

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 55

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

File No. * SR 2024 - * 21

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"/>
---	--------------------------------------	-------------------------------------	--	--	--

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 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 *).

Proposal to Permit the Listing of Two Monday Expirations for Options on GLD, SLV, TLT, USO, and UNG

Contact Information

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Sun Last Name * Kim

Title * Associate General Counsel

E-mail * sun.kim@nasdaq.com

Telephone * (646) 420-7816 Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq ISE, LLC has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.


Date 05/16/2024

(Title *)

By John Zecca (Name *)

EVP and Chief Legal Officer

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: 2024.05.16 17:15:10 -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 *

Add Remove View

SR-ISE-2024-21 19b-4.docx

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-2024-21 Exhibit 1.docx

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 *

Add Remove View

--

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

--

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

Add Remove View

--

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

Add Remove View

--

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

SR-ISE-2024-21 Exhibit 5.docx

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add Remove View

--

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Short Term Option Series Program in Supplementary Material .03 of 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 February 6, 2024. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

Sun Kim
Associate General Counsel
Nasdaq, Inc.
646-420-7816

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The Exchange proposes to amend the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5. Specifically, the Exchange proposes to expand the Short Term Option Series Program to permit the listing of two Monday expirations for options on United States Oil Fund, LP (“USO”), United States Natural Gas Fund, LP (“UNG”), SPDR Gold Shares (“GLD”), iShares Silver Trust (“SLV”), and iShares 20+ Year Treasury Bond ETF (“TLT”) (collectively “Exchange Traded Products” or “ETPs”).³

Currently, as set forth in Supplementary Material .03 to Options 4, Section 5, after an option class has been approved for listing and trading on the Exchange as a Short Term Option Series pursuant to Options 1, Section 1(a)(49),⁴ the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening Date”) series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which

³ Today, the Exchange permits the listing of two Wednesday expirations for options on USO, UNG, GLD, SLV, and TLT. See Securities Exchange Act Release No. 98905 (November 13, 2023), 88 FR 80348 (November 17, 2023) (SR-ISE-2023-11) (“Wednesday Approval Order”). The Exchange began listing Wednesday expirations on these five symbols on November 21, 2023. See Options Trader Alert #2023-55.

⁴ Options 1, Section 1(a)(49) provides that a Short Term Option Series means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the following business week that is a business day, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Friday Short Term Option Expiration Dates”). The Exchange may have no more than a total of five Short Term Option Expiration Dates. Further, if the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Additionally, the Exchange may open for trading series of options on the symbols provided in Table 1 of Supplementary Material .03 to Options 4, Section 5 that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Short Term Option Daily Expirations”).⁵ For those symbols listed in Table 1, the Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations, as applicable, at one time.

Proposal

⁵ As set forth in Table 1, the Exchange currently only permits Wednesday expirations for USO, UNG, GLD, SLV, and TLT.

At this time, the Exchange proposes to expand the Short Term Option Daily Expirations to permit the listing and trading of options on USO, UNG, GLD, SLV, and TLT expiring on Mondays. The Exchange proposes to permit two Short Term Option Expiration Dates beyond the current week for each Monday expiration at one time, and would update Table 1 in Supplementary Material .03 to Options 4, Section 5 for each of those symbols accordingly.

The proposed Monday USO, UNG, GLD, SLV, and TLT expirations will be similar to the current Monday SPY, QQQ, and IWM Short Term Option Daily Expirations set forth in Supplementary Material .03 to Options 4, Section 5, such that the Exchange may open for trading on any Friday or Monday that is a business day (beyond the current week) series of options on USO, UNG, GLD, SLV, and TLT to expire on any Monday of the month that is a business day and is not a Monday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, provided that Monday expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration (“Monday USO Expirations,” “Monday UNG Expirations,” “Monday GLD Expirations,” “Monday SLV Expirations,” and “Monday TLT Expirations”) (collectively, “Monday ETP Expirations”).⁶ In the event Short Term Option Daily Expirations expire on a Monday and that Monday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week’s listing and instead list the following week; the two weeks would therefore not be

⁶ Today, USO, UNG, GLD, SLV, and TLT may trade on Wednesdays. See supra note 3. They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

consecutive. Today, Monday expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

The interval between strike prices for the proposed Monday ETP Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Monday expirations in the Short Term Option Series Program.⁷ Specifically, the Monday ETP Expirations will have a strike interval of (i) \$0.50 or greater for strike prices below \$100, and \$1 or greater for strike prices between \$100 and \$150 for all option classes that participate in the Short Term Option 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 for strike prices above \$150.⁸ As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday ETP Expirations series will be P.M.-settled.

Pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.⁹ The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules;

⁷ See Supplementary Material .03(e) to Options 4, Section 5.

⁸ Id.

⁹ See Supplementary Material .03(a) to Options 4, Section 5.

the Exchange may list these additional series that are listed by other options exchanges.¹⁰ With the proposed changes, this thirty (30) series restriction would apply to Monday USO, UNG, GLD, SLV, and TLT Short Term Option Daily Expirations as well. In addition, the Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Monday ETP Expirations.

With this proposal, Monday ETP Expirations would be treated similarly to existing Monday SPY, QQQ, and IWM Expirations. With respect to standard expiration option series, Short Term Option Daily Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.¹¹ Not listing Short Term Option Daily Expirations for one week every month because there was a standard options series on that same class on the Friday of that week would create investor confusion.

Further, as with Monday SPY, QQQ, and IWM Expirations, the Exchange would not permit Monday ETP Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.¹² Therefore, all Short Term Option Daily Expirations would expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire. The Exchange believes that it is reasonable to not permit two expirations on the same day in which a

¹⁰ Id.

¹¹ See Supplementary Material .03(b) to Options 4, Section 5.

¹² See Supplementary Material .03 to Options 4, Section 5.

standard expiration option series, Monthly Options Series, a Quarterly Options Series would expire because those options would be duplicative of each other.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Monday ETP Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday for SPY, QQQ and IWM and has not experienced any market disruptions nor issues with capacity. In addition, the Exchange has not experienced any market disruptions or issues with capacity in expanding the five ETPs to the Wednesday expirations.¹³ Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday for SPY, QQQ and IWM. Further, the Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday ETP Expirations.

Impact of Proposal

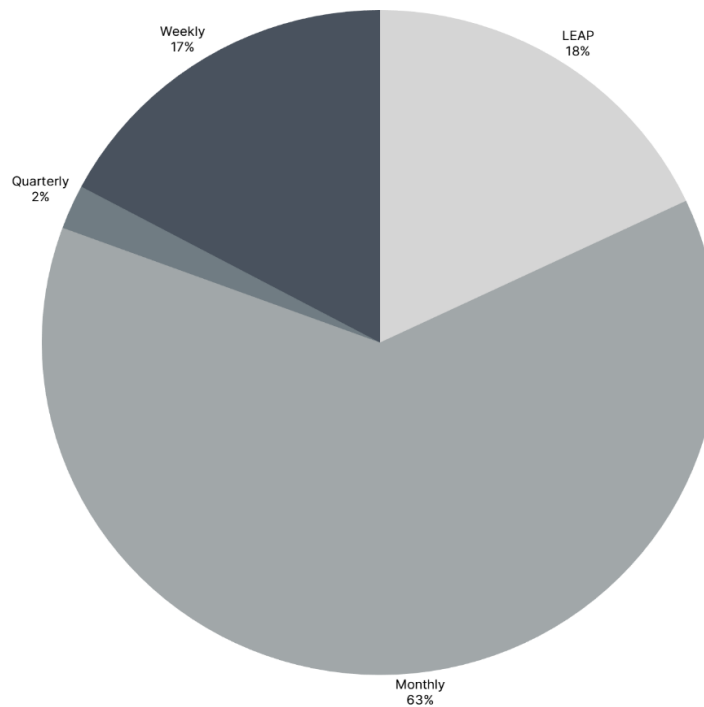
The Exchange notes that listings in the Short Term Option Series Program comprise a significant part of the standard listings in options markets. The below diagram demonstrates the percentage of weekly listings in the options industry compared to monthly, quarterly, and Long-Term Option Series for a twelve-month period ending on February 22, 2024.¹⁴

¹³ See supra note 3.

¹⁴ The Exchange sourced this information from The Options Clearing Corporation (“OCC”). The information includes time averaged data (the number of strikes by maturity date divided from the number of trading days) for all 17 options markets through February 22, 2024.

Number of Strikes - 2023

Data from February 22, 2023 - February 22, 2024



While the Exchange is expanding the Short Term Option Series Program to permit USO, UNG, GLD, SLV, and TLT Monday Expirations, the Exchange anticipates that it would overall add a small number of weekly expiration dates because the Exchange will limit the number of Short Term Option Daily Expirations for these ETPs to two Monday expirations. Expanding the Short Term Option Series Program in the foregoing manner will account for the addition of 4% (GLD), 8% (SLV), and 4% (TLT), 16% (UNG), and 9% (USO) of strikes for the respective symbol.¹⁵ With respect to the impact on the Short Term Option Series Program for each symbol overall, the impact would be a 13% (GLD), 20% (SLV), and 18% (TLT), 26% (UNG), and 18% (USO)

¹⁵ The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

increase in strikes for the respective symbol.¹⁶ With respect to the impact on the Short Term Option Series Program overall, the impact would be a 0.05% (GLD), 0.03% (SLV), and 0.04% (TLT), 0.04% (UNG), and 0.04% (USO) increase in strikes for the respective symbol.¹⁷

Further, as shown below, weeklies comprise 48% of the total volume of options contracts.¹⁸ The Exchange believes that inner weeklies (first two weeks) represent high volume as compared to outer weeklies (the last three weeks) and would be more attractive to market participants.

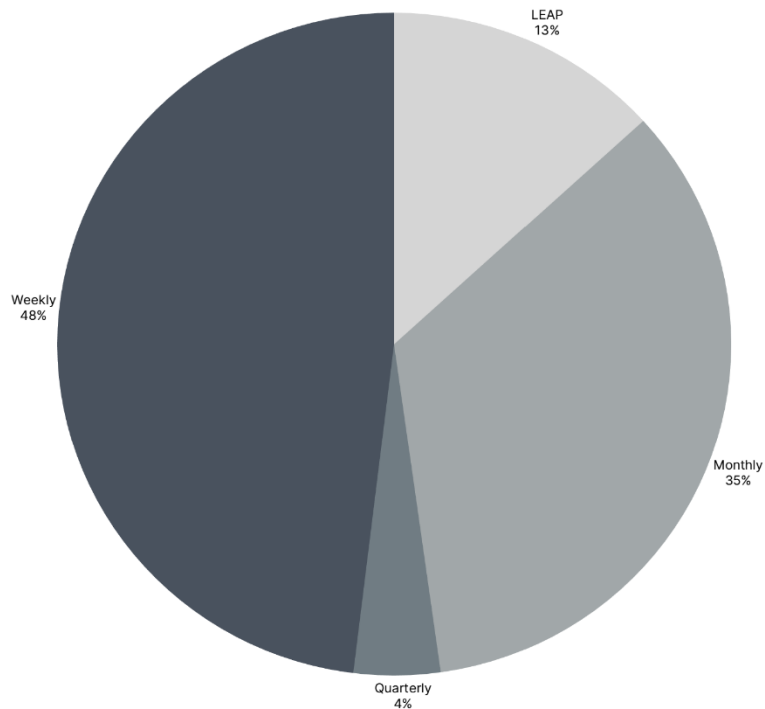
¹⁶ The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

¹⁷ The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

¹⁸ The chart represents industry volume in terms of overall contracts. Weeklies comprise 48% of volume while only being 17% of the strikes, each as shown above. The Exchange sourced this information from OCC. The information includes data for all 17 options markets through February 22, 2024.

