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Page 1 of * 59

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

File No. * SR 2025 - * 15

Amendment No. (req. for Amendments *)

Filing by Nasdaq ISE, LLC

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

Initial *

☒

Amendment *

☐

Withdrawal

☐

Section 19(b)(2) *

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Section 19(b)(3)(A) *

☐

Section 19(b)(3)(B) *

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Pilot

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Extension of Time Period for
Commission Action *

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Date Expires *

Rule

☐

19b-4(f)(1)

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19b-4(f)(4)

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19b-4(f)(2)

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19b-4(f)(5)

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19b-4(f)(3)

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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

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Exhibit 3 Sent As Paper Document

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Description

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

A proposal to Amend the Short Term Option Series Program to List Qualifying Securities.

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) 496-8692

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

05/01/2025

(Title *)

By

John A. 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: 2025.05.01
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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-2025-15 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 *

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SR-ISE-2025-15 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 *

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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.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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

Exhibit 5 - Proposed Rule Text

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SR-ISE-2025-15 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

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

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5 to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares.

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 5, 2025. 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 the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5. Specifically, the Exchange proposes to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares (collectively "Qualifying Securities").

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),³ 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"). Further, if the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term

³ 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.

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”).⁴ 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 Series Program to permit certain Qualifying Securities to list up to two Monday and Wednesday expirations in addition to the Friday weekly expiration. The Exchange proposes to define Qualifying Securities as eligible individual stocks or Exchange-Traded Fund Shares, which are separate and apart from the symbols listed in

⁴ As set forth in Table 1 of Supplementary Material .03 to Options 4, Section 5, the Exchange currently permits expirations in SPY, IWM, QQQ on Mondays, Tuesdays, Wednesdays and Thursdays. Also, the Exchange permits expirations in GLD, SLV and TLT on Mondays and Wednesdays. Finally, the Exchange permits expirations in USO and UNG on Wednesdays.

Table 1, that have received approval to list additional expiries on specific symbols, that meet the following criteria on a quarterly basis:

(1) an underlying security, as measured on the last day of the prior calendar quarter, must have:

(A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price⁵, **or**

(B) Assets under Management (“AUM”) greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value (“NAV”);

(2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options;

(3) a position limit of at least 250,000 contracts; and

(4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks shall be calculated based on the closing price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Exchange-Traded Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of

⁵ The closing price and the opening price shall be that of the primary exchange where the security is listed.

the quarter prior to the last trading calendar quarter.⁶ ISE will make the list of Qualifying Securities available by the close of business on the first trading day of the quarter.⁷

Eligible Qualifying Securities would be permitted to list two Short Term Option Expiration Dates beyond the current week for each Monday and Wednesday expiration at one time. For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close. For purposes of this rule proposal, earnings announcements shall include official public quarterly or yearly earnings filed with the Commission (“Earnings Announcement”).⁸ Not listing an expiry for a Qualifying Security on a day where there is an Earnings Announcement that takes place after market close will avoid permitting an additional expiry on a day where post-close price volatility may be impacted due to the Earnings Announcement.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries beginning on the second day of the following quarter.⁹

The proposed Monday Qualifying Securities expirations will be similar to the current Monday Expirations in SPY, QQQ, and IWM (among other symbols that may list a Monday Expiration) in Short Term Option Daily Expirations set forth in

⁶ OCC data becomes available for the end of a quarter on the first trading day of a new quarter.

⁷ ISE will make this information available on ISE’s website. This information will be freely accessible to the public.

⁸ For purposes of this rule proposal, pre-announcements or “guidance” shall not be considered an Earnings Announcement.

⁹ The Exchange has noted the additional expiries in a proposed Table 2 in Supplementary Material .03 to Options 4, Section 5 along with the criteria for a Qualifying Security.

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 Qualifying Securities 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 Qualifying Securities Expirations”).¹⁰ In the event Qualifying Securities 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.

