not engage in a pattern or practice of displaying, any quotations that lock or cross a Protected Quotation.

(b) Exceptions.

(1) The locking or crossing quotation was displayed at a time when the Exchange was experiencing a failure, material delay, or malfunction of its systems or equipment;

(2) The locking or crossing quotation was displayed at a time when there is a Crossed Market;

(3) The Options Member simultaneously routed an ISO to execute against the full displayed size of any locked or crossed Protected Bid or Protected Offer; or

(4) With respect to a locking quotation, the order entered on the Exchange that will lock a Protected Bid or Protected Offer, is:

(i) not a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer does not represent, in whole or in part, a Customer order; or

(ii) a Customer order, and the Exchange can determine via identification available pursuant to the OPRA Plan that such Protected Bid or Protected Offer does not represent, in whole or in part, a Customer order, and, on a case-by-case basis, the Customer specifically authorizes the Member to lock such Protected Bid or Protected Offer.

CHAPTER 28. MARGIN REQUIREMENTS

Rule 28.1. General Rule

No Options Member or associated person may effect a transaction or carry an account for a Customer, whether an Options Member or non-Member of 24X Options, without proper and adequate margin in accordance with this Chapter 28 and Regulation T.

Rule 28.2. Time Margin Must be Obtained

The amount of margin required by this Chapter 28 shall be obtained as promptly as possible and in any event within a reasonable time.

Rule 28.3. Margin Requirements

(a) An Options Member or associated person must be bound by the initial and maintenance margin requirements of either the Cboe Exchange, Inc. ("Cboe Options") or the New York Stock Exchange ("NYSE") as the same may be in effect from time to time.

(b) Such election shall be made in writing by a notice filed with the Exchange.

(c) Upon the filing of such election, an Options Member or associated person shall be bound to comply with the margin rules of the Cboe Options or the NYSE, as applicable, as though said rules were part of these Rules.

Rule 28.4. Margin Required is Minimum

(a) The amount of margin prescribed by these Rules is the minimum which must be required initially and subsequently maintained with respect to each account affected thereby, but nothing in these Rules shall be construed to prevent an Options Member or associated person from requiring margin in an amount greater than that specified.

(b) 24X Options may at any time impose higher margin requirements with respect to such positions when it deems such higher margin requirements to be advisable.

CHAPTER 29. RESERVED

CHAPTER 30. BINARY KPI OPTIONS

Rule 30.1. Applicability, Definitions

(a) Applicability. The Rules in this Chapter apply only to binary KPI options (as defined herein). All Rules apply to the trading of binary KPI options, except as otherwise provided or the context otherwise requires.

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

(1) Binary KPI Option. The term "binary KPI option" means a cash-settled option contract listed on an underlying KPI of an issuer with an exercise settlement amount that is established at the creation of the option and with a settlement value that is determined by whether a specific KPI disclosed by the issuer in an earnings-related filing submitted to the Commission meets or exceeds its exercise price. Binary KPI options are paid out if the reported value of the applicable KPI (a) equals or is greater than the exercise price for a call binary KPI option or (b) is less than the exercise price for a put binary KPI option. Unless the context dictates otherwise, the terms underlying security, equity, or index, or any variations of these terms, in the Rules mean KPI for purposes of binary KPI options.

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

(3) Clearing Corporation. The term "Clearing Corporation" means the registered clearing agency designated by the Exchange to clear binary KPI options.

(4) Exercise Price. The term "exercise price" means the value (measured in the applicable units of the KPI (e.g., U.S. dollars, percentage amount, or number)) to which the settlement value of the underlying KPI is compared to determine whether the holder of a binary KPI option is entitled to the exercise settlement amount.

(5) Exercise Settlement Amount. The term "exercise settlement amount" for binary KPI options is $1 (unless otherwise adjusted pursuant to Rule 30.5 or modified pursuant to the Rules of the Clearing Corporation).

