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

File No. * SR 2022 - * 04

Amendment No. (req. for Amendments *)

Filing by Nasdaq ISE, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

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

Amend Index Options Rules

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 of 1934, Nasdaq ISE, LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 02/18/2022 (Title *)

By John Zecca EVP and Chief Legal Officer
(Name *)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

 Date: 2022.02.18 12:37:41 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information *

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SR-ISE-2022-04 19b-4.doc

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 *

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SR-ISE-2022-04 Exhibit 1.doc

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 Advanced 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 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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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 Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

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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 Sent As Paper Document

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

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SR-ISE-2022-04 Exhibit 5.doc

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

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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 (“Commission”) a proposal to amend ISE Rules at Options 3, Section 1, Days and Hours of Business; Options 4A, Section 11, Trading Sessions; and Options 4A, Section 12, Terms of Index Options Contracts. The Exchange also proposes to adopt new Options 4A, Section 4 which is currently reserved. Finally, the Exchange proposes to make a technical amendment to Options 7, Section 1, General Provisions.

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”). 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

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 ISE Rules at Options 3, Section 1, Days and Hours of Business; Options 4A, Section 11, Trading Sessions; and Options 4A, Section 12, Terms of Index Options Contracts. The Exchange also proposes to adopt new Options 4A, Section 4 which is currently reserved. Finally, the Exchange proposes to make a technical amendment to Options 7, Section 1, General Provisions. Each change is described below.

Options 3, Section 1

The Exchange proposes to amend Options 3, Section 1 concerning the Days and Hours of Business. The Exchange proposes to amend the title from “Days and Hours of Business” to “Hours of Business.” ISE recently filed to establish General 3, Section 1030, which governs the days the Exchange will be open for business.³ At this time the Exchange proposes to amend the first paragraph of Options 3, Section 1 which provides, “The Board shall determine the days the Exchange shall be open for business (referred to as “business days”) and the hours of such days during which transactions may be made on the Exchange.” The Exchange proposes to remove this sentence and instead provide,

³ See Securities Exchange Act Release No. 93675 (November 29, 2021), 86 FR 68714 (December 3, 2021) (SR-NASDAQ-2021-69) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Include Juneteenth National Independence Day as a Holiday). ISE’s General 3 rules incorporate by reference The Nasdaq Stock Market LLC’s General 3 Rules. Rule 1030 of General 3 memorialized all current Exchange holidays and added a provision to permit the Exchange the authority to halt or suspend trading or close Exchange facilities for certain unanticipated closures.

“ISE shall be open for business as provided within General 3, Rule 1030.” This proposed text will make clear that while General 3, Section 1030 governs the days the Exchange will be open for business, the remainder of the rule addresses the hours of operation of the System and specific products. The Exchange also proposes to remove paragraph (e) as holidays are addressed within General 3, Section 1030. The remainder of the paragraphs are proposed to be re-lettered.

Options 4A, Section 4

The Exchange proposes to adopt a new rule at Options 4A, Section 4, which is currently reserved, and title the rule “Index Options Values for Settlement.” Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange’s index rules would not otherwise apply. The Exchange is relocating certain portions of current ISE Options 4A rules into proposed new Options 4A, Section 4 so all related rule text would be within the same rule.

Proposed Options 4A, Section 4(a) rule text is being relocated from current rule text within Options 4A, Section 12(e) without change. The rule text currently provides that where Exchange index options rules do not apply, ISE index options would settle based on the current index value used to settle the exercise of an index options contract, which would be the closing index value for the day on which the index options contract is exercised in accordance with the Rules of The Options Clearing Corporation (“OCC”) or, if such day is not a business day, for the most recent business day.

Proposed Options 4A, Section 4(b) rule text is being relocated from current rule text within Options 4A, Section 11(g) without change. The rule text currently provides for the current index value in the instance the primary market for a security underlying

the current index value of an index option does not open for trading on a given day, which is an expiration day. In this case, the settlement price at expiration shall be the last reported sale price of the security from the previous trading day, unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of OCC.

The Exchange also proposes to add new rule text within Options 4A, Section 4(c) which states,

With respect to any securities index on which options are traded on the Exchange, the source of the prices of component securities used to calculate the current index level at expiration is determined by the Reporting Authority for that index.

This rule text is identical to the rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Exchange, Inc. (“Cboe”) Rule 4.13 at .09 of Interpretations and Policies and follows the Exchange’s current practice.⁴ The purpose of the proposed rule change is to clarify that the Reporting Authority for a securities index on which options are traded on the Exchange is the source of prices of component securities used to calculate the current index level at expiration. Certain ISE rules may be interpreted in a manner that suggests that the current index value at expiration of any securities index is determined by the opening (or closing) prices of the underlying components as reported by each respective underlying component’s “primary market” such as current Options 4A, Section 11(g). Because Options 4A, Section 11(g) could be interpreted to mean that the primary market for each security that comprises an index will always be the source of opening and closing prices used in the calculation of the particular index’s value at expiration, the

⁴ See Securities Exchange Act Release No. 50269 (August 26, 2004), 69 FR 53755 (September 2, 2004) (SR-CBOE-2004-42) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Calculation of Securities Indexes Underlying Options).

Exchange proposes to adopt the same rule text as Phlx and Cboe.⁵

The Exchange believes that Options 4A, Section 4 will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. With respect to a particular index, the Reporting Authority is the institution(s) or reporting service designated by the Exchange as the official source for calculating and determining the current value⁶ or the closing index value of the index.⁷

As noted above, the rule text within ISE Options 4A, Section 11(g) is proposed to be relocated to ISE Options 4A, Section 4(b) without change.