The proposed Wednesday Qualifying Securities expirations will be similar to the current Wednesday SPY, QQQ, and IWM (among other symbols that may list a Wednesday Expiration) in 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 Tuesday or Wednesday that is a business day (beyond the current week) series of options on Qualifying Securities to expire on any Wednesday of the month that is a business day and is not a Wednesday in which standard expiration

¹⁰ They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

options series, Monthly Options Series, or Quarterly Options Series expire (“Wednesday Qualifying Securities Expirations”).¹¹ In the event Qualifying Securities expire on a Wednesday and that Wednesday 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, Wednesday 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 and Wednesday Qualifying Securities Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Monday and Wednesday Expirations (among other symbols that may list a Monday or Wednesday Expiration) in the Short Term Option Series Program.¹² Specifically, the Monday and Wednesday Qualifying Securities 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 \$150.¹³ As is the case with other equity options series listed pursuant

¹¹ Id.

¹² See Supplementary Material .03(e) to Options 4, Section 5. The Exchange notes that equity options which have an expiration of more than twenty-one days from the listing date would also be subject to the intervals as noted within Supplementary Material .03(f) to Options 4, Section 5. See also Supplementary .07 to Options 4, Section 5.

¹³ Id.

to the Short Term Option Series Program, the Monday and Wednesday Qualifying Securities 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. Also, pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week if the Wednesday is not a business day.

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.¹⁴ 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.¹⁵ With the proposed changes, this thirty (30) series restriction would apply to Monday and Wednesday Qualifying Securities 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 and Wednesday Qualifying Securities Expirations.

With this proposal, Monday and Wednesday Qualifying Securities Expirations would be treated similar to existing SPY, QQQ, and IWM Monday and Wednesday Expirations. With respect to standard expiration option series, Monday and Wednesday

¹⁴ See Supplementary Material .03(a) to Options 4, Section 5.

¹⁵ Id.

Qualifying Securities Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.¹⁶ Not listing Monday and Wednesday Qualifying Securities 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 SPY, QQQ, and IWM Monday and Wednesday Expirations, the Exchange would not permit Monday and Wednesday Qualifying Securities Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.¹⁷ Therefore, all Monday and Wednesday Qualifying Securities Expirations would expire at the close of business on each of the next two Mondays and Wednesdays, 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 and Wednesday Qualifying Securities Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols¹⁸ and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance

¹⁶ Id.

¹⁷ See Supplementary Material .03 to Options 4, Section 5.

¹⁸ See supra note 4.

programs in place to support and properly monitor trading in Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols.¹⁹ The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday Qualifying Securities Expirations.

