

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 23	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2017 - * 10	Amendment No. (req. for Amendments *)
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Filing by International Securities Exchange  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

A proposal to amend the schedule of fees.

**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 \* Sun      Last Name \* Kim

Title \* Assistant General Counsel

E-mail \* Sun.Kim@nasdaq.com

Telephone \* (212) 897-0238      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.

(Title \*)

Date 02/10/2017      Executive Vice President and General Counsel

By Edward S. Knight     

(Name \*)

edward.knight@nasdaq.com

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.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF 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 (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Schedule of Fees, as described in further detail below.

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

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on August 15, 2016. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

Sun Kim  
Assistant General Counsel  
Nasdaq, Inc.  
212-897-0238

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposed rule change is to amend the Exchange's Schedule of Fees to increase, for all symbols other than FX Option Symbols,<sup>3</sup> the fees applicable to Professional Customers<sup>4</sup> for the initiating or contra side of Qualified Contingent Cross ("QCC") orders or orders executed in the Solicited Order Mechanism ("Solicitation" orders). Accordingly, the proposed rule change will also increase the rebates that the Exchange currently provides to members using QCC and/or other solicited crossing orders, including solicited orders executed in the Solicitation, Facilitation, and Price Improvement Mechanisms ("solicited crossing orders"), in each case between Professional Customers or between a Professional Customer and a Priority Customer.<sup>5</sup>

Currently, the Exchange does not charge a fee to Professional Customers for QCC and Solicitation orders.<sup>6</sup> As such, Professional Customer volume in QCC and Solicitation orders are rebated in accordance with the standard "Customer to Customer" rebate tiers, which are lower than the rebates provided for QCC and other solicited

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<sup>3</sup> "FX Option Symbols" are options overlying AUM, GBP, EEU and NDO.

<sup>4</sup> A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>5</sup> A "Priority Customer" is a person or entity that: (i) is not a broker or dealer in securities; and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in ISE Rule 100(a)(37A).

<sup>6</sup> See Securities Exchange Act Release No. 79811 (January 17, 2017), 82 FR 8244 (January 24, 2017) (SR-ISE-2017-01) (eliminating the Professional Customer fee for the initiating or contra side of a QCC or Solicitation order) (the "January Fee Filing").

crossing orders to all other market participants than Professional and Priority Customers, as further described below.

The Exchange presently offers members rebates in QCC and other solicited crossing orders. These rebates are provided for each originating contract side of a crossing order, based on a member's volume in the crossing mechanisms during a given month. The applicable rebates will be applied on QCC and other solicited crossing order traded contracts once the specified volume threshold is met. Members receive the Non-“Customer to Customer” Rebate for all QCC and/or other solicited crossing orders except for QCC and other solicited crossing orders between two Priority and/or Professional Customers. QCC and other solicited crossing orders between two Priority and/or Professional Customers receive the “Customer to Customer” Rebate or “Customer to Customer” Rebate PLUS,<sup>7</sup> respectively. Currently, for the Non-“Customer to Customer” Rebate, for members that execute 0 to 99,999 originating contract sides (“Tier 1”) the rebate is \$0.00 per contract, for members that execute 100,000 to 199,999 originating contract sides (“Tier 2”) the rebate is \$0.05 per contract, for members that execute 200,000 to 499,999 originating contract sides (“Tier 3”) the rebate is \$0.07 per contract, for members that execute 500,000 to 699,999 originating contract sides (“Tier 4”) the rebate is \$0.08 per contract, for members that execute 700,000 to 999,999 originating contract sides (“Tier 5”) the rebate is \$0.09 per contract, and for members that execute

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<sup>7</sup> The PLUS rebates currently apply to “Customer to Customer” Orders (i.e. QCC and other solicited crossing orders between two Priority and/or Professional Customers) executed by members with 1) a specified volume of QCC and other solicited crossing orders in a given month and 2) 175,000 or more unsolicited originating Facilitation contract sides per month. The Exchange notes that members may receive either the “Customer to Customer” Rebate or the “Customer to Customer” Rebate PLUS – not both.

1,000,000 originating contract sides or more (“Tier 6”) the rebate is \$0.11 per contract.<sup>8</sup> Also, for the “Customer to Customer” Rebate, for Tier 1 the rebate is \$0.00, for Tiers 2 and 3 the rebate is \$0.01, and for Tiers 4 through 6 the rebate is \$0.03. Lastly, for the “Customer to Customer” Rebate PLUS, for Tier 1 the rebate is \$0.00, and for Tiers 2 through 6 the rebate is \$0.05.

