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

File No.* SR - 2015 - * 37

Amendment No. (req. for Amendments *)

Filing by International Securities Exchange

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) * ☐

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)

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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 introduce fee caps for strategy orders.

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 * Adrian Last Name * Griffiths
Title * Assistant General Counsel
E-mail * agriffiths@ise.com
Telephone * (212) 897-0367 Fax

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/02/2015

By Michael Simon

(Name *)

(Title *)

Secretary and General Counsel

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

Persona Not Validated - 1434392700842,

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information * Add Remove View	The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.
Exhibit 1 - Notice of Proposed Rule Change * Add Remove View	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 Advance Notice by Clearing Agencies * Add Remove View	The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO] -xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)
Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications Add Remove View Exhibit Sent As Paper Document ☐	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 3 - Form, Report, or Questionnaire Add Remove View Exhibit Sent As Paper Document ☐	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 4 - Marked Copies Add Remove View	The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.
Exhibit 5 - Proposed Rule Text Add Remove View	The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.
Partial Amendment Add Remove View	If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) The International Securities Exchange, LLC (the "Exchange" or "ISE") proposes to amend the Schedule of Fees to introduce a per trade and per month fee cap for strategy orders as described in more detail below.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Exchange staff approved this proposed rule change pursuant to authority delegated to it by the Exchange's Board of Directors on May 21, 2015. This action constitutes the requisite approval under the Exchange's Certificate of Formation, Operating Agreement and Constitution.

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

(a) Purpose – The Exchange proposes to amend the Schedule of Fees to introduce a strategy fee cap program that provides a cap on Market Maker, Non-ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer fees charged for six types of strategy trades: reversals, conversions, jelly rolls, mergers, short stock interest, and box spreads. These strategy trades are defined below:

> *"Reversal"* - A reversal strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Reversals are established by combining a short security position with a short put and a long call position that shares the same strike and expiration.
>
> *"Conversion"* - A conversion strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Conversions employ long positions in the underlying security that accompany long puts and short calls sharing the same strike and expiration.
>
> *"Jelly Roll"* - A jelly roll strategy is defined as a long calendar call spread combined with the same short calendar put spread, or vice versa. This option strategy aims to profit from a time value spread through the purchase and sale of two call and two put options, each with different expiration dates. A jelly roll is created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but a different expiration from the first position.

"Merger" - A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, each executed prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock.

"Short Stock Interest" - A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.

"Box Spread" - A box spread strategy is defined as transactions involving a long call option and a short put option at one strike, combined with a short call option and long put at a different strike, to create synthetic long and synthetic short stock positions, respectively.

Because the strategy trades referenced above are commonly executed in large volumes with profit margins that are generally narrow, the Exchange proposes to cap the transaction fees associated with such executions at $750 per trade for orders executed on the same day in the same option class.[1] In addition, strategy trades will be subject to a monthly cap of $25,000 per member for all strategy executions. All eligible volume from affiliated members will be aggregated for purposes of the fee cap, provided there is at least 75% common ownership between the members as reflected on each member's Form BD, Schedule A. If a member submits an order that qualifies for the per trade or per month fee cap for strategy orders, only the amount actually paid for those trades (i.e., the capped amounts) will be counted towards the Crossing Fee Cap, if applicable.[2]

Several other options exchanges offer similar strategy cap programs that reduce members' fees when executing strategy trades.[3] The Exchange believes that by adopting a similar program to lower fees for strategy trades, the Exchange will be able to attract additional liquidity to the benefit of all market participants that trade on the Exchange.

(b) Basis – The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[4] in general, and Section 6(b)(4) of the Act,[5] in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that it is reasonable and equitable to introduce a per trade and per month fee cap for strategy trades as this will reduce the fees charged to members

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[1] Members must submit a form provided by the Exchange to identify their strategy trades.

[2] For example, if a member submits a strategy order that would normally incur a fee of $2,000 but is capped at $750 per trade, only the $750 that is actually paid by the member is counted towards the Crossing Fee Cap, if applicable.