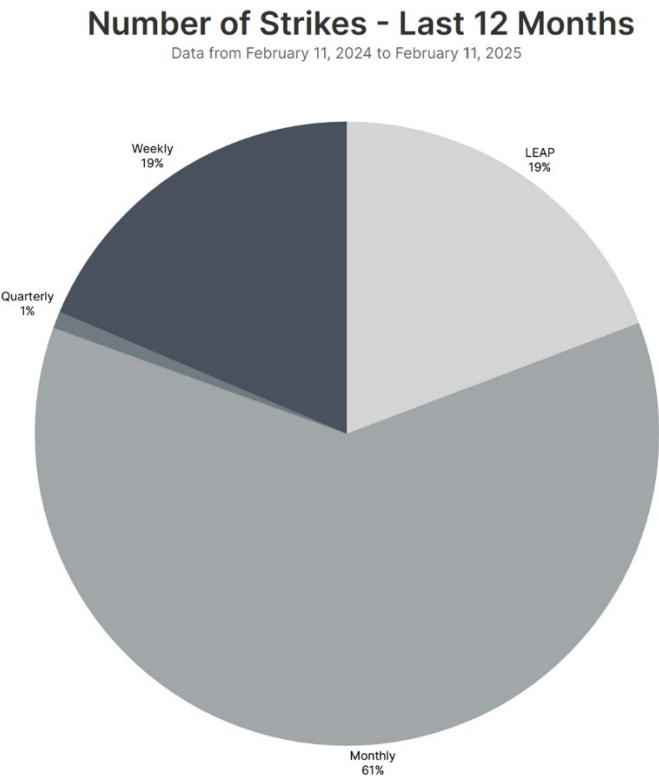
Impact of Proposal

The Exchange notes that listings in the Short Term Option Series Program comprise a significant part of the standard listings in options markets. Table 1 demonstrates the percentage of weekly listings in the options industry compared to monthly, quarterly, and Long-Term Option Series for a twelve-month period from February 11, 2024 to February 11, 2025.²⁰

¹⁹ Id.

²⁰ 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 18 options markets from February 11, 2024 to February 11, 2025.

Table 1

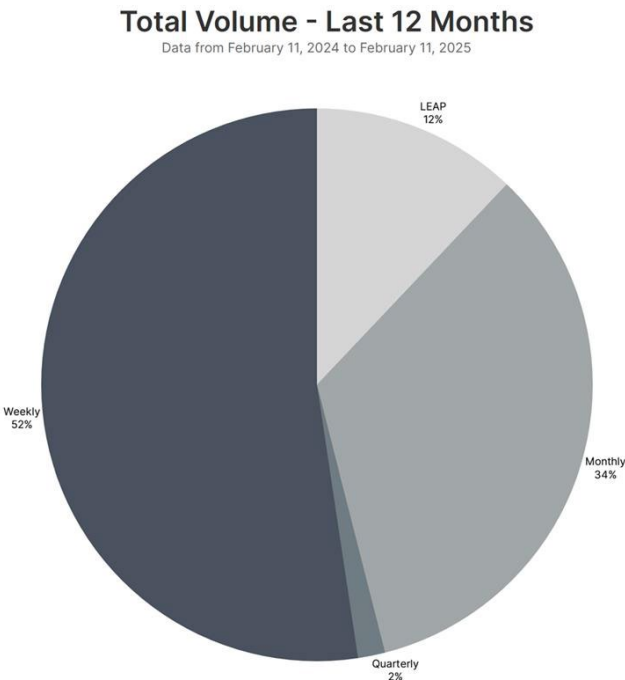


While the Exchange is expanding the Short Term Option Series Program to permit Monday and Wednesday Qualifying Securities Expirations, the Exchange anticipates that it would overall add a small number of weekly expiration dates because the Exchange will limit the number of Qualifying Securities Expirations to two Monday expirations and two Wednesday expirations. If today the data were applied based on data from January 2025, the following options would meet the criteria to be a Qualifying Security: NVIDIA Corp (“NVDA”), Tesla Inc. (“TSLA”), Apple Inc. (“AAPL”), Amazon.com Inc. (“AMZN”), Broadcom Inc. (“AVGO”), Alphabet Inc. (“GOOGL”), Microsoft Corp (“MSFT”), Financial Select Sector SPDR Fund (“XLF”), and Meta Platforms Inc. (“META”) (collectively “Sample Qualifying Securities”). Utilizing the

Sample Qualifying Securities as a data point, expanding the Short Term Option Series Program would account for the addition of approximately 16% of strikes for the total number of strikes for each of the following symbols: NVDA, TSLA, AAPL, AMZN, AVGO, GOOGL, MSFT, and META.

Further, as shown in Table 2, weeklies comprise 52% of the total volume of options contracts.²¹

Table 2



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.

²¹ The chart represents industry volume in terms of overall contracts. Weeklies comprise 52% of volume, as shown in Table 2, while only being 19% of the strikes, as shown in Table 1. The Exchange sourced this information from OCC. The information includes data for all 18 options markets from February 11, 2024 to February 11, 2025.

The Exchange believes there is general demand for alternative expirations in Monday and Wednesday Qualifying Securities Expirations based on a similar analysis. In particular, the Exchange looked at the average daily contracts traded in options that met the criteria for a Qualifying Security. Specifically, for each of the Sample Qualifying Securities, the Exchange looked at pre-close movements between 3:30 – 4:00 p.m. Eastern Time (“ET”) as well as post-close movements between 4:00-5:30 p.m. ET.

