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Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26

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

File No.* SR - 2019 - * 07

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) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Pilot	Extension of Time Period for Commission Action *	Date Expires *	Rule		
			<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) *		Section 806(e)(2) *	Section 3C(b)(2) *		
<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>		

Exhibit 2 Sent As Paper Document



Exhibit 3 Sent As Paper Document



Description

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

Proposal to amend the Market Maker Plus program under Options 7, Section 3.

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 *	Associate General Counsel		
E-mail *	Sun.Kim@nasdaq.com		
Telephone *	(212) 231-5106	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 03/11/2019

Global Chief Legal and Policy Officer

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 EDDS 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

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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

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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 proposal to amend the Market Maker Plus program under Options 7, Section 3.

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 26, 2018. 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
Associate General Counsel
Nasdaq, Inc.
212-231-5106

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 purpose of the proposed rule change is to amend the Exchange’s Market Maker Plus program, as described in detail below.

As set forth in Section 3 of the Pricing Schedule, the Exchange operates a Market Maker Plus program for regular orders in Select Symbols³ where Market Makers⁴ that contribute to market quality by maintaining tight markets are eligible for enhanced rebates. Market Makers are evaluated each trading day for the percentage of time spent on the National Best Bid or National Best Offer (“NBBO”) for qualifying series that expire in two successive thirty calendar day periods beginning on that trading day. A Market Maker Plus is a Market Maker who is on the NBBO a specified percentage of the time on average for the month based on daily performance in the qualifying series for each of the two successive periods described above. Qualifying series are series trading between \$0.03 and \$3.00 (for options whose underlying stock’s previous trading day’s last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock’s previous trading day’s last sale price was greater than \$100) in premium. If a Market Maker would qualify for a different Market Maker Plus tier in each of the two successive periods described above, then the lower of the two Market

³ “Select Symbols” are options overlying all symbols listed on the Nasdaq ISE that are in the Penny Pilot Program.

⁴ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See ISE Rule 100(a)(32).

Maker Plus tier rebates shall apply to all contracts.⁵ These general qualification requirements will remain unchanged with the amendments to the applicable Market Maker Plus rebates described in this proposed rule change.

Market Maker orders in Select Symbols are charged a maker fee of \$0.11 per contract;⁶ provided that Market Makers that qualify for Market Maker Plus will not pay this fee if they meet the applicable tier thresholds set forth in the table below, and will instead receive the below maker rebates based on the applicable tier for which they qualify.⁷

Select Symbols other than SPY, QQQ, and IWM

Market Maker Plus Tier (Specified Percentage)	Maker Rebate
Tier 1 (80% to less than 85%)	(\$0.15)
Tier 2 (85% to less than 95%)	(\$0.18)
Tier 3 (95% or greater)	(\$0.22)

⁵ Market Makers may enter quotes in a symbol using one or more unique, exchange assigned identifiers – i.e., badge/suffix combinations. Market Maker Plus status is calculated independently based on quotes entered in a symbol for each of the Market Maker’s badge/suffix combinations, and the highest tier achieved for any badge/suffix combination quoting that symbol applies to executions across all badge/suffix combinations that the member uses to trade in that symbol. A Market Maker’s worst quoting day each month for each of the two successive periods described above, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for this rebate.

⁶ This fee also applies to Market Maker orders sent to the Exchange by Electronic Access Members.

⁷ A \$0.15 per contract fee applies instead of the applicable fee or rebate when trading against Priority Customer complex orders that leg into the regular order book. There will be no fee charged or rebate provided when trading against non-Priority Customer complex orders that leg into the regular order book.

SPY, QQQ, and IWM

Market Maker Plus Tier (Specified Percentage)	Regular Maker Rebate	Linked Maker Rebate⁸
Tier 1 (70% to less than 80%)	(\$0.00)	N/A
Tier 2 (80% to less than 85%)	(\$0.18)	(\$0.15)
Tier 3 (85% to less than 90%)	(\$0.22)	(\$0.19)
Tier 4 (90% or greater)	(\$0.26)	(\$0.23)

The Exchange now proposes to introduce a separate rebate program for Market Makers that achieve Market Maker Plus in options overlying symbols AMZN, FB, or NVDA in order to promote and encourage liquidity in those particular Select Symbols.⁹