(6) KPI. The term "KPI" or "key performance indicator" means a key financial or operating metric disclosed by an issuer in its earnings-related filings submitted to the Commission (i.e., Form 8-K, Form 10- Q, or Form 10-K filings, as applicable).

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

(8) Settlement Value. The term "settlement value" means the value of the underlying KPI that is used to determine whether a binary KPI option is in-, at-, or out-of-the-money. The "settlement value" is the value of the applicable KPI as disclosed in the applicable issuer's earnings-related filing submitted to the Commission on the applicable expiration date (for both A.M.-settled and P.M.-settled binary KPI options).

(a) The Exchange designates the applicable KPI and the relevant reporting period at the time of listing a binary KPI option series.

(b) If the applicable KPI is not reported or otherwise unavailable on the expiration date, settlement will occur in accordance with the Rules of the Clearing Corporation.

(c) If an applicable KPI is restated after the expiration date and settlement of a binary KPI option, the settlement value (and the exercise settlement amount) of the binary KPI option does not change.

Rule 30.2. Designation of Binary KPI Option Contracts

(a) Classes. The Exchange may from time to time approve for listing and trading on the Exchange any of the following binary KPI options contracts:

Company	**KPI (each financial metric is measured in $ unless otherwise specified)**
Apple, Inc.	Earnings per share: diluted Total net sales Net sales by category: iPhone Net sales by category: Services Net sales by reportable segment: Americas Net sales by reportable segment: Greater China
Advanced Micro Devices, Inc.	GAAP Diluted earnings per share GAAP Revenue

	Net Revenue: Data Center Segment Net Revenue: Client and Gaming Segment GAAP Operating Margin (%)
Alphabet Inc.	Diluted net income per share Revenues YouTube ads Revenues Google Cloud Revenues
Amazon.com, Inc.	Diluted earnings per share Total Net sales AWS: Net sales North America: Net sales International: Net sales Net Sales: Advertising services
Bank of America Corporation	Diluted earnings per share Total Revenue, net of interest expense Net Interest Income Provision for credit losses Net Income
Citigroup Inc.	Diluted earnings per share Total Revenue, net of interest expense Net Interest Income Total Provision for credit losses Net Income

Coinbase Global, Inc.	Net income per share - Diluted Total Revenue Transaction Revenue Total Trading Volume Subscription and Services Revenue
Ford Motor Company	GAAP Earnings per share - Diluted Total Revenues Ford Pro Segment: Revenue Ford Model e Segment: Revenue Ford Blue Segment: Revenue
Intel Corporation	GAAP Earnings per share attributable to Intel - diluted Net revenue Revenue: Client Computing Group (CCG) Revenue: Data Center and AI (DCAI) Revenue: Intel Foundry GAAP operating margin (%)
JPMorgan Chase & Co.	Earnings per share - diluted Net revenue - reported Net Interest Income Provision for credit losses Net Income
Marathon Digital Holdings, Inc.	Earnings (Net loss) per share of common stock - diluted

	Revenues Number of Blocks Won (# Bitcoin (BTC)) Energized Hashrate (EH) (# EH/s) Total Bitcoin Holdings (# BTC) BTC Produced (# BTC) BTC Purchased (# BTC)
Meta Platforms, Inc.	Earnings per share: Diluted Revenue Family Daily Active People (DAP) (#) Revenue: Advertising Operating Margin (%)
Microsoft Corporation	Diluted Earnings per Share Revenue Intelligent Cloud: Revenue Microsoft Cloud revenue More Personal Computing: Revenue
Netflix, Inc.	Earnings per share: Diluted Revenues United States and Canada (UCAN): Revenue Europe, Middle East, and Africa (EMEA): Revenue Operating Margin (%)
NVIDIA Corporation	GAAP Diluted earnings per share Revenue