Table 3, below, references the number of occurrences of strike breaks through post close (comparing 4:00 pm ET to 5:30 pm ET) from 2022 through 2024 for the Sample Qualifying Securities and SPY, QQQ and IWM.

Table 3
Occurrences of At Least 1 Strike Moved Through Post-Close
Comparing 5:30 price to 4:00 Price. Data from beginning of 2022 through end of 2024.

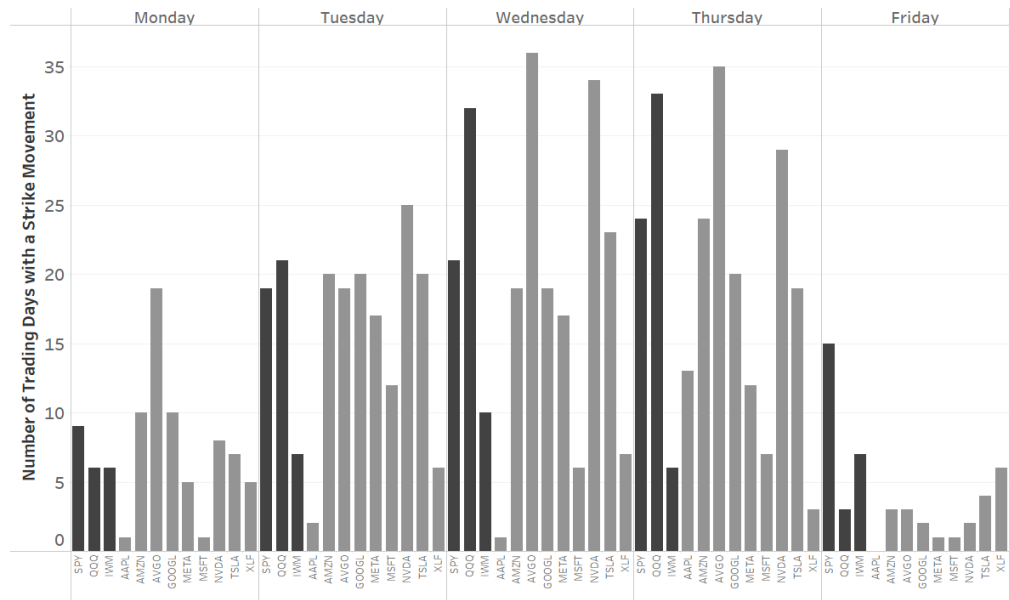


Table 4, below, references average annualized closing volatilities (as measured by the standard deviation of 30 seconds returns over the last 30 minutes of trading) for the Sample Qualifying Securities from 2022 through 2024. Table 4 shows that the

Sample Qualifying Securities have an average annualized closing volatility of generally less than 20%.

Table 4

Average Annualized Closing Volatility of Returns by Day of Week

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data from start of 2022 through end of 2024.

