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

File No.* SR - 2017 - * 47
Amendment No. (req. for Amendments *)

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) * ☐

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 *).

A proposed rule change to amend its Schedule of Fees to decrease rebates for members that participate in 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 * Adrian Last Name * Griffiths
Title * Sr. Associate General Counsel
E-mail * adrian.griffiths@nasdaq.com
Telephone * (212) 231-5176 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 05/16/2017
By Edward S. Knight
(Name *)

(Title *)
Executive Vice President 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.

edward.knight@nasdaq.com

Required fields are shown with yellow backgrounds and asterisks.

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) 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 decrease rebates for members that participate in the Member Order Routing Program.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on May 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 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:

Adrian Griffiths
Senior Associate General Counsel
Nasdaq, Inc.
212-231-5176

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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] On March 10, 2017, the Exchange made changes to the program to allow members to opt in to MORP for specific sessions rather than on a member-wide basis, and to increase MORP rebates for members that participate in the program.[5] As described in more detail below,

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[3] See Securities Exchange Act Release No. 74706 (April 10, 2016), 80 FR 20522 (April 16, 2016) (SR-ISE-2015-11).

[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] See Securities Exchange Act Release No. 80267 (March 17, 2017), 82 FR 14929 (March 23, 2017) (SR-ISE-2017-24). As provided in the above filing, 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. To be eligible to participate in MORP 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 ISE; (3) interface with ISE to access the Exchange's electronic options trading platform; (4) offer to its clients a customized interface and routing functionality such that 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 ISE; (5) configure its own option order routing functionality such that ISE will be the default destination for all unsolicited Crossing Orders, provided that market conditions allow the Crossing Order to be executed on 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 ISE as the default destination on an order-by-order basis.

the Exchange now proposes to decrease MORP rebates consistent with the previous rebates provided prior to that proposed rule change.[6] Members will continue to be able to opt in to MORP for specific sessions rather than on a member-wide basis.

Rebate for Unsolicited Crossing Orders

Currently, an EAM that is MORP eligible receives a rebate for all unsolicited Crossing Orders of $0.065 per originating contract side, provided that the member executes a minimum average daily volume ("ADV") in unsolicited Crossing Orders of at least 30,000 originating contract sides though their MORP designated sessions. This rebate is increased to $0.07 per originating contract side, provided that the member executes a higher ADV in unsolicited Crossing Orders of 100,000 originating contract sides.[7] The Exchange proposes to decrease the MORP rebate for eligible members that execute from 30,000 to 99,999 originating contract sides to $0.05 per originating contract side. The MORP rebate for eligible members that execute 100,000 or more originating contract sides will remain $0.07 per originating contract side.

On the Schedule of Fees, the requirement to designate which sessions are MORP eligible ends in a period. As a non-substantive conforming change, the Exchange proposes to change this to a semi-colon.

6 The Exchange initially filed the proposed pricing changes on April 27, 2017 (SR-ISE-2017-38). On May 5, 2017, the Exchange withdrew that filing and submitted this filing.

7 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.

Facilitation and Solicitation Break-Up Rebate

In addition, 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 rebates[8] for their Non-ISE Market Maker,[9] Firm Proprietary,[10] Broker-Dealer,[11] Professional Customer,[12] and Priority Customer orders.[13] 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 $0.42 per contract for regular and complex orders in Select Symbols,[14] $0.20 per contract for regular orders in Non-Select

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8 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.

9 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.

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

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

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

13 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).

14 "Select Symbols" are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

Symbols,[15] $1.08 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"). The Exchange proposes to decrease these Facilitation and Solicitation break-up rebates for MORP-eligible members to $0.35 per contract for regular and complex orders in Select Symbols, $0.15 per contract for regular orders in Non-Select Symbols, and $0.80 per contract for complex orders in Non-Select Symbols. Regular and complex orders in FX Options will continue to receive a Facilitation and Solicitation break-up rebate of $0.15 per contract.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[16] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[17] 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 the proposed decreases to MORP rebates, including the rebate for unsolicited Crossing Orders, and the Facilitation and Solicitation break-up rebate, are reasonable and equitable because the proposed rebates are set at amounts previously offered and will continue to be attractive to members that participate in the program.[18] Under MORP, which is a voluntary rebate program, the Exchange currently

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15 "Non-Select Symbols" are options overlying all symbols excluding Select Symbols.