	Data Center Revenue Edge Computing Revenue Automotive Revenue
Palantir Technologies Inc.	Earnings per share attributable to common stockholders, diluted Revenue Net Income Closed Deals of at Least $1 Million (#)
Robinhood Markets, Inc.	Net income attributable to Robinhood common stockholders: Diluted Total net revenues Funded Customers (#) Average Revenue Per User (“ARPU”) Robinhood Gold Subscribers (#)
SoFi Technologies, Inc.	Earnings per share attributable to common stockholders – diluted Total net revenue Total net revenue – Technology Platform Total net revenue – Financial Services Total net revenue – Lending
Space Exploration Technologies Corp	Earnings per share: Diluted Total Revenues
Super Micro Computer, Inc.	Net income per common share: Diluted Net sales Gross Margin (%)

	Cash flow used in operations Net Income
Target Corporation	Diluted earnings per share Net sales Food & Beverage Net sales Apparel & Accessories Net sales Operating income: Rate (%)
Tesla, Inc.	Net Income per share of common stocks attributable to common stockholders: diluted Total Revenues Total Automotive Revenue Model 3/Y Production (#) Supercharger Connectors (#) Free Cash Flow
The Walt Disney Company	Diluted earnings per share Revenues Entertainment Subscription Video On Demand (SVOD) Operating Income Revenues: Experiences Segment operating income: Sports

(b) Separate Class. Binary KPI options are a separate class from other options overlying the stock of the issuer and are a separate class from other binary KPI options with different underlying KPIs for the same issuer.

Rule 30.3. Terms of Binary KPI Option Contracts

Binary KPI options listed and traded on the Exchange are designated as to expiration date, exercise price, settlement type, exercise style, exercise settlement amount, contract multiplier, and underlying KPI. After approving a particular binary KPI option class for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that binary KPI option class.

(a) Settlement. The Exchange may designate the settlement type for binary KPI options as A.M.- settled or P.M.-settled. Binary KPI options for issuers that disclose their earnings results before the open of Regular Trading Hours on a given trading day are designated as A.M.-settled binary KPI options. Binary KPI options for issuers that disclose their earnings results after the close of Regular Trading Hours on a given trading day are designated as P.M.-settled binary KPI options. The Exchange determines whether an issuer discloses its earnings results before or after the close of Regular Trading Hours on a given trading day based on publicly available information regarding the issuer's general disclosure practices. The exercise style of binary KPI options is European-style.

(b) Expirations. The Exchange may list binary KPI option series that expire on the date the issuer discloses its earnings results for the applicable reporting period (such as calendar quarter).

(1) The expiration date for a binary KPI option will be the date on which an issuer discloses its earnings results (that include the applicable KPI) for the specified reporting period (with the specific expiration date to be finalized when an issuer announces the date on which it will disclose its earnings results that include the applicable KPI) for that reporting period). If that date is a Tuesday, Wednesday, Thursday, or Friday and the Exchange is not open for business on that date, the expiration date will be the first business day immediately prior to that day. If that date is a Monday and the Exchange is not open for business on that date, the expiration date will be the first business day immediately following that Monday.

(2) The Exchange may designate binary KPI option series to expire up to 12 months from the time they are listed and may list up to two expirations at one time for a binary KPI option (per KPI per issuer).

(3) The Exchange may open for trading a binary KPI option series at least one business week prior to the expiration date of a binary KPI option.

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

(d) Exercise Prices.

(1) Exercise Price Values. The exercise price of each binary KPI option series will be a fixed at an amount equal to an underlying KPI value divided by a scaling factor.