Total Volume - Last 12 Months

Data from February 22, 2023 - February 22, 2024

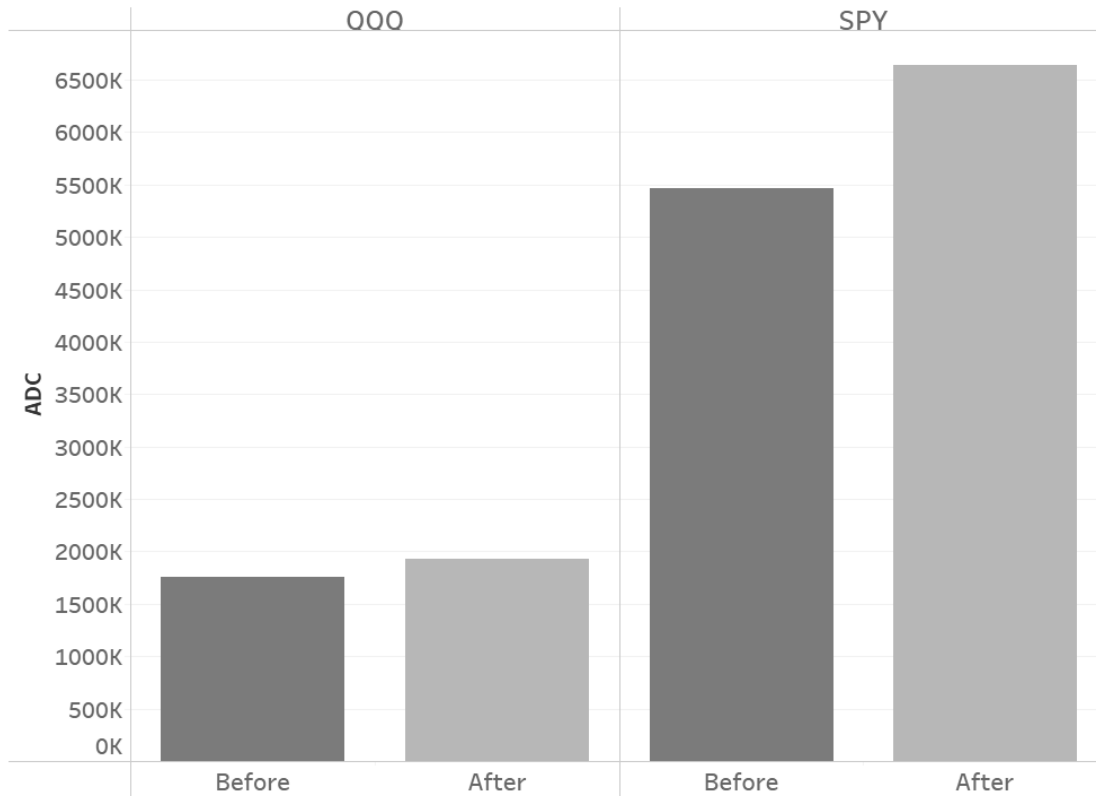


In addition, the Exchange looked at the average daily contracts traded in SPY and QQQ five months before and five months after the introduction of Tuesday and Thursday expirations on those two symbols to assess whether there was new interest from adding alternative expirations (as opposed to existing interest being cannibalized).¹⁹ The below chart shows a volume increase in terms of average daily contracts traded in SPY and QQQ in the five-month period following the introduction of Tuesday and Thursday expirations, which the Exchange believes indicate the existence of genuine new interest in alternative expirations for SPY and QQQ.

¹⁹ See Securities Exchange Act Release No. 96281 (November 9, 2022), 87 FR 68769 (November 16, 2022) (SR-ISE-2022-18) (Approval Order for Tuesday and Thursday Expirations in SPY and QQQ). The Exchange began listing Tuesday and Thursday expirations in SPY and QQQ in mid-November 2022. See Options Trader Alert #2022-40.

Average Daily Contracts Traded in Weekly Options: SPY/QQQ

5 months before and after introduction of Tuesday/Thursday expiries



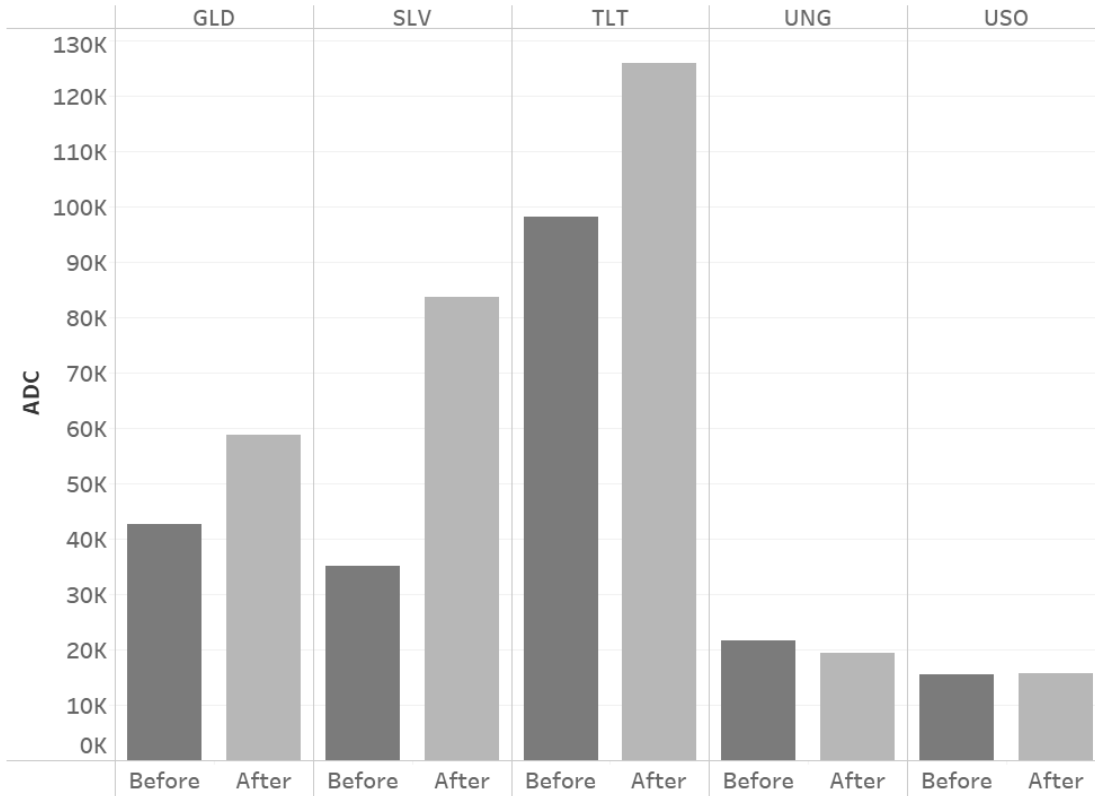
The Exchange believes there is general demand for alternative expirations in GLD, SLV, TLT, UNG, and USO based on similar analysis. In particular, the Exchange looked at the average daily contracts traded in GLD, SLV, TLT, UNG, and USO five months before and five months after the introduction of Wednesday expirations to similarly assess whether there was new interest from adding these alternative expirations.²⁰ As shown below, there was a general volume increase in terms of average daily contracts traded in these five symbols in the five-month period following the introduction of Wednesday expirations.²¹

²⁰ See *supra* note 3.

²¹ Note that UNG volume slightly decreased and USO volume showed little change in the five-month period following the introduction of Wednesday expirations.

Average Daily Contracts Traded in Weekly Options: Proposed ETFs

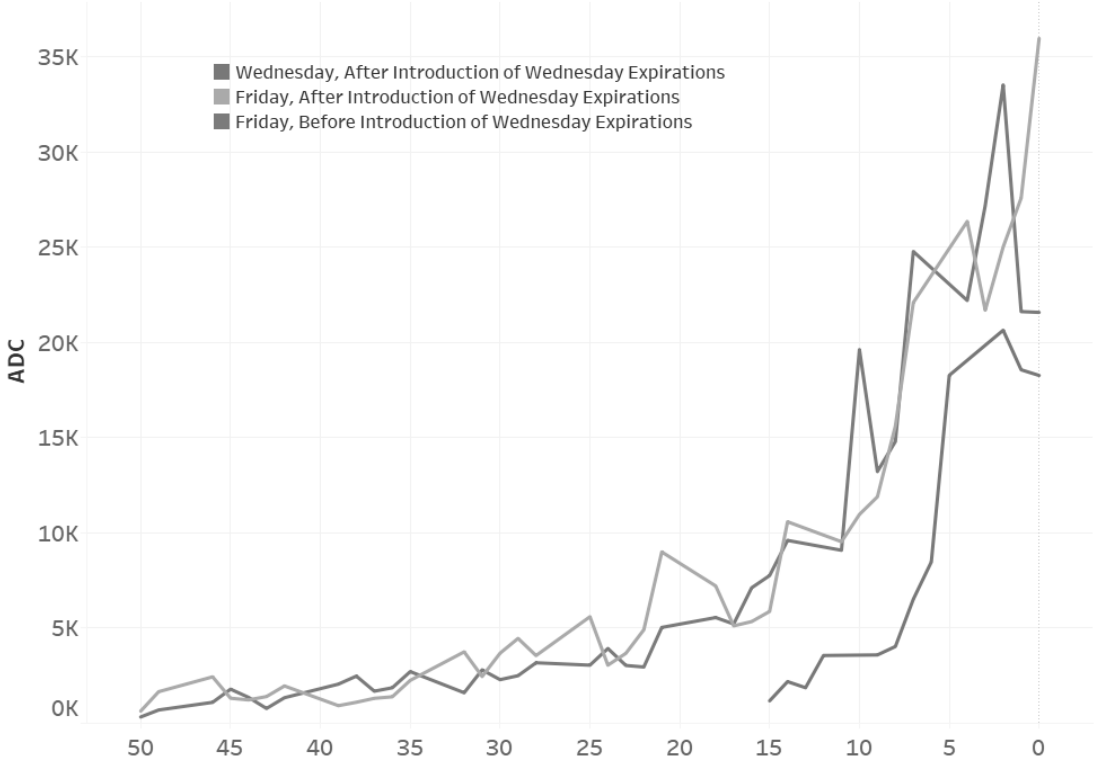
5 months before and after introduction of Wednesday expiries



The Exchange also looked at the lifecycle volume of GLD, SLV, TLT, UNG, and USO in terms of average daily contracts traded, going from 50 days before expiration to the expiration date, to see how that lifecycle volume changed before and after the introduction of Wednesday expirations. As shown below, there is a notable increase in volume in terms of average daily contracts traded as the expiration date approaches. This is consistent across all five symbols as well as before and after the addition of Wednesday expirations.