⁸ To encourage Market Makers to maintain quality markets in SPY, QQQ, and IWM in particular, members that maintain tight markets in those symbols are eligible for higher regular maker rebates and may also be eligible for linked maker rebates, as shown in the table above. Specifically, the following symbols are linked for purposes of the linked maker rebate: (1) SPY and QQQ, and (2) SPY and IWM. Market Makers that qualify for Market Maker Plus Tiers 2-4 above for executions in SPY, QQQ, and IWM may be eligible for a linked maker rebate in a linked symbol in addition to the regular maker rebate for the applicable tier. The linked maker rebate applies to executions in SPY, QQQ, and IWM if the Market Maker does not achieve the applicable tier in that symbol but achieves the tier (i.e., any of the Market Maker Plus Tiers 2-4) for any badge/suffix combination in the other linked symbol, in which case the higher tier achieved applies to both symbols. If a Market Maker would qualify for a linked maker rebate in SPY based on the tier achieved in QQQ and the tier achieved in IWM, then the higher of the two linked maker rebates will be applied to SPY. The regular maker rebate will be provided in the symbol that qualifies the Market Maker for the higher tier based on percentage of time at the NBBO.

⁹ Qualifying Market Makers will continue to receive the maker rebates described above in products other than AMZN, FB, and NVDA.

Specifically, Market Makers that achieve Market Maker Plus Tiers 1-3 as proposed below for executions in AMZN, FB, or NVDA will receive the following maker rebates:

Market Maker Plus Tier (Specified Percentage)	Maker Rebate
Tier 1 (70% to less than 85%)	(\$0.15)
Tier 2 (85% to less than 95%)	(\$0.18)
Tier 3 (95% or greater)	(\$0.22)

The proposed rebates for AMZN, FB, and NVDA are the same as the rebates currently provided for Select Symbols (other than SPY, QQQ, and IWM), except that the proposal lowers the minimum qualification in Tier 1 from 80% to 70% for AMZN, FB, and NVDA.

In addition, the Exchange proposes to “link” the benefits associated with the Market Maker’s performance in AMZN, FB, and NVDA such that the proposed Tiers 1-3 maker rebates will apply to executions in AMZN, FB, or NVDA if the Market Maker does not achieve the applicable tier in that symbol, but achieves the tier (i.e., proposed Tiers 1-3) for any badge/suffix combination in the other two symbols. Once the applicable tier – any of proposed Tiers 1, 2 or 3 – is achieved for two out of the three symbols AMZN, FB, or NVDA, the Market Maker will be eligible for a maker rebate in the third symbol, which will be provided in addition to the maker rebate for the applicable tier achieved in the other two symbols. If a Market Maker would qualify for different Market Maker Plus Tiers 1-3 in the two symbols, then the lower of the two maker rebates will be applied to the third symbol. Thus, for example, if a Market Maker achieves Tier 1 in AMZN and Tier 2 in FB, the Market Maker would receive the Tier 1

maker rebate in NVDA (\$0.15 per contract), Tier 1 maker rebate in AMZN (\$0.15 per contract), and Tier 2 maker rebate in FB (\$0.18 per contract). The Exchange notes that this rebate will be provided in the third symbol regardless of time at the NBBO (i.e., there is no minimum tier threshold to be met in the third symbol for the “linked” maker rebate). As such, if all three symbols separately achieve any of Market Maker Plus Tiers 1-3, the symbol that achieves the tier with the lowest maker rebate will instead receive the same maker rebate as the symbol that achieved the next lowest tier. For example, if a Market Maker achieves Tier 1 in AMZN, Tier 2 in FB, and Tier 3 in NVDA, the Market Maker would receive the \$0.18 per contract “linked” Tier 2 maker rebate in AMZN based on their FB performance, the \$0.18 per contract Tier 2 maker rebate in FB, and the \$0.22 per contract Tier 3 maker rebate in NVDA.

Because the Exchange is introducing a separate rebate program for AMZN, FB, and NVDA, the associated rebate table heading for Select Symbols other than SPY, QQQ, and IWM will be expanded to include AMZN, FB, and NVDA under this proposal.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ 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.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes that it is reasonable and equitable to offer special rebates for Market Makers that achieve Market Maker Plus in AMZN, FB or NVDA. As proposed, Market Makers would receive the same tiered rebates in those three symbols as the tiered rebates provided in Select Symbols other than SPY, QQQ, and IWM (i.e., \$0.15, \$0.18, and \$0.22 per contract). Furthermore, the proposal lowers the minimum qualification in Tier 1 for percentage of time spent quoting at the NBBO to 70% less than 85% for AMZN, FB, and NVDA (as opposed to 80% to less than 85% for Select Symbols other than SPY, QQQ, and IWM). The proposed rule change will therefore allow Market Makers that would not qualify for Market Maker Plus in AMZN, FB, or NVDA today to qualify for the \$0.15 per contract maker rebate based on a time at the NBBO of at least 70% of the time pursuant to proposed Tier 1.

