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Page 1 of * 33

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

File No. * SR 2022 - * 10

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 checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input 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"/>
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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 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 ISE Options 4, Section 5, Series of Options Contracts Open for Trading

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 04/11/2022


(Title *)

By John Zecca

EVP & 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: 2022.04.11 14:33:22 -04'00'

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-2022-10 19b4.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 *

Add Remove View

SR-ISE-2022-10 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

Add Remove View

SR-ISE-2022-10 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

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 Options 4, Section 5, “Series of Options Contracts Open for Trading.” Specifically, this proposal seeks to amend Supplementary Material .07 to Options 4, Section 5.

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) The proposed rule change amends The Nasdaq Stock Market LLC (“Nasdaq”), Nasdaq Phlx LLC (“Phlx”), Nasdaq BX, Inc. (“BX”), Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”) Options 4, Section 5. Nasdaq, Phlx, BX, GEMX and MRX incorporate ISE Options 4, Section 5 by reference.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors (the “Board”) on July 7, 2020. 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 Options 4, Section 5, “Series of Options Contracts Open for Trading.” Specifically, the Exchange proposes to amend Supplementary Material .07 to Options 4, Section 5 to account for conflicts between different provisions within the Short Term Options Series Rules.

In 2021, ISE amended Options 4, Section 5 to limit the intervals between strikes in equity options listed as part of the Short Term Option Series Program, excluding Exchange-Traded Fund Shares and ETNs, that have an expiration date more than twenty-one days from the listing date (“Strike Interval Proposal”).³ The Strike Interval Proposal adopted a new Supplementary Material .07 to Options 4, Section 5 which included a table that intended to specify the applicable strike intervals that would supersede Supplementary Material .03(e)⁴ for Short Term Option Series in equity

³ See Securities Exchange Act Release No. 91930 (May 18, 2021), 86 FR 27907 (May 24, 2021) (SR-ISE-2021-09) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 4, Section 5, “Series of Options Contracts Open for Trading” To Limit Short Term Options Series Intervals Between Strikes).

⁴ Supplementary Material .03(e) of Options 4, Section 5 states, “Strike Interval. During the month prior to expiration of an option class that is selected for the Short Term Option Series Program pursuant to this Rule (“Short Term Option”), the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option. The Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are

options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date. The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Options Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date.

At this time, the Exchange proposes to amend the rule text within Supplementary Material .07 to Options 4, Section 5 to clarify the current rule text and amend the application of the table to account for potential conflicts within the Short Term Options Series Rules. Currently, the table within Supplementary Material .07 to Options 4, Section 5 is as follows:⁵

in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.”

⁵ The Share Price would be the closing price on the primary market on the last day of the calendar quarter and the Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. The Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume shall be calculated using the quarter prior to the last trading calendar quarter. See Supplementary Material .07 to Options 4, Section 5.

Tier	Average Daily Volume	Share Price				
		less than \$25	\$25 to less than \$75	\$75 to less than \$150	\$150 to less than \$500	\$500 or greater
1	Greater than 5,000	\$0.50	\$1.00	\$1.00	\$5.00	\$5.00
2	Greater than 1,000 to 5,000	\$1.00	\$1.00	\$1.00	\$5.00	\$10.00
3	0 to 1,000	\$2.50	\$5.00	\$5.00	\$5.00	\$10.00

The first sentence of Supplementary Material .07 to Options 4, Section 5 provides, “With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date, the following table will apply as noted within Supplementary Material .03(e).”

First, the Exchange proposes to amend the first sentence of Supplementary Material .07 to instead provide, “With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date, the following table, *which specifies the applicable interval for listing*, will apply as noted within Supplementary Material .03(f).” The table within Supplementary Material .07 provides for the listing of intervals based on certain parameters (average daily volume and share price). The Exchange proposes to add the phrase “which specifies the applicable interval for listing” to make clear that the only permitted intervals are as specified in the table within Supplementary Material .07, except in the case where Supplementary Material .03(e) provides for a greater interval as described in more detail below.

Second, the Exchange proposes to amend the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f)⁶ instead of .03(e)⁷ as paragraph (f) indicates when the table within Supplementary Material .07 applies.