(A) Scaling Factors. The Exchange will scale a KPI value for the purpose of exercise prices based on the value of the KPI in the issuer's most recent earnings-related filings submitted to the Commission as of the time binary KPI option class is listed as follows:

(i) if the most recently disclosed KPI value is greater than or equal to one trillion, the exercise price equals that value divided by one trillion (e.g., for such KPIs, an exercise price of 27.00 is equivalent to a KPI value of 27,000,000,000,000.00);

(ii) if the most recently disclosed KPI value is greater than or equal to one billion but less than one trillion, the exercise price equals that value divided by one billion (e.g., for such KPIs, an exercise price of 112.00 is equivalent to a KPI value of 112,000,000,000.00);

(iii) if the most recently disclosed KPI value is greater than or equal to one million but less than one billion, the exercise price equals that value divided by one million (e.g., for such KPIs, an exercise price of 900.00 is equivalent to a KPI value of 900,000,000.00);

(iv) if the most recently disclosed KPI value is greater than or equal to one thousand but less than one million, the exercise price equals that value divided by one thousand (e.g., for such KPIs, an exercise price of 42.00 is equivalent to a KPI value of 42,000.00); and

(v) if the most recently disclosed KPI value is less than one thousand, the exercise price equals that value and is not divided by a scaling factor (e.g., for such KPIs, an exercise price of 774.00 is equivalent to a KPI value of 774.00).

The Exchange will apply a different scaling factor to binary KPI option series for a new expiration only after the value of the KPI in the issuer's earnings-related filing submitted to the Commission has a value in a different scaling tier for four consecutive reporting periods or if the Exchange deems it necessary in the interests of a fair and orderly market. Application of a different scaling factor will not affect the exercise prices of any series of the binary KPI options previously opened.

(B) Negative KPI Values. The Exchange may list binary KPI option series with exercise prices representing negative KPI values. For these series, the exercise price will equal the absolute value of the KPI and will be scaled as set forth in subparagraph (A). To the extent the Exchange lists binary KPI option series with both positive and negative exercise prices, the series will be distinguished by the option symbol.

(2) Strike Intervals. The minimum interval between strike prices for binary KPI option series is:

(A) 0.01 where the strike price is less than 10;

(B) 0.10 where the strike price is 10 or greater but less than 100;

(C) 1.00 where the strike price is 100 or greater but less than 1,000;

(D) 10.00 where the strike price is 1,000 or greater but less than 10,000; and

(E) 100.00 where the strike price is 10,000 or greater.

(e) Bids and Offers. Bids and offers for a binary KPI option with a multiplier other than 100 must be expressed in terms of dollars per 1/multiplier of the total value of the contract. For example, if a binary option has a multiplier of 1, an offer of "0.50" represents an offer of $0.50.

(f) Initial Series. The Exchange may open for trading one or more binary KPI option series with a fixed KPI value as the strike price (as scaled in accordance with subparagraph (d)(1) above), with approximately the same number of strike prices being opened above and below the at-the-money KPI value at the time the binary KPI option series are opened. The "at-the-money" KPI value may be the value of the KPI in the issuer's most recent earnings-related filing submitted to the Commission, the issuer's disclosed estimate of the KPI for the next reporting period, or analysts' consensus estimate as reported by major market vendors, as the Exchange deems appropriate based on the most recent market information available to the Exchange. The Exchange will list strike prices for binary KPI option series that are reasonably close to the at-the-money KPI value at the time of listing. A strike is "reasonably close" to the at-the-money KPI value if (1) for KPIs less than or equal to 1, it is not more than 2; (2) for KPIs greater than 1 and less than or equal to 10, it is not more than 100% above or below the at-the-money KPI value; and (3) for KPIs greater than 10, it is no more than 30% above or below the at-the-money KPI value. The Exchange may also open binary KPI option series that are more than 30% above or below the at-the-money KPI value (if the KPI is greater than 10) if demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers.

(g) Additional Series. The Exchange may add new binary KPI option series when the Exchange deems it necessary to maintain a fair and orderly market or to meet customer demand.