Options 4A, Section 12

The Exchange proposes to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed. The Exchange is also adding a reference to the p.m.-settled index options⁸ which is proposed to be listed within

⁵ See Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies.

⁶ The term “current index value” with respect to a particular index options contract means the level of the underlying index reported by the reporting authority for the index, or any multiple or fraction of such reported level specified by the Exchange. The current index value with respect to a reduced-value long term options contract is one-tenth of the current index value of the related index option. The “closing index value” shall be the last index value reported on a business day. See ISE Options 4A, Section 2(e).

⁷ See ISE Options 4A, Section 2(n). See also Supplementary Material .01 to Options 4A, Section 2.

⁸ Currently, the Exchange lists p.m.-settled products. This new paragraph will expand upon the current p.m.-settled products which are described in Options 4A, Section 12(a)(6) (an index option) and (b)(5) (nonstandard program).

proposed paragraph (a)(6)(i), described below. All of the indexes listed within Options 4A, Section 12(a)(4) are currently European-style. The p.m.-settled index option is part of a pilot program.⁹ The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. The proposed changes are non-substantive as they represent the way these products trade. The Exchange proposes to add the phrase “on the following indexes” to the end of Options 4A, Section 12(a)(4) and 12(a)(5) for clarity and relocate the word “following” within Options 4A, Section 12(a)(5), as well as make other minor technical amendments, in an effort to organize the lists of options indexes.

The Exchange proposes to add a new paragraph (a)(6) within Options 4A, Section 12 which describes the manner in which p.m.-settled index options¹⁰ are handled today. This language is consistent with how p.m.-settled index options on ISE are treated today. This new paragraph would provide:

P.M. - Settled Index Options. The last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. The current index value at expiration of the index is determined by the last reported sale price of each component security. In the event that the primary market for an underlying security does not open for trading on the expiration date, the price of that security shall be the last reported sale price prior to the expiration date. The following P.M.-settled index options are approved for trading on ISE:

⁹ See ISE Options 4A, Section 12(a)(6) (an index option) and Supplementary Material .07 to Options 4A, Section 12 (nonstandard program).

¹⁰ The Nasdaq Options Market LLC (“NOM”) Rules at Options 4A, Section 12(a)(6) and Phlx Options 4A, Section 12(f) contain a paragraph describing p.m.-settled index options.

This paragraph would serve to distinguish a.m.-settled and p.m.-settled index options as there is a similar paragraph regarding a.m.-settled index options within Options 4A, Section 12(a)(5).

The Exchange proposes to re-number current paragraph (a)(6) as (a)(6)(i) of Options 4A, Section 12. Current Options 4A, Section 12(a)(6) describes the Nasdaq 100 Reduced Value Index (“NQX”) which is a p.m.-settled index that is subject to a pilot program.¹¹ The Non-Standard Program, another p.m.-settled product, is separately described in detail within Options 4A, Section 12(b)(5).¹² These are both pilot programs. The proposed changes are non-substantive and merely seek to categorize existing products which were all filed with the Commission.

Finally, the Exchange proposes to amend current Options 4A, Section 12(d) to remove references to a.m.-settled index options because p.m.-settled index options are listed on ISE as well. By removing the phrase, “at the expiration of an A.M.-settled

¹¹ See Securities Exchange Act Release Nos. 82911 (March 20, 2018), 83 FR 12966 (March 26, 2018) (SR-ISE-2017-106) (Approval Order); 86071 (June 10, 2019), 84 FR 27822 (June 14, 2019) (SR-ISE-2019-18); 87379 (October 22, 2019), 84 FR 57793 (October 28, 2019) (SR-ISE-2019-27); 88683 (April 17, 2020), 85 FR 22768 (April 23, 2020) (SR-ISE-2020-18); 90257 (October 22, 2020), 85 FR 68387 (October 28, 2020) (SR-ISE-2020-33); 91485 (April 6, 2021), 86 FR 19052 (April 12, 2021) (SR-ISE-2021-05); and 93449 (October 28, 2021), 86 FR 60679 (November 3, 2021); and 93448 (October 28, 2021), 86 FR 60717 (November 3, 2021) (SR-ISE-2021-22).

¹² See Securities Exchange Act Release Nos. 82612 (February 1, 2018), 83 FR 5470 (February 7, 2018) (approving SR-ISE-2017-111) (Order Approving a Proposed Rule Change To Establish a Nonstandard Expirations Pilot Program); 85030 (February 1, 2019), 84 FR 2633 (February 7, 2019) (SR-ISE-2019-01); 85672 (April 17, 2019), 84 FR 16899 (April 23, 2019) (SR-ISE-2019-11); 87380 (October 22, 2019), 84 FR 57786 (October 28, 2019) (SR-ISE-2019-28); 88681 (April 17, 2020), 85 FR 22775 (April 23, 2020) (SR-ISE-2020-17); 90265 (October 23, 2020), 85 FR 68605 (October 29, 2020) (SR-ISE-2020-34); 91486 (April 6, 2021), 86 FR 19048 (April 12, 2021) (SR-ISE-2021-06); and 93449 (October 28, 2021), 86 FR 60679 (November 3, 2021) (SR-ISE-2021-23).

index option” the paragraph would apply to both a.m.-settled and p.m.-settled index options. Currently, Options 4A, Section 12(d) applies to p.m.-settled index options. The Exchange is not otherwise amending Options 4A, Section 12(d). Options 4A, Section 12(d) describes the manner in which the reported level of the underlying index that is calculated by the reporting authority may differ from the level of the index that is separately calculated and reported by the reporting authority.