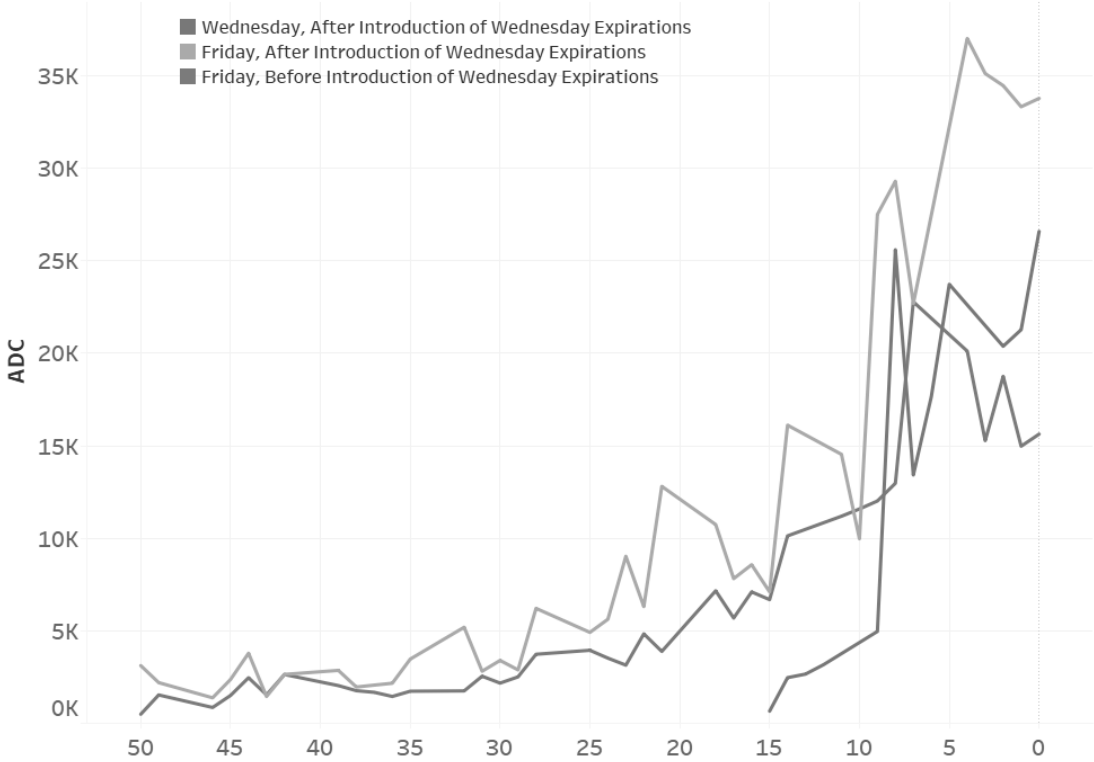
Volume by Days to Expiry by Expiry Type: GLD

All options expiries shown are weekly



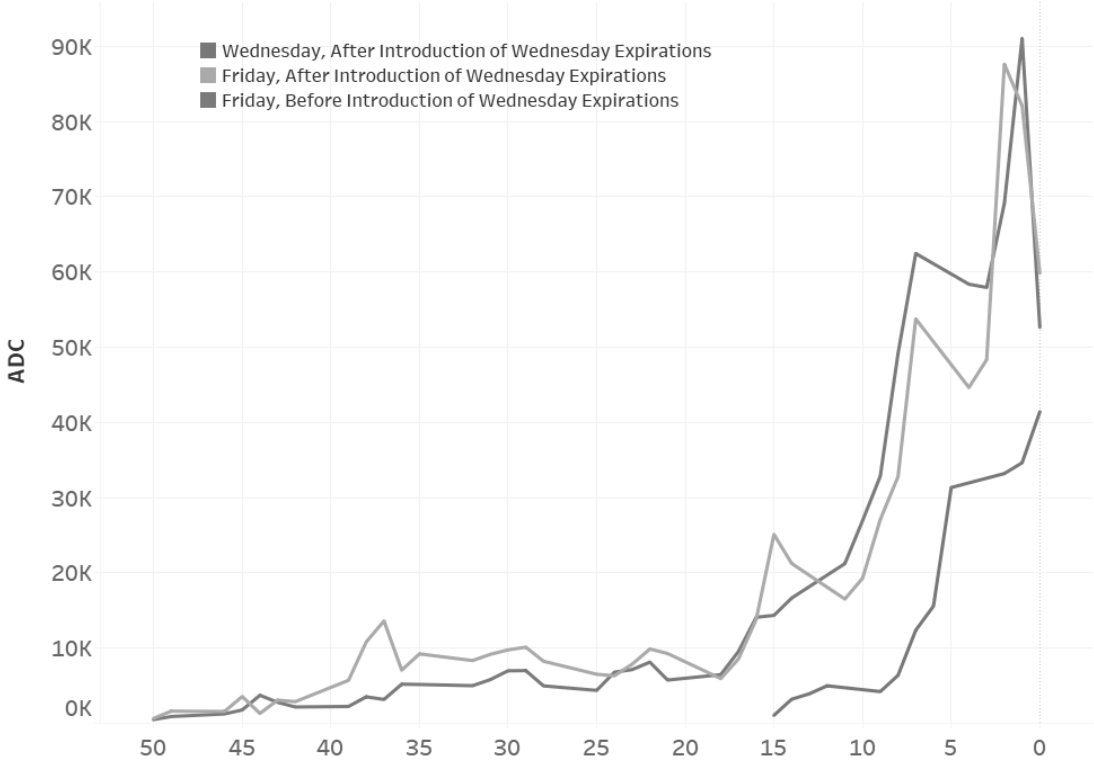
Volume by Days to Expiry by Expiry Type: SLV

All options expiries shown are weekly



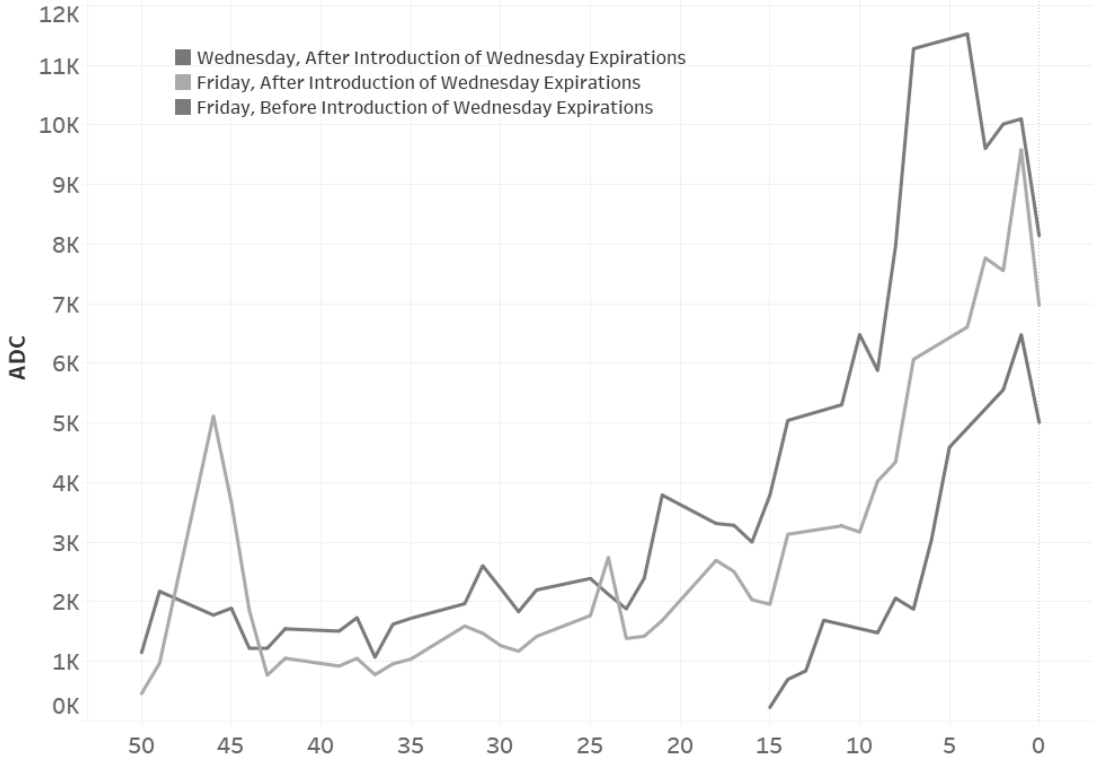
Volume by Days to Expiry by Expiry Type: TLT

All options expiries shown are weekly



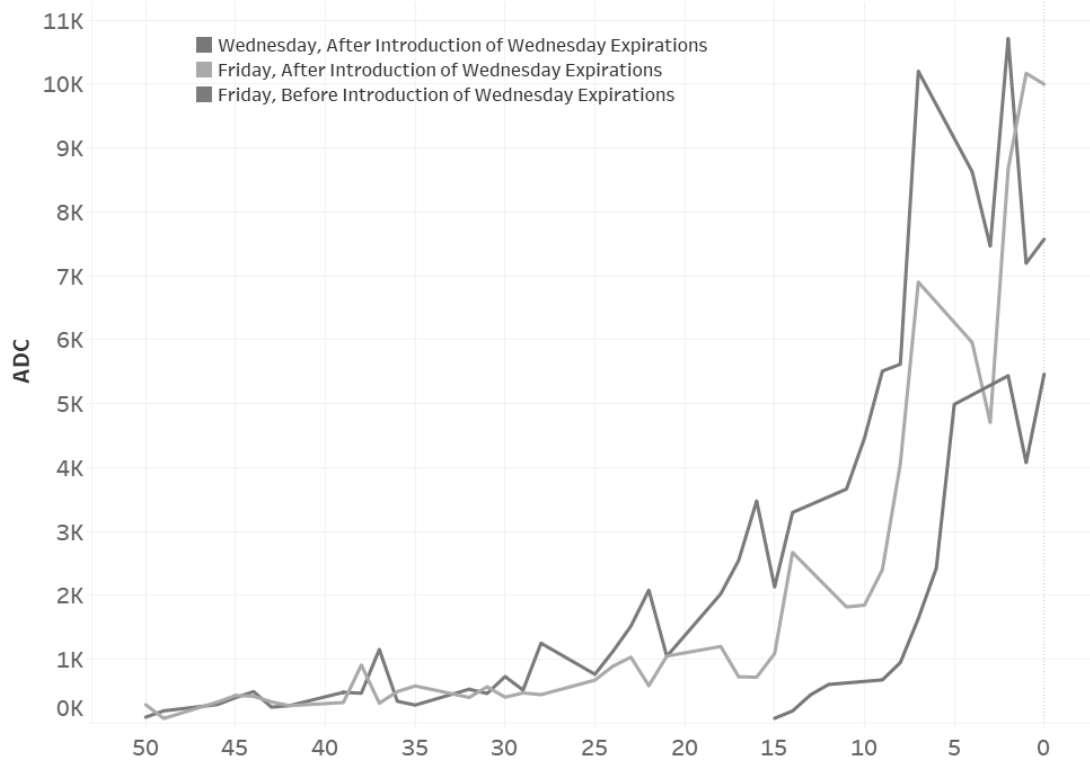
Volume by Days to Expiry by Expiry Type: UNG