The Exchange now proposes to charge a fee of \$0.10 per contract to Professional Customers for QCC and Solicitation orders. Accordingly, the Exchange also proposes that Professional Customer volume in QCC and Solicitation orders, as well as other solicited crossing orders, be rebated in the higher amounts set forth in the Non-“Customer to Customer” Rebate tiers as described above. As a result of the proposed changes, members would receive the “Customer to Customer” Rebate and the “Customer to Customer” Rebate PLUS for QCC and/or other solicited crossing orders between two Priority Customers only.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

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<sup>8</sup> The rebate is applied to the originating contract side of QCC and other solicited crossing orders traded in a given month once a member reaches the specified volume threshold/tier during that month.

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes that it is reasonable and equitable to increase the fee for Professional Customer QCC and Solicitation orders because the proposed fee is designed to be attractive to Professional Customers that trade on ISE, and is generally lower than the fees applicable to other market participants, except for Priority Customers. Although the Exchange is increasing the Professional Customer fee for QCC and Solicitation orders, it is also increasing the associated rebates that the Exchange provides to members using such orders with the intent to attract greater order flow to ISE, which would ultimately benefit all market participants that trade on the Exchange.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to continue to provide lower fees for Priority Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). This limitation does not apply to participants whose behavior is substantially similar to that of market professionals, including Professional Customers, who will generally submit a higher number of orders than Priority Customers. The Exchange notes that a recent modification to its rules caused a number of its Priority Customers to be re-classified as Professional Customers.<sup>11</sup> Under the rule change, such market participants who were previously classified as Priority Customers, and incurred no fees for executing QCC and Solicitation orders, would have started incurring such fees after being re-classified as Professional Customers. The Exchange therefore decided to treat these market participants the same as Priority Customers for purposes of the QCC and Solicitation orders as a means of easing the transition process for such participants.

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<sup>11</sup> See Securities Exchange Act Release No. 78788 (September 8, 2016), 81 FR 63252 (September 14, 2016) (SR-ISE-2016-19).

Following the one month period, the Exchange has determined that it is reasonable to begin assessing fees for Professional Customer QCC and Solicitation orders, which are still lower than the original amounts assessed prior to the January Fee Filing.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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)

Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>12</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

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

Not applicable.

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

Not applicable.

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

Not applicable.

11. Exhibits

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

5. Text of the proposed rule change.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-ISE-2017-10)

February \_\_, 2017

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 (“Act”)<sup>1</sup>, and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on February 10, 2017, the International Securities Exchange, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend the Exchange’s Schedule of Fees, as described in further detail below.

The text of the proposed rule change is available on the Exchange’s Website at [www.ise.com](http://www.ise.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

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

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

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

1. Purpose

The purpose of the proposed rule change is to amend the Exchange's Schedule of Fees to increase, for all symbols other than FX Option Symbols,<sup>3</sup> the fees applicable to Professional Customers<sup>4</sup> for the initiating or contra side of Qualified Contingent Cross ("QCC") orders or orders executed in the Solicited Order Mechanism ("Solicitation" orders). Accordingly, the proposed rule change will also increase the rebates that the Exchange currently provides to members using QCC and/or other solicited crossing orders, including solicited orders executed in the Solicitation, Facilitation, and Price Improvement Mechanisms ("solicited crossing orders"), in each case between Professional Customers or between a Professional Customer and a Priority Customer.<sup>5</sup>

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<sup>3</sup> "FX Option Symbols" are options overlying AUM, GBP, EUU and NDO.

<sup>4</sup> A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>5</sup> A "Priority Customer" is a person or entity that: (i) is not a broker or dealer in securities; and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in ISE Rule 100(a)(37A).

Currently, the Exchange does not charge a fee to Professional Customers for QCC and Solicitation orders.<sup>6</sup> As such, Professional Customer volume in QCC and Solicitation orders are rebated in accordance with the standard “Customer to Customer” rebate tiers, which are lower than the rebates provided for QCC and other solicited crossing orders to all other market participants than Professional and Priority Customers, as further described below.