As noted above, Options 4A, Section 12(e) is proposed to be relocated to Options 4A, Section 4(a) without change.

Technical Amendments

The Exchange proposes to amend Options 7, Section 1, General Provisions, to add a “(c)” before certain defined terms to provide a way to cite to that rule text. This amendment is non-substantive.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

Options 3, Section 1

The Exchange’s proposal to amend Options 3, Section 1 concerning the Days and Hours of Business is consistent with the Act. The proposal to amend the title from “Days and Hours of Business” to “Hours of Business” will bring greater clarity to the rule. BX

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

recently filed to establish General 3, Section 1030, which governs the days the Exchange will be open for business.¹⁵ Amending the rule text to reference General 3, Section 1030 will provide Members with a guidepost as to where to locate the rule that applies to the days the Exchange is open for business. Finally removing Options 3, Section 1(e) will avoid confusion.

Options 4A, Section 4

The Exchange's proposal to adopt a new rule at Options 4A, Section 4, which is currently reserved, and title the rule "Index Options Values for Settlement" is consistent with the Act. Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange's index rules would not otherwise apply. The Exchange is relocating certain portions of current Phlx Options 4A rules into proposed new Options 4A, Section 4, without change, so all related rule text would be within the same rule.

The relocation of certain rule text within Options 4A, without change, is non-substantive. The proposal to add rule text within Options 4A, Section 4(c), which is identical to rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies is consistent with the Act. The proposed language is consistent with current practice. The Reporting Authority is the source of prices of component securities used to calculate the current index level at expiration. Today, ISE rules may be interpreted in a manner that suggests that the current index value at expiration of any particular securities index is determined by the opening (or closing) prices of the underlying components as reported by each respective underlying

¹⁵ See note 3 above.

component's "primary market" such as current Options 4A, Section 11(g). Because Options 4A, Section 11(g) could be interpreted to mean that the primary market for each security that comprises an index will always be the source of opening and closing prices used in the calculation of the particular index's value at expiration, the Exchange proposes to adopt rule text identical to Phlx and Cboe.¹⁶

The Exchange believes that this proposed rule will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. With respect to a particular index, the Reporting Authority is the institution(s) or reporting service designated by the Exchange as the official source for calculating and determining the current value¹⁷ or the closing index value of the index.¹⁸

Options 4A, Section 12

The Exchange's proposal to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed is consistent with the Act. The current language does not distinguish between a.m.-settled and p.m.-settled index options. Adding a paragraph describing a p.m.-settled index option¹⁹ to proposed Options 4A, Section 12(a)(6) will make clear the index within proposed Options 4A, Section 12(a)(6)(i) is p.m.-settled. The only index that is p.m.-settled is part of a pilot

¹⁶ See note 5 above.

¹⁷ See note 6 above.

¹⁸ See note 7 above.

¹⁹ See note 8 above.

program.²⁰ The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. The proposed changes are non-substantive as they represent the way these products trade. Further, adding new paragraph (a)(6) within Options 4A, Section 12 which describes a p.m.-settled index options will serve to distinguish a.m.-settled and p.m.-settled index options.

Rewording current Options 4A, Section 12(d) to remove references to a.m.-settled index options is consistent with the Act as p.m.-settled index options are listed on ISE as well. By removing the phrase, “at the expiration of an A.M.-settled index option” the paragraph would apply to both a.m.-settled and p.m.-settled index options. Currently, Options 4A, Section 12(d) applies to p.m.-settled index options. Options 4A, Section 12(d) describes the way the reported level of the underlying index that is calculated by the reporting authority may differ from the level of the index that is separately calculated and reported by the reporting authority.

The remainder of the proposed changes to Options 4A, Section 12 are technical and non-substantive.

Technical Amendments

The Exchange’s proposal to amend Options 7, Section 1, General Provisions, to add a “(c)” before certain defined terms to provide a way to cite to that rule text is a non-substantive amendment.

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

²⁰ See note 9 above.

Act.

Options 3, Section 1

The Exchange's proposal to amend Options 3, Section 1 concerning the Days and Hours of Business does not impose an undue burden on competition. The proposal to amend the title from "Days and Hours of Business" to "Hours of Business" will bring greater clarity to the rule. Amending the rule text to reference General 3, Section 1030 will provide Members with a guidepost as to where to locate the rule that applies to the days the Exchange is open for business. Finally, the removal of Options 3, Section 1(e) will avoid confusion.

Options 4A, Section 4

The Exchange's proposal to adopt a new rule at Options 4A, Section 4, does not impose an undue burden on competition. Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange's index rules would not otherwise apply. The Exchange is relocating certain portions of current Phlx Options 4A rules into proposed new Options 4A, Section 4, without change and, therefore, those amendments are non-substantive. The proposal to add rule text within Options 4A, Section 4(c), which is identical to rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies, and which follows the Exchange's current practice, does not impose an undue burden on competition. The Reporting Authority is the source of prices of component securities used to calculate the current index level at expiration. The Exchange believes that this proposed rule will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. The

addition of this information to the rules will bring greater clarity and transparency to the Exchange's Rules.