16 15 U.S.C. 78f(b).

17 15 U.S.C. 78f(b)(4) and (5).

18 See supra note 3.

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. Although the Exchange proposes to decrease the rebates, the Exchange still believes that members will continue to be incentivized to participate in the program. The Exchange believes that the proposed rebates will be attractive to members to opt in to MORP.

In addition, the Exchange believes that the proposed rebates are not unfairly discriminatory as they apply to all EAMs that meet the program requirements and opt in to the program. 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. While MORP is targeted towards unsolicited Crossing Order flow, the Exchange offers other incentive programs to promote and encourage growth in other business areas, including, for example, rebates for Market Makers that routinely quote at the national best bid or offer,[19] and volume-based Priority Customer complex order rebates.[20] Furthermore, solicited Crossing Orders benefit from the QCC and Solicitation Rebate, which applies to all QCC and/or other solicited Crossing Orders, including solicited orders executed in the Solicitation, Facilitation or Price Improvement Mechanisms. The Exchange believes that MORP is appropriately tailored to the order flow that the Exchange is seeking to attract, and will benefit all market participants that trade on ISE by encouraging additional liquidity.

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[19] See Schedule of Fees, Section I, Regular Order Fees and Rebates, Market Maker Plus.

[20] See Schedule of Fees, Section II, Complex Order Fees and Rebates.

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

In accordance with Section 6(b)(8) of the Act,[21] 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 that are set at levels consistent with those previously offered on ISE. 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.

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-

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[21] 15 U.S.C. 78f(b)(8).

[22] 15 U.S.C. 78s(b)(3)(A)(ii).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. ; File No. SR-ISE-2017-47)

May __, 2017

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend the Schedule of Fees to Decrease Member Order Routing Program Rebates

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 May 16, 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 decrease rebates for members that participate in the Member Order Routing Program.

The text of the proposed rule change is available on the Exchange's Website at 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 Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

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

2 17 CFR 240.19b-4.

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] On March 10, 2017, the Exchange made changes to the program to allow members to opt in to MORP for specific sessions rather than on a member-wide basis, and to increase MORP rebates for members that participate in the program.[5] As described in more detail below,

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3 See Securities Exchange Act Release No. 74706 (April 10, 2016), 80 FR 20522 (April 16, 2016) (SR-ISE-2015-11).

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 See Securities Exchange Act Release No. 80267 (March 17, 2017), 82 FR 14929 (March 23, 2017) (SR-ISE-2017-24). As provided in the above filing, 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. To be eligible to participate in MORP 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 ISE; (3) interface with ISE to access the Exchange's electronic options trading platform; (4) offer to its clients a customized interface and routing functionality such that 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 ISE; (5) configure

the Exchange now proposes to decrease MORP rebates consistent with the previous rebates provided prior to that proposed rule change.[6] Members will continue to be able to opt in to MORP for specific sessions rather than on a member-wide basis.

Rebate for Unsolicited Crossing Orders

Currently, an EAM that is MORP eligible receives a rebate for all unsolicited Crossing Orders of $0.065 per originating contract side, provided that the member executes a minimum average daily volume ("ADV") in unsolicited Crossing Orders of at least 30,000 originating contract sides though their MORP designated sessions. This rebate is increased to $0.07 per originating contract side, provided that the member executes a higher ADV in unsolicited Crossing Orders of 100,000 originating contract sides.[7] The Exchange proposes to decrease the MORP rebate for eligible members that execute from 30,000 to 99,999 originating contract sides to $0.05 per originating contract

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its own option order routing functionality such that ISE will be the default destination for all unsolicited Crossing Orders, provided that market conditions allow the Crossing Order to be executed on 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 ISE as the default destination on an order-by-order basis.

On the Schedule of Fees, the requirement to designate which sessions are MORP eligible ends in a period. As a non-substantive conforming change, the Exchange proposes to change this to a semi-colon.

6 The Exchange initially filed the proposed pricing changes on April 27, 2017 (SR-ISE-2017-38). On May 5, 2017, the Exchange withdrew that filing and submitted this filing.

7 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.

side. The MORP rebate for eligible members that execute 100,000 or more originating contract sides will remain $0.07 per originating contract side.

