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

File No.* SR - 2020 - * 12

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) * ☐

Pilot ☐

Extension of Time Period for Commission Action * ☐

Date Expires *

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)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) * ☐ Section 806(e)(2) * ☐

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) * ☐

Exhibit 2 Sent As Paper Document ☐ Exhibit 3 Sent As Paper Document ☐

Description

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

Proposal to amend the Exchanges Pricing Schedule at Options 7, Section 4, titled Complex Order Fees and Rebates

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 * Angela Last Name * Dunn
Title * Principal Associate General Counsel
E-mail * angela.dunn@nasdaq.com
Telephone * (215) 496-5692 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 03/10/2020

By John Zecca

(Name *)

(Title *)

EVP and Chief Legal Officer

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.

john.zecca@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 proposal to amend the Exchange's Pricing Schedule at Options 7, Section 4, titled "Complex Order Fees and Rebates."

The Exchange originally filed the proposed pricing changes on March 2, 2020 (SR-ISE-2020-09). On March 10, 2020, the Exchange withdrew that filing and submitted this filing.

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 25, 2019. 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 Saccomandi Dunn
Principal Associate General Counsel
Nasdaq, Inc.
215-496-5692

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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 proposes to amend the Exchange's Pricing Schedule at Options 7, Section 4, titled "Complex Order Fees and Rebates" to decrease certain rebate tiers to attract Priority Customer Complex Order flow to ISE.

Today, ISE offers a nine tier Priority Customer Complex Order rebate structure as follows:

Priority Customer Complex Tier[7] [13] [16]	Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume	Rebate for Select Symbols[1]	Rebate for Non-Select Symbols[1][4]
Tier 1	0.000% - 0.200%	($0.25)	($0.40)
Tier 2	Above 0.200% - 0.400%	($0.30)	($0.55)
Tier 3	Above 0.400% - 0.600%	($0.35)	($0.70)
Tier 4	Above 0.600% - 0.750%	($0.40)	($0.75)
Tier 5	Above 0.750% - 1.000%	($0.45)	($0.80)
Tier 6	Above 1.000% - 1.500%	($0.46)	($0.80)
Tier 7	Above 1.500% - 2.000%	($0.48)	($0.80)
Tier 8	Above 2.000% - 2.75%	($0.50)	($0.85)

Tier 9	Above 2.75%	($0.52)	($0.85)

Specifically, with respect to the Tier 4 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 0.600% to 0.750% to qualify for the $0.40 per contract rebate in Select Symbols and a $0.75 per contract rebate in Non-Select Symbols. Also, with respect to the Tier 3 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage[3] of above 0.400 to 0.600% to qualify for a $0.35 per contract rebate in Select Symbols and an $0.70 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 4 rebate from above 0.600% to 0.750% to above 0.450% to 0.750%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 3 volume qualification to amend it from above 0.400 to 0.600% to above 0.400 to 0.450% to align the qualifications for Tier 3 to the qualifications proposed for Tier 4.

Specifically, with respect to the Tier 6 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 1.000% to 1.500% to qualify for a $0.46 per contract rebate in Select Symbols and an $0.80 per contract rebate in Non-Select Symbols. Also, with respect to the Tier 7 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 1.500% to 2.000% to qualify for the $0.48 per contract rebate in Select Symbols and an $0.80 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 7 volume qualification from above 1.500% to 2.000% to above 1.350% to

3 Complex Order volume percentage is described as Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) calculated as a percentage of Customer Total Consolidated Volume.

2.000%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 6 rebate to amend it from above 1.000% to 1.500% to above 1.000% to 1.350% to align the qualifications for Tier 6 to the qualifications proposed for Tier 7.

Further, with respect to the Priority Customer Complex Tier 8 rebate, a Member must execute a Complex Order volume percentage of above 2.000% to 2.75% to qualify for the $0.50 per contract rebate in Select Symbols and an $0.85 per contract rebate in Non-Select Symbols. Also, with respect to the Priority Customer Complex Tier 9 rebate, a Member must execute a Complex Order volume percentage of above 2.75% to qualify for the $0.52 per contract rebate in Select Symbols and an $0.85 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 9 volume qualification from above 2.75% to above 2.600%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 8 rebate to amend it from above 2.000% to 2.75% to above 2.000% to 2.600% to align the qualifications for Tier 8 to the qualifications proposed for Tier 9.