[3] See e.g. Nasdaq OMX Phlx ("Phlx") Schedule of Fees, Section II, Multiply Listed Options Fees, Strategies Defined.

[4] 15 U.S.C. 78f.

[5] 15 U.S.C. 78f(b)(4).

that execute their strategy trades on the Exchange. The proposed strategy fee cap is designed to compete with fee caps in place on other options exchanges. By lowering the cost of strategy executions on the Exchange, the Exchange intends to attract this order flow, which will increase available liquidity to the benefit all members and investors that trade on the Exchange. The Exchange further believes that adopting a fee cap for strategy trades is not unfairly discriminatory because all Market Maker, Non-ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer that execute strategy trades on the Exchange will have an opportunity to benefit from this cap. The Exchange does not believe that it is unfairly discriminatory not to apply a similar cap for Priority Customer orders as Priority Customers do not generally enter strategy orders, which involve large volume trades, and already receive free or heavily discounted execution fees and therefore would not benefit from a strategy trade fee cap.

The Exchange also believes that it is reasonable equitable and not unfairly discriminatory to aggregate affiliates for purposes of the monthly fee cap for strategy orders as the language permitting aggregation of volume amongst corporate affiliates is intended to avoid disparate treatment of firms that have divided their various business activities between separate corporate entities as compared to firms that operate those business activities within a single corporate entity. In this regard, the Exchange notes that the proposed definition of "affiliate" is consistent with the definition used in other parts of the Schedule of Fees.

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

In accordance with Section 6(b)(8) of the Act,[6] the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed strategy cap is pro-competitive as it is designed to compete with strategy caps already in place on other markets, and will lower the fees charged to members that execute strategy trades on the Exchange. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

6. Extension of Time Period for Commission Action

Not applicable.

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[6] 15 U.S.C. 78f(b)(8).

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

Pursuant to Section 19(b)(3)(A)(ii) of the Act,[7] the Exchange has designated this proposal as establishing or changing a due, fee or other charge imposed on any person, whether or not the person is a member of a self-regulatory organization, which renders the proposed rule change effective upon filing.

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

The proposed rule change is not based on the rules of another self-regulatory organization or of the Commission.

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

Not applicable.

10. Advanced 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.

[7] 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34- ; File No. SR-ISE-2015-37)

[Date]

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Schedule of Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),[1] and Rule 19b-4 thereunder,[2] notice is hereby given that on November 2, 2015, the International Securities Exchange, LLC (the "Exchange" or the "ISE") filed with the Securities and Exchange 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 ISE proposes to amend the Schedule of Fees to introduce a per trade and per month fee cap for strategy orders as described in more detail below. The text of the proposed rule change is available on the Exchange's Web site (http://www.ise.com), at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of, and basis for, the proposed rule change and discussed any comments it received on the proposed rule change. The text of these

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

[2] 17 CFR 240.19b-4.

statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections A, B and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the Schedule of Fees to introduce a strategy fee cap program that provides a cap on Market Maker, Non-ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer fees charged for six types of strategy trades: reversals, conversions, jelly rolls, mergers, short stock interest, and box spreads. These strategy trades are defined below:

"Reversal" - A reversal strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Reversals are established by combining a short security position with a short put and a long call position that shares the same strike and expiration.

"Conversion" - A conversion strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Conversions employ long positions in the underlying security that accompany long puts and short calls sharing the same strike and expiration.

"Jelly Roll" - A jelly roll strategy is defined as a long calendar call spread combined with the same short calendar put spread, or vice versa. This option strategy aims to profit from a time value spread through the purchase and sale of two call and two put options, each with different expiration dates. A jelly roll is created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put

and buying a call, with the same strike price, but a different expiration from the first position.

"Merger" - A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, each executed prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock.

"Short Stock Interest" - A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.