All options expiries shown are weekly



Volume by Days to Expiry by Expiry Type: USO

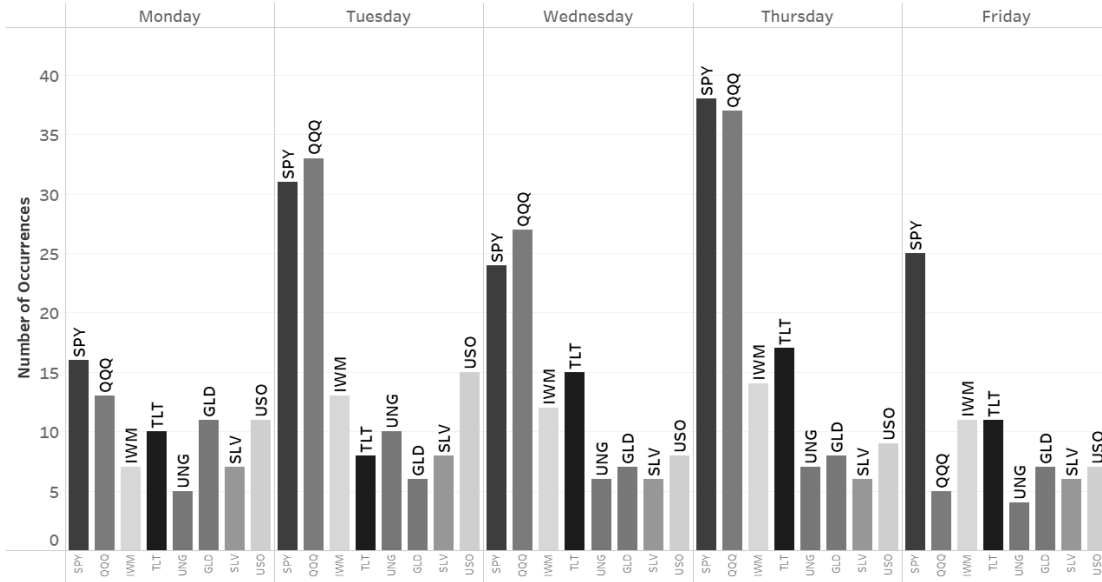
All options expiries shown are weekly



In addition, the below chart shows post-close movements between 4:00 – 5:30 p.m. Eastern Time, and indicates that GLD, SLV, TLT, UNG, and USO are generally less volatile (strike-wise) than SPY, QQQ, and IWM, where alternative expirations exist today.

Occurrences of At Least 1 Strike Moved Through Post-Close

Comparing 5:30 Price to 4:00 Price. Data from January 3, 2019 through February 23, 2024.

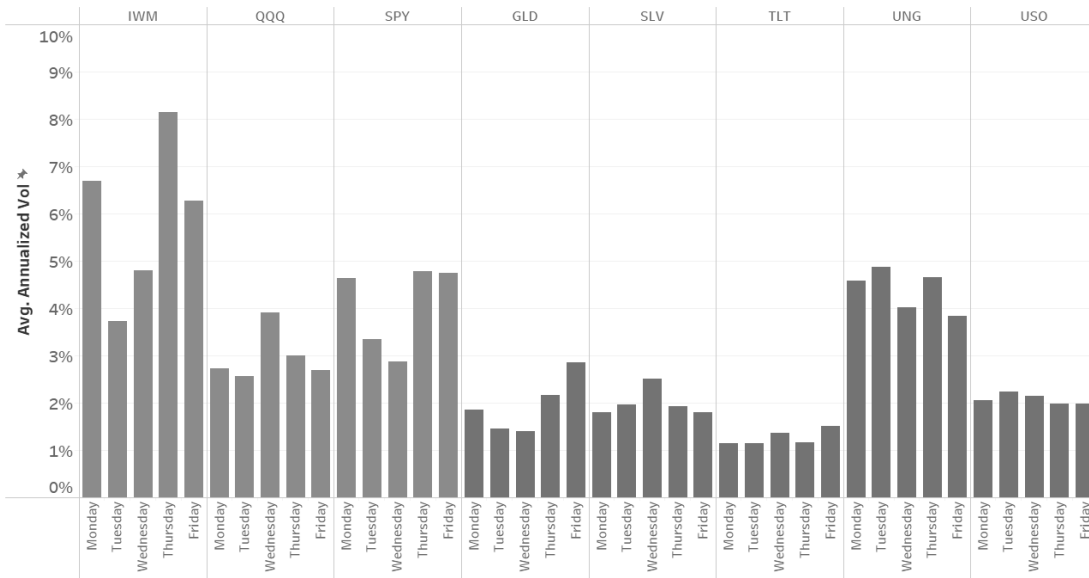


Source: Nasdaq Economic Research

Furthermore, the below chart shows that GLD, SLV, TLT, UNG, and USO are generally less volatile in the last 30 minutes of trading than SPY, QQQ, and IWM, which have alternative expirations today.

Average Annualized Closing Volatility by Day of Week

Closing volatility calculated using standard deviation of returns during last 30 minutes of options trading. Data from start of 2019 through 02/23/2024.



Source: Nasdaq Economic Research

Because the Exchange proposes to limit the number of Monday Expirations for options on USO, UNG, GLD, SLV, and TLT to two expirations beyond the current week, the Exchange believes that the addition of these Monday ETP Expirations should encourage Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²²

Similar to SPY, QQQ and IWM Monday Expirations, the introduction of Monday ETP Expirations will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to hedge their portfolios with options on commodities (oil, natural gas, gold, and silver) as well as treasury securities, and tailor their investment and hedging needs more effectively.

Implementation

The Exchange proposes to implement this rule change within 30 days after Commission approval. The Exchange will issue an Options Trader Alert to notify Members of the implementation date.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²³ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁴ in particular, in that it is designed to promote just and equitable principles of trade, to

²² Market Makers include Primary Market Makers and Competitive Market Makers. See ISE Options 1, Section 1(a)(21). Today, Primary Market Makers and Competitive Market Makers are required to quote a specified time in their assigned options series. See ISE Options 2, Section 5.

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(5).

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.

Similar to Monday expirations in SPY, QQQ, and IWM, the proposal to permit Monday ETP Expirations, subject to the proposed limitation of two expirations beyond the current week, would protect investors and the public interest by providing the investing public and other market participants more choice and flexibility to closely tailor their investment and hedging decisions in these options and allow for a reduced premium cost of buying portfolio protection, thus allowing them to better manage their risk exposure. The Exchange believes that there is general demand for alternative expirations based on the analysis discussed above, notably comparing the average daily contracts traded in options overlying SPY, QQQ, and the five ETPs five months before and after the introduction of alternative expirations on those symbols. As shown above, the Exchange saw a volume increase in SPY and QQQ in the five-month period following the introduction of Tuesday and Thursday expirations, which suggests there is indeed genuine new interest in these alternative expirations (as opposed to existing interest being cannibalized). The Exchange also saw a volume increase in the majority of the five ETPs in the five-month period following the introduction of Wednesday expirations, likewise indicating the existence of general demand for alternative expirations in these symbols.²⁵

ISE represents that it has an adequate surveillance program in place to detect manipulative trading in the proposed option expirations, in the same way that it monitors trading in the current Short Term Option Series for Monday SPY, QQQ and IWM

²⁵ See supra note 21.

expirations. The Exchange also represents that it has the necessary system capacity to support the new expirations. Finally, the Exchange does not believe that any market disruptions will be encountered with the introduction of these option expirations. As discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for GLD, SLV, USO, UNG, and TLT given that it will be limited to two Monday expirations beyond the current week. Furthermore, the above charts show less volatility in these five products (both in terms of post-close and during the last 30 minutes of trading) compared to SPY, QQQ, and IWM, which have alternative expirations (including Monday expirations) today.

The Exchange believes that the proposal is consistent with the Act as the proposal would overall add a small number of Monday ETP Expirations by limiting the addition of two Monday expirations beyond the current week. The addition of Monday ETP Expirations would remove impediments to and perfect the mechanism of a free and open market by encouraging Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²⁶ The Exchange believes that the proposal will allow Members to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT as these funds are most likely to be utilized by market participants to hedge the underlying asset classes. As stated in the Wednesday Approval Order, the ETPs currently trade within “complexes” where, in addition to the underlying security, there are multiple instruments available for hedging. Given the multi-asset class nature of these products

²⁶ Today, Primary Market Makers and Market Makers are required to quote a specified time in their assigned options series. See ISE Options 2, Section 5.

and available hedges in highly-correlated instruments, the Exchange believes that its proposal to add Monday expirations on these products will provide market participants with additional useful hedging tools for the underlying asset classes.

Similar to Monday SPY, QQQ, and IWM expirations, the introduction of Monday ETP Expirations is consistent with the Act as it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively, thus allowing them to better manage their risk exposure. Today, ISE lists Monday SPY, QQQ, and IWM Expirations.²⁷

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Monday ETP Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging.

There are no material differences in the treatment of Monday SPY, QQQ and IWM expirations compared to the proposed Monday ETP Expirations. Given the similarities between Monday SPY, QQQ and IWM expirations and the proposed Monday ETP Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to Monday SPY, QQQ and IWM expirations is justified. For example, the Exchange believes that

²⁷ See ISE Supplementary Material .03 at Options 4, Section 5.

allowing Monday ETP Expirations and monthly Exchange Traded Product expirations in the same week will benefit investors and minimize investor confusion by providing Monday ETP Expirations in a continuous and uniform manner.

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.

While the proposal will expand the Short Term Options Expirations to allow Monday ETP Expirations to be listed on ISE,²⁸ the Exchange believes that this limited expansion for Monday expirations for options on USO, UNG, GLD, SLV, and TLT will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange believes that Members will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT.

Similar to Monday SPY, QQQ and IWM expirations, the introduction of Monday ETP Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

²⁸ As noted above, Nasdaq, Phlx, BX, GEMX and MRX incorporate ISE Options 4, Section 5 by reference, so the proposed changes herein will apply to those markets as well.

The Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade Monday ETP Expirations.²⁹ Further, the Exchange does not believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal.

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.

²⁹ See supra note 28.

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2024-21)

May __, 2024

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change to Permit the Listing of Two Monday Expirations for Options on GLD, SLV, TLT, USO, and UNG

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² notice is hereby given that on May 16, 2024, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Short Term Option Series Program in Supplementary Material .03 of 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.