Third, the Exchange proposes to add a new sentence within Supplementary Material .07 to Options 4, Section 5 which states, “To the extent there is a conflict between applying Supplementary Material .03(e) and the below table, the greater interval would apply.” Today, there are instances where a conflict is presented as between the application of the table within Supplementary Material .07 and the rule text within Supplementary Material .03(e) with respect to the correct interval. Adding the proposed sentence would make clear to Members the applicable intervals where there is a conflict between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), thereby providing certainty as to the outcome.

The Exchange proposes to insert the words “greater than” because it proposes to permit

⁶ Supplementary Material .03(f) of Options 4, Section 5 provides, “Notwithstanding (e) above, when Short Term Options Series in equity options, excluding Exchange-Traded Funds (“ETFs”) and ETNs, have an expiration more than twenty-one days from the listing date, the strike interval for each options class shall be based on the table within Supplementary Material .07.”

⁷ Supplementary Material .03(e) of Options 4, Section 5, provides, “Strike Interval. During the month prior to expiration of an option class that is selected for the Short Term Option Series Program pursuant to this Rule (“Short Term Option”), the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option. The Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.”

Supplementary Material .03(e) of Options 4, Section 5 to govern only in the event that the interval would be greater. The same analysis would not be conducted where the result would be a lesser interval. By way of example,

Example 1: Assume a Tier 1 stock that closed on the last day of Q1 with a quarterly share price less than \$150. Next, assume during Q2 the share price rose above \$150. Utilizing the table within Supplementary Material .07, the interval would be \$1.00 even though the price rose above \$150 because the Share Price was calculated utilizing data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$2.50 if the price rose above \$150. The greater interval would then be \$2.50 as per Supplementary Material .03(e) in this scenario. Therefore, the following strikes would be eligible to list: \$152.5 and \$157.5. For strikes less than \$150, the following strikes would be eligible to list: \$149 and \$148 because Short Term Options Series with expiration dates more than 21 days from the listing date as well as Short Term Options Series with expiration dates less than 21 days from the listing date would both be eligible to list \$1 intervals pursuant to Supplementary Material .07 and Supplementary Material .03(e) of Options 5, Section 4.

Example 2: Assume a Tier 2 stock that closed on the last day of Q1 with a quarterly share price less than \$25. Next, assume during Q2 the share price rose above \$100. Utilizing the table within Supplementary Material .07 the interval would be \$1.00 even though the price rose above \$100 because the Share Price was calculated utilizing data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$1.00 if the price rose above \$100. The \$1 interval is the same in both cases in this scenario and therefore there is no conflict. Now assume during the quarter

the price rose above \$150. Utilizing the table within Supplementary Material .07, the interval would continue to be \$1.00 because the Share Price relied on data from the prior calendar quarter, however, pursuant to Supplementary Material .03(e), the interval would be \$2.50. The greater interval would then be \$2.50 as per Supplementary Material .03(e) in this scenario.

Example 3: Assume a Tier 3 stock that closed on the last day of Q1 with a quarterly share price less than \$25. Next, assume during Q2 the share price rose above \$100. Utilizing the table within Supplementary Material .07 the interval would be \$2.50 even though the price rose above \$100 because the Share Price relied on data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$1.00 if the price rose above \$100. The greater interval would then be \$2.50 as per the table in Supplementary Material .07 in this scenario.

Fourth, the Exchange proposes to delete the last sentence of the first paragraph of Supplementary Material .07 to Options 4, Section 5 which states, “The below table indicates the applicable strike intervals and supersedes Supplementary Material .03(d) which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.” The table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d)⁸ describes

⁸ Supplementary Material .03(d) of Options 5, Section 4 provides, “Additional Series. If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying

adding series of options. The table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within Supplementary Material .07 and Supplementary Material .03(d) do not conflict with each other. Deleting the reference to Supplementary Material .03(d) will avoid confusion.

Fifth, and finally, the Exchange provides within the last sentence of Supplementary Material .07 to Options 4, Section 5 that, “Notwithstanding the limitations imposed by Supplementary Material .07, this proposal does not amend the range of strikes that may be listed pursuant to Supplementary Material .03, regarding the Short Term Option Series Program.” The Exchange proposes to remove this rule text. While the range limitations continue to be applicable to the table within Supplementary Material .07, the strike ranges do not conflict with strike intervals and therefore the sentence is not necessary. Removing the last sentence of Supplementary Material .07 to Options 4, Section 5 will avoid confusion. Also, the rule text within Supplementary Material .03(f) of Options 5, Section 4 otherwise indicates when Supplementary Material .07 would apply.