In addition, the proposal links the benefits associated with the Market Maker's performance in AMZN, FB, and NVDA so that the Market Maker would be able to receive a maker rebate in any of those symbols by meeting the requirements of Market Maker Plus Tiers 1-3 in the other two, as further described above. Accordingly, the Exchange believes that Market Makers would be incentivized by the ability to earn this linked rebate, in addition to the applicable tiered rebates provided in the other two symbols, to maintain quality markets in those three symbols on ISE.

The Market Maker Plus program is designed to attract liquidity from Market Makers and provide incentives for those Market Makers to maintain tight markets, measured by time spent quoting at the NBBO. For the reasons discussed above, the Exchange believes that the proposed rule change has the potential to further benefit market quality by encouraging Market Makers to maintain tight markets in AMZN, FB,

and NVDA, which are highly active symbols within the industry, thereby creating a more active and liquid market for options traded on the Exchange. Furthermore, the Exchange believes that these three symbols have significant interest amongst retail options investors, as the underlying stocks themselves are high-priced with each currently priced above \$150 per share. The proposed pricing incentive for Market Makers is therefore meant to encourage more trading activity on the Exchange amongst all market participant types by encouraging Market Makers to maintain tight markets in these symbols.

The Exchange also believes that the proposed changes are not unfairly discriminatory as all Market Makers can qualify for the same rebates based on achieving the appropriate tier of Market Maker Plus in AMZN, FB, and NVDA. Furthermore, the Exchange continues to believe that it is not unfairly discriminatory to offer these rebates only to Market Makers because Market Makers, and in particular, those Market Makers that achieve Market Maker Plus status, are subject to additional requirements and obligations (such as quoting requirements) that other market participants are not.

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. The proposed changes to Market Maker Plus to introduce a separate rebate program for AMZN, FB, and NVDA are designed to increase competition by encouraging Market Makers to provide liquidity and maintain tight markets in these high volume symbols on ISE. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to 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. 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,¹² 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

Not applicable.

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

Not applicable.

¹² 15 U.S.C. 78s(b)(3)(A)(ii).

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-2019-07)

March __, 2019

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Market Maker Plus 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 March 11, 2019, 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 the Market Maker Plus program under Options 7, Section 3.

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.

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

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 purpose of the proposed rule change is to amend the Exchange's Market Maker Plus program, as described in detail below.

As set forth in Section 3 of the Pricing Schedule, the Exchange operates a Market Maker Plus program for regular orders in Select Symbols³ where Market Makers⁴ that contribute to market quality by maintaining tight markets are eligible for enhanced rebates. Market Makers are evaluated each trading day for the percentage of time spent on the National Best Bid or National Best Offer ("NBBO") for qualifying series that expire in two successive thirty calendar day periods beginning on that trading day. A Market Maker Plus is a Market Maker who is on the NBBO a specified percentage of the time on average for the month based on daily performance in the qualifying series for each of the two successive periods described above. Qualifying series are series trading between \$0.03 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium. If a Market Maker would qualify for a different Market Maker Plus tier in

³ "Select Symbols" are options overlying all symbols listed on the Nasdaq ISE that are in the Penny Pilot Program.

⁴ The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(32).

each of the two successive periods described above, then the lower of the two Market Maker Plus tier rebates shall apply to all contracts.⁵ These general qualification requirements will remain unchanged with the amendments to the applicable Market Maker Plus rebates described in this proposed rule change.