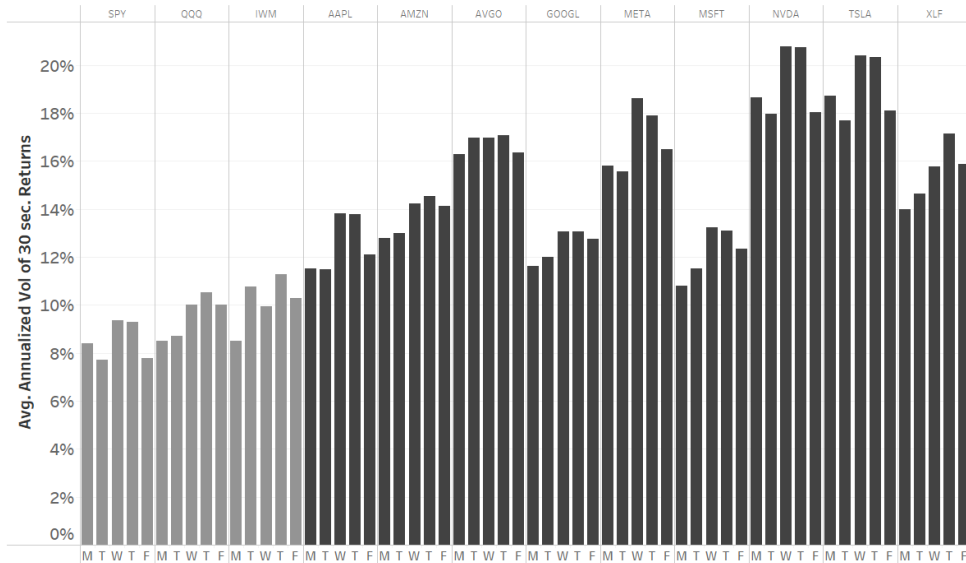


Table 4, above, demonstrates that the Sample Qualifying Securities are more volatile than SPY, QQQ and IWM.

Given that these are individual stocks it is reasonable to expect that they have idiosyncratic characteristics (increasing their volatility) relative to broad based Exchange-Traded Fund Shares like SPY, QQQ and IWM. None, however, are demonstrating average returns that are more than double that of IWM. Moreover, on Mondays and Wednesdays the Sample Qualifying Securities do not show any excessive propensity to penetrate strikes post close (4:00pm – 5:30 pm ET) in comparison to SPY, QQQ and IWM. Consequently, the burden of American-style option²² exercise

²²

The term “American-style option” means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. See Options 1, Section 1(a)(3).

management on investors is not overwhelming relative to SPY, QQQ and IWM which have the largest retail participation based on volume in the industry.

The Exchange also reviewed the number of strike breaks for calendar year 2024 for the Sample Qualifying Securities between 4:00 p.m. and 5:30 p.m. ET to find the maximum²³ number of strike breaks²⁴ as well as the mean²⁵ of the number of strike breaks as evidenced by Table 5.

Table 5 Monday, Non- Earnings Announcement

| Security | number of days with strike break through on non-Earnings Announcement Mondays (4:00 pm ET - 5:30 pm ET) | max (strikes moved through on Mondays from 4:00pm to 9:30 am next day) when strikes are penetrated from 4:00-5:30 pm ET | max (percentage move overnight on non-Earnings Announcement Mondays when there is a strike break from 4:00 pm to 5:30 pm ET) | mean strikes moved through on a non-Earnings Announcement Monday when there is an instance of move through (from 4:00 pm to 5:30 pm on a non-Earnings Announcement Monday) |
|-----------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAPL | 0 | 0.00 | 0.00% | 0.00 |
| AMZN | 0 | 0.00 | 0.00% | 0.00 |
| AVGO | 9 | 6.50 | 2.16% | 1.99 |
| GOOGL | 0 | 0.00 | 0.00% | 0.00 |

²³ Maximum means the largest instance of strike breaks measured as the number of strikes crossed by the underlying security from the 4:00 p.m. ET closing price to the 9:30 am ET opening price.

²⁴ A strike break is the existence of a strike between the closing price and the opening price on the following day when there has been a penetration of a strike post-close.

²⁵ Mean is the average number of strike breaks when there has been a penetration of a strike post-close.

| | | | | |
|------|---|------|-------|------|
| META | 3 | 1.31 | 0.69% | 0.78 |
| MSFT | 1 | 1.94 | 1.23% | 1.94 |
| NVDA | 6 | 7.42 | 2.10% | 5.24 |
| TSLA | 3 | 5.19 | 2.80% | 3.40 |

Table 6, below, reviewed the number of strike breaks for calendar year 2024 for the Sample Qualifying Securities,²⁶ excluding Wednesday²⁷ for scheduled Earning Announcements, between 4:00 p.m. and 5:30 p.m. ET to find the maximum number of strike breaks as well as the mean of the number of strike breaks.