Implementation

The Exchange proposes to implement this rule change on August 1, 2022. The Exchange will issue an Options Trader Alert to notify Members of the implementation date.

security moves substantially from the exercise price or prices of the series already opened.”

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Strike Proposal continues to limit the intervals between strikes listed in the Short Term Options Series Program that have an expiration date more than twenty-one days.

The Exchange's proposal to add clarifying language to the first sentence of Supplementary Material .07 of Options 4, Section 5, is consistent with the Act because it will make clear that the only permitted intervals are as specified in the table within Supplementary Material .07, except in the case where Supplementary Material .03(e) provides for a greater interval. This amendment will bring greater transparency to the rule.

Amending the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f) instead of .03(e) is consistent with the Act because paragraph (f) indicates when the table within Supplementary Material .07 applies.

Adopting a new sentence within Supplementary Material .07 of Options 4, Section 5 to address a potential conflict between the Short Term Options Series Program rules, specifically as between the application of the table within Supplementary Material .07 and the rule text within Supplementary Material .03(e), with respect to the correct

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

interval is consistent with the Act. The table within Supplementary Material .07 supersedes other strike interval rules, but does not supersede the addition of option series. Therefore, these rules do not conflict with the table. Deleting the reference to Supplementary Material .03(d) will avoid confusion. This new rule text will make clear to Members the applicable intervals when there is a conflict between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), thereby providing certainty as to the outcome. The proposed new rule text promotes just and equitable principles of trade by adding transparency to the manner in which ISE implements its listing rules, and protects investors and the general public by removing uncertainty.

Removing the last sentence of the first paragraph of Supplementary Material .07 to Options 4, Section 5 is consistent with the Act because the table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d) describes the addition of options series. The table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within Supplementary Material .07 and Supplementary Material .03(d) do not conflict with each other. Deleting the reference to Supplementary Material .03(d) will avoid confusion.

Removing the last sentence of Supplementary Material .07 to Options 4, Section 5 is consistent with the Act because while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals, rendering the sentence unnecessary. Removing the last sentence of Supplementary Material .07 to Options 4,

Section 5 will avoid confusion. Also, the rule text within Supplementary Material .03(f) of Options 5, Section 4 otherwise indicates when Supplementary Material .07 would apply.

The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Options Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date. The Exchange's proposal intends to continue to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs,¹¹ rendering these strikes less useful. Also, the Strike Interval Proposal continues to reduce the number of strikes listed on ISE, allowing Lead Market Makers and Market Makers to expend their capital in the options market in a more efficient manner, thereby improving overall market quality on ISE.

Additionally, by making clear that the greater interval would control as between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), the Exchange is reducing the number of strikes listed in a manner consistent with the intent of the Strike Interval Proposal, which was to reduce strikes which were farther out in time. The result of this clarification is to select wider strike intervals for Short Term Option Series in equity options which have an expiration date more than twenty-one days from the listing date. This rule change would harmonize strike intervals as between inner weeklies (those having less than twenty-one days from

¹¹ For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the money.

the listing date) and outer weeklies (those having more than twenty-one days from the listing date) so that strike intervals are not widening as the listing date approaches.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Strike Interval Proposal continues to limit the number of Short Term Options Series Program strike intervals available for quoting and trading on ISE for all ISE Participants.

Adding clarifying language to the first sentence of Supplementary Material .07 of Options 4, Section 5 to make clear which parameter the table within Supplementary Material .07 of Options 4, Section 5 amends within the Short Term Options Series Program will bring greater transparency to the rules. Amending the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f) instead of .03(e) does not impose an undue burden on competition because paragraph (f) indicates when the table within Supplementary Material .07 applies. Adopting a new sentence to address potential conflicts as between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e) of Options 4, Section 5, within the Short Term Options Series Program, will bring greater transparency to the manner in which ISE implements its listing rules. The table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d) describes adding series of options. The table within Supplementary Material .07 supersedes other strike interval rules, but does not supersede the addition of series. Removing the last sentence of the first paragraph of Supplementary Material .07 to Options 4, Section 5 does not impose

an undue burden on competition because the table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Also, deleting the reference to Supplementary Material .03(d) will avoid confusion. Finally, removing the last sentence of Supplementary Material .07 to Options 4, Section 5 will remove any potential confusion. While the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals and are not necessary.