The Exchange presently offers members rebates in QCC and other solicited crossing orders. These rebates are provided for each originating contract side of a crossing order, based on a member's volume in the crossing mechanisms during a given month. The applicable rebates will be applied on QCC and other solicited crossing order traded contracts once the specified volume threshold is met. Members receive the Non-“Customer to Customer” Rebate for all QCC and/or other solicited crossing orders except for QCC and other solicited crossing orders between two Priority and/or Professional Customers. QCC and other solicited crossing orders between two Priority and/or Professional Customers receive the “Customer to Customer” Rebate or “Customer to Customer” Rebate PLUS,<sup>7</sup> respectively. Currently, for the Non-“Customer to Customer” Rebate, for members that execute 0 to 99,999 originating contract sides (“Tier 1”) the

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<sup>6</sup> See Securities Exchange Act Release No. 79811 (January 17, 2017), 82 FR 8244 (January 24, 2017) (SR-ISE-2017-01) (eliminating the Professional Customer fee for the initiating or contra side of a QCC or Solicitation order) (the “January Fee Filing”).

<sup>7</sup> The PLUS rebates currently apply to “Customer to Customer” Orders (i.e. QCC and other solicited crossing orders between two Priority and/or Professional Customers) executed by members with 1) a specified volume of QCC and other solicited crossing orders in a given month and 2) 175,000 or more unsolicited originating Facilitation contract sides per month. The Exchange notes that members may receive either the “Customer to Customer” Rebate or the “Customer to Customer” Rebate PLUS – not both.

rebate is \$0.00 per contract, for members that execute 100,000 to 199,999 originating contract sides (“Tier 2”) the rebate is \$0.05 per contract, for members that execute 200,000 to 499,999 originating contract sides (“Tier 3”) the rebate is \$0.07 per contract, for members that execute 500,000 to 699,999 originating contract sides (“Tier 4”) the rebate is \$0.08 per contract, for members that execute 700,000 to 999,999 originating contract sides (“Tier 5”) the rebate is \$0.09 per contract, and for members that execute 1,000,000 originating contract sides or more (“Tier 6”) the rebate is \$0.11 per contract.<sup>8</sup> Also, for the “Customer to Customer” Rebate, for Tier 1 the rebate is \$0.00, for Tiers 2 and 3 the rebate is \$0.01, and for Tiers 4 through 6 the rebate is \$0.03. Lastly, for the “Customer to Customer” Rebate PLUS, for Tier 1 the rebate is \$0.00, and for Tiers 2 through 6 the rebate is \$0.05.

The Exchange now proposes to charge a fee of \$0.10 per contract to Professional Customers for QCC and Solicitation orders. Accordingly, the Exchange also proposes that Professional Customer volume in QCC and Solicitation orders, as well as other solicited crossing orders, be rebated in the higher amounts set forth in the Non-“Customer to Customer” Rebate tiers as described above. As a result of the proposed changes, members would receive the “Customer to Customer” Rebate and the “Customer to Customer” Rebate PLUS for QCC and/or other solicited crossing orders between two Priority Customers only.

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<sup>8</sup> The rebate is applied to the originating contract side of QCC and other solicited crossing orders traded in a given month once a member reaches the specified volume threshold/tier during that month.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that it is reasonable and equitable to increase the fee for Professional Customer QCC and Solicitation orders because the proposed fee is designed to be attractive to Professional Customers that trade on ISE, and is generally lower than the fees applicable to other market participants, except for Priority Customers. Although the Exchange is increasing the Professional Customer fee for QCC and Solicitation orders, it is also increasing the associated rebates that the Exchange provides to members using such orders with the intent to attract greater order flow to ISE, which would ultimately benefit all market participants that trade on the Exchange.

In addition, the Exchange believes that it is equitable and not unfairly discriminatory to continue to provide lower fees for Priority Customer orders. A Priority Customer is by definition not a broker or dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s). This limitation does not apply to participants whose behavior is substantially similar to that of market professionals, including Professional Customers, who will generally submit a higher number of orders than Priority Customers. The Exchange notes that a recent modification to its rules caused a number of its Priority

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<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

Customers to be re-classified as Professional Customers.<sup>11</sup> Under the rule change, such market participants who were previously classified as Priority Customers, and incurred no fees for executing QCC and Solicitation orders, would have started incurring such fees after being re-classified as Professional Customers. The Exchange therefore decided to treat these market participants the same as Priority Customers for purposes of the QCC and Solicitation orders as a means of easing the transition process for such participants. Following the one month period, the Exchange has determined that it is reasonable to begin assessing fees for Professional Customer QCC and Solicitation orders, which are still lower than the original amounts assessed prior to the January Fee Filing.

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

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. In terms of inter-market competition, the Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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<sup>11</sup> See Securities Exchange Act Release No. 78788 (September 8, 2016), 81 FR 63252 (September 14, 2016) (SR-ISE-2016-19).

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

No written comments were either solicited or received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>12</sup> At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2017-10 on the subject line.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).