Options 4A, Section 12

The Exchange's proposal to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed does not impose an undue burden on competition. The current language does not distinguish between a.m.-settled and p.m.-settled index options. Adding a paragraph describing a p.m.-settled index options²¹ to proposed Options 4A, Section 12(a)(6) will make clear the index within proposed Options 4A, Section 12(a)(6)(i) is p.m.-settled. This p.m.-settled index is part of a pilot program.²² The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. Rewording current Options 4A, Section 12(d) to remove references to a.m.-settled index options does not impose an undue burden on competition as p.m.-settled index options are listed on ISE as well. By removing the phrase, "at the expiration of an A.M.-settled index option" the paragraph would apply to p.m.-settled index options as well, as is the case today.

Technical Amendments

The Exchange's proposal to amend Options 7, Section 1, General Provisions, to add a "(c)" before certain defined terms to provide a way to cite to that rule text is a non-substantive amendment.

²¹ See note 8 above.

²² See note 9 above.

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)

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)²³ of the Act and Rule 19b-4(f)(6) thereunder²⁴ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that this proposal does not significantly affect the protection of investors or the public interest nor does it impose any significant burden on competition. The Exchange's proposal to amend Options 3, Section 1 concerning the Days and Hours of Business will bring greater clarity to the rule. Amending the rule text to reference General 3, Section 1030 will provide Members with a guidepost as to where to locate the rule that applies to the days the Exchange is open for business and avoid confusion. The Exchange's proposal to adopt a new rule at Options 4A, Section 4, would specify the way the Exchange would arrive at index options values in cases where the Exchange's index rules would not otherwise apply. The relocation of certain portions of

²³ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁴ 17 CFR 240.19b-4(f)(6).

current Phlx Options 4A rules into proposed new Options 4A, Section 4, without change are non-substantive amendments. The proposal to add rule text within Options 4A, Sections 4(c), which is identical to rule text within Phlx Options 4A, Sections 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies, and which follows the Exchange's current practice, will make clear the authority of a Reporting Agent. The Exchange believes that this proposed rule will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. The addition of this information to the rules will bring greater clarity and transparency to the Exchange's Rules. The Exchange's proposal to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed will clearly distinguish between a.m.-settled and p.m.-settled index options. Adding a paragraph describing a p.m.-settled index option²⁵ to proposed Options 4A, Section 12(a)(6) will make clear the index within proposed Options 4A, Section 12(a)(6)(i) is p.m.-settled. The p.m.-settled index is part of a pilot program.²⁶ The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. Rewording current Options 4A, Section 12(d) to remove references to a.m.-settled index options would allow the rule text to apply to p.m.-settled index options as well, as is the case today.

²⁵ See note 8 above.

²⁶ See note 9 above.

Furthermore, Rule 19b-4(f)(6)(iii)²⁷ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that it may immediately harmonize Options 4A, Section 4, in part, to Phlx and reduce confusion for Members with respect to the manner in which indexes are calculated, as well as clarify the a.m.-settled and p.m.-settled index options listed on ISE. Proposed Phlx Options 4A, Section 4 will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. Finally, the technical amendments will bring greater clarity to the Exchange's rules.

²⁷ 17 CFR 240.19b-4(f)(6)(iii).

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

Proposed Options 4A, Sections 4(c) is identical to Phlx Options 4A, Sections 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies. Proposed Options 4A, Section 12(a)(6) is identical to NOM Options 4A, Section 12(a)(6) and Phlx Options 4A, Section 12(f).

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

Not applicable.

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

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2022-04)

February __, 2022

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Index Options Rules

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 February 18, 2022, 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 ISE Rules at Options 3, Section 1, Days and Hours of Business; Options 4A, Section 11, Trading Sessions; and Options 4A, Section 12, Terms of Index Options Contracts. The Exchange also proposes to adopt new Options 4A, Section 4 which is currently reserved. Finally, the Exchange proposes to make a technical amendment to Options 7, Section 1, General Provisions.

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

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

1. Purpose

The Exchange proposes to amend ISE Rules at Options 3, Section 1, Days and Hours of Business; Options 4A, Section 11, Trading Sessions; and Options 4A, Section 12, Terms of Index Options Contracts. The Exchange also proposes to adopt new Options 4A, Section 4 which is currently reserved. Finally, the Exchange proposes to make a technical amendment to Options 7, Section 1, General Provisions. Each change is described below.

Options 3, Section 1

The Exchange proposes to amend Options 3, Section 1 concerning the Days and Hours of Business. The Exchange proposes to amend the title from “Days and Hours of Business” to “Hours of Business.” ISE recently filed to establish General 3, Section 1030, which governs the days the Exchange will be open for business.³ At this time the

³ See Securities Exchange Act Release No. 93675 (November 29, 2021), 86 FR 68714 (December 3, 2021) (SR-NASDAQ-2021-69) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Include Juneteenth National Independence Day as a Holiday). ISE’s General 3 rules incorporate by reference The Nasdaq Stock Market LLC’s General 3 Rules. Rule 1030 of General 3 memorialized all current Exchange holidays and added a provision to

Exchange proposes to amend the first paragraph of Options 3, Section 1 which provides, “The Board shall determine the days the Exchange shall be open for business (referred to as “business days”) and the hours of such days during which transactions may be made on the Exchange.” The Exchange proposes to remove this sentence and instead provide, “ISE shall be open for business as provided within General 3, Rule 1030.” This proposed text will make clear that while General 3, Section 1030 governs the days the Exchange will be open for business, the remainder of the rule addresses the hours of operation of the System and specific products. The Exchange also proposes to remove paragraph (e) as holidays are addressed within General 3, Section 1030. The remainder of the paragraphs are proposed to be re-lettered.

Options 4A, Section 4

The Exchange proposes to adopt a new rule at Options 4A, Section 4, which is currently reserved, and title the rule “Index Options Values for Settlement.” Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange’s index rules would not otherwise apply. The Exchange is relocating certain portions of current ISE Options 4A rules into proposed new Options 4A, Section 4 so all related rule text would be within the same rule.