The Exchange notes that all Members may elect to qualify for the Priority Customer Complex Order rebates by submitting Complex Order flow to the Exchange and earning a rebate on their Priority Customer Complex Order volume. Accordingly, the proposed changes are designed to increase the amount of Complex Order flow that Members submit to ISE, particularly Priority Customer Complex Order volume, and further encourage Members to contribute to a deeper, more liquid market to the benefit of all market participants.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[4] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[5] 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 proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[6]

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in

4 15 U.S.C. 78f(b).

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

6 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[7]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one options venue to which market participants may direct their order flow. Competing options exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon Members achieving certain volume thresholds.[8]

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9, and also make conforming changes to Priority Customer Complex Order rebate Tiers 3, 6 and 8 to align those tier qualifications with the proposed qualification amendments to Tiers 4, 7 and 9, is reasonable. The Exchange believes that the proposed amendments to Tiers 4, 7 and 9 of the Priority

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7 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

8 See, generally, Nasdaq Phlx LLC and The Nasdaq Options Market LLC as examples of options exchanges with tiered pricing structures.

Customer Complex Order rebate program, which lower the volume qualifications for those tiers, represents a reasonable attempt by the Exchange to fortify participation in the Priority Customer Complex Order rebate program. In particular, the Exchange's proposal is intended to encourage Members to submit additional amounts of Priority Customer Complex Order volume to obtain a higher rebate. The Exchange notes that the proposed amendments should not result in lower rebates for any Member submitting the same volume as the Member submitted in the prior month. The Exchange is lowering the qualification criteria for various tiers within Options 7, Section 4 to provide a more deterministic outcome for an array of Members to qualify for the same Customer Complex Order rebates as in prior months. The Exchange believes that lowering the volume requirements for Tiers 4, 7 and 9 of the Priority Customer Complex Order rebate program will further incentivize Members to transact additional Complex Order flow, including Priority Customer Complex Order flow, to achieve higher rebates. Lowering the volume requirements for Tiers 4, 7, and 9 of the Priority Customer Complex Order rebate program makes these tiers more achievable and attractive to existing and potential program participants. As noted above, the Priority Customer Complex Order rebate program is optional and available to all Members that choose to transact Complex Order flow on ISE in order to earn a rebate on their Priority Customer Complex Order volume. To the extent the program, as modified, continues to attract Complex Order volume to the Exchange, the Exchange believes that the proposed changes would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants.

The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9, and also make conforming changes to Priority Customer Complex Order rebate Tiers 3, 6 and 8 to align those tier qualifications with the proposed qualification amendments to Tiers 4, 7 and 9, is equitable and not unfairly discriminatory. Any Member may choose to qualify for the rebate program by transacting the requisite amount of Priority Customer Complex Order flow on ISE. By encouraging all Members to transact significant amounts of Priority Customer Complex Order flow (i.e., to qualify for the higher tiers) in order to earn a higher rebate on their Priority Customer Complex Orders, the Exchange seeks to provide more trading opportunities for all market participants, thereby promoting price discovery, and improving the overall market quality of the Exchange. Furthermore, the proposed changes to the Priority Customer Complex Order rebate program to lower the volume requirements for Tiers 4, 7 and 9 are equitable and not unfairly discriminatory because any Member who transacts Priority Customer Complex Order flow on ISE may qualify for the rebates. The Tier 1 Priority Customer Complex Order rebate does not require a minimum amount of volume to qualify for the rebate tier. Any volume up to .20% would earn a Tier 1 Priority Customer Complex Order rebate of $0.25 for Select Symbols and a $0.40 rebate in Non-Select Symbols. The Exchange believes that the proposed changes will further incentivize all Members to transact a significant amount of Priority Customer Complex Order volume on ISE in order to obtain the highest range of Priority Customer Complex Order rebate offered under this program. The Exchange anticipates all Members that currently qualify for these rebates will continue to do so under this proposal. To the extent the proposed changes encourage additional Members to strive for the modified tiers and thus attract more Priority Customer Complex Order volume to the Exchange, this increased order flow would improve the overall quality and attractiveness of the Exchange. The Exchange notes that all market participants stand to benefit from increased liquidity as such increase promotes market depth, facilitates tighter spreads and enhances price discovery. Accordingly, the Exchange believes that the proposed amendments are reasonably designed to provide further incentives for all Members interested in meeting the tier criteria to submit additional Priority Customer Complex Order volume to achieve the higher rebates.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