Paper comments:

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

All submissions should refer to File Number SR-ISE-2017-10. 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 Commission's 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 website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. 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-2017-10 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

Robert W. Errett  
Deputy Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

\* \* \* \* \*

**I. Regular Order Fees and Rebates**

<b>Select Symbols</b>							
<b>Market Participant</b>	<b>Maker Rebate / Fee</b>	<b>Taker Fee</b>	<b>Fee for Crossing Orders<sup>(1)(2)</sup></b>	<b>Fee for PIM Orders of 100 or Fewer Contracts<sup>(1)(2)(12)(13)</sup></b>	<b>Fee for Responses to Crossing Orders</b>	<b>PIM Break-up Rebate<sup>(3)</sup></b>	<b>Facilitation and Solicitation Break-up Rebate<sup>(4)</sup></b>
Tier 1 Market Maker Plus <sup>(5)</sup>	(\$0.10) <sup>(10)</sup>	\$0.44	\$0.20	\$0.05	\$0.50	N/A	N/A
Tier 2 Market Maker Plus <sup>(5)</sup>	(\$0.18) <sup>(10)(14)</sup>	\$0.44	\$0.20	\$0.05	\$0.50	N/A	N/A
Tier 3 Market Maker Plus <sup>(5)</sup>	(\$0.22) <sup>(10)(15)</sup>	\$0.44	\$0.20	\$0.05	\$0.50	N/A	N/A
Market Maker <sup>(8)</sup>	\$0.10 <sup>(11)</sup>	\$0.44	\$0.20	\$0.05	\$0.50	N/A	N/A
Non-ISE Market Maker (FarMM)	\$0.10 <sup>(11)</sup>	\$0.45	\$0.20	\$0.05	\$0.50	(\$0.35)	(\$0.15)
Firm Proprietary / Broker-Dealer	\$0.10	\$0.45	\$0.20	\$0.05	\$0.50	(\$0.35)	(\$0.15)
Professional Customer	\$0.10	\$0.45	\$0.20 <sup>(16)</sup>	\$0.05	\$0.50	(\$0.35)	(\$0.15)
Priority Customer	\$0.00	\$0.31 <sup>(7)</sup>	\$0.00	\$0.00	\$0.50	(\$0.35)	(\$0.15)

<b>Non-Select Symbols</b>					
<b>Market Participant</b>	<b>Fee</b>	<b>Fee for Crossing Orders<sup>(1)(2)</sup></b>	<b>Fee for PIM Orders of 100 or Fewer Contracts<sup>(1)(2)(12)(13)</sup></b>	<b>Fee for Responses to Crossing Orders</b>	<b>PIM Break-up Rebate<sup>(3)</sup></b>
Market Maker	\$0.25 <sup>(6)</sup>	\$0.25 <sup>(6)</sup>	\$0.05	\$0.50	N/A
Market Maker (for orders sent by Electronic Access Members)	\$0.20	\$0.20	\$0.05	\$0.50	N/A
Non-ISE Market Maker (FarMM)	\$0.72	\$0.20	\$0.05	\$0.50	(\$0.15)
Firm Proprietary / Broker-Dealer	\$0.72	\$0.20	\$0.05	\$0.50	(\$0.15)
Professional Customer	\$0.72	\$0.20 <sup>(16)</sup>	\$0.05	\$0.50	(\$0.15)
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.50	(\$0.15)

\* \* \* \* \*

16. Transaction fees applicable to Professional Customers for an order submitted as a Qualified Contingent Cross order and orders executed in the Exchange's Solicited Order Mechanism will be [~~\$0.00~~] \$0.10 per contract.

## II. Complex Order Fees and Rebates

**Rebates**

<b>Market Participant</b>	<b>Rebate for Select Symbols<sup>(1)</sup></b>	<b>Rebate for Non-Select Symbols<sup>(1)</sup></b>	<b>PIM Break-up Rebate for Select Symbols<sup>(2)</sup></b>	<b>PIM Break-up Rebate for Non-Select Symbols<sup>(2)</sup></b>	<b>Facilitation and Solicitation Break-up Rebate for Select Symbols<sup>(2)</sup></b>
Market Maker	N/A	N/A	N/A	N/A	N/A
Non-ISE Market Maker (FarMM)	N/A	N/A	(\$0.35)	(\$0.80)	(\$0.15)
Firm Proprietary / Broker-Dealer	N/A	N/A	(\$0.35)	(\$0.80)	(\$0.15)
Professional Customer	N/A	N/A	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 0-29,999 <sup>(7)(13)</sup>	(\$0.30)	(\$0.63)	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 30,000-59,999 <sup>(7)(13)</sup>	(\$0.35)	(\$0.71)	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 60,000-99,999 <sup>(7)(13)</sup>	(\$0.41)	(\$0.79)	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 100,000-149,999 <sup>(7)(13)</sup>	(\$0.44)	(\$0.81)	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 150,000-199,999 <sup>(7)(13)</sup>	(\$0.46)	(\$0.83)	(\$0.35)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 200,000+ <sup>(7)(13)</sup>	(\$0.47)	(\$0.84)	(\$0.35)	(\$0.80)	(\$0.15)

