

VIA E-MAIL (NMSPlans@sec.gov)

October 31, 2024

Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: File Number 4-443
Notice of Filing of Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options

Dear Ms. Countryman:

Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., and Cboe Exchange, Inc., on behalf of the Sponsors¹ of the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options Submitted Pursuant to Section 11A(a)(3)(B) of the Securities Exchange Act of 1934 (the “Options Listing Procedures Plan” or the “OLPP”),² are submitting to the Securities and Exchange Commission (the “Commission”) this proposed amendment to the Plan (the “Amendment”). This Amendment proposes to add a provision to the OLPP authorizing the OLPP Sponsors to act jointly to discuss both quote mitigation issues and potential solutions to address any issues identified, including, but not limited to, discussing potential new options strike listing methodologies and rules, in order to determine whether the Sponsors might propose one or more amendments to the Plan for Commission approval or whether the individual Sponsors might seek to amend their own rules.

1. Text of Amendment

This Amendment proposes to add paragraph (c) to Section 6 of the OLPP. The text of the proposed amendment is in the attached Exhibit I.

¹ The Sponsors of the Plan are: BOX Exchange LLC, Cboe BZX Exchange, Inc., Cboe C2 Exchange, Inc., Cboe EDGX Exchange, Inc., Cboe Exchange, Inc., MEMX LLC, Miami International Securities Exchange LLC, MIAX Emerald, LLC, MIAX Pearl, LLC, MIAX Sapphire, LLC, Nasdaq BX, Inc., Nasdaq GEMX, LLC, Nasdaq ISE, LLC, Nasdaq MRX, LLC, Nasdaq PHLX LLC, The Nasdaq Stock Market LLC, NYSE American LLC, NYSE Arca, Inc., and The Options Clearing Corporation.

² On July 6, 2001, the Commission approved the original OLPP. *See Joint Industry Plan; Order Approving a Proposed Options Listing Procedures Plan*, Securities Exchange Act Release No. 44521, 66 FR 36809 (July 13, 2001). The Plan is available at: https://www.theocc.com/getmedia/198bfc93-5d51-443c-9e5b-fd575a0a7d0f/options_listing_procedures_plan.pdf.

2. Purpose of Amendment

For many years, as the options industry has expanded and become more complex, industry participants have raised so-called “quote mitigation” concerns, including concerns about proliferation of listed options strike prices and the resulting potential negative effects on investors and on the market makers that are obligated to quote in all of the listed series. Such concerns have been raised at various times in discussions involving one or more of the OLPP Sponsors, market maker members of the national securities exchanges who are obligated to provide quotes in all of the listed option series, the staff of the Securities and Exchange Commission, and the members of various industry working groups (such as the Listed Options Market Structure Working Group).

For example, industry participants have voiced concerns about how to balance the need to provide investors with a sufficient number of strikes to meet their investment purposes, while also ensuring that the number of listed strikes does not become so large that the market makers, who are required to quote continuously in a significant number of existing strikes, are not unduly burdened by having to expend significant amounts of their finite capital to continuously quote strikes in thinly traded and illiquid series. Indeed, although investors need to have a choice of appropriately granular strikes to satisfy their investment needs, some industry participants also have questioned whether the increase in the number of strikes might harm investors, particularly in less liquid series, because investors could become confused about the properties of the various strikes and might be unable to close out positions in illiquid series in an effective manner. Finally, industry participants also have questioned whether the proliferation of strikes might harm overall market quality and widen spreads because market makers are forced to deploy their limited capital in a less efficient manner as a result of their obligation to continuously quote strikes in thinly traded series.

Over the years, there have been a number of amendments to both the OLPP and to the rules of the OLPP Sponsors that were designed to address some of the issues summarized above. For example, in 2009, the OLPP Sponsors proposed a “quote mitigation strategy” amendment to the OLPP, with a goal of reducing the amount of quote traffic that had resulted from the Penny Pilot Program. *See* Joint Industry Plan; Notice of Filing of Amendment No. 3 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate the Listing and Trading of Standardized Options, Release No. 34-60362, 74 Fed. Reg. 37266 (July 22, 2009). When proposing that amendment, the Plan Sponsors represented that the Penny Pilot Program resulted “in an explosion of quote traffic” and that the proposed “uniform listing standards to the range of options series exercise (or strike) prices available for trading” was a quote mitigation strategy designed to “reduce the number of options series available for trading, which will in turn lessen the rate of increase in quote traffic.” *Id.*, 74 Fed. Reg. at 37266 and n.4.

When it approved the 2009 amendment to the OLPP, the Commission concluded that the amendment “should reduce the number of options series available for trading, and thus should reduce increases in the options quote message traffic because market participants will not be submitting quotes in those series.” *See* Joint Industry Plan, Order Approving Amendment No. 3 to the Plan for the Purpose of Developing and Implementing Procedures Designed To Facilitate

the Listing and Trading of Standardized Options, Release No. 34-60531, entered on August 19, 2009, 74 Fed. Reg. 43173, 43174 (Aug. 26, 2009).