Table 6 Wednesday, Non-Earnings Announcement

| Security | number of days with strike breaks through on non-Earnings Announcement Wednesdays (4:00 pm ET - 5:30 pm ET) | max (strikes moved through on non-Earnings Announcement Wednesdays from 4:00 pm to 9:30 am next day) when strikes are penetrated from 4:00-5:30 pm ET | max (percentage move overnight on non-Earnings Announcement Wednesdays when there is a strike break from 4:00 pm to 5:30 pm ET) | mean strikes moved through on a non-Earnings Announcement Wednesday when there is an instance of move through (from 4:00 pm to 5:30 pm on a non-Earnings Announcement Wednesday) |
|-----------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAPL | 0 | 0.00 | 0.00% | 0.00 |
| AMZN | 1 | 2.77 | 3.92% | 2.77 |
| AVGO | 15 | 10.85 | 4.42% | 3.71 |

²⁶ Of note, not all Sample Qualifying Securities had Earnings Announcements on a Wednesday.

²⁷ There were no Earnings Announcements on Mondays for the Sample Qualifying Securities.

| | | | | |
|-------|----|-------|--------|------|
| GOOGL | 3 | 3.20 | 3.20% | 2.86 |
| META | 5 | 5.52 | 2.31% | 2.66 |
| MSFT | 2 | 6.09 | 3.72% | 4.11 |
| NVDA | 15 | 8.32 | 3.32% | 2.82 |
| TSLA | 3 | 12.46 | 14.58% | 7.13 |

Because the Exchange proposes to limit the number of Monday and Wednesday Qualifying Securities Expirations to two expirations beyond the current week, the Exchange believes that the addition of these Monday and Wednesday Qualifying Securities Expirations should encourage Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²⁸ Utilizing the Sample Qualifying Securities as a proxy, the marginal increase in the number of occurrences of strike breaks in 2024 would be sixty-six (66) with the addition of these parameters. Further, there would be a marginal increase of twenty-two (22) instances of strike breaks in 2024 on Monday expiries after regular trading hours, and a marginal increase of forty-four (44) instances of strike breaks in 2024 on Wednesday expiries without Earnings Announcements after regular trading hours.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Securities 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 the

²⁸ Market Makers include Primary Market Makers and Competitive Market Makers. See 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 Options 2, Section 5.

proposal would permit only the most liquid securities to have the additional Monday and Wednesday Qualifying Security Expirations. The Exchange believes that offering these additional expiries in the Qualifying Securities would permit Market Makers and other market participants to precisely hedge their positions in the underlying security with the additional expiries in lieu of hedging only with Friday expirations.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁰ 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.

Similar to Monday expirations in SPY, QQQ, and IWM, the proposal to permit Monday and Wednesday Qualifying Security 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.

The Exchange believes that the proposed criteria for Qualifying Securities requires individual stocks and Exchange-Traded Fund Shares to be highly liquid. A

²⁹ 15 U.S.C. 78f(b).

³⁰ 15 U.S.C. 78f(b)(5).