Proposed Options 4A, Section 4(a) rule text is being relocated from current rule text within Options 4A, Section 12(e) without change. The rule text currently provides that where Exchange index options rules do not apply, ISE index options would settle based on the current index value used to settle the exercise of an index options contract, which would be the closing index value for the day on which the index options contract is

permit the Exchange the authority to halt or suspend trading or close Exchange facilities for certain unanticipated closures.

exercised in accordance with the Rules of The Options Clearing Corporation (“OCC”) or, if such day is not a business day, for the most recent business day.

Proposed Options 4A, Section 4(b) rule text is being relocated from current rule text within Options 4A, Section 11(g) without change. The rule text currently provides for the current index value in the instance the primary market for a security underlying the current index value of an index option does not open for trading on a given day, which is an expiration day. In this case, the settlement price at expiration shall be the last reported sale price of the security from the previous trading day, unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of OCC.

The Exchange also proposes to add new rule text within Options 4A, Section 4(c) which states,

With respect to any securities index on which options are traded on the Exchange, the source of the prices of component securities used to calculate the current index level at expiration is determined by the Reporting Authority for that index.

This rule text is identical to the rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Exchange, Inc. (“Cboe”) Rule 4.13 at .09 of Interpretations and Policies and follows the Exchange’s current practice.⁴ The purpose of the proposed rule change is to clarify that the Reporting Authority for a securities index on which options are traded on the Exchange is the source of prices of component securities used to calculate the current index level at expiration. Certain ISE rules may be interpreted in a manner that suggests that the current index value at expiration of any securities index is determined by the

⁴ See Securities Exchange Act Release No. 50269 (August 26, 2004), 69 FR 53755 (September 2, 2004) (SR-CBOE-2004-42) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Calculation of Securities Indexes Underlying Options).

opening (or closing) prices of the underlying components as reported by each respective underlying component's "primary market" such as current Options 4A, Section 11(g). Because Options 4A, Section 11(g) could be interpreted to mean that the primary market for each security that comprises an index will always be the source of opening and closing prices used in the calculation of the particular index's value at expiration, the Exchange proposes to adopt the same rule text as Phlx and Cboe.⁵

The Exchange believes that Options 4A, Section 4 will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. With respect to a particular index, the Reporting Authority is the institution(s) or reporting service designated by the Exchange as the official source for calculating and determining the current value⁶ or the closing index value of the index.⁷

As noted above, the rule text within ISE Options 4A, Section 11(g) is proposed to be relocated to ISE Options 4A, Section 4(b) without change.

Options 4A, Section 12

The Exchange proposes to amend Options 4A, Section 12(a)(4) concerning

⁵ See Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies.

⁶ The term "current index value" with respect to a particular index options contract means the level of the underlying index reported by the reporting authority for the index, or any multiple or fraction of such reported level specified by the Exchange. The current index value with respect to a reduced-value long term options contract is one-tenth of the current index value of the related index option. The "closing index value" shall be the last index value reported on a business day. See ISE Options 4A, Section 2(e).

⁷ See ISE Options 4A, Section 2(n). See also Supplementary Material .01 to Options 4A, Section 2.

European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed. The Exchange is also adding a reference to the p.m.-settled index options⁸ which is proposed to be listed within proposed paragraph (a)(6)(i), described below. All of the indexes listed within Options 4A, Section 12(a)(4) are currently European-style. The p.m.-settled index option is part of a pilot program.⁹ The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. The proposed changes are non-substantive as they represent the way these products trade. The Exchange proposes to add the phrase “on the following indexes” to the end of Options 4A, Section 12(a)(4) and 12(a)(5) for clarity and relocate the word “following” within Options 4A, Section 12(a)(5), as well as make other minor technical amendments, in an effort to organize the lists of options indexes.

The Exchange proposes to add a new paragraph (a)(6) within Options 4A, Section 12 which describes the manner in which p.m.-settled index options¹⁰ are handled today. This language is consistent with how p.m.-settled index options on ISE are treated today. This new paragraph would provide:

P.M. - Settled Index Options. The last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last

⁸ Currently, the Exchange lists p.m.-settled products. This new paragraph will expand upon the current p.m.-settled products which are described in Options 4A, Section 12(a)(6) (an index option) and (b)(5) (nonstandard program).

⁹ See ISE Options 4A, Section 12(a)(6) (an index option) and Supplementary Material .07 to Options 4A, Section 12 (nonstandard program).

¹⁰ The Nasdaq Options Market LLC (“NOM”) Rules at Options 4A, Section 12(a)(6) and Phlx Options 4A, Section 12(f) contain a paragraph describing p.m.-settled index options.

business day before its expiration date. The current index value at expiration of the index is determined by the last reported sale price of each component security. In the event that the primary market for an underlying security does not open for trading on the expiration date, the price of that security shall be the last reported sale price prior to the expiration date. The following P.M.-settled index options are approved for trading on ISE:

This paragraph would serve to distinguish a.m.-settled and p.m.-settled index options as there is a similar paragraph regarding a.m.-settled index options within Options 4A, Section 12(a)(5).

The Exchange proposes to re-number current paragraph (a)(6) as (a)(6)(i) of Options 4A, Section 12. Current Options 4A, Section 12(a)(6) describes the Nasdaq 100 Reduced Value Index (“NQX”) which is a p.m.-settled index that is subject to a pilot program.¹¹ The Non-Standard Program, another p.m.-settled product, is separately described in detail within Options 4A, Section 12(b)(5).¹² These are both pilot programs.