As another example, in 2020, Nasdaq BX, Inc. (“BX”) proposed a rule that sought to limit “Short Term Options Series” intervals between strikes which are available for quoting and trading on that exchange. *See* Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing of Proposed Rule Change To Amend Options 4, Section 5, To Limit Short Term Options Series Intervals Between Strikes Which are Available for Quoting and Trading on BX, Release No. 34-90384, 85 Fed. Reg. 73113 (Nov. 9, 2020). In its filing, BX noted that its proposal “to reduce the number of strikes in the furthest weeklies, where there exist wider markets and therefore lower market quality” was an “initial attempt at reducing strikes and [that BX] anticipates filing additional proposals to continue reducing strikes.” *Id.*, 85 Fed. Reg. at 73117 and n.23. BX also noted that reducing the number of listed weekly options would encourage market makers to deploy their capital more efficiently and improve displayed market quality. *Id.* at 73119. Finally, BX represented that (1) its proposal was a reaction to comments that it received from industry members “with respect to the increasing number of strikes that are required to be quoted by market makers in the options industry” and (2) reducing the number of strikes would “allow Lead Market Makers and Market Makers to expend their capital in the options market in a more efficient manner” because, as the number of strikes listed across options exchanges increases, market makers “must expend [more] capital to ensure that they have the appropriate infrastructure to meet their quoting obligations on all options markets in which they are assigned in options series.” *Id.*

When approving BX’s 2020 rule filing, the Commission noted that it had received several comments expressing support for the proposed rule change. *See* Self-Regulatory Organizations; Nasdaq BX, Inc.; Notice of Filing of Amendment No. 1 and Order Granting Accelerated Approval of Proposed Rule Change, as Modified by Amendment No. 1, To Amend Options 4, Section 5, To Limit Short Term Options Series Intervals Between Strikes That Are Available for Quoting and Trading on BX, Release No. 34-91125, entered February 12, 2021, 86 Fed. Reg. 10375, 10376 (Feb. 19, 2021). The Commission also found that:

More efficient and better calibrated strike increment rules can have a positive impact on options markets, as it can provide certainty, minimize confusion, and promote more efficient use of resources among market makers that are obligated to continuously quote such series, all while still offering customers the choice to meet their investment needs.

Id., 86 Fed. Reg. at 10377. Finally, the Commission also noted that the approved rule “may serve as a starting point to a broader initiative to revisit, harmonize, and update the panoply of strike listing rules more broadly.” *Id.*

Following the Commission’s approval of BX’s 2020 rule filing, other exchanges, including Cboe Exchange, Inc. (“Cboe”), promulgated similar amendments to their rules. *See, e.g.*, Self-Regulatory Organizations; Cboe Exchange, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend Rule 4.5 (Series of Option Contracts Open

for Trading) in Connection With Limiting the Number of Strikes Listed for Short Term Option Series Which Are Available for Quoting and Trading on the Exchange, Release No. 34-91456, 86 Fed. Reg. 18090 (April 1, 2021). In its filing, Cboe noted that limiting the number of weekly strikes in which market makers are required to quote would allow those market makers to expend their capital in the options market in a more efficient manner, which could improve overall market quality, while still providing market participants with access to sufficient strike intervals to meet their investment objectives. *Id.*, 86 Fed. Reg. at 18093-94. Cboe also noted that the removal of strikes found in clusters whose characteristics closely resemble one another would protect the investors and the general public by removing unnecessary choices of an options series, which could result in improved market quality. *Id.* at 18094.

Recently, one of the OLPP Sponsors, Cboe, compiled statistics comparing the increase in the average number of multiple listed options series listed per day in the months of June 2020 and June 2024. Cboe also examined the reduction in the average percentage of series traded per day during those two months and the reduction in average percentage of series with open interest per day. That analysis suggests that there are still significant quote mitigation issues in the options markets.

Specifically, Cboe's analysis revealed that the average series listed per day increased by 27% in June 2024, when compared to June 2020, with an average of 1,406,632 series listed per day in 2024 and 1,107,980 series listed per day in June 2020. Cboe's analysis also revealed, however, that the average percentage of series that traded per day decreased from 18% in June 2020 to 10% in June 2024 and that the average percentage of series with open interest per day decreased from 53% to 47% during those same comparison months. In other words, as the average number of series listed per day continues to increase, more series appear to be thinly traded and therefore less liquid – a dynamic that the OLPP Sponsors believe may worsen quote quality because market makers are required to expend their capital to quote in the expanding number of series that are listed.