The proposed pricing amendments do not impose an intra-market burden on competition. The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9 and also make conforming changes to the qualifications for Tiers 3, 6 and 8 to align those qualifications with the proposed qualifications to Tiers 4, 7 and 9, does not impose an intra-market burden on competition. Any Member may choose to qualify for the rebate program by transacting the requisite amount of Priority Customer Complex Order flow on ISE. By encouraging all Members to transact significant amounts of Priority Customer Complex Order flow (i.e., to qualify for the higher tiers) in order to earn a rebate on their Priority Customer Complex Orders, the Exchange seeks to provide more trading opportunities for all market participants, thereby promoting price discovery, and improving the overall market quality of the Exchange. Furthermore, the proposed changes to the Priority Customer Complex Order rebate program to lower the volume requirements for Tiers 4, 7 and 9 are equitable and not unfairly discriminatory because any Member who transacts Complex Order flow on ISE may qualify for the rebates. The Tier 1 Priority Customer Complex Order rebate does not require a minimum amount of volume to qualify for the rebate tier. Any volume up to .20% would earn a Tier 1 Priority Customer Complex Order rebate of $0.25 for Select Symbols and a $0.40 rebate in Non-Select Symbols. The Exchange anticipates all Members that currently qualify for these rebates will continue to do so under this proposal. The Exchange notes that all market participants stand to benefit from increased liquidity as such increase promotes market depth, facilitates tighter spreads and enhances price discovery.

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,[9] 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.

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[9] 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-2020-12)

March __, 2020

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchanges Pricing Schedule at Options 7, Section 4, Titled Complex Order Fees and 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 March 10, 2020, 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 Exchange's Pricing Schedule at Options 7, Section 4, titled "Complex Order Fees and Rebates."

The Exchange originally filed the proposed pricing changes on March 2, 2020 (SR-ISE-2020-09). On March 10, 2020, the Exchange withdrew that filing and submitted this filing.

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.

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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 proposes to amend the Exchange's Pricing Schedule at Options 7, Section 4, titled "Complex Order Fees and Rebates" to decrease certain rebate tiers to attract Priority Customer Complex Order flow to ISE.

Today, ISE offers a nine tier Priority Customer Complex Order rebate structure as follows:

Priority Customer Complex Tier(7) (13) (16)	**Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume**	**Rebate for Select Symbols(1)**	**Rebate for Non-Select Symbols(1)(4)**
Tier 1	0.000% - 0.200%	($0.25)	($0.40)
Tier 2	Above 0.200% - 0.400%	($0.30)	($0.55)
Tier 3	Above 0.400% -	($0.35)	($0.70)

	0.600%		
Tier 4	Above 0.600% - 0.750%	($0.40)	($0.75)
Tier 5	Above 0.750% - 1.000%	($0.45)	($0.80)
Tier 6	Above 1.000% - 1.500%	($0.46)	($0.80)
Tier 7	Above 1.500% - 2.000%	($0.48)	($0.80)
Tier 8	Above 2.000% - 2.75%	($0.50)	($0.85)
Tier 9	Above 2.75%	($0.52)	($0.85)

Specifically, with respect to the Tier 4 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 0.600% to 0.750% to qualify for the $0.40 per contract rebate in Select Symbols and a $0.75 per contract rebate in Non-Select Symbols. Also, with respect to the Tier 3 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage[3] of above 0.400 to 0.600% to qualify for a $0.35 per contract rebate in Select Symbols and an $0.70 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 4 rebate from above 0.600% to 0.750% to above 0.450% to 0.750%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 3 volume qualification to amend it from above 0.400 to 0.600% to above 0.400 to 0.450% to align the qualifications for Tier 3 to the qualifications proposed for Tier 4.

Specifically, with respect to the Tier 6 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 1.000% to 1.500%

[3] Complex Order volume percentage is described as Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) calculated as a percentage of Customer Total Consolidated Volume.

to qualify for a $0.46 per contract rebate in Select Symbols and an $0.80 per contract rebate in Non-Select Symbols. Also, with respect to the Tier 7 Priority Customer Complex Order rebate, a Member must execute a Complex Order volume percentage of above 1.500% to 2.000% to qualify for the $0.48 per contract rebate in Select Symbols and an $0.80 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 7 volume qualification from above 1.500% to 2.000% to above 1.350% to 2.000%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 6 rebate to amend it from above 1.000% to 1.500% to above 1.000% to 1.350% to align the qualifications for Tier 6 to the qualifications proposed for Tier 7.