"Box Spread" - A box spread strategy is defined as transactions involving a long call option and a short put option at one strike, combined with a short call option and long put at a different strike, to create synthetic long and synthetic short stock positions, respectively.

Because the strategy trades referenced above are commonly executed in large volumes with profit margins that are generally narrow, the Exchange proposes to cap the transaction fees associated with such executions at $750 per trade for orders executed on the same day in the same option class.[3] In addition, strategy trades will be subject to a monthly cap of $25,000 per member for all strategy executions. All eligible volume from affiliated members will be aggregated for purposes of the fee cap, provided there is at least 75% common ownership between the members as reflected on each member's Form BD, Schedule A. If a member submits an order that qualifies for the per trade or per

[3] Members must submit a form provided by the Exchange to identify their strategy trades.

month fee cap for strategy orders, only the amount actually paid for those trades (i.e., the capped amounts) will be counted towards the Crossing Fee Cap, if applicable.[4]

Several other options exchanges offer similar strategy cap programs that reduce members' fees when executing strategy trades.[5] The Exchange believes that by adopting a similar program to lower fees for strategy trades, the Exchange will be able to attract additional liquidity to the benefit of all market participants that trade on the Exchange.

2. Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[6] in general, and Section 6(b)(4) of the Act,[7] in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that it is reasonable and equitable to introduce a per trade and per month fee cap for strategy trades as this will reduce the fees charged to members that execute their strategy trades on the Exchange. The proposed strategy fee cap is designed to compete with fee caps in place on other options exchanges. By lowering the cost of strategy executions on the Exchange, the Exchange intends to attract this order flow, which will increase available liquidity to the benefit all members and investors that trade on the Exchange. The Exchange further believes that adopting a fee cap for strategy trades is not unfairly discriminatory because all Market Maker, Non-ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer that execute strategy trades

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[4] For example, if a member submits a strategy order that would normally incur a fee of $2,000 but is capped at $750 per trade, only the $750 that is actually paid by the member is counted towards the Crossing Fee Cap, if applicable.

[5] See e.g. Nasdaq OMX Phlx ("Phlx") Schedule of Fees, Section II, Multiply Listed Options Fees, Strategies Defined.

[6] 15 U.S.C. 78f.

[7] 15 U.S.C. 78f(b)(4).

on the Exchange will have an opportunity to benefit from this cap. The Exchange does not believe that it is unfairly discriminatory not to apply a similar cap for Priority Customer orders as Priority Customers do not generally enter strategy orders, which involve large volume trades, and already receive free or heavily discounted execution fees and therefore would not benefit from a strategy trade fee cap.

The Exchange also believes that it is reasonable equitable and not unfairly discriminatory to aggregate affiliates for purposes of the monthly fee cap for strategy orders as the language permitting aggregation of volume amongst corporate affiliates is intended to avoid disparate treatment of firms that have divided their various business activities between separate corporate entities as compared to firms that operate those business activities within a single corporate entity. In this regard, the Exchange notes that the proposed definition of "affiliate" is consistent with the definition used in other parts of the Schedule of Fees.

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

In accordance with Section 6(b)(8) of the Act,[8] the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed strategy cap is pro-competitive as it is designed to compete with strategy caps already in place on other markets, and will lower the fees charged to members that execute strategy trades on the Exchange. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other

[8] 15 U.S.C. 78f(b)(8).

exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act[9] and subparagraph (f)(2) of Rule 19b-4 thereunder,[10] because it establishes a due, fee, or other charge imposed by ISE.

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

IV. Solicitation of Comments

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

Electronic comments:

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[9] 15 U.S.C. 78s(b)(3)(A)(ii).

[10] 17 CFR 240.19b-4(f)(2).

- Use the Commission's Internet comment form http://www.sec.gov/rules/sro.shtml); or
- Send an E-mail to rule-comments@sec.gov. Please include File No. SR-ISE-2015-37 on the subject line.