As a result of the concerns outlined above, the OLPP Sponsors believe that the options industry would benefit from the OLPP being amended to explicitly authorize the Sponsors to act jointly to discuss quote mitigation issues, including reaching out to other industry participants to solicit their views, with a goal of identifying specific issues and potential solutions to those issues. Such an amendment would be consistent with Rule 608(a)(3)(A) of Regulation National Market System, which authorizes self-regulatory organizations (like the OLPP Sponsors) to act jointly in preparing and filing any amendment to a national market system plan. 17 C.F.R. § 242.608(a)(3)(A). In addition, if the Sponsors determine that it is appropriate to address a quote mitigation issue by proposing a further amendment to the OLPP, such an amendment would be submitted to the Commission for approval pursuant to Rule 608(b) of Regulation NMS. 17 C.F.R. § 608(b). Similarly, if the Sponsors determine to address any identified issues with new options strike listing methodologies and rules, they may seek to do so through submission of rule filings pursuant to Section 19(b) of the Exchange Act. 15 U.S.C. § 78s(b).

3. Manner of Implementation of Amendment

The proposed amendment will be added to the OLPP following Commission approval of the amendment pursuant to Rule 608(b)(1) and (b)(2) of Regulation NMS.

4. Phases of Development and Implementation

Not applicable.

5. Impact on Competition

The Sponsors believes that the proposed amendment will impose no burdens on competition that are not justified in light of the purposes of the Act.

6. Written Understandings or Agreements Among Plan Members

Not applicable.

7. Approval of Proposed Amendment

Each Sponsor approved the submission of the Amendment and has executed a signed copy of the Amendment.

8. Exhibits

I. Proposed amendments to Section 6 of the OLPP.

9. Description of Operation of Facility Contemplated by the Proposed Amendment

Not applicable.

10. Terms and Conditions of Access

Not applicable.

11. Method of Determination and Imposition, and Amount of, Fees and Charges

Not applicable.

12. Method and Frequency of Processor Evaluation

Not applicable.

13. Dispute Resolution

The Plan does not include provisions regarding the method by which disputes arising in connection with the operation of the plan will be resolved.

Ms. Vanessa Countryman

October 31, 2024

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Thank you for your attention to this matter. If you have any questions or comments, please contact me at ldickman@cboe.com.

Respectfully submitted,



Laura G. Dickman

Vice President, Associate General Counsel, Cboe Global Markets, Inc.

cc: Mr. Haoxing Zhu, Director, Division of Trading and Markets
Mr. Richard Holley III, Assistant Director, Division of Trading and Markets
Sponsors

Exhibit I


Language proposed to be added to Section 6 of the OLPP as new Section 6(c) is double underlined.

- (c) The Plan Sponsors are authorized to act jointly to discuss both quote mitigation issues and potential solutions to address any issues identified, including, but not limited to, discussing potential new options strike listing methodologies and rules, in order to determine whether the Sponsors might propose one or more amendments to the Plan for Commission approval or whether the individual Sponsors might seek to amend their own rules.

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 17, 2024:

BOX Exchange LLC

By: 

Name: Lisa J. Fall

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 29, 2024:

Cboe BZX Exchange, Inc.

By: 

Name: Laura G. Dickman

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 29, 2024:

Cboe C2 Exchange, Inc.

By: 

Name: Laura G. Dickman

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 29, 2024:

Cboe EDGX Exchange, Inc.

By: 

Name: Laura G. Dickman

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 29, 2024:

Cboe Exchange, Inc.


By: 

Name: Laura G. Dickman

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 24, 2024:

MEMX LLC


By:  _____

Name: Adrian Griffiths

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 3rd, 2024:

**Miami International Securities Exchange,
LLC**

By: 

Name: Edward Dertzel

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 31, 2024:

MIAX Emerald, LLC

By: 

Name: Edward Deitzel

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 31, 2024:

MIAX Pearl, LLC

By: 

Name: Edward Deitzel

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 31, 2024:

MIAX Sapphire, LLC

By: 

Name: Edward Deitzel

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq BX, Inc.

By: SEAN FEENEY

Name: 
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq GEMX, LLC

By: SEAN FEENEY

Name:  Sean Feeny
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq MRX, LLC

By: SEAN FEENEY

Name:  Sean Feeny
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq ISE, LLC

By: SEAN FEENEY

Name: 
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq Options Market, LLC

By: SEAN FEENEY

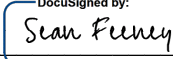
Name:  Sean Feeny
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ____, 2024:

Nasdaq PHLX, LLC


By: SEAN FEENEY

Name: 
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SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ___, 2024:

NYSE American Options, LLC

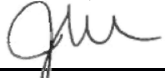
By:  _____

Name: Jaime Klima

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October ___, 2024:

NYSE Arca, Inc.

By:  _____

Name: Jaime Klima

SIGNATURES

IN WITNESS WHEREOF, the undersigned Sponsor approves submission of this Amendment to the Plan for the Purpose of Developing and Implementing Procedures Designed to Facilitate the Listing and Trading of Standardized Options as of October 21, 2024:

The Options Clearing Corporation

By: Megan Malone Cohen

Name: _____