Further, with respect to the Priority Customer Complex Tier 8 rebate, a Member must execute a Complex Order volume percentage of above 2.000% to 2.75% to qualify for the $0.50 per contract rebate in Select Symbols and an $0.85 per contract rebate in Non-Select Symbols. Also, with respect to the Priority Customer Complex Tier 9 rebate, a Member must execute a Complex Order volume percentage of above 2.75% to qualify for the $0.52 per contract rebate in Select Symbols and an $0.85 per contract rebate in Non-Select Symbols. The Exchange proposes to amend the Tier 9 volume qualification from above 2.75% to above 2.600%. Further, the Exchange proposes to make a corresponding change to the qualifications for the Tier 8 rebate to amend it from above 2.000% to 2.75% to above 2.000% to 2.600% to align the qualifications for Tier 8 to the qualifications proposed for Tier 9.

The Exchange notes that all Members may elect to qualify for the Priority Customer Complex Order rebates by submitting Complex Order flow to the Exchange and earning a rebate on their Priority Customer Complex Order volume. Accordingly, the proposed changes are designed to increase the amount of Complex Order flow that Members submit to ISE, particularly Priority Customer Complex Order volume, and further encourage Members to contribute to a deeper, more liquid market to the benefit of all market participants.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[4] in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,[5] 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 proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In NetCoalition v. Securities and Exchange Commission, the D.C. Circuit stated as follows: "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market

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

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

share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[6]

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[7]

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options transaction services. The Exchange is only one options venue to which market participants may direct their order flow. Competing options exchanges offer similar tiered pricing structures to that of the Exchange, including schedules of rebates and fees that apply based upon Members achieving certain volume thresholds.[8]

Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their

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6 NetCoalition v. SEC, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

7 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

8 See, generally, Nasdaq Phlx LLC and The Nasdaq Options Market LLC as examples of options exchanges with tiered pricing structures.

respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9, and also make conforming changes to Priority Customer Complex Order rebate Tiers 3, 6 and 8 to align those tier qualifications with the proposed qualification amendments to Tiers 4, 7 and 9, is reasonable. The Exchange believes that the proposed amendments to Tiers 4, 7 and 9 of the Priority Customer Complex Order rebate program, which lower the volume qualifications for those tiers, represents a reasonable attempt by the Exchange to fortify participation in the Priority Customer Complex Order rebate program. In particular, the Exchange's proposal is intended to encourage Members to submit additional amounts of Priority Customer Complex Order volume to obtain a higher rebate. The Exchange notes that the proposed amendments should not result in lower rebates for any Member submitting the same volume as the Member submitted in the prior month. The Exchange is lowering the qualification criteria for various tiers within Options 7, Section 4 to provide a more deterministic outcome for an array of Members to qualify for the same Customer Complex Order rebates as in prior months. The Exchange believes that lowering the volume requirements for Tiers 4, 7 and 9 of the Priority Customer Complex Order rebate program will further incentivize Members to transact additional Complex Order flow, including Priority Customer Complex Order flow, to achieve higher rebates. Lowering the volume requirements for Tiers 4, 7, and 9 of the Priority Customer Complex Order rebate program makes these tiers more achievable and attractive to existing and potential program participants. As noted above, the Priority Customer Complex Order rebate program is optional and available to all Members that choose to transact Complex Order flow on ISE in order to earn a rebate on their Priority Customer Complex Order volume. To the extent the program, as modified, continues to attract Complex Order volume to the Exchange, the Exchange believes that the proposed changes would improve the Exchange's overall competitiveness and strengthen its market quality for all market participants.

The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9, and also make conforming changes to Priority Customer Complex Order rebate Tiers 3, 6 and 8 to align those tier qualifications with the proposed qualification amendments to Tiers 4, 7 and 9, is equitable and not unfairly discriminatory. Any Member may choose to qualify for the rebate program by transacting the requisite amount of Priority Customer Complex Order flow on ISE. By encouraging all Members to transact significant amounts of Priority Customer Complex Order flow (i.e., to qualify for the higher tiers) in order to earn a higher rebate on their Priority Customer Complex Orders, the Exchange seeks to provide more trading opportunities for all market participants, thereby promoting price discovery, and improving the overall market quality of the Exchange. Furthermore, the proposed changes to the Priority Customer Complex Order rebate program to lower the volume requirements for Tiers 4, 7 and 9 are equitable and not unfairly discriminatory because any Member who transacts Priority Customer Complex Order flow on ISE may qualify for the rebates. The Tier 1 Priority Customer Complex Order rebate does not require a minimum amount of volume to qualify for the rebate tier. Any volume up to .20% would earn a Tier 1 Priority Customer Complex Order rebate of $0.25 for Select Symbols and a

