

Required fields are shown with yellow backgrounds and asterisks.

Filing by Nasdaq ISE, LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
			Rule		
Pilot	Extension of Time Period for Commission Action *	Date Expires *	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
<input type="checkbox"/>	<input type="checkbox"/>	<input type="text"/>	<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) *	Section 806(e)(2) *
<input type="checkbox"/>	<input type="checkbox"/>
	Section 3C(b)(2) *
	<input type="checkbox"/>

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

Description

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

Proposed rule change to amend the Exchange Schedule of Fees to amend the calculation of the Member Order Routing Program.

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 *	<input type="text" value="Angela"/>	Last Name *	<input type="text" value="Dunn"/>
Title *	<input type="text" value="Principal Associate General Counsel"/>		
E-mail *	<input type="text" value="Angela.Dunn@nasdaq.com"/>		
Telephone *	<input type="text" value="(215) 496-5692"/>	Fax	<input type="text"/>

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	<input type="text" value="11/29/2017"/>	Executive Vice President and General Counsel
By	<input type="text" value="Edward S. Knight"/>	<input type="text"/>
	(Name *)	

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 *

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, 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

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

Exhibit 5 - Proposed Rule Text

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) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend its Schedule of Fees to amend the calculation of the Member Order Routing Program.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on December 1, 2017.

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 September 19, 2017. 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:

Angela S. Dunn
Principal Associate General Counsel
Nasdaq, Inc.
215-496-5692

¹ 15 U.S.C. 78s(b)(1).

² 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 Exchange operates the Member Order Routing Program (“MORP”),³ which is a program that provides enhanced rebates to order routing firms that select the Exchange as the default routing destination for unsolicited Crossing Orders.⁴ This proposal seeks to exclude options overlying NDX⁵ from the calculation of MORP for purposes of rebates.

Eligible MORP Electronic Access Members (EAMS) that execute a monthly average daily volume (ADV) in unsolicited Crossing Orders of 30,000 originating contract sides or more on their MORP designated sessions are eligible for increased Facilitation and Solicitation break-up rebates in addition to enhanced rebates for Unsolicited Crossing Orders. Break-up rebates, which are shown in the table below, apply instead of rebates described in Sections I, II, and III of the Schedule of Fees, and will be provided for contracts that are submitted to the Facilitation and Solicited Order Mechanisms that do not trade with their contra order except when those contracts trade

³ See Securities Exchange Act Release No. 74706 (April 10, 2016), 80 FR 20522 (April 16, 2016) (SR-ISE-2015-11). A Member may designate one or more sessions to be eligible for MORP. A session is connection to the exchange over which a member submits orders. See Section V.C. of the Schedule of Fees. If a session is designated as eligible for MORP all requirements for the program must be met for that session.

⁴ A “Crossing Order” is an order executed in the Exchange’s Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism (“PIM”) or submitted as a Qualified Contingent Cross (“QCC”) order. For purposes of the fee schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

⁵ NDX represents options on the Nasdaq 100 Index traded under the symbol NDX (“NDX”).

against pre-existing orders and quotes on the Exchange's order books. The applicable fee for Crossing Orders is applied to any contracts for which a rebate is provided.

Facilitation and Solicitation Break-Up Rebates are as follows:

Market Participant	Regular Orders in Select Symbols	Complex Orders in Select Symbols	Regular Orders in Non-Select Symbols	Complex Orders in Non-Select Symbols	Regular Orders in FX Options	Complex Orders in FX Options
Market Maker	N/A	N/A	N/A	N/A	N/A	N/A
Non-Nasdaq ISE Market Maker (FarMM)	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Firm Proprietary / Broker-Dealer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Professional Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Priority Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)

Currently, an EAM that is MORP eligible receives a rebate for all unsolicited Crossing Orders of \$0.05 per originating contract side, provided that the member executes a minimum ADV in unsolicited Crossing Orders of 30,000 to 99,999 originating contract sides though their MORP designated sessions. If the member executed greater than 100,000 originating contract sides, the rebate for all unsolicited Crossing Orders is \$0.07 per originating contract side.⁶ No rebate is paid for volume below 30,000

⁶ The rebate for the highest tier achieved is applied retroactively to all eligible contracts traded in a given month. For purposes of determining whether the member meets the above ADV thresholds, any day that the Exchange is not open

originating contract sides.

With respect to the Facilitation and Solicitation Break-Up Rebate, any EAM that qualifies for the MORP rebate by executing an ADV of 30,000 originating contract sides or more on their MORP designated sessions is also eligible for increased Facilitation and Solicitation break-up rebates⁷ for their Non-ISE Market Maker,⁸ Firm Proprietary,⁹ Broker-Dealer,¹⁰ Professional Customer,¹¹ and Priority Customer orders.¹² Currently, MORP eligible members that execute a qualifying ADV in unsolicited Crossing Orders of at least 30,000 originating contract sides, receive a Facilitation and Solicitation break-

for the entire trading day or the Exchange instructs members in writing to route their orders to other markets may be excluded from such calculation; provided that the Exchange will only remove the day for members that would have a lower ADV with the day included.