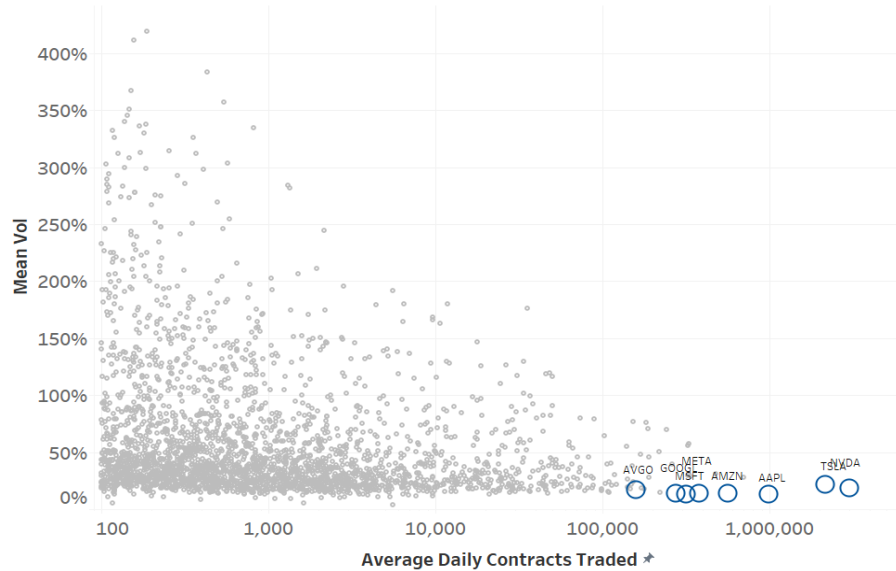
market capitalization measured on the last day of the prior calendar quarter based on the closing price of the underlying, of greater than 700 billion dollars for an individual stock, or AUM of 50 billion dollars for an Exchange-Trade Fund Share, in conjunction with the monthly options volume requirement of greater than 10 million options as measured by sides traded in the last month preceding the quarter end, is very restrictive. This requirement represents substantially less than 1% of individual stocks (only eight (8) individual stocks currently exist as of January 1, 2025) and substantially less than 1% of Exchange-Traded Fund Shares (only seven (7) Exchange-Traded Fund Shares currently exist as of January 1, 2025, of which five (5) are eligible, today, pursuant to Options 4, Section 3, to trade additional expiries) traded.³¹ Therefore, an individual stock or Exchange-Traded Fund Share that meets aforementioned market capitalization and volume requirements are highly liquid and could be viewed as stable securities. Table 7, below, demonstrates the very low average realized volatility experienced by the Sample Qualifying Securities in the last 30 minutes of trading before the close in 2024 as compared to any security that traded an average of more than 100 options contracts per day.

³¹ Only one (1) of the seven (7) Exchange-Traded Fund Shares is eligible because the iShares Bitcoin Trust ETF position limit is restricted at 25,000 contracts pursuant to Supplementary Material .01 to Options 9, Section 13, although it would otherwise qualify for a higher position limit pursuant to Options 9, Section 13(d).

Table 7

Average Daily Options Contracts Traded vs. Average Closing Volatility Last 30 minutes of the Trading Day

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data full year 2024.



The Exchange notes that with respect to position limits, Options 9, Section 13(d)(5) provides, that “[t]o be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totalled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totalled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.” The 250,000 contract position limit is the highest position limit by Exchange rule. Options that qualify for the 250,000 position (and exercise) limit are highly liquid securities that have met the stringent requirements noted in Options 9, Section 13(d)(5) to qualify for the highest position limit.

Finally, a Qualifying Security must participate in the Penny Interval Program. In order to qualify for the Penny Interval Program, an options class must be among the 300

most actively traded multiply listed option classes overlying securities priced below \$200.³² The most actively traded options classes are included in the Penny Interval Program based on certain objective criteria (trading volume thresholds and initial price tests).

The number of individual stocks currently meeting all four criteria for a Qualifying Security is eight (8) and the number of Exchange-Traded Fund Shares currently meeting all four criteria for a Qualifying Security that do not already have Monday and Wednesday expirations is one (1). Both totals represent less than 0.2% of all securities with options listed. The Exchange believes that since individual stocks are the dominant constituents of the broad-based indexes (e.g., S&P 500 Index and Nasdaq-100 Index), the improvement in price transparency brought about by Monday and Wednesday trading will offer Market Makers and investors better volatility pricing which will inform trading on the related products to these indexes. The Exchange believes that the proposed criteria for Qualifying Securities is consistent with the protection of investors and the general public because the criteria targets the most liquid individual stocks and Exchange-Traded Fund Shares.

The Exchange would not list an expiry on a Qualifying Security on a day where there will be an Earnings Announcement that takes place after market close to avoid post-close price volatility that may arise from the Earnings Announcement and which may impact exercise and/or assignment decisions.