$0.40 rebate in Non-Select Symbols. The Exchange believes that the proposed changes will further incentivize all Members to transact a significant amount of Priority Customer Complex Order volume on ISE in order to obtain the highest range of Priority Customer Complex Order rebate offered under this program. The Exchange anticipates all Members that currently qualify for these rebates will continue to do so under this proposal. To the extent the proposed changes encourage additional Members to strive for the modified tiers and thus attract more Priority Customer Complex Order volume to the Exchange, this increased order flow would improve the overall quality and attractiveness of the Exchange. The Exchange notes that all market participants stand to benefit from increased liquidity as such increase promotes market depth, facilitates tighter spreads and enhances price discovery. Accordingly, the Exchange believes that the proposed amendments are reasonably designed to provide further incentives for all Members interested in meeting the tier criteria to submit additional Priority Customer Complex Order volume to achieve the higher rebates.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition. The Exchange believes its proposal remains competitive with other options markets and will offer market participants with another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges that have been exempted from compliance with the statutory standards applicable to exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

Intra-market Competition

The proposed pricing amendments do not impose an intra-market burden on competition. The Exchange's proposal to decrease the volume requirements for Priority Customer Complex Order rebate Tiers 4, 7 and 9 and also make conforming changes to the qualifications for Tiers 3, 6 and 8 to align those qualifications with the proposed qualifications to Tiers 4, 7 and 9, does not impose an intra-market burden on competition. Any Member may choose to qualify for the rebate program by transacting the requisite amount of Priority Customer Complex Order flow on ISE. By encouraging all Members to transact significant amounts of Priority Customer Complex Order flow (i.e., to qualify for the higher tiers) in order to earn a rebate on their Priority Customer Complex Orders, the Exchange seeks to provide more trading opportunities for all market participants, thereby promoting price discovery, and improving the overall market quality of the Exchange. Furthermore, the proposed changes to the Priority Customer Complex Order rebate program to lower the volume requirements for Tiers 4, 7 and 9 are equitable and not unfairly discriminatory because any Member who transacts Complex Order flow on ISE may qualify for the rebates. The Tier 1 Priority Customer Complex Order rebate does not require a minimum amount of volume to qualify for the rebate tier. Any volume up to .20% would earn a Tier 1 Priority Customer Complex Order rebate of $0.25 for

Select Symbols and a $0.40 rebate in Non-Select Symbols. The Exchange anticipates all Members that currently qualify for these rebates will continue to do so under this proposal. The Exchange notes that all market participants stand to benefit from increased liquidity as such increase promotes market depth, facilitates tighter spreads and enhances price discovery.

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.[9] 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:

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

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-2020-12 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-2020-12. 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-2020-12 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.[10]

J. Matthew DeLesDernier
Assistant Secretary

[10] 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

Nasdaq ISE LLC Rules

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Options 7 Pricing Schedule

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Section 4. Complex Order Fees and Rebates(5) (12) (15)

Priority Customer Rebates

Priority Customer Complex Tier(7) (13) (16)	Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume	Rebate for Select Symbols(1)	Rebate for Non-Select Symbols(1)(4)
Tier 1	0.000% - 0.200%	($0.25)	($0.40)
Tier 2	Above 0.200% - 0.400%	($0.30)	($0.55)
Tier 3	Above 0.400% - 0.[60]45 0%	($0.35)	($0.70)
Tier 4	Above 0.[60]45 0% - 0.750%	($0.40)	($0.75)
Tier 5	Above 0.750% - 1.000%	($0.45)	($0.80)
Tier 6	Above 1.000% - 1.[50]35 0%	($0.46)	($0.80)
Tier 7	Above 1.[50]35 0% - 2.000%	($0.48)	($0.80)
Tier 8	Above 2.000% -	($0.50)	($0.85)

	2.[75]600%		
Tier 9	Above 2.[75]600%	($0.52)	($0.85)

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