Market Maker orders in Select Symbols are charged a maker fee of \$0.11 per contract;⁶ provided that Market Makers that qualify for Market Maker Plus will not pay this fee if they meet the applicable tier thresholds set forth in the table below, and will instead receive the below maker rebates based on the applicable tier for which they qualify.⁷

Select Symbols other than SPY, QQQ, and IWM

Market Maker Plus Tier (Specified Percentage)	Maker Rebate
Tier 1 (80% to less than 85%)	(\$0.15)
Tier 2 (85% to less than 95%)	(\$0.18)

⁵ Market Makers may enter quotes in a symbol using one or more unique, exchange assigned identifiers – i.e., badge/suffix combinations. Market Maker Plus status is calculated independently based on quotes entered in a symbol for each of the Market Maker’s badge/suffix combinations, and the highest tier achieved for any badge/suffix combination quoting that symbol applies to executions across all badge/suffix combinations that the member uses to trade in that symbol. A Market Maker’s worst quoting day each month for each of the two successive periods described above, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for this rebate.

⁶ This fee also applies to Market Maker orders sent to the Exchange by Electronic Access Members.

⁷ A \$0.15 per contract fee applies instead of the applicable fee or rebate when trading against Priority Customer complex orders that leg into the regular order book. There will be no fee charged or rebate provided when trading against non-Priority Customer complex orders that leg into the regular order book.

Tier 3 (95% or greater)	(\$0.22)
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SPY, QQQ, and IWM

Market Maker Plus Tier (Specified Percentage)	Regular Maker Rebate	Linked Maker Rebate⁸
Tier 1 (70% to less than 80%)	(\$0.00)	N/A
Tier 2 (80% to less than 85%)	(\$0.18)	(\$0.15)
Tier 3 (85% to less than 90%)	(\$0.22)	(\$0.19)
Tier 4 (90% or greater)	(\$0.26)	(\$0.23)

The Exchange now proposes to introduce a separate rebate program for Market Makers that achieve Market Maker Plus in options overlying symbols AMZN, FB, or NVDA in order to promote and encourage liquidity in those particular Select Symbols.⁹

⁸ To encourage Market Makers to maintain quality markets in SPY, QQQ, and IWM in particular, members that maintain tight markets in those symbols are eligible for higher regular maker rebates and may also be eligible for linked maker rebates, as shown in the table above. Specifically, the following symbols are linked for purposes of the linked maker rebate: (1) SPY and QQQ, and (2) SPY and IWM. Market Makers that qualify for Market Maker Plus Tiers 2-4 above for executions in SPY, QQQ, and IWM may be eligible for a linked maker rebate in a linked symbol in addition to the regular maker rebate for the applicable tier. The linked maker rebate applies to executions in SPY, QQQ, and IWM if the Market Maker does not achieve the applicable tier in that symbol but achieves the tier (i.e., any of the Market Maker Plus Tiers 2-4) for any badge/suffix combination in the other linked symbol, in which case the higher tier achieved applies to both symbols. If a Market Maker would qualify for a linked maker rebate in SPY based on the tier achieved in QQQ and the tier achieved in IWM, then the higher of the two linked maker rebates will be applied to SPY. The regular maker rebate will be provided in the symbol that qualifies the Market Maker for the higher tier based on percentage of time at the NBBO.

⁹ Qualifying Market Makers will continue to receive the maker rebates described above in products other than AMZN, FB, and NVDA.

Specifically, Market Makers that achieve Market Maker Plus Tiers 1-3 as proposed below for executions in AMZN, FB, or NVDA will receive the following maker rebates:

Market Maker Plus Tier (Specified Percentage)	Maker Rebate
Tier 1 (70% to less than 85%)	(\$0.15)
Tier 2 (85% to less than 95%)	(\$0.18)
Tier 3 (95% or greater)	(\$0.22)

The proposed rebates for AMZN, FB, and NVDA are the same as the rebates currently provided for Select Symbols (other than SPY, QQQ, and IWM), except that the proposal lowers the minimum qualification in Tier 1 from 80% to 70% for AMZN, FB, and NVDA.

In addition, the Exchange proposes to “link” the benefits associated with the Market Maker’s performance in AMZN, FB, and NVDA such that the proposed Tiers 1-3 maker rebates will apply to executions in AMZN, FB, or NVDA if the Market Maker does not achieve the applicable tier in that symbol, but achieves the tier (i.e., proposed Tiers 1-3) for any badge/suffix combination in the other two symbols. Once the applicable tier – any of proposed Tiers 1, 2 or 3 – is achieved for two out of the three symbols AMZN, FB, or NVDA, the Market Maker will be eligible for a maker rebate in the third symbol, which will be provided in addition to the maker rebate for the applicable tier achieved in the other two symbols. If a Market Maker would qualify for different Market Maker Plus Tiers 1-3 in the two symbols, then the lower of the two maker rebates will be applied to the third symbol. Thus, for example, if a Market Maker achieves Tier 1 in AMZN and Tier 2 in FB, the Market Maker would receive the Tier 1