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to amend the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5. Specifically, the Exchange proposes to expand the Short Term Option Series Program to permit the listing of two Monday expirations for options on United States Oil Fund, LP (“USO”), United States Natural Gas Fund, LP (“UNG”), SPDR Gold Shares (“GLD”), iShares Silver Trust (“SLV”), and iShares 20+ Year Treasury Bond ETF (“TLT”) (collectively “Exchange Traded Products” or “ETPs”).³

Currently, as set forth in Supplementary Material .03 to Options 4, Section 5, after an option class has been approved for listing and trading on the Exchange as a Short Term Option Series pursuant to Options 1, Section 1(a)(49),⁴ the Exchange may open for trading on any Thursday or Friday that is a business day (“Short Term Option Opening

³ Today, the Exchange permits the listing of two Wednesday expirations for options on USO, UNG, GLD, SLV, and TLT. See Securities Exchange Act Release No. 98905 (November 13, 2023), 88 FR 80348 (November 17, 2023) (SR-ISE-2023-11) (“Wednesday Approval Order”). The Exchange began listing Wednesday expirations on these five symbols on November 21, 2023. See Options Trader Alert #2023-55.

⁴ Options 1, Section 1(a)(49) provides that a Short Term Option Series means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Wednesday or Friday of the following business week that is a business day, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

Date”) series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Friday Short Term Option Expiration Dates”). The Exchange may have no more than a total of five Short Term Option Expiration Dates. Further, if the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Additionally, the Exchange may open for trading series of options on the symbols provided in Table 1 of Supplementary Material .03 to Options 4, Section 5 that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Short Term Option Daily Expirations”).⁵ For those symbols listed in Table 1, the Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations, as applicable, at one time.

Proposal

At this time, the Exchange proposes to expand the Short Term Option Daily Expirations to permit the listing and trading of options on USO, UNG, GLD, SLV, and

⁵ As set forth in Table 1, the Exchange currently only permits Wednesday expirations for USO, UNG, GLD, SLV, and TLT.

TLT expiring on Mondays. The Exchange proposes to permit two Short Term Option Expiration Dates beyond the current week for each Monday expiration at one time, and would update Table 1 in Supplementary Material .03 to Options 4, Section 5 for each of those symbols accordingly.

The proposed Monday USO, UNG, GLD, SLV, and TLT expirations will be similar to the current Monday SPY, QQQ, and IWM Short Term Option Daily Expirations set forth in Supplementary Material .03 to Options 4, Section 5, such that the Exchange may open for trading on any Friday or Monday that is a business day (beyond the current week) series of options on USO, UNG, GLD, SLV, and TLT to expire on any Monday of the month that is a business day and is not a Monday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire, provided that Monday expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration (“Monday USO Expirations,” “Monday UNG Expirations,” “Monday GLD Expirations,” “Monday SLV Expirations,” and “Monday TLT Expirations”) (collectively, “Monday ETP Expirations”).⁶ In the event Short Term Option Daily Expirations expire on a Monday and that Monday is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week’s listing and instead list the following week; the two weeks would therefore not be consecutive. Today, Monday expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series.

⁶ Today, USO, UNG, GLD, SLV, and TLT may trade on Wednesdays. See *supra* note 3. They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

The interval between strike prices for the proposed Monday ETP Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Monday expirations in the Short Term Option Series Program.⁷ Specifically, the Monday ETP Expirations will have a strike interval of (i) \$0.50 or greater for strike prices below \$100, and \$1 or greater for strike prices between \$100 and \$150 for all option classes that participate in the Short Term Option 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 for strike prices above \$150.⁸ As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday ETP Expirations series will be P.M.-settled.

Pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

Currently, for each option class eligible for participation in the Short Term Option Series Program, the Exchange is limited to opening thirty (30) series for each expiration date for the specific class.⁹ The thirty (30) series restriction does not include series that are open by other securities exchanges under their respective weekly rules; the Exchange may list these additional series that are listed by other options exchanges.¹⁰ With the proposed changes, this thirty (30) series restriction would apply to Monday USO, UNG, GLD, SLV, and TLT Short Term Option Daily Expirations as well. In addition, the

⁷ See Supplementary Material .03(e) to Options 4, Section 5.

⁸ Id.

⁹ See Supplementary Material .03(a) to Options 4, Section 5.

¹⁰ Id.

Exchange will be able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Monday ETP Expirations.

With this proposal, Monday ETP Expirations would be treated similarly to existing Monday SPY, QQQ, and IWM Expirations. With respect to standard expiration option series, Short Term Option Daily Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.¹¹ Not listing Short Term Option Daily Expirations for one week every month because there was a standard options series on that same class on the Friday of that week would create investor confusion.

Further, as with Monday SPY, QQQ, and IWM Expirations, the Exchange would not permit Monday ETP Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.¹² Therefore, all Short Term Option Daily Expirations would expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days and are not business days in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire. The Exchange believes that it is reasonable to not permit two expirations on the same day in which a standard expiration option series, Monthly Options Series, a Quarterly Options Series would expire because those options would be duplicative of each other.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Monday ETP Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday for SPY, QQQ and IWM and has

¹¹ See Supplementary Material .03(b) to Options 4, Section 5.

¹² See Supplementary Material .03 to Options 4, Section 5.

not experienced any market disruptions nor issues with capacity. In addition, the Exchange has not experienced any market disruptions or issues with capacity in expanding the five ETPs to the Wednesday expirations.¹³ Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday for SPY, QQQ and IWM. Further, the Exchange has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday ETP Expirations.

Impact of Proposal

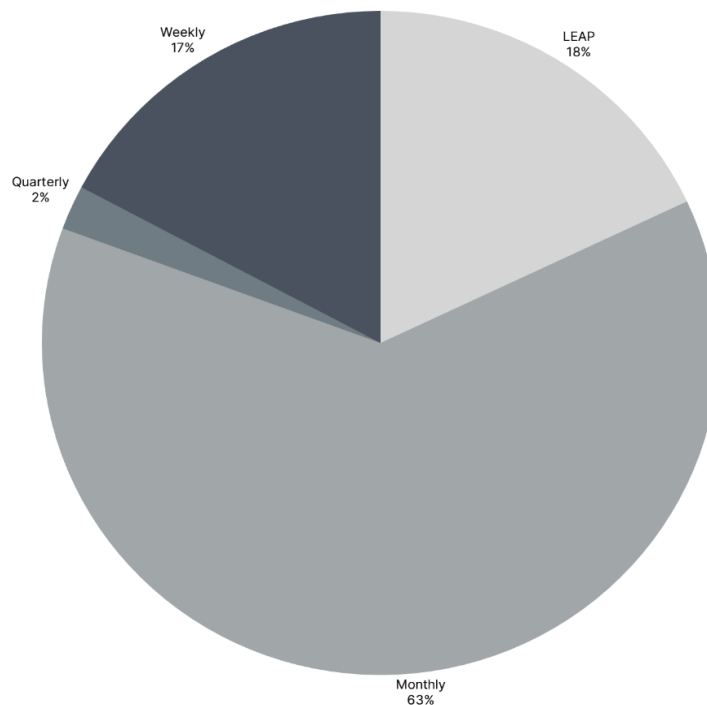
The Exchange notes that listings in the Short Term Option Series Program comprise a significant part of the standard listings in options markets. The below diagram demonstrates the percentage of weekly listings in the options industry compared to monthly, quarterly, and Long-Term Option Series for a twelve-month period ending on February 22, 2024.¹⁴

¹³ See supra note 3.

¹⁴ The Exchange sourced this information from The Options Clearing Corporation (“OCC”). The information includes time averaged data (the number of strikes by maturity date divided from the number of trading days) for all 17 options markets through February 22, 2024.

Number of Strikes - 2023

Data from February 22, 2023 - February 22, 2024



While the Exchange is expanding the Short Term Option Series Program to permit USO, UNG, GLD, SLV, and TLT Monday Expirations, the Exchange anticipates that it would overall add a small number of weekly expiration dates because the Exchange will limit the number of Short Term Option Daily Expirations for these ETPs to two Monday expirations. Expanding the Short Term Option Series Program in the foregoing manner will account for the addition of 4% (GLD), 8% (SLV), and 4% (TLT), 16% (UNG), and 9% (USO) of strikes for the respective symbol.¹⁵ With respect to the impact on the Short Term Option Series Program for each symbol overall, the impact would be a 13% (GLD), 20% (SLV), and 18% (TLT), 26% (UNG), and 18% (USO)

¹⁵

The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

increase in strikes for the respective symbol.¹⁶ With respect to the impact on the Short Term Option Series Program overall, the impact would be a 0.05% (GLD), 0.03% (SLV), and 0.04% (TLT), 0.04% (UNG), and 0.04% (USO) increase in strikes for the respective symbol.¹⁷

Further, as shown below, weeklies comprise 48% of the total volume of options contracts.¹⁸ The Exchange believes that inner weeklies (first two weeks) represent high volume as compared to outer weeklies (the last three weeks) and would be more attractive to market participants.

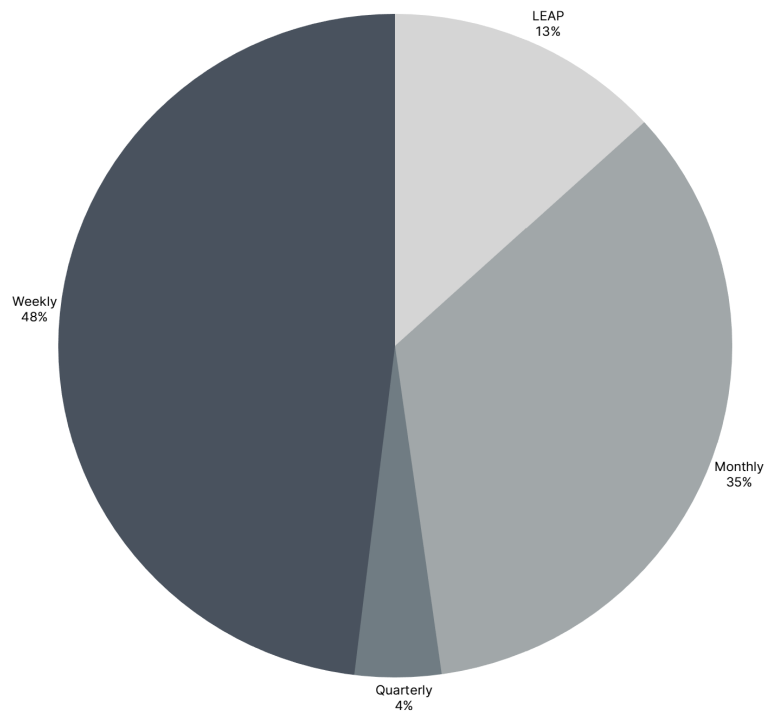
¹⁶ The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

¹⁷ The Exchange sourced this information, which are estimates, from OCC. The information includes data for all 17 options markets as of February 22, 2024.

¹⁸ The chart represents industry volume in terms of overall contracts. Weeklies comprise 48% of volume while only being 17% of the strikes, each as shown above. The Exchange sourced this information from OCC. The information includes data for all 17 options markets through February 22, 2024.