While this proposal continues to limit the intervals of strikes listed on ISE, the Exchange continues to balance the needs of market participants by continuing to offer a number of strikes to meet a market participant's investment objective. The Exchange's Strike Interval Proposal does not impose an undue burden on inter-market competition as this Strike Interval Proposal does not impact the listings available at another self-regulatory organization.

5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Members, or Others

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

The Exchange does not consent to an extension of the time period for Commission action.

7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

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.

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-2022-10)

April __, 2022

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change to Amend ISE Options 4, Section 5, Series of Options Contracts Open for Trading

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 April 11, 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 Options 4, Section 5, “Series of Options Contracts Open for Trading.” Specifically, this proposal seeks to amend Supplementary Material .07 to Options 4, Section 5.

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 Options 4, Section 5, “Series of Options Contracts Open for Trading.” Specifically, the Exchange proposes to amend Supplementary Material .07 to Options 4, Section 5 to account for conflicts between different provisions within the Short Term Options Series Rules.

In 2021, ISE amended Options 4, Section 5 to limit the intervals between strikes in equity options listed as part of the Short Term Option Series Program, excluding Exchange-Traded Fund Shares and ETNs, that have an expiration date more than twenty-one days from the listing date (“Strike Interval Proposal”).³ The Strike Interval Proposal adopted a new Supplementary Material .07 to Options 4, Section 5 which included a table that intended to specify the applicable strike intervals that would supersede

³ See Securities Exchange Act Release No. 91930 (May 18, 2021), 86 FR 27907 (May 24, 2021) (SR-ISE-2021-09) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend Options 4, Section 5, “Series of Options Contracts Open for Trading” To Limit Short Term Options Series Intervals Between Strikes).

Supplementary Material .03(e)⁴ for Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date. The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Options Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date.

At this time, the Exchange proposes to amend the rule text within Supplementary Material .07 to Options 4, Section 5 to clarify the current rule text and amend the application of the table to account for potential conflicts within the Short Term Options Series Rules. Currently, the table within Supplementary Material .07 to Options 4, Section 5 is as follows:⁵

⁴ Supplementary Material .03(e) of Options 4, Section 5 states, “Strike Interval. During the month prior to expiration of an option class that is selected for the Short Term Option Series Program pursuant to this Rule (“Short Term Option”), the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option. The Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.”

⁵ The Share Price would be the closing price on the primary market on the last day of the calendar quarter and the Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. The Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter. Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at The Options Clearing Corporation. For options listed on the

Tier	Average Daily Volume	less than \$25	Share Price			
			\$25 to less than \$75	\$75 to less than \$150	\$150 to less than \$500	\$500 or greater
1	Greater than 5,000	\$0.50	\$1.00	\$1.00	\$5.00	\$5.00
2	Greater than 1,000 to 5,000	\$1.00	\$1.00	\$1.00	\$5.00	\$10.00
3	0 to 1,000	\$2.50	\$5.00	\$5.00	\$5.00	\$10.00

The first sentence of Supplementary Material .07 to Options 4, Section 5 provides, “With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date, the following table will apply as noted within Supplementary Material .03(e).”

First, the Exchange proposes to amend the first sentence of Supplementary Material .07 to instead provide, “With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date, the following table, *which specifies the applicable interval for listing*, will apply as noted within Supplementary Material .03(f).” The table within Supplementary Material .07 provides for the listing of intervals based on certain parameters (average daily volume and share price). The Exchange proposes to add the phrase “which specifies the applicable interval

first trading day of a given calendar quarter, the Average Daily Volume shall be calculated using the quarter prior to the last trading calendar quarter. See Supplementary Material .07 to Options 4, Section 5.

for listing” to make clear that the only permitted intervals are as specified in the table within Supplementary Material .07, except in the case where Supplementary Material .03(e) provides for a greater interval as described in more detail below.

Second, the Exchange proposes to amend the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f)⁶ instead of .03(e)⁷ as paragraph (f) indicates when the table within Supplementary Material .07 applies.