maker rebate in NVDA (\$0.15 per contract), Tier 1 maker rebate in AMZN (\$0.15 per contract), and Tier 2 maker rebate in FB (\$0.18 per contract). The Exchange notes that this rebate will be provided in the third symbol regardless of time at the NBBO (i.e., there is no minimum tier threshold to be met in the third symbol for the “linked” maker rebate). As such, if all three symbols separately achieve any of Market Maker Plus Tiers 1-3, the symbol that achieves the tier with the lowest maker rebate will instead receive the same maker rebate as the symbol that achieved the next lowest tier. For example, if a Market Maker achieves Tier 1 in AMZN, Tier 2 in FB, and Tier 3 in NVDA, the Market Maker would receive the \$0.18 per contract “linked” Tier 2 maker rebate in AMZN based on their FB performance, the \$0.18 per contract Tier 2 maker rebate in FB, and the \$0.22 per contract Tier 3 maker rebate in NVDA.

Because the Exchange is introducing a separate rebate program for AMZN, FB, and NVDA, the associated rebate table heading for Select Symbols other than SPY, QQQ, and IWM will be expanded to include AMZN, FB, and NVDA under this proposal.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ 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.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

The Exchange believes that it is reasonable and equitable to offer special rebates for Market Makers that achieve Market Maker Plus in AMZN, FB or NVDA. As proposed, Market Makers would receive the same tiered rebates in those three symbols as the tiered rebates provided in Select Symbols other than SPY, QQQ, and IWM (i.e., \$0.15, \$0.18, and \$0.22 per contract). Furthermore, the proposal lowers the minimum qualification in Tier 1 for percentage of time spent quoting at the NBBO to 70% less than 85% for AMZN, FB, and NVDA (as opposed to 80% to less than 85% for Select Symbols other than SPY, QQQ, and IWM). The proposed rule change will therefore allow Market Makers that would not qualify for Market Maker Plus in AMZN, FB, or NVDA today to qualify for the \$0.15 per contract maker rebate based on a time at the NBBO of at least 70% of the time pursuant to proposed Tier 1.

In addition, the proposal links the benefits associated with the Market Maker's performance in AMZN, FB, and NVDA so that the Market Maker would be able to receive a maker rebate in any of those symbols by meeting the requirements of Market Maker Plus Tiers 1-3 in the other two, as further described above. Accordingly, the Exchange believes that Market Makers would be incentivized by the ability to earn this linked rebate, in addition to the applicable tiered rebates provided in the other two symbols, to maintain quality markets in those three symbols on ISE.

The Market Maker Plus program is designed to attract liquidity from Market Makers and provide incentives for those Market Makers to maintain tight markets, measured by time spent quoting at the NBBO. For the reasons discussed above, the Exchange believes that the proposed rule change has the potential to further benefit market quality by encouraging Market Makers to maintain tight markets in AMZN, FB,

and NVDA, which are highly active symbols within the industry, thereby creating a more active and liquid market for options traded on the Exchange. Furthermore, the Exchange believes that these three symbols have significant interest amongst retail options investors, as the underlying stocks themselves are high-priced with each currently priced above \$150 per share. The proposed pricing incentive for Market Makers is therefore meant to encourage more trading activity on the Exchange amongst all market participant types by encouraging Market Makers to maintain tight markets in these symbols.

The Exchange also believes that the proposed changes are not unfairly discriminatory as all Market Makers can qualify for the same rebates based on achieving the appropriate tier of Market Maker Plus in AMZN, FB, and NVDA. Furthermore, the Exchange continues to believe that it is not unfairly discriminatory to offer these rebates only to Market Makers because Market Makers, and in particular, those Market Makers that achieve Market Maker Plus status, are subject to additional requirements and obligations (such as quoting requirements) that other market participants are not.

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. The proposed changes to Market Maker Plus to introduce a separate rebate program for AMZN, FB, and NVDA are designed to increase competition by encouraging Market Makers to provide liquidity and maintain tight markets in these high volume symbols on ISE. The Exchange operates in a highly competitive market in which market participants can readily direct their order flow to 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. 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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act¹² and subparagraph (f)(6) of Rule 19b-4 thereunder.¹³

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 necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

¹² 15 U.S.C. 78s(b)(3)(A)(iii).