⁷ Break-up rebates are provided for contracts that are submitted to the Facilitation and Solicited Order Mechanisms that do not trade with their contra order except when those contracts trade against pre-existing orders and quotes on the Exchange's orderbooks. The applicable fee for Crossing Orders is applied to any contracts for which a rebate is provided.

⁸ A "Non-ISE Market Maker" is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

⁹ A "Firm Proprietary" order is an order submitted by a member for its own proprietary account.

¹⁰ A "Broker-Dealer" order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

¹¹ A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer.

¹² A "Priority Customer" is a person or entity that is not a broker/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), as defined in ISE Rule 100(a)(37A).

up rebate that is \$0.35 per contract for regular and complex orders in Select Symbols,¹³ \$0.15 per contract for regular orders in Non-Select Symbols,¹⁴ \$0.80 per contract for complex orders in Non-Select Symbols, and \$0.15 per contract for regular and complex orders in foreign exchange option classes (“FX Options”).

Proposal

This proposal would exclude options overlying NDX from the monthly ADV when calculating the originating contract side for unsolicited Crossing Orders executed by an eligible EAM on their MORP designated sessions. NDX would not be subject to unsolicited Crossing Orders rebates and Facilitation and Solicitation break-up rebates. NDX will continue to be subject to Section I Index Options pricing for simple orders and Non-Select pricing for complex orders.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁶ 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.

¹³ “Select Symbols” are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

¹⁴ “Non-Select Symbols” are options overlying all symbols excluding Select Symbols.

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

The Exchange's proposal to exclude options overlying NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates is reasonable because the MORP will continue to be attractive to members that participate in the program.¹⁷ Under MORP, which is a voluntary rebate program, the Exchange currently provides enhanced rebates to EAMs that connect directly to the Exchange and provide their clients with order routing functionality that includes all U.S. options exchanges, including ISE. Even with the exclusion of NDX from the MORP monthly ADV and rebates, the Exchange still believes that Members will continue to be incentivized to participate in the program. The Exchange today prices Index Options separately from other multiply-listed options.¹⁸ This practice of pricing certain products separately is not novel.¹⁹

The Exchange's proposal to exclude options overlying NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates is equitable and not unfairly discriminatory because no Member would be eligible to include NDX in monthly ADV and receive MORP rebates. The Exchange would uniformly calculate tiers and pay rebates associated with MORP. Any EAM that participates in the program will be provided the rebates on an equal and non-discriminatory basis based on the order flow executed on the Exchange.

¹⁷ See note 3 above.

¹⁸ See Section I of the ISE Schedule of Fees.

¹⁹ See Nasdaq Phlx's Pricing Schedule at Section I which offers separate pricing for options overlying SPY.

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

In accordance with Section 6(b)(8) of the Act,²⁰ 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. Order routing firms that participate in MORP and select the Exchange as the default routing destination for unsolicited Crossing Orders will continue to receive enhanced rebates. The exclusion from NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates will apply uniformly to all ISE Members. Other exchanges price certain symbols differently.²¹

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

²⁰ 15 U.S.C. 78f(b)(8).

²¹ See note 19 above.

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,²² 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.

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. 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.

²² 15 U.S.C. 78s(b)(3)(A)(ii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2017-103)

November __, 2017

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Calculation of the Member Order Routing Program

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on November 29, 2017, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The Exchange proposes to amend its Schedule of Fees to amend the calculation of the Member Order Routing Program.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on December 1, 2017.

The text of the proposed rule change is available on the Exchange’s Website at <http://ise.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission’s Public Reference Room.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange operates the Member Order Routing Program ("MORP"),³ which is a program that provides enhanced rebates to order routing firms that select the Exchange as the default routing destination for unsolicited Crossing Orders.⁴ This proposal seeks to exclude options overlying NDX⁵ from the calculation of MORP for purposes of rebates.

³ See Securities Exchange Act Release No. 74706 (April 10, 2016), 80 FR 20522 (April 16, 2016) (SR-ISE-2015-11). A Member may designate one or more sessions to be eligible for MORP. A session is connection to the exchange over which a member submits orders. See Section V.C. of the Schedule of Fees. If a session is designated as eligible for MORP all requirements for the program must be met for that session.

⁴ A "Crossing Order" is an order executed in the Exchange's Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism ("PIM") or submitted as a Qualified Contingent Cross ("QCC") order. For purposes of the fee schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

⁵ NDX represents options on the Nasdaq 100 Index traded under the symbol NDX ("NDX").