Third, the Exchange proposes to add a new sentence within Supplementary Material .07 to Options 4, Section 5 which states, “To the extent there is a conflict between applying Supplementary Material .03(e) and the below table, the greater interval would apply.” Today, there are instances where a conflict is presented as between the application of the table within Supplementary Material .07 and the rule text within Supplementary Material .03(e) with respect to the correct interval. Adding the proposed sentence would make clear to Members the applicable intervals where there is a conflict

⁶ Supplementary Material .03(f) of Options 4, Section 5 provides, “Notwithstanding (e) above, when Short Term Options Series in equity options, excluding Exchange-Traded Funds (“ETFs”) and ETNs, have an expiration more than twenty-one days from the listing date, the strike interval for each options class shall be based on the table within Supplementary Material .07.”

⁷ Supplementary Material .03(e) of Options 4, Section 5, provides, “Strike Interval. During the month prior to expiration of an option class that is selected for the Short Term Option Series Program pursuant to this Rule (“Short Term Option”), the strike price intervals for the related non-Short Term Option (“Related non-Short Term Option”) shall be the same as the strike price intervals for the Short Term Option. The Exchange may open for trading Short Term Option Series on the Short Term Option Opening Date that expire on the Short Term Option Expiration Date at strike price intervals of (i) \$0.50 or greater where the strike price is less than \$100, and \$1 or greater where the strike price is between \$100 and \$150 for all option classes that participate in the Short Term Options Series Program; (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series Program; or (iii) \$2.50 or greater where the strike price is above \$150.”

between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), thereby providing certainty as to the outcome. The Exchange proposes to insert the words “greater than” because it proposes to permit Supplementary Material .03(e) of Options 4, Section 5 to govern only in the event that the interval would be greater. The same analysis would not be conducted where the result would be a lesser interval. By way of example,

Example 1: Assume a Tier 1 stock that closed on the last day of Q1 with a quarterly share price less than \$150. Next, assume during Q2 the share price rose above \$150. Utilizing the table within Supplementary Material .07, the interval would be \$1.00 even though the price rose above \$150 because the Share Price was calculated utilizing data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$2.50 if the price rose above \$150. The greater interval would then be \$2.50 as per Supplementary Material .03(e) in this scenario. Therefore, the following strikes would be eligible to list: \$152.5 and \$157.5. For strikes less than \$150, the following strikes would be eligible to list: \$149 and \$148 because Short Term Options Series with expiration dates more than 21 days from the listing date as well as Short Term Options Series with expiration dates less than 21 days from the listing date would both be eligible to list \$1 intervals pursuant to Supplementary Material .07 and Supplementary Material .03(e) of Options 5, Section 4.

Example 2: Assume a Tier 2 stock that closed on the last day of Q1 with a quarterly share price less than \$25. Next, assume during Q2 the share price rose above \$100. Utilizing the table within Supplementary Material .07 the interval would be \$1.00

even though the price rose above \$100 because the Share Price was calculated utilizing data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$1.00 if the price rose above \$100. The \$1 interval is the same in both cases in this scenario and therefore there is no conflict. Now assume during the quarter the price rose above \$150. Utilizing the table within Supplementary Material .07, the interval would continue to be \$1.00 because the Share Price relied on data from the prior calendar quarter, however, pursuant to Supplementary Material .03(e), the interval would be \$2.50. The greater interval would then be \$2.50 as per Supplementary Material .03(e) in this scenario.

Example 3: Assume a Tier 3 stock that closed on the last day of Q1 with a quarterly share price less than \$25. Next, assume during Q2 the share price rose above \$100. Utilizing the table within Supplementary Material .07 the interval would be \$2.50 even though the price rose above \$100 because the Share Price relied on data from the prior calendar quarter. Utilizing Supplementary Material .03(e), the interval would be \$1.00 if the price rose above \$100. The greater interval would then be \$2.50 as per the table in Supplementary Material .07 in this scenario.

Fourth, the Exchange proposes to delete the last sentence of the first paragraph of Supplementary Material .07 to Options 4, Section 5 which states, “The below table indicates the applicable strike intervals and supersedes Supplementary Material .03(d) which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise

price or prices of the series already opened.” The table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d)⁸ describes adding series of options. The table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within Supplementary Material .07 and Supplementary Material .03(d) do not conflict with each other. Deleting the reference to Supplementary Material .03(d) will avoid confusion.