Facilitation and Solicitation Break-Up Rebate

In addition, 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 rebates[8] for their Non-ISE Market Maker,[9] Firm Proprietary,[10] Broker-Dealer,[11] Professional Customer,[12] and Priority Customer orders.[13] 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 $0.42 per contract for regular and

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8 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.

9 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.

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

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

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

13 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).

complex orders in Select Symbols,[14] $0.20 per contract for regular orders in Non-Select Symbols,[15] $1.08 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"). The Exchange proposes to decrease these Facilitation and Solicitation break-up rebates for MORP-eligible members to $0.35 per contract for regular and complex orders in Select Symbols, $0.15 per contract for regular orders in Non-Select Symbols, and $0.80 per contract for complex orders in Non-Select Symbols. Regular and complex orders in FX Options will continue to receive a Facilitation and Solicitation break-up rebate of $0.15 per contract.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[16] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[17] 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 the proposed decreases to MORP rebates, including the rebate for unsolicited Crossing Orders, and the Facilitation and Solicitation break-up rebate, are reasonable and equitable because the proposed rebates are set at amounts

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14 "Select Symbols" are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

15 "Non-Select Symbols" are options overlying all symbols excluding Select Symbols.

16 15 U.S.C. 78f(b).

17 15 U.S.C. 78f(b)(4) and (5).

previously offered and will continue to be attractive to members that participate in the program.[18] 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. Although the Exchange proposes to decrease the rebates, the Exchange still believes that members will continue to be incentivized to participate in the program. The Exchange believes that the proposed rebates will be attractive to members to opt in to MORP.

In addition, the Exchange believes that the proposed rebates are not unfairly discriminatory as they apply to all EAMs that meet the program requirements and opt in to the program. 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. While MORP is targeted towards unsolicited Crossing Order flow, the Exchange offers other incentive programs to promote and encourage growth in other business areas, including, for example, rebates for Market Makers that routinely quote at the national best bid or offer,[19] and volume-based Priority Customer complex order rebates.[20] Furthermore, solicited Crossing Orders benefit from the QCC and Solicitation Rebate, which applies to all QCC and/or other solicited Crossing Orders, including solicited orders executed in the Solicitation, Facilitation or Price Improvement Mechanisms. The Exchange believes that MORP is appropriately tailored to the order flow that the

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[18] See supra note 3.

[19] See Schedule of Fees, Section I, Regular Order Fees and Rebates, Market Maker Plus.

[20] See Schedule of Fees, Section II, Complex Order Fees and Rebates.

Exchange is seeking to attract, and will benefit all market participants that trade on ISE by encouraging additional liquidity.

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

In accordance with Section 6(b)(8) of the Act,[21] 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 that are set at levels consistent with those previously offered on ISE. 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.

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

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21 15 U.S.C. 78f(b)(8).

22 15 U.S.C. 78s(b)(3)(A)(ii).

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-2017-47 on the subject line.

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-2017-47. 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-2017-47 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]

Robert W. Errett
Deputy Secretary

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[23] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

Deleted text is [bracketed]. New text is <u>underlined</u>.

Nasdaq ISE

Schedule of Fees

* * *

IV. Other Options Fees and Rebates

* * *

E. Member Order Routing Program

Monthly ADV in Unsolicited Crossing Orders for MORP Designated Sessions (originating contract sides)	Rebate
30,000 – 99,999	[($0.065)] <u>($0.05)</u>
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. 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.
- 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[.]<u>;</u>
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)	[($0.42)] ($0.35)	[($0.42)] ($0.35)	[($0.20)] ($0.15)	[($1.08)] ($0.80)	($0.15)	($0.15)
Firm Proprietary / Broker-Dealer	[($0.42)] ($0.35)	[($0.42)] ($0.35)	[($0.20)] ($0.15)	[($1.08)] ($0.80)	($0.15)	($0.15)
Professional Customer	[($0.42)] ($0.35)	[($0.42)] ($0.35)	[($0.20)] ($0.15)	[($1.08)] ($0.80)	($0.15)	($0.15)
Priority Customer	[($0.42)] ($0.35)	[($0.42)] ($0.35)	[($0.20)] ($0.15)	[($1.08)] ($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.

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