Eligible MORP Electronic Access Members (EAMS) that execute a monthly average daily volume (ADV) in unsolicited Crossing Orders of 30,000 originating contract sides or more on their MORP designated sessions are eligible for increased Facilitation and Solicitation break-up rebates in addition to enhanced rebates for Unsolicited Crossing Orders. Break-up rebates, which are shown in the table below, apply instead of rebates described in Sections I, II, and III of the Schedule of Fees, and will be provided for contracts that are submitted to the Facilitation and Solicited Order Mechanisms that do not trade with their contra order except when those contracts trade against pre-existing orders and quotes on the Exchange's order books. The applicable fee for Crossing Orders is applied to any contracts for which a rebate is provided.

Facilitation and Solicitation Break-Up Rebates are as follows:

Market Participant	Regular Orders in Select Symbols	Complex Orders in Select Symbols	Regular Orders in Non-Select Symbols	Complex Orders in Non-Select Symbols	Regular Orders in FX Options	Complex Orders in FX Options
Market Maker	N/A	N/A	N/A	N/A	N/A	N/A
Non-Nasdaq ISE Market Maker (FarMM)	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Firm Proprietary / Broker-Dealer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Professional Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Priority Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)

Currently, an EAM that is MORP eligible receives a rebate for all unsolicited Crossing Orders of \$0.05 per originating contract side, provided that the member executes a minimum ADV in unsolicited Crossing Orders of 30,000 to 99,999 originating contract sides through their MORP designated sessions. If the member executed greater than 100,000 originating contract sides, the rebate for all unsolicited Crossing Orders is \$0.07 per originating contract side.⁶ No rebate is paid for volume below 30,000 originating contract sides.

With respect to the Facilitation and Solicitation Break-Up Rebate, any EAM that qualifies for the MORP rebate by executing an ADV of 30,000 originating contract sides or more on their MORP designated sessions is also eligible for increased Facilitation and Solicitation break-up rebates⁷ for their Non-ISE Market Maker,⁸ Firm Proprietary,⁹

⁶ The rebate for the highest tier achieved is applied retroactively to all eligible contracts traded in a given month. For purposes of determining whether the member meets the above ADV thresholds, any day that the Exchange is not open for the entire trading day or the Exchange instructs members in writing to route their orders to other markets may be excluded from such calculation; provided that the Exchange will only remove the day for members that would have a lower ADV with the day included.

⁷ Break-up rebates are provided for contracts that are submitted to the Facilitation and Solicited Order Mechanisms that do not trade with their contra order except when those contracts trade against pre-existing orders and quotes on the Exchange's orderbooks. The applicable fee for Crossing Orders is applied to any contracts for which a rebate is provided.

⁸ A "Non-ISE Market Maker" is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

⁹ A "Firm Proprietary" order is an order submitted by a member for its own proprietary account.

Broker-Dealer,¹⁰ Professional Customer,¹¹ and Priority Customer orders.¹² Currently, MORP eligible members that execute a qualifying ADV in unsolicited Crossing Orders of at least 30,000 originating contract sides, receive a Facilitation and Solicitation break-up rebate that is \$0.35 per contract for regular and complex orders in Select Symbols,¹³ \$0.15 per contract for regular orders in Non-Select Symbols,¹⁴ \$0.80 per contract for complex orders in Non-Select Symbols, and \$0.15 per contract for regular and complex orders in foreign exchange option classes (“FX Options”).

Proposal

This proposal would exclude options overlying NDX from the monthly ADV when calculating the originating contract side for unsolicited Crossing Orders executed by an eligible EAM on their MORP designated sessions. NDX would not be subject to unsolicited Crossing Orders rebates and Facilitation and Solicitation break-up rebates. NDX will continue to be subject to Section I Index Options pricing for simple orders and Non-Select pricing for complex orders.

¹⁰ A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

¹¹ A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

¹² A “Priority Customer” is a person or entity that is not a broker/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), as defined in ISE Rule 100(a)(37A).

¹³ “Select Symbols” are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

¹⁴ “Non-Select Symbols” are options overlying all symbols excluding Select Symbols.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁵ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁶ 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's proposal to exclude options overlying NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates is reasonable because the MORP will continue to be attractive to members that participate in the program.¹⁷ Under MORP, which is a voluntary rebate program, the Exchange currently provides enhanced rebates to EAMs that connect directly to the Exchange and provide their clients with order routing functionality that includes all U.S. options exchanges, including ISE. Even with the exclusion of NDX from the MORP monthly ADV and rebates, the Exchange still believes that Members will continue to be incentivized to participate in the program. The Exchange today prices Index Options separately from other multiply-listed options.¹⁸ This practice of pricing certain products separately is not novel.¹⁹

¹⁵ 15 U.S.C. 78f(b).

¹⁶ 15 U.S.C. 78f(b)(4) and (5).