Fifth, and finally, the Exchange provides within the last sentence of Supplementary Material .07 to Options 4, Section 5 that, “Notwithstanding the limitations imposed by Supplementary Material .07, this proposal does not amend the range of strikes that may be listed pursuant to Supplementary Material .03, regarding the Short Term Option Series Program.” The Exchange proposes to remove this rule text. While the range limitations continue to be applicable to the table within Supplementary Material .07, the strike ranges do not conflict with strike intervals and therefore the sentence is not necessary. Removing the last sentence of Supplementary Material .07 to Options 4, Section 5 will avoid confusion. Also, the rule text within Supplementary Material .03(f) of Options 5, Section 4 otherwise indicates when Supplementary Material .07 would apply.

⁸ Supplementary Material .03(d) of Options 5, Section 4 provides, “Additional Series. If the Exchange opens less than thirty (30) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.”

Implementation

The Exchange proposes to implement this rule change on August 1, 2022. The Exchange will issue an Options Trader Alert to notify Members of the implementation date.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹⁰ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. The Strike Proposal continues to limit the intervals between strikes listed in the Short Term Options Series Program that have an expiration date more than twenty-one days.

The Exchange's proposal to add clarifying language to the first sentence of Supplementary Material .07 of Options 4, Section 5, is consistent with the Act because it will make clear that the only permitted intervals are as specified in the table within Supplementary Material .07, except in the case where Supplementary Material .03(e) provides for a greater interval. This amendment will bring greater transparency to the rule.

Amending the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f) instead of .03(e) is consistent with the Act because paragraph (f) indicates when the table within Supplementary Material .07 applies.

⁹ 15 U.S.C. 78f(b).

¹⁰ 15 U.S.C. 78f(b)(5).

Adopting a new sentence within Supplementary Material .07 of Options 4, Section 5 to address a potential conflict between the Short Term Options Series Program rules, specifically as between the application of the table within Supplementary Material .07 and the rule text within Supplementary Material .03(e), with respect to the correct interval is consistent with the Act. The table within Supplementary Material .07 supersedes other strike interval rules, but does not supersede the addition of option series. Therefore, these rules do not conflict with the table. Deleting the reference to Supplementary Material .03(d) will avoid confusion. This new rule text will make clear to Members the applicable intervals when there is a conflict between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), thereby providing certainty as to the outcome. The proposed new rule text promotes just and equitable principles of trade by adding transparency to the manner in which ISE implements its listing rules, and protects investors and the general public by removing uncertainty.

Removing the last sentence of the first paragraph of Supplementary Material .07 to Options 4, Section 5 is consistent with the Act because the table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d) describes the addition of options series. The table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Therefore, the table within Supplementary Material .07 and Supplementary Material .03(d) do not conflict with each other. Deleting the reference to Supplementary Material .03(d) will avoid confusion.

Removing the last sentence of Supplementary Material .07 to Options 4, Section 5 is consistent with the Act because while the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals, rendering the sentence unnecessary. Removing the last sentence of Supplementary Material .07 to Options 4, Section 5 will avoid confusion. Also, the rule text within Supplementary Material .03(f) of Options 5, Section 4 otherwise indicates when Supplementary Material .07 would apply.

The Strike Interval Proposal was designed to reduce the density of strike intervals that would be listed in later weeks, within the Short Term Options Series Program, by utilizing limitations for intervals between strikes which have an expiration date more than twenty-one days from the listing date. The Exchange's proposal intends to continue to remove certain strike intervals where there exist clusters of strikes whose characteristics closely resemble one another and, therefore, do not serve different trading needs,¹¹ rendering these strikes less useful. Also, the Strike Interval Proposal continues to reduce the number of strikes listed on ISE, allowing Lead Market Makers and Market Makers to expend their capital in the options market in a more efficient manner, thereby improving overall market quality on ISE.

Additionally, by making clear that the greater interval would control as between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e), the Exchange is reducing the number of strikes listed in a manner consistent with the intent of the Strike Interval Proposal, which was to reduce strikes which were farther out in time. The result of this clarification is to select wider strike intervals for Short Term Option Series in equity options which have an expiration date

¹¹ For example, two strikes that are densely clustered may have the same risk properties and may also be the same percentage out-of-the money.

more than twenty-one days from the listing date. This rule change would harmonize strike intervals as between inner weeklies (those having less than twenty-one days from the listing date) and outer weeklies (those having more than twenty-one days from the listing date) so that strike intervals are not widening as the listing date approaches.