**Maker Fees**

<b>Market Participant</b>	<b>Maker Fee for Select Symbols</b>	<b>Maker Fee for Non-Select Symbols</b>	<b>Maker Fee when trading against Priority Customer<sup>(5)</sup></b>	<b>Maker Fee for non-Select Symbols when trading against Priority Customer<sup>(5)</sup></b>
Market Maker	\$0.10	\$0.20	\$0.47 <sup>(3)</sup>	\$0.86
Non-ISE Market Maker (FarMM)	\$0.20	\$0.20	\$0.48	\$0.88
Firm Proprietary / Broker-Dealer	\$0.10	\$0.20	\$0.48	\$0.88
Professional Customer	\$0.10	\$0.20	\$0.48	\$0.88
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

**Taker and other Fees**

<b>Market Participant</b>	<b>Taker Fee for Select Symbols<sup>(5)</sup></b>	<b>Taker Fee for Non-Select Symbols<sup>(5)</sup></b>	<b>Fee for Crossing Orders<sup>(6)(10)</sup></b>	<b>Fee for PIM Orders of 100 or Fewer Contracts<sup>(8)(9)</sup></b>	<b>Fee for Responses to Crossing Orders for Select Symbols</b>	<b>Fee for Responses to Crossing Orders for non-Select Symbols</b>
Market Maker	\$0.47 <sup>(3)</sup>	\$0.86	\$0.20	\$0.05	\$0.48	\$0.91
Non-ISE Market Maker (FarMM)	\$0.48	\$0.88	\$0.20	\$0.05	\$0.48	\$0.96
Firm Proprietary / Broker-Dealer	\$0.48	\$0.88	\$0.20	\$0.05	\$0.48	\$0.96
Professional Customer	\$0.48	\$0.88	\$0.20 <sup>(14)</sup>	\$0.05	\$0.48	\$0.96
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48	\$0.96

\* \* \* \* \*

14. Transaction fees applicable to Professional Customers for an order submitted as a Qualified Contingent Cross order and orders executed in the Exchange’s Solicited Order Mechanism will be [~~\$0.00~~] \$0.10 per contract.

\* \* \* \* \*

**IV. Other Options Fees and Rebates**

**A. QCC and Solicitation Rebate**

- Members using the Qualified Contingent Cross (QCC) and/or other solicited crossing orders, including solicited orders executed in the Solicitation, Facilitation or Price Improvement Mechanisms, will receive rebates according to the table below for each originating contract side in all symbols traded on the Exchange. Once a Member reaches a certain volume threshold in QCC orders and/or solicited crossing orders during a month, the Exchange will provide rebates to that Member for all of its QCC and solicited crossing order traded contracts for that month. The applicable rebates will be applied on QCC and solicited crossing order traded contracts once the volume threshold is met. Members will receive the Non-“Customer to Customer” rebate for all QCC and/or other solicited crossing orders except for QCC and solicited orders between two Priority [and/or Professional] Customers. QCC and solicited orders between two Priority [and/or Professional] Customers will receive the “Customer to Customer” rebate or “Customer to Customer” Rebate PLUS, respectively. The volume threshold and corresponding rebates are as follows:
- Non-“Customer to Customer” and “Customer to Customer” volume will be aggregated in determining the applicable volume tier.

Originating Contract Sides	Non-“Customer to Customer” Rebate	“Customer to Customer” Rebate	“Customer to Customer” Rebate PLUS*
0 to 99,999	\$0.00	\$0.00	\$0.00
100,000 to 199,999	(\$0.05)	(\$0.01)	(\$0.05)
200,000 to 499,999	(\$0.07)	(\$0.01)	(\$0.05)
500,000 to 699,999	(\$0.08)	(\$0.03)	(\$0.05)
700,000 to 999,999	(\$0.09)	(\$0.03)	(\$0.05)
1,000,000+	(\$0.11)	(\$0.03)	(\$0.05)

\*PLUS rebate is for Members with total monthly unsolicited originating Facilitation contract side volume of 175,000 or more.

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