Total Volume - Last 12 Months

Data from February 22, 2023 - February 22, 2024

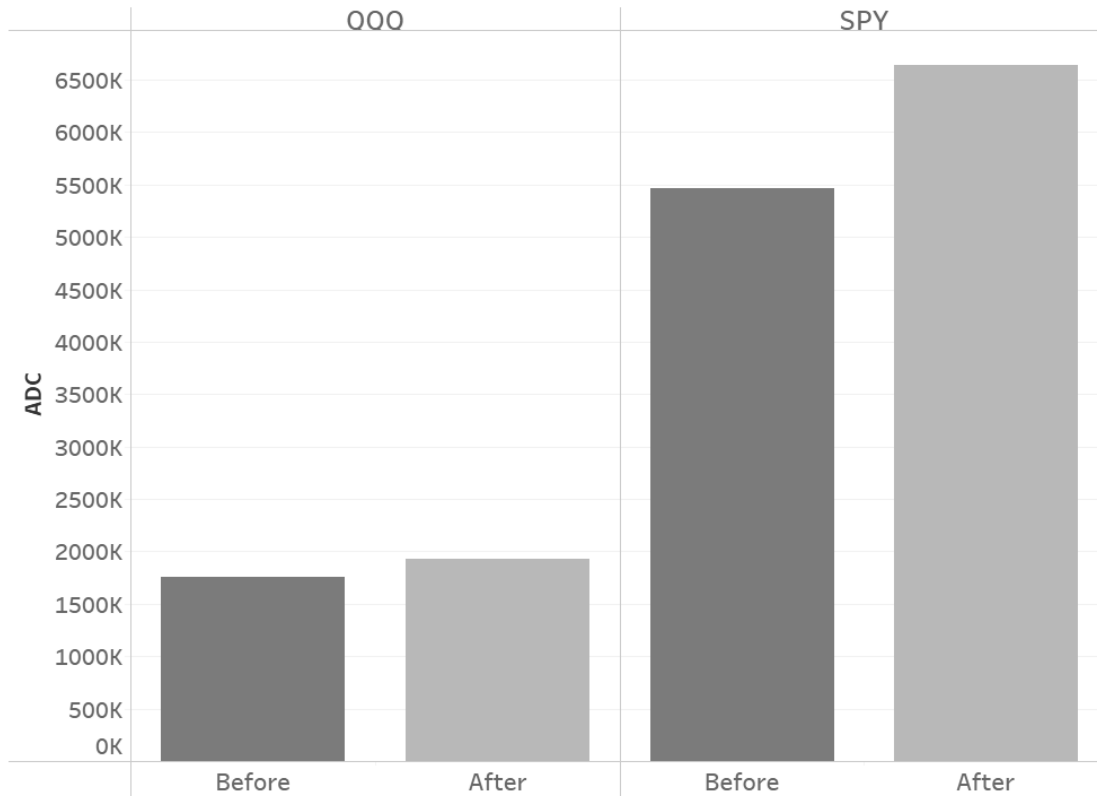


In addition, the Exchange looked at the average daily contracts traded in SPY and QQQ five months before and five months after the introduction of Tuesday and Thursday expirations on those two symbols to assess whether there was new interest from adding alternative expirations (as opposed to existing interest being cannibalized).¹⁹ The below chart shows a volume increase in terms of average daily contracts traded in SPY and QQQ in the five-month period following the introduction of Tuesday and Thursday expirations, which the Exchange believes indicate the existence of genuine new interest in alternative expirations for SPY and QQQ.

¹⁹ See Securities Exchange Act Release No. 96281 (November 9, 2022), 87 FR 68769 (November 16, 2022) (SR-ISE-2022-18) (Approval Order for Tuesday and Thursday Expirations in SPY and QQQ). The Exchange began listing Tuesday and Thursday expirations in SPY and QQQ in mid-November 2022. See Options Trader Alert #2022-40.

Average Daily Contracts Traded in Weekly Options: SPY/QQQ

5 months before and after introduction of Tuesday/Thursday expiries



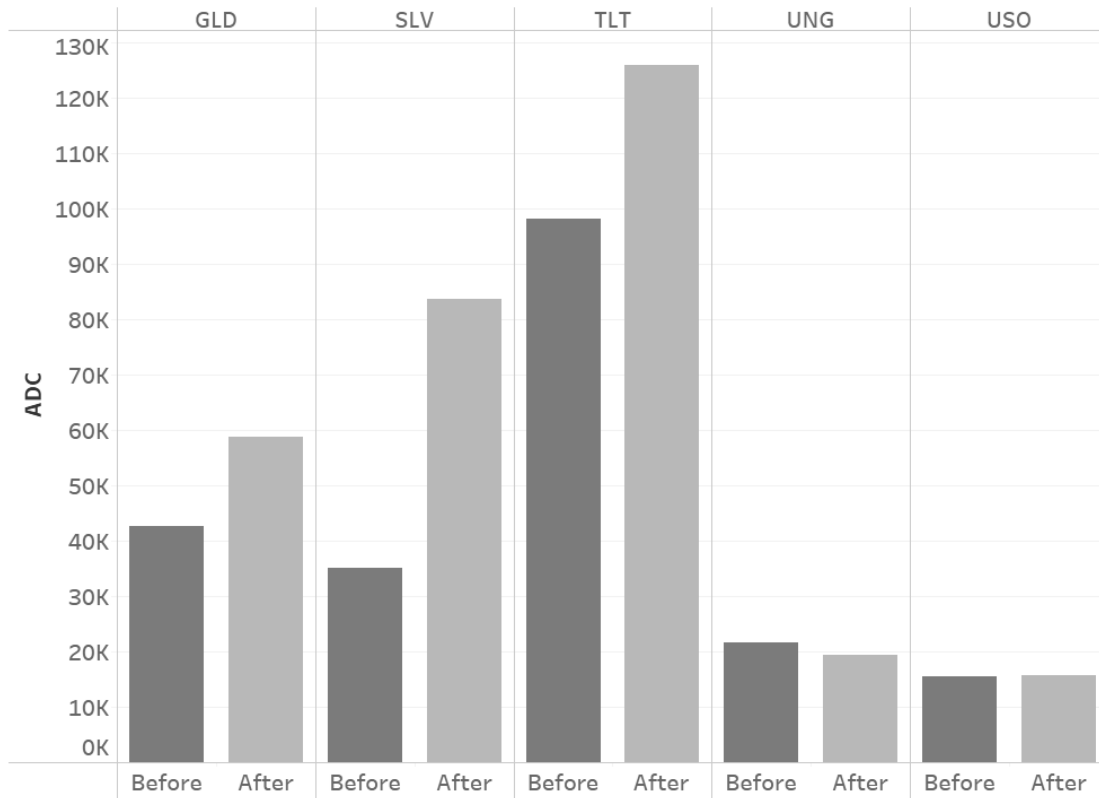
The Exchange believes there is general demand for alternative expirations in GLD, SLV, TLT, UNG, and USO based on similar analysis. In particular, the Exchange looked at the average daily contracts traded in GLD, SLV, TLT, UNG, and USO five months before and five months after the introduction of Wednesday expirations to similarly assess whether there was new interest from adding these alternative expirations.²⁰ As shown below, there was a general volume increase in terms of average daily contracts traded in these five symbols in the five-month period following the introduction of Wednesday expirations.²¹

²⁰ See *supra* note 3.

²¹ Note that UNG volume slightly decreased and USO volume showed little change in the five-month period following the introduction of Wednesday expirations.

Average Daily Contracts Traded in Weekly Options: Proposed ETFs

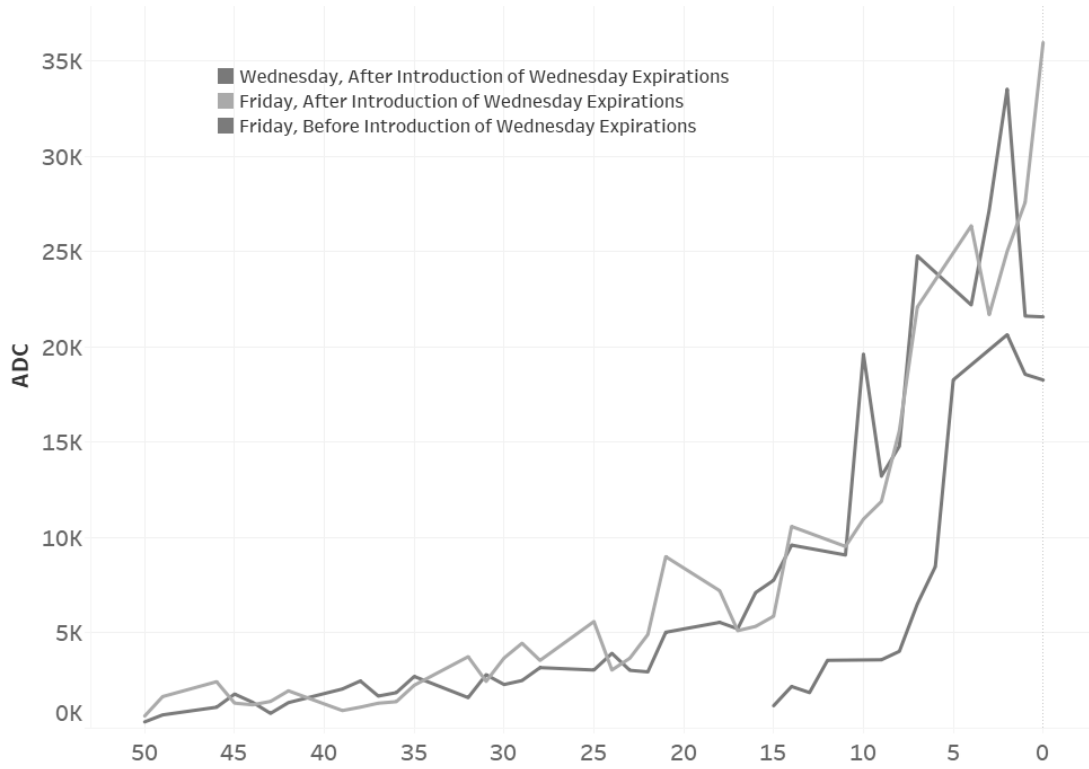
5 months before and after introduction of Wednesday expiries



The Exchange also looked at the lifecycle volume of GLD, SLV, TLT, UNG, and USO in terms of average daily contracts traded, going from 50 days before expiration to the expiration date, to see how that lifecycle volume changed before and after the introduction of Wednesday expirations. As shown below, there is a notable increase in volume in terms of average daily contracts traded as the expiration date approaches. This is consistent across all five symbols as well as before and after the addition of Wednesday expirations.