Paper comments:

- Send paper comments in triplicate to Elizabeth Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2015-37. This file number should be included on the subject line if e-mail 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 Commissions Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for Web site viewing and printing in the Commission's Public Reference Room. Copies of such filing also will be available for inspection and copying at the principal office of the ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2015-37 and should be submitted by [insert date 21 days from the date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[11]

Secretary

[11] 17 CFR 200.30-3(a)(12).

Exhibit 5 - Text of the Proposed Rule Change
<u>Underlining</u> indicates additions; [Brackets] indicate deletion

* * *

IV. Other Options Fees and Rebates

* * *

H. Crossing Fee Cap

Fees are capped at $75,000 per month per member on all Firm Proprietary and Non-ISE Market Maker transactions that are part of the originating or contra side of a Crossing Order. Members that elect prior to the start of the month to pay $65,000 per month will have these crossing fees capped at that level instead. Crossing Orders are contracts that are submitted as part of a Facilitation, Solicitation, PIM, Block or QCC order. All eligible volume from affiliated Members will be aggregated for purposes of the Crossing Fee Cap, provided there is at least 75% common ownership between the Members as reflected on each Member's Form BD, Schedule A. Fees charged by the Exchange for Responses to Crossing Orders are not included in the calculation of the monthly fee cap. Surcharge fees charged by the Exchange for licensed products are not included in the calculation of the monthly fee cap. <u>Orders that qualify for the Fee Cap for Strategy Orders are only included in the calculation of the Crossing Fee Cap up to the capped amount actually paid for those trades.</u> A service fee of $0.00 per side will apply to all order types that are eligible for the fee cap. The service fee shall apply once a member reaches the fee cap level and shall apply to every contract side above the fee cap. A member who does not reach the monthly fee cap will not be charged the service fee. Once the fee cap is reached, the service fee shall apply to eligible Firm Proprietary and Non-ISE market Maker orders in all ISE products. The service fee is not calculated in reaching the cap.

* * *

<u>L. Fee Cap for Strategy Orders</u>

- <u>Market Maker, Non-ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders that are part of a strategy trade as defined below will be subject to fees capped at $750 per trade for orders executed on the same day in the same option class. In addition, strategy trades will be subject to a monthly cap of $25,000 per Member for all strategy executions. All eligible volume from affiliated Members will be aggregated for purposes of the Fee Cap for Strategy Orders, provided there is at least 75% common ownership between the Members as reflected on each Member's Form BD, Schedule A.</u>

- <u>Strategy trades include the strategies defined below:</u>

  - <u>"Reversal" - A reversal strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Reversals are established by combining a short security position with a short put and a long call position that shares the same strike and expiration.</u>

  - <u>"Conversion" - A conversion strategy is defined as transactions that employ calls, puts and the underlying security to lock in a nearly risk free profit. Conversions employ long positions in the underlying security that accompany long puts and short calls sharing the same strike and expiration.</u>

- "Jelly Roll" - A jelly roll strategy is defined as a long calendar call spread combined with the same short calendar put spread, or vice versa. This option strategy aims to profit from a time value spread through the purchase and sale of two call and two put options, each with different expiration dates. A jelly roll is created by entering into two separate positions simultaneously. One position involves buying a put and selling a call with the same strike price and expiration. The second position involves selling a put and buying a call, with the same strike price, but a different expiration from the first position.

- "Merger" - A merger strategy is defined as transactions done to achieve a merger arbitrage involving the purchase, sale and exercise of options of the same class and expiration date, each executed prior to the date on which shareholders of record are required to elect their respective form of consideration, i.e., cash or stock.

- "Short Stock Interest" - A short stock interest strategy is defined as transactions done to achieve a short stock interest arbitrage involving the purchase, sale and exercise of in-the-money options of the same class.

- "Box Spread" - A box spread strategy is defined as transactions involving a long call option and a short put option at one strike, combined with a short call option and long put at a different strike, to create synthetic long and synthetic short stock positions, respectively.

* * *