¹⁷ See note 3 above.

¹⁸ See Section I of the ISE Schedule of Fees.

¹⁹ See Nasdaq Phlx's Pricing Schedule at Section I which offers separate pricing for options overlying SPY.

The Exchange's proposal to exclude options overlying NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates is equitable and not unfairly discriminatory because no Member would be eligible to include NDX in monthly ADV and receive MORP rebates. The Exchange would uniformly calculate tiers and pay rebates associated with MORP.

Any EAM that participates in the program will be provided the rebates on an equal and non-discriminatory basis based on the order flow executed on the Exchange.

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

In accordance with Section 6(b)(8) of the Act,²⁰ 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. Order routing firms that participate in MORP and select the Exchange as the default routing destination for unsolicited Crossing Orders will continue to receive enhanced rebates. The exclusion from NDX from the monthly ADV when calculating unsolicited Crossing Orders rebates and also from Facilitation and Solicitation break-up rebates will apply uniformly to all ISE Members. Other exchanges price certain symbols differently.²¹

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

²⁰ 15 U.S.C. 78f(b)(8).

²¹ See note 19 above.

rebates to remain competitive with other 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

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.²² 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. Please include File Number SR-ISE-2017-103 on the subject line.

²² 15 U.S.C. 78s(b)(3)(A)(ii).

Paper comments:

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

All submissions should refer to File Number SR-ISE-2017-103. 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-2017-103 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.²³

Eduardo A. Aleman
Assistant Secretary

²³ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined.

**Nasdaq ISE
Schedule of Fees**

* * * * *

IV. Other Options Fees and Rebates

A. - D.

E. Member Order Routing Program

**Monthly ADV in Unsolicited Crossing Orders for MORP
Designated Sessions
(originating contract sides)**

	Rebate
30,000-99,999	(\$0.05)
100,000+	(\$0.07)

» A Member may designate one or more sessions to be eligible for the Member Order Routing Program (“MORP”). A session is connection to the exchange over which a member submits orders. See Section V.C. of this Schedule of Fees. If a session is designated as eligible for MORP all requirements for the program must be met for that session.

» Rebate paid per originating contract side for all unsolicited Crossing Orders executed by an eligible EAM on their MORP designated sessions. The rebate for the highest tier achieved is applied retroactively to all eligible contracts traded in a given month.

» NDX shall be excluded from the monthly ADV when calculating originating contract side for unsolicited Crossing Orders executed by an eligible EAM on their MORP designated sessions. NDX shall not be subject to unsolicited Crossing Orders rebates and Facilitation and Solicitation break-up rebates.

» To be eligible to participate in the Member Order Routing Program an EAM must:

1. Designate, in writing, to the Exchange which sessions are MORP eligible according to the criteria below;
2. Provide to its clients, systems that enable the electronic routing of option orders to all of the U.S. options exchanges, including Nasdaq ISE;
3. Interface with Nasdaq ISE to access the Exchange's electronic options trading platform;

4. Offer to its clients a customized interface and routing functionality such that Nasdaq ISE will be the default destination for all unsolicited Crossing Orders entered by the EAM, provided that market conditions allow the Crossing Order to be executed on Nasdaq ISE;
5. Configure its own option order routing functionality such that Nasdaq ISE will be the default destination for all unsolicited Crossing Orders, provided that market conditions allow the Crossing Order to be executed on Nasdaq ISE, with respect to all option orders as to which the EAM has routing discretion; and
6. Ensure that the default routing functionality permits users submitting option orders through such system to manually override the Nasdaq ISE as the default destination on an order-by-order basis.

» Facilitation and Solicitation Break-Up Rebates:

Market Participant	Regular Orders in Select Symbols	Complex Orders in Select Symbols	Regular Orders in Non-Select Symbols	Complex Orders in Non-Select Symbols	Regular Orders in FX Options	Complex Orders in FX Options
Market Maker	N/A	N/A	N/A	N/A	N/A	N/A
Non-Nasdaq ISE Market Maker (FarMM)	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Firm Proprietary / Broker-Dealer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Professional Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)
Priority Customer	(\$0.35)	(\$0.35)	(\$0.15)	(\$0.80)	(\$0.15)	(\$0.15)

» Eligible MORP EAMS that execute a monthly ADV in unsolicited Crossing Orders of 30,000 originating contract sides or more on their MORP designated sessions are also eligible for increased Facilitation and Solicitation break-up rebates. Break-up rebates shown in the table above apply instead of rebates described in Sections I, II, and III, and will be provided for contracts that are submitted to the Facilitation and Solicited Order Mechanisms that do not trade with their contra order except when those contracts trade

against pre-existing orders and quotes on the Exchange's orderbooks. The applicable fee for Crossing Orders is applied to any contracts for which a rebate is provided.

F. – K. No change.

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