¹¹ See Securities Exchange Act Release Nos. 82911 (March 20, 2018), 83 FR 12966 (March 26, 2018) (SR-ISE-2017-106) (Approval Order); 86071 (June 10, 2019), 84 FR 27822 (June 14, 2019) (SR-ISE-2019-18); 87379 (October 22, 2019), 84 FR 57793 (October 28, 2019) (SR-ISE-2019-27); 88683 (April 17, 2020), 85 FR 22768 (April 23, 2020) (SR-ISE-2020-18); 90257 (October 22, 2020), 85 FR 68387 (October 28, 2020) (SR-ISE-2020-33); 91485 (April 6, 2021), 86 FR 19052 (April 12, 2021) (SR-ISE-2021-05); and 93449 (October 28, 2021), 86 FR 60679 (November 3, 2021); and 93448 (October 28, 2021), 86 FR 60717 (November 3, 2021) (SR-ISE-2021-22).

¹² See Securities Exchange Act Release Nos. 82612 (February 1, 2018), 83 FR 5470 (February 7, 2018) (approving SR-ISE-2017-111) (Order Approving a Proposed Rule Change To Establish a Nonstandard Expirations Pilot Program); 85030 (February 1, 2019), 84 FR 2633 (February 7, 2019) (SR-ISE-2019-01); 85672 (April 17, 2019), 84 FR 16899 (April 23, 2019) (SR-ISE-2019-11); 87380 (October 22, 2019), 84 FR 57786 (October 28, 2019) (SR-ISE-2019-28); 88681 (April 17, 2020), 85 FR 22775 (April 23, 2020) (SR-ISE-2020-17); 90265 (October 23, 2020), 85 FR 68605 (October 29, 2020) (SR-ISE-2020-34); 91486 (April 6, 2021), 86 FR 19048 (April 12, 2021) (SR-ISE-2021-06); and 93449 (October 28, 2021), 86 FR 60679 (November 3, 2021) (SR-ISE-2021-23).

The proposed changes are non-substantive and merely seek to categorize existing products which were all filed with the Commission.

Finally, the Exchange proposes to amend current Options 4A, Section 12(d) to remove references to a.m.-settled index options because p.m.-settled index options are listed on ISE as well. By removing the phrase, “at the expiration of an A.M.-settled index option” the paragraph would apply to both a.m.-settled and p.m.-settled index options. Currently, Options 4A, Section 12(d) applies to p.m.-settled index options. The Exchange is not otherwise amending Options 4A, Section 12(d). Options 4A, Section 12(d) describes the manner in which the reported level of the underlying index that is calculated by the reporting authority may differ from the level of the index that is separately calculated and reported by the reporting authority.

As noted above, Options 4A, Section 12(e) is proposed to be relocated to Options 4A, Section 4(a) without change.

Technical Amendments

The Exchange proposes to amend Options 7, Section 1, General Provisions, to add a “(c)” before certain defined terms to provide a way to cite to that rule text. This amendment is non-substantive.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁴ in particular, in that it is designed to promote just and equitable principles of trade and to protect investors and the public interest.

¹³ 15 U.S.C. 78f(b).

¹⁴ 15 U.S.C. 78f(b)(5).

Options 3, Section 1

The Exchange's proposal to amend Options 3, Section 1 concerning the Days and Hours of Business is consistent with the Act. The proposal to amend the title from "Days and Hours of Business" to "Hours of Business" will bring greater clarity to the rule. BX recently filed to establish General 3, Section 1030, which governs the days the Exchange will be open for business.¹⁵ Amending the rule text to reference General 3, Section 1030 will provide Members with a guidepost as to where to locate the rule that applies to the days the Exchange is open for business. Finally removing Options 3, Section 1(e) will avoid confusion.

Options 4A, Section 4

The Exchange's proposal to adopt a new rule at Options 4A, Section 4, which is currently reserved, and title the rule "Index Options Values for Settlement" is consistent with the Act. Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange's index rules would not otherwise apply. The Exchange is relocating certain portions of current Phlx Options 4A rules into proposed new Options 4A, Section 4, without change, so all related rule text would be within the same rule.

The relocation of certain rule text within Options 4A, without change, is non-substantive. The proposal to add rule text within Options 4A, Section 4(c), which is identical to rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies is consistent with the Act. The proposed language is consistent with current practice. The Reporting Authority is the source of prices of

¹⁵ See note 3 above.

component securities used to calculate the current index level at expiration. Today, ISE rules may be interpreted in a manner that suggests that the current index value at expiration of any particular securities index is determined by the opening (or closing) prices of the underlying components as reported by each respective underlying component's "primary market" such as current Options 4A, Section 11(g). Because Options 4A, Section 11(g) could be interpreted to mean that the primary market for each security that comprises an index will always be the source of opening and closing prices used in the calculation of the particular index's value at expiration, the Exchange proposes to adopt rule text identical to Phlx and Cboe.¹⁶

The Exchange believes that this proposed rule will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. With respect to a particular index, the Reporting Authority is the institution(s) or reporting service designated by the Exchange as the official source for calculating and determining the current value¹⁷ or the closing index value of the index.¹⁸

Options 4A, Section 12

The Exchange's proposal to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed is consistent with the Act. The current language does not distinguish between a.m.-settled and p.m.-settled index

¹⁶ See note 5 above.

¹⁷ See note 6 above.