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 that is not necessary or appropriate in furtherance of the purposes of the Act. The Strike Interval Proposal continues to limit the number of Short Term Options Series Program strike intervals available for quoting and trading on ISE for all ISE Participants.

Adding clarifying language to the first sentence of Supplementary Material .07 of Options 4, Section 5 to make clear which parameter the table within Supplementary Material .07 of Options 4, Section 5 amends within the Short Term Options Series Program will bring greater transparency to the rules. Amending the first sentence of Supplementary Material .07 to cite to Supplementary Material .03(f) instead of .03(e) does not impose an undue burden on competition because paragraph (f) indicates when the table within Supplementary Material .07 applies. Adopting a new sentence to address potential conflicts as between the rule text within Supplementary Material .07 and the rule text within Supplementary Material .03(e) of Options 4, Section 5, within the Short Term Options Series Program, will bring greater transparency to the manner in which ISE implements its listing rules. The table within Supplementary Material .07 impacts strike intervals, while Supplementary Material .03(d) describes adding series of options. The table within Supplementary Material .07 supersedes other strike interval rules, but does not supersede the addition of series. Removing the last sentence of the first paragraph of

Supplementary Material .07 to Options 4, Section 5 does not impose an undue burden on competition because the table within Supplementary Material .07 supersedes other rules pertaining to strike intervals, but the table does not supersede rules governing the addition of options series. Also, deleting the reference to Supplementary Material .03(d) will avoid confusion. Finally, removing the last sentence of Supplementary Material .07 to Options 4, Section 5 will remove any potential confusion. While the range limitations continue to be applicable, the strike ranges do not conflict with strike intervals and are not necessary.

While this proposal continues to limit the intervals of strikes listed on ISE, the Exchange continues to balance the needs of market participants by continuing to offer a number of strikes to meet a market participant's investment objective. The Exchange's Strike Interval Proposal does not impose an undue burden on inter-market competition as this Strike Interval Proposal does not impact the listings available at another self-regulatory organization.

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the Exchange consents, the Commission shall: (a) by order approve or disapprove such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2022-10 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-2022-10. 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-2022-10 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.¹²

J. Matthew DeLesDernier
Assistant Secretary

¹² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

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Options 4 Options Listing Rules

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Section 5. Series of Options Contracts Open for Trading

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Supplementary Material to Options 4, Section 5

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.07 With respect to listing Short Term Option Series in equity options, excluding Exchange-Traded Fund Shares and ETNs, which have an expiration date more than twenty-one days from the listing date, the following table, which specifies the applicable interval for listing, will apply as noted within Supplementary Material .03([e]f). To the extent there is a conflict between applying Supplementary Material .03(e) and the below table, the greater interval would apply.[The below table indicates the applicable strike intervals and supersedes Supplementary Material .03(d) which permits additional series to be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the market price of the underlying security moves substantially from the exercise price or prices of the series already opened.]

Tier	Average Daily Volume	Share Price				
		less than \$25	\$25 to less than \$75	\$75 to less than \$150	\$150 to less than \$500	\$500 or greater
1	Greater than 5,000	\$0.50	\$1.00	\$1.00	\$5.00	\$5.00
2	Greater than 1,000 to 5,000	\$1.00	\$1.00	\$1.00	\$5.00	\$10.00
3	0 to 1,000	\$2.50	\$5.00	\$5.00	\$5.00	\$10.00

The Share Price would be the closing price on the primary market on the last day of the calendar quarter.

The Average Daily Volume would be the total number of options contracts traded in a given security for the applicable calendar quarter divided by the number of trading days in the applicable calendar quarter.

Beginning on the second trading day in the first month of each calendar quarter, the Average Daily Volume shall be calculated by utilizing data from the prior calendar quarter based on Customer-cleared volume at The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the Average Daily Volume shall be calculated using the quarter prior to the last trading calendar quarter.

Short Term Options Series that are newly eligible for listing pursuant to Options 4, Section 3 will not be subject to this proposed Supplementary .07 until after the end of the first full calendar quarter following the date the option class was first listed for trading on any options market.

In the event of a corporate action, the Share Price of the surviving company would be utilized.

[Notwithstanding the limitations imposed by Supplementary Material .07, this proposal does not amend the range of strikes that may be listed pursuant to Supplementary Material .03, regarding the Short Term Option Series Program.]

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