(1) The Exchange may list additional series using updated at-the-money KPI values, such as if the Exchange lists binary KPI option series for an expiration before the applicable issuer has disclosed the KPI value in a filing submitted to the Commission for the immediately preceding reporting period and that value is then disclosed in a filing submitted to the Commission or if the issuer or major market data vendors publish estimates of the KPI value. For example, before expiration of a binary KPI option series set to expire on the date of an issuer's disclosure of its third quarter earnings results, the Exchange lists series of that binary KPI option to expire on the date of an issuer's disclosure of its fourth quarter earnings results (using the KPI from the issuer's second quarter earnings results as the at-the-money KPI value). After the issuer discloses its third quarter earnings results in a filing submitted to the Commission, including the applicable KPI, the Exchange may list additional series for the fourth quarter binary KPI options using the third quarter KPI result as the at-the-money KPI value. Any additional strike prices the Exchange lists will be reasonably close (as defined in paragraph (d)) to the at-the-money KPI value at the time of listing.

(2) The opening of a new series of binary KPI options on the Exchange will not affect any other series of options of the same binary KPI option class previously opened.

(h) Contract Multiplier. The contract multiplier for each class of binary KPI options is one.

Rule 30.4. Determination of Settlement Value

Binary KPI options that are "at-the-money," "in-the-money," or "out-of-the-money" are a function of the settlement value of the underlying KPI in relation to the type of binary KPI option (i.e., put or call) and the exercise price.

Rule 30.5. Adjustment

Binary KPI option contracts are subject to adjustment only in accordance with and to the extent specified in the Rules of the Clearing Corporation. When any such adjustment has been determined, the Exchange will announce this adjustment, which will become effective as of the time specified in that announcement.

Rule 30.6. Binary KPI Options Trading Hours

Regular Trading Hours for binary KPI options are from 9:30 a.m. to 4:00 p.m. Eastern Time.

(a) The last day of trading for P.M.-settled binary KPI options is the day of expiration.

(b) The last day of trading for A.M.-settled binary KPI options is the trading day prior to expiration.

(c) If the Exchange confirms an issuer discloses the KPI prior to the expiration date (i.e., the date on which the issuer had announced it would disclose its earnings results for the applicable reporting period), trading in the applicable binary KPI option series will cease, and the expiration date for the option accelerates to a date on or shortly after the date of that disclosure in accordance with the Rules of the Clearing Corporation.

(d) If there is an unofficial disclosure of the KPI prior to the expiration date, the Exchange may determine to halt (and resume) trading in the applicable binary KPI option series in accordance with Rule 20.3. In certain circumstances, the expiration date for the option may accelerate in accordance with the Rules of the Clearing Corporation; if this occurs, trading in the binary KPI will cease.

(e) The System shall open binary KPI options for trading at 9:30 a.m. Eastern Time.

Rule 30.7. Position Limits for Binary KPI Options

(a) Fixed Limit for Binary KPI Options. In determining compliance with Rule 18.7, the position limit for binary KPI options is 25,000 standard option contracts per expiration, and 100 binary KPI option contracts equal one standard option contract.

(b) Aggregated Position. Positions in binary KPI options on the same KPI that have different expiration dates are not aggregated, and positions in binary KPI options for the same issuer with different underlying KPIs are not aggregated.

(c) Non-Binary. Binary KPI options are not aggregated with non-binary options contracts overlying the stock of the issuer.

(d) Hedge Exemption. With respect to binary KPI options, a binary KPI option short put position coupled with a binary KPI option short call position held by a Market Maker, regardless of the KPI option strike price, shall be exempt from the established position limits as prescribed in the Rule above.

Rule 30.8. Reporting of Positions

Positions in binary KPI options shall be reported pursuant to Rule 18.10, except, in computing reportable binary KPI options thereunder, aggregation of positions shall be in

accordance with Rule 30.7. For purposes of such report, 100 binary KPI option contracts equal one standard option contract.

Rule 30.9. Minimum Increments for Bids and Offers

The minimum price variation for binary KPI options shall be established on a class-by-class basis by the Exchange and shall not be less than $0.01.