¹⁸ See note 7 above.

options. Adding a paragraph describing a p.m.-settled index option¹⁹ to proposed Options 4A, Section 12(a)(6) will make clear the index within proposed Options 4A, Section 12(a)(6)(i) is p.m.-settled. The only index that is p.m.-settled is part of a pilot program.²⁰ The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. The proposed changes are non-substantive as they represent the way these products trade. Further, adding new paragraph (a)(6) within Options 4A, Section 12 which describes a p.m.-settled index options will serve to distinguish a.m.-settled and p.m.-settled index options.

Rewording current Options 4A, Section 12(d) to remove references to a.m.-settled index options is consistent with the Act as p.m.-settled index options are listed on ISE as well. By removing the phrase, “at the expiration of an A.M.-settled index option” the paragraph would apply to both a.m.-settled and p.m.-settled index options. Currently, Options 4A, Section 12(d) applies to p.m.-settled index options. Options 4A, Section 12(d) describes the way the reported level of the underlying index that is calculated by the reporting authority may differ from the level of the index that is separately calculated and reported by the reporting authority.

The remainder of the proposed changes to Options 4A, Section 12 are technical and non-substantive.

Technical Amendments

The Exchange’s proposal to amend Options 7, Section 1, General Provisions, to add a “(c)” before certain defined terms to provide a way to cite to that rule text is a non-

¹⁹ See note 8 above.

²⁰ See note 9 above.

substantive amendment.

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.

Options 3, Section 1

The Exchange's proposal to amend Options 3, Section 1 concerning the Days and Hours of Business does not impose an undue burden on competition. The proposal to amend the title from "Days and Hours of Business" to "Hours of Business" will bring greater clarity to the rule. Amending the rule text to reference General 3, Section 1030 will provide Members with a guidepost as to where to locate the rule that applies to the days the Exchange is open for business. Finally, the removal of Options 3, Section 1(e) will avoid confusion.

Options 4A, Section 4

The Exchange's proposal to adopt a new rule at Options 4A, Section 4, does not impose an undue burden on competition. Proposed Options 4A, Section 4 would specify the way the Exchange would arrive at index options values in cases where the Exchange's index rules would not otherwise apply. The Exchange is relocating certain portions of current Phlx Options 4A rules into proposed new Options 4A, Section 4, without change and, therefore, those amendments are non-substantive. The proposal to add rule text within Options 4A, Section 4(c), which is identical to rule text within Phlx Options 4A, Section 4(c)(1) and Cboe Rule 4.13 at .09 of Interpretations and Policies, and which follows the Exchange's current practice, does not impose an undue burden on competition. The Reporting Authority is the source of prices of component securities

used to calculate the current index level at expiration. The Exchange believes that this proposed rule will provide a transparent reference to the way the Exchange arrives at index options values for settlement where the Exchange's rules may not apply. The addition of this information to the rules will bring greater clarity and transparency to the Exchange's Rules.

Options 4A, Section 12

The Exchange's proposal to amend Options 4A, Section 12(a)(4) concerning European-style options, to reword the current rule text to make clear that the list which follows represents indexes on which options may be listed does not impose an undue burden on competition. The current language does not distinguish between a.m.-settled and p.m.-settled index options. Adding a paragraph describing a p.m.-settled index options²¹ to proposed Options 4A, Section 12(a)(6) will make clear the index within proposed Options 4A, Section 12(a)(6)(i) is p.m.-settled. This p.m.-settled index is part of a pilot program.²² The proposed amendments merely organize the products as either a.m.-settled or p.m.-settled within Options 4A, Section 12 for greater clarity. Rewording current Options 4A, Section 12(d) to remove references to a.m.-settled index options does not impose an undue burden on competition as p.m.-settled index options are listed on ISE as well. By removing the phrase, "at the expiration of an A.M.-settled index option" the paragraph would apply to p.m.-settled index options as well, as is the case today.

Technical Amendments

The Exchange's proposal to amend Options 7, Section 1, General Provisions, to

²¹ See note 8 above.

²² See note 9 above.

add a “(c)” before certain defined terms to provide a way to cite to that rule text is a non-substantive amendment.

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 Act²³ and subparagraph (f)(6) of Rule 19b-4 thereunder.²⁴

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.

²³ 15 U.S.C. 78s(b)(3)(A)(iii).

²⁴ 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
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2022-04 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-2022-04. 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-2022-04 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.²⁵

J. Matthew DeLesDernier
Assistant Secretary

²⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

* * * * *

Options Rules

* * * * *

Options 3 Options Trading Rules**Section 1. [Days and]Hours of Business**

[The Board shall determine the days the Exchange shall be open for business (referred to as "business days") and the hours of such days during which transactions may be made on the Exchange.]

(a) ISE shall be open for business as provided within General 3, Rule 1030.

[(a)b] Except for unusual conditions as may be determined by the Board, hours during which transactions in options on a narrow-based index, as defined in Options 4A, Section 2, and individual stocks may be made on the Exchange shall correspond to the normal business days and hours for business established by the markets currently trading the stocks underlying Exchange options.

[(b)c] Options on Fund Shares, as defined in Options 4, Section 3(h), may be traded on the Exchange until 4:15 p.m. each business day.

[(c)d] Options on a broad-based index, as defined in Options 4A, Section 2, may be traded on the Exchange until 4:15 p.m. each business day, except that that on the last trading day, transactions in expiring p.m.-settled broad-based index options may be effected on the Exchange between the hours of 9:30 a.m. (Eastern time) and 4:00 p.m. (Eastern time).