¹³ 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

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](http://www.sec.gov/rules/sro.shtml)
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2019-07 on the subject line.

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-2019-07. 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-2019-07 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.¹⁴

Eduardo A. Aleman
Assistant Secretary

¹⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Nasdaq ISE Rules

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Options 7 Pricing Schedule

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Section 3. Regular Order Fees and Rebates

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5. Market Makers that qualify for Market Maker Plus will not pay this fee if they meet the applicable tier thresholds set forth in the table below, and will instead receive the below rebates based on the applicable tier for which they qualify.

Market Makers are evaluated each trading day for the percentage of time spent on the National Best Bid or National Best Offer ("NBBO") for qualifying series that expire in two successive thirty calendar day periods beginning on that trading day. A Market Maker Plus is a Market Maker who is on the NBBO a specified percentage of the time on average for the month based on daily performance in the qualifying series for each of the two successive periods described above. Qualifying series are series trading between \$0.03 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was less than or equal to \$100) and between \$0.10 and \$3.00 (for options whose underlying stock's previous trading day's last sale price was greater than \$100) in premium. If a Market Maker would qualify for a different Market Maker Plus tier in each of the two successive periods described above, then the lower of the two Market Maker Plus tier rebates shall apply to all contracts.

Market Makers may enter quotes in a symbol using one or more unique, exchange assigned identifiers - i.e., badge/suffix combinations. Market Maker Plus status is calculated independently based on quotes entered in a symbol for each of the Market Maker's badge/suffix combinations, and the highest tier achieved for any badge/suffix combination quoting that symbol applies to executions across all badge/suffix combinations that the member uses to trade in that symbol.

A Market Maker's worst quoting day each month for each of the two successive periods described above, on a per symbol basis, will be excluded in calculating whether a Market Maker qualifies for this rebate.

The Exchange may exclude from any member's monthly Market Maker Plus tier calculation any Unanticipated Event; provided that the Exchange will only remove the day for members that would have a lower time at the NBBO for the specified series with the day included.

Select Symbols other than SPY, QQQ, [and] IWM, AMZN, FB, and NVDA

Market Maker Plus Tier (Specified Percentage)	Maker Rebate	
Tier 1 (80% to less than 85%)	(\$0.15)	
Tier 2 (85% to less than 95%)	(\$0.18)	
Tier 3 (95% or greater)	(\$0.22)	
SPY, QQQ, and IWM		
Market Maker Plus Tier (Specified Percentage)	Regular Maker Rebate	Linked Maker Rebate ⁽⁹⁾ ₍₁₂₎
Tier 1 (70% to less than 80%)	(\$0.00)	N/A
Tier 2 (80% to less than 85%)	(\$0.18)	(\$0.15)
Tier 3 (85% to less than 90%)	(\$0.22)	(\$0.19)
Tier 4 (90% or greater)	(\$0.26)	(\$0.23)
<u>AMZN, FB, and NVDA</u>		
<u>Market Maker Plus Tier (Specified Percentage)</u>	<u>Maker Rebate</u>⁽¹⁴⁾	
<u>Tier 1 (70% to less than 85%)</u>	<u>(\$0.15)</u>	
<u>Tier 2 (85% to less than 95%)</u>	<u>(\$0.18)</u>	
<u>Tier 3 (95% or greater)</u>	<u>(\$0.22)</u>	

* * * * *

14. [Reserved]Market Makers that qualify for Market Maker Plus Tiers 1-3 in note 5 above for executions in two out of the three symbols AMZN, FB, or NVDA will be eligible for a maker rebate in the third symbol, in addition to the maker rebate for the applicable tier in the other two symbols. The maker rebate will apply to executions in AMZN, FB, or NVDA if the Market Maker does not achieve the applicable tier in that symbol but achieves the tier (i.e., any of Market Maker Plus Tiers 1-3) for any badge/suffix combination in the other two symbols. If a Market Maker would qualify for different Market Maker Plus Tiers 1-3 in two symbols, then

the lower of the two maker rebates will be applied to the third symbol (e.g., Market Maker Plus qualification in Tier 1 and Tier 2 across two symbols would earn Market Maker Plus Tier 1 in the third symbol). If all three symbols separately achieve any of Market Maker Plus Tiers 1-3, the symbol that achieves the tier with the lowest maker rebate will instead receive the same maker rebate as the symbol that achieved the next lowest tier.

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