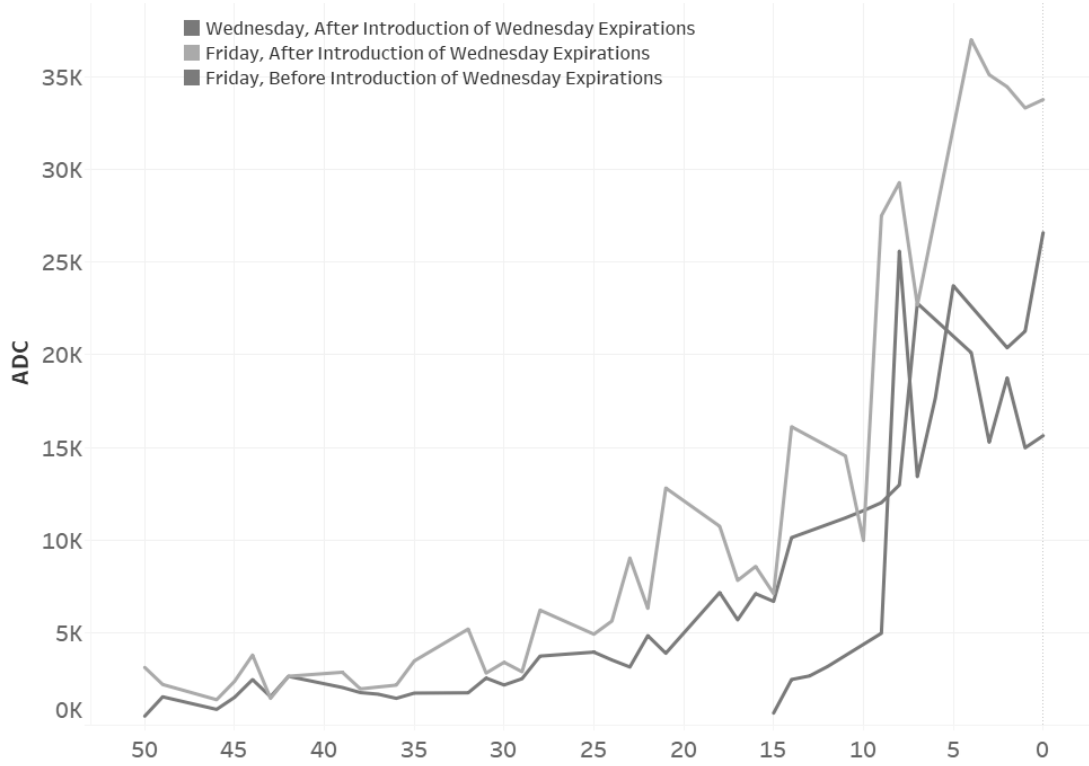
Volume by Days to Expiry by Expiry Type: GLD

All options expiries shown are weekly



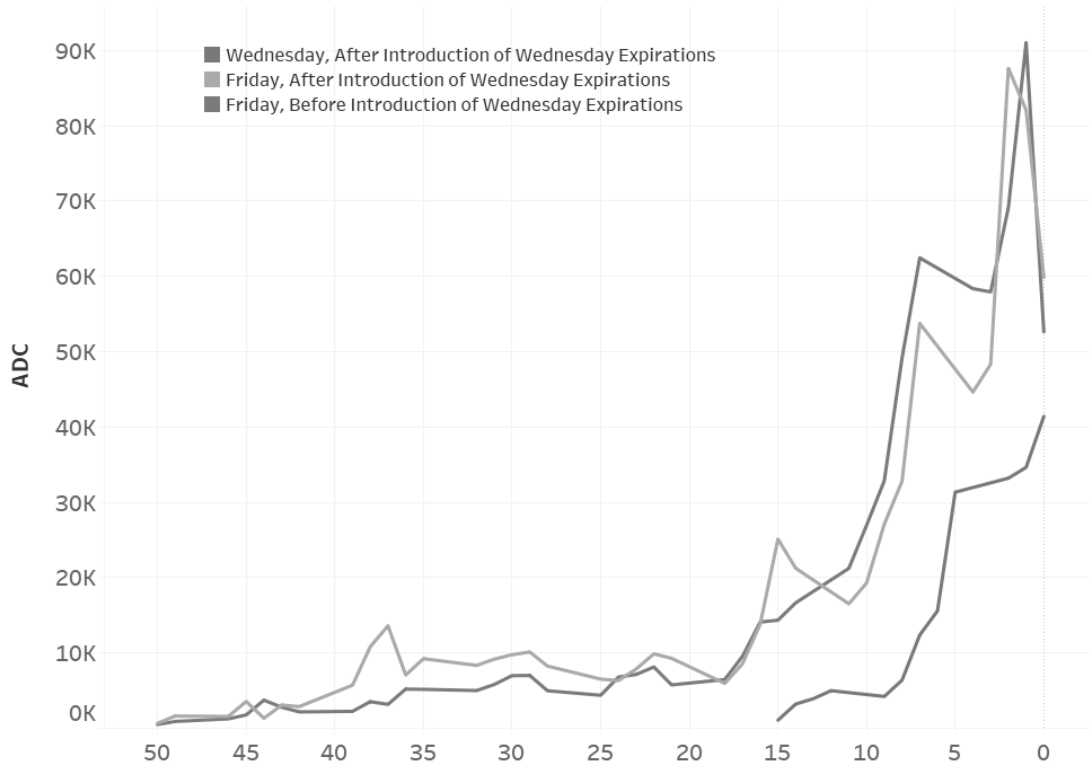
Volume by Days to Expiry by Expiry Type: SLV

All options expiries shown are weekly



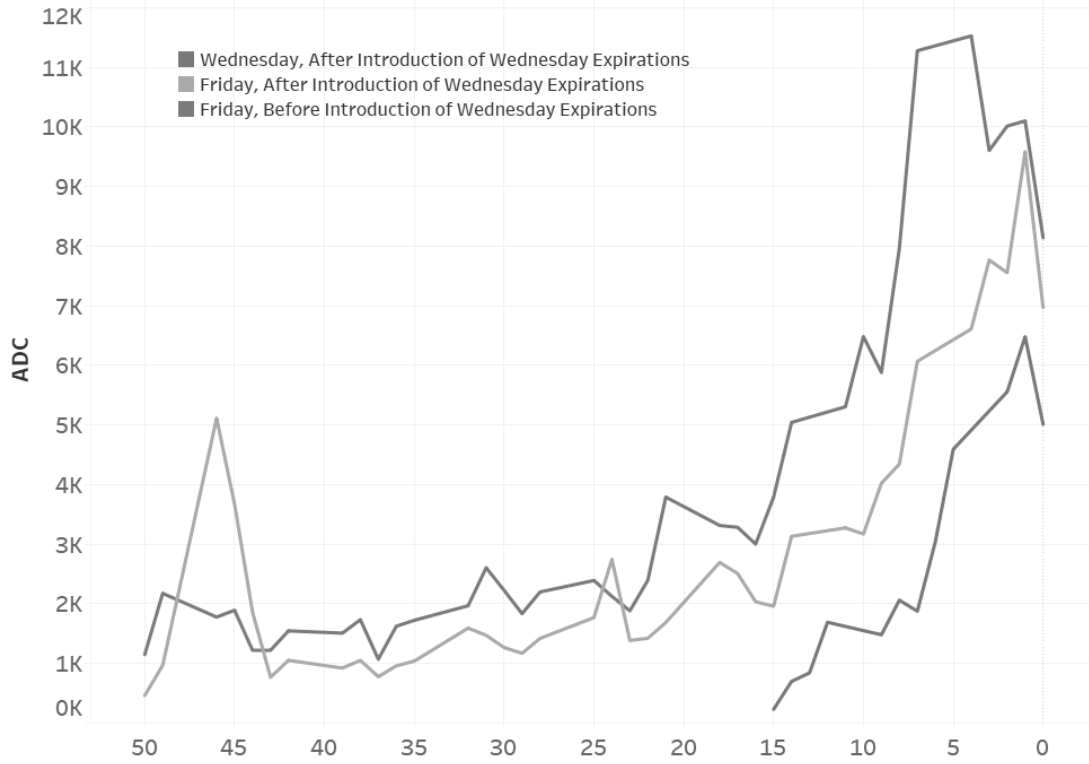
Volume by Days to Expiry by Expiry Type: TLT

All options expiries shown are weekly



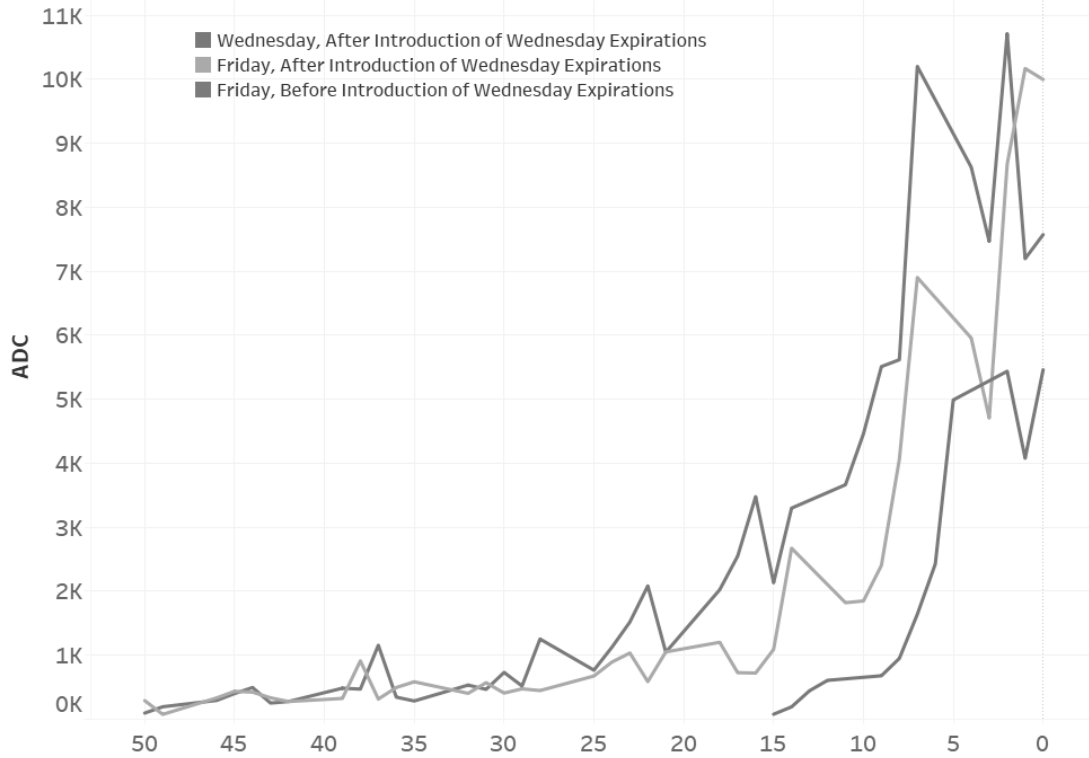
Volume by Days to Expiry by Expiry Type: UNG

All options expiries shown are weekly



Volume by Days to Expiry by Expiry Type: USO

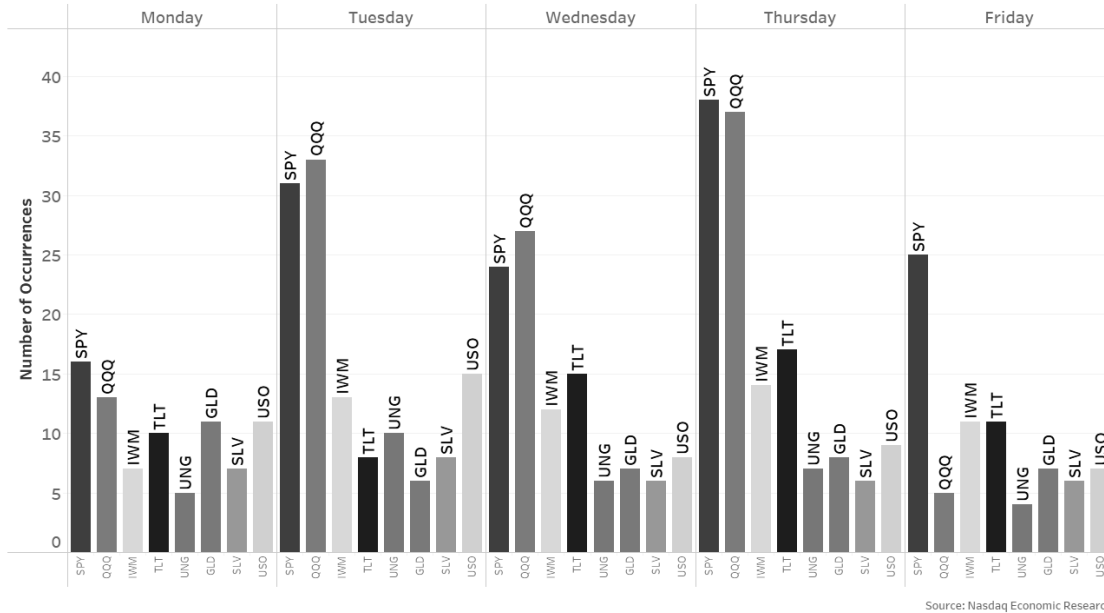
All options expiries shown are weekly



In addition, the below chart shows post-close movements between 4:00 – 5:30 p.m. Eastern Time, and indicates that GLD, SLV, TLT, UNG, and USO are generally less volatile (strike-wise) than SPY, QQQ, and IWM, where alternative expirations exist today.