[(d)e] Options on Index-Linked Securities, as defined in Options 4, Section 3(k)(1), may be traded on the Exchange until 4:15 p.m. each business day.

[(e) The Exchange shall not be open for business on the following holidays: New Year's Day, Martin Luther King, Jr. Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day. When any holiday observed by the Exchange falls on a Saturday, the Exchange will not be open for business on the preceding Friday. When any holiday observed by the Exchange falls on a Sunday, the Exchange will not be open for business on the following Monday, unless unusual business conditions exist at the time.]

* * * * *

Options 4A Options Index Rules

* * * * *

Section 4. [Reserved]Index Options Values for Settlement

(a) Index Values for Settlement. The Rules of The Options Clearing Corporation specify that, unless the Rules of the Exchange provide otherwise, the current index value used to settle the exercise of an index options contract shall be the closing index value for the day on which the index options contract is exercised in accordance with the Rules of The Options Clearing Corporation or, if such day is not a business day, for the most recent business day.

(b) Pricing When Primary Market Does Not Open. When the primary market for a security underlying the current index value of an index option does not open for trading on a given day, which is an expiration day, for the purposes of calculating the settlement price at expiration, the last reported sale price of the security from the previous trading day shall be used. This procedure shall not be used if the current index value at expiration is fixed in accordance with the Rules and By-Laws of The Options Clearing Corporation.

(c) With respect to any securities index on which options are traded on the Exchange, the source of the prices of component securities used to calculate the current index level at expiration is determined by the Reporting Authority for that index.

* * * * *

Section 11. Trading Sessions

* * * * *

[(g) *Pricing When Primary Market Does Not Open.* When the primary market for a security underlying the current index value of an index option does not open for trading on a given day, which is an expiration day, for the purposes of calculating the settlement price at expiration, the last reported sale price of the security from the previous trading day shall be used. This procedure shall not be used if the current index value at expiration is fixed in accordance with the Rules and By-Laws of the Clearing Corporation.]

Section 12. Terms of Index Options Contracts

(a) *General.*

* * * * *

(4) *"European-Style Exercise."* [The following]European-style index options, some of which may be A.M.-settled as provided in paragraph (a)(5) or P.M.-settled as provided for in paragraph (a)(6), are approved for trading on the Exchange on the following indexes:

- (i) Full-size Nasdaq 100 Index;
- (ii) Nasdaq 100 Reduced Value Index;
- (iii) Mini Nasdaq 100 Index;
- (iv) KBW Bank Index; and

(v) Nations VolDex Index.

(5) *A.M.-Settled Index Options*. The last day of trading for A.M.-settled index options shall be the business day preceding the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the business day preceding the last day of trading in the underlying securities prior to the expiration date. The current index value at the expiration of an A.M.-settled index option shall be determined, for all purposes under these Rules and the Rules of the Clearing Corporation, on the last day of trading in the underlying securities prior to expiration, by reference to the reported level of such index as derived from first reported sale (opening) prices of the underlying securities on such day, except that:

(i) In the event that the primary market for an underlying security does not open for trading on that day, the price of that security shall be determined, for the purposes of calculating the current index value at expiration, as set forth in Options 4A, Section 11(g), unless the current index value at expiration is fixed in accordance with the Rules and By-Laws of the Clearing Corporation; and

(ii) In the event that the primary market for an underlying security is open for trading on that day, but that particular security does not open for trading on that day, the price of that security, for the purposes of calculating the current index value at expiration, shall be the last reported sale price of the security.

The [following]A.M.-settled index options that are approved for trading on the Exchange on the following indexes:

(i) Full-size Nasdaq 100 Index;

(ii) Mini Nasdaq 100 Index;

(iii) KBW Bank Index; and

(iv) Nations VolDex Index.

(6) P.M. - Settled Index Options. The last day of trading for P.M.-settled index options shall be the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last business day before its expiration date. The current index value at expiration of the index is determined by the last reported sale price of each component security. In the event that the primary market for an underlying security does not open for trading on the expiration date, the price of that security shall be the last reported sale price prior to the expiration date. The following P.M.-settled index options are approved for trading on ISE:

(i) In addition to A.M.-settled Nasdaq-100 Index options approved for trading on the Exchange pursuant to Options 4A, Section 12(a)(5), the Exchange may also list options on the Nasdaq 100 Reduced Value Index ("NQX") whose exercise settlement value is

derived from closing prices on the expiration day ("P.M.-settled"). NQX options will be listed for trading for a pilot period expiring on May 4, 2022.

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(d) *Index Level on the Last Day of Trading.* The reported level of the underlying index that is calculated by the reporting authority on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, the last day of trading in the underlying securities prior to the expiration date for purposes of determining the current index value [at the expiration of an A.M.-settled index option] may differ from the level of the index that is separately calculated and reported by the reporting authority and that reflects trading activity subsequent to the opening of trading in any of the underlying securities.

[(e) *Index Values for Settlement.* The Rules of the Clearing Corporation specify that, unless the Rules of the Exchange provide otherwise, the current index value used to settle the exercise of an index options contract shall be the closing index for the day on which the index options contract is exercised in accordance with the Rules of the Clearing Corporation or, if such day is not a business day, for the most recent business day.]

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Options 7 Pricing Schedule

Section 1. General Provisions

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(b) All fee disputes concerning fees which are billed by the Exchange must be submitted to the Exchange in writing and must be accompanied by supporting documentation. All fee disputes must be submitted no later than sixty (60) calendar days after receipt of a billing invoice.

(c) For purposes of assessing fees, the following references should serve as guidance. Fees and rebates are listed per contract per leg unless otherwise noted.

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