Occurrences of At Least 1 Strike Moved Through Post-Close

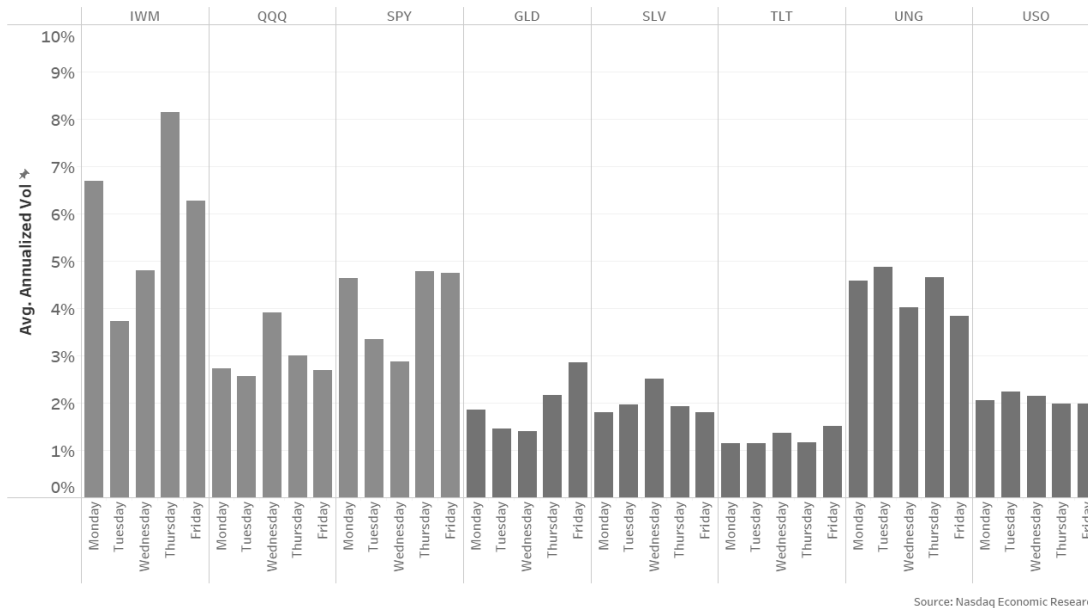
Comparing 5:30 Price to 4:00 Price. Data from January 3, 2019 through February 23, 2024.



Furthermore, the below chart shows that GLD, SLV, TLT, UNG, and USO are generally less volatile in the last 30 minutes of trading than SPY, QQQ, and IWM, which have alternative expirations today.

Average Annualized Closing Volatility by Day of Week

Closing volatility calculated using standard deviation of returns during last 30 minutes of options trading. Data from start of 2019 through 02/23/2024.



Because the Exchange proposes to limit the number of Monday Expirations for options on USO, UNG, GLD, SLV, and TLT to two expirations beyond the current week, the Exchange believes that the addition of these Monday ETP Expirations should encourage Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²²

Similar to SPY, QQQ and IWM Monday Expirations, the introduction of Monday ETP Expirations will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to hedge their portfolios with options on commodities (oil, natural gas, gold, and silver) as well as treasury securities, and tailor their investment and hedging needs more effectively.

Implementation

The Exchange proposes to implement this rule change within 30 days after Commission approval. 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,²³ in general, and furthers the objectives of Section 6(b)(5) of the Act,²⁴ 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

²² Market Makers include Primary Market Makers and Competitive Market Makers. See ISE Options 1, Section 1(a)(21). Today, Primary Market Makers and Competitive Market Makers are required to quote a specified time in their assigned options series. See ISE Options 2, Section 5.

²³ 15 U.S.C. 78f(b).

²⁴ 15 U.S.C. 78f(b)(5).

market system, and, in general to protect investors and the public interest.

Similar to Monday expirations in SPY, QQQ, and IWM, the proposal to permit Monday ETP Expirations, subject to the proposed limitation of two expirations beyond the current week, would protect investors and the public interest by providing the investing public and other market participants more choice and flexibility to closely tailor their investment and hedging decisions in these options and allow for a reduced premium cost of buying portfolio protection, thus allowing them to better manage their risk exposure. The Exchange believes that there is general demand for alternative expirations based on the analysis discussed above, notably comparing the average daily contracts traded in options overlying SPY, QQQ, and the five ETPs five months before and after the introduction of alternative expirations on those symbols. As shown above, the Exchange saw a volume increase in SPY and QQQ in the five-month period following the introduction of Tuesday and Thursday expirations, which suggests there is indeed genuine new interest in these alternative expirations (as opposed to existing interest being cannibalized). The Exchange also saw a volume increase in the majority of the five ETPs in the five-month period following the introduction of Wednesday expirations, likewise indicating the existence of general demand for alternative expirations in these symbols.²⁵

ISE represents that it has an adequate surveillance program in place to detect manipulative trading in the proposed option expirations, in the same way that it monitors trading in the current Short Term Option Series for Monday SPY, QQQ and IWM expirations. The Exchange also represents that it has the necessary system capacity to support the new expirations. Finally, the Exchange does not believe that any market

²⁵ See supra note 21.

disruptions will be encountered with the introduction of these option expirations. As discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for GLD, SLV, USO, UNG, and TLT given that it will be limited to two Monday expirations beyond the current week. Furthermore, the above charts show less volatility in these five products (both in terms of post-close and during the last 30 minutes of trading) compared to SPY, QQQ, and IWM, which have alternative expirations (including Monday expirations) today.

The Exchange believes that the proposal is consistent with the Act as the proposal would overall add a small number of Monday ETP Expirations by limiting the addition of two Monday expirations beyond the current week. The addition of Monday ETP Expirations would remove impediments to and perfect the mechanism of a free and open market by encouraging Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²⁶ The Exchange believes that the proposal will allow Members to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT as these funds are most likely to be utilized by market participants to hedge the underlying asset classes. As stated in the Wednesday Approval Order, the ETPs currently trade within “complexes” where, in addition to the underlying security, there are multiple instruments available for hedging. Given the multi-asset class nature of these products and available hedges in highly-correlated instruments, the Exchange believes that its proposal to add Monday expirations on these products will provide market participants with additional useful hedging tools for the underlying asset classes.

²⁶ Today, Primary Market Makers and Market Makers are required to quote a specified time in their assigned options series. See ISE Options 2, Section 5.

Similar to Monday SPY, QQQ, and IWM expirations, the introduction of Monday ETP Expirations is consistent with the Act as it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively, thus allowing them to better manage their risk exposure. Today, ISE lists Monday SPY, QQQ, and IWM Expirations.²⁷

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Monday ETP Expirations should simply expand the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur throughout the month in the same way that the Short Term Option Series Program has expanded the landscape of hedging.

There are no material differences in the treatment of Monday SPY, QQQ and IWM expirations compared to the proposed Monday ETP Expirations. Given the similarities between Monday SPY, QQQ and IWM expirations and the proposed Monday ETP Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to Monday SPY, QQQ and IWM expirations is justified. For example, the Exchange believes that allowing Monday ETP Expirations and monthly Exchange Traded Product expirations in the same week will benefit investors and minimize investor confusion by providing Monday ETP Expirations in a continuous and uniform manner.

²⁷ See ISE Supplementary Material .03 at Options 4, Section 5.

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.

While the proposal will expand the Short Term Options Expirations to allow Monday ETP Expirations to be listed on ISE,²⁸ the Exchange believes that this limited expansion for Monday expirations for options on USO, UNG, GLD, SLV, and TLT will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange believes that Members will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in USO, UNG, GLD, SLV, and TLT.

Similar to Monday SPY, QQQ and IWM expirations, the introduction of Monday ETP Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand hedging tools available to market participants and allow for a reduced premium cost of buying portfolio protection. The Exchange believes that Monday ETP Expirations will allow market participants to purchase options on USO, UNG, GLD, SLV, and TLT based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe the proposal will impose any burden on inter-market competition, as nothing prevents the other options exchanges from proposing similar rules to list and trade Monday ETP Expirations.²⁹ Further, the Exchange does not

²⁸ As noted above, Nasdaq, Phlx, BX, GEMX and MRX incorporate ISE Options 4, Section 5 by reference, so the proposed changes herein will apply to those markets as well.

²⁹ See supra note 28.

believe the proposal will impose any burden on intra-market competition, as all market participants will be treated in the same manner under this proposal.

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 (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2024-21 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-2024-21. This file number should be included on the subject line if email 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 website (<https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-ISE-2024-21 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³⁰

³⁰ 17 CFR 200.30-3(a)(12).

Sherry R. Haywood,

Assistant Secretary.

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

* * * * *

Options 4 Options Listing Rules

* * * * *

Section 5. Series of Options Contracts Open for Trading

* * * * *

Supplementary Material to Options 4, Section 5

* * * * *

.03 Short Term Option Series Program. After an option class has been approved for listing and trading on the Exchange as a Short Term Option Series pursuant to Options 1, Section 1(a)(49), the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates ("Short Term Option Weekly Expirations"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Short Term Option Daily Expirations

In addition to the above, the Exchange may open for trading series of options on the symbols provided in Table 1 below that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire ("Short Term Option Daily Expirations"). The Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time. Short Term Option Daily Expirations would be subject to this Supplementary Material .03.

Table 1

Symbol	Number of Expirations
--------	-----------------------

	Monday	Tuesday	Wednesday	Thursday
SPY	2	2	2	2
IWM	2	2	2	2
QQQ	2	2	2	2
USO	[0]2	0	2	0
UNG	[0]2	0	2	0
GLD	[0]2	0	2	0
SLV	[0]2	0	2	0
TLT	[0]2	0	2	0