³² See Supplementary Material .01(b) to Options 3, Section 3. Each December OCC ranks all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries in the following quarter, although the Qualifying Security would potentially have two weeks of strikes already listed which will persist. These remaining listings could continue to be traded until they expire.

With this proposal, overall, the Exchange would add a small number of Monday and Wednesday Qualifying Security Expirations by limiting the addition of two Monday expirations and two Wednesday expirations beyond the current week. The addition of Monday and Wednesday Qualifying Security 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.³³ The Exchange believes that the proposal will allow Members to expand hedging tools and tailor their investment and hedging needs more effectively in Qualifying Securities as these funds are most likely to be utilized by market participants to hedge the underlying asset classes.

Similar to SPY, QQQ, and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security 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 and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their

³³ Today, Primary Market Makers and Market Makers are required to quote a specified time in their assigned options series. See Options 2, Section 5.

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 other Monday and Wednesday expirations.³⁴

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Monday and Wednesday Qualifying Security 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 SPY, QQQ and IWM Monday and Wednesday Expirations compared to the proposed Monday and Wednesday Qualifying Security Expirations. Given the similarities between SPY, QQQ and IWM Monday and Wednesday Expirations and the proposed Monday and Wednesday Qualifying Security Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to SPY, QQQ and IWM Monday and Wednesday Expirations is justified.

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 disruptions will be encountered with the introduction of these option expirations. As

³⁴ See ISE Supplementary Material .03 at Options 4, Section 5 at Table 1.

discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for Monday and Wednesday Qualifying Security Expirations given that it will be limited to two Monday expirations and two Wednesday expirations beyond the current week.

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 and Wednesday Qualifying Security Expirations to be listed on ISE,³⁵ the Exchange believes that this limited expansion for Monday and Wednesday expirations for options on Qualifying Securities will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange would uniformly apply the Qualifying Security criteria to options in individual stocks and Exchange-Traded Fund Shares. The Exchange believes that Members will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in the Qualifying Securities.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand the hedging tools available to market participants and allow for a

³⁵ 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.

reduced premium cost of buying portfolio protection. The Exchange believes that Monday and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

Further, not adding an expiry for a Qualifying Security on a day where there will be an Earnings Announcement that takes place after market close does not impose an undue burden on competition as the Exchange would uniformly apply this practice to the listing of all Qualifying Securities.

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

5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____; File No. SR-ISE-2025-15)

April __, 2025

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change to Amend the Short Term Option Series Program to List Qualifying Securities

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 1, 2025, 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 to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/ise/rulefilings>, 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 the Short Term Option Series Program in Supplementary Material .03 of Options 4, Section 5. Specifically, the Exchange proposes to permit the listing of up to two Monday and Wednesday expirations for options on certain individual stocks or Exchange-Traded Fund Shares (collectively "Qualifying Securities").

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),³ the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening

³ 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 (“Short Term Option Weekly Expirations”).

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”).⁴ 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.

⁴ As set forth in Table 1 of Supplementary Material .03 to Options 4, Section 5, the Exchange currently permits expirations in SPY, IWM, QQQ on Mondays, Tuesdays, Wednesdays and Thursdays. Also, the Exchange permits expirations in GLD, SLV and TLT on Mondays and Wednesdays. Finally, the Exchange permits expirations in USO and UNG on Wednesdays.

Proposal

At this time, the Exchange proposes to expand the Short Term Option Series Program to permit certain Qualifying Securities to list up to two Monday and Wednesday expirations in addition to the Friday weekly expiration.

The Exchange proposes to define Qualifying Securities as eligible individual stocks or Exchange-Traded Fund Shares, which are separate and apart from the symbols listed in Table 1, that have received approval to list additional expiries on specific symbols, that meet the following criteria on a quarterly basis:

(1) an underlying security, as measured on the last day of the prior calendar quarter, must have:

(A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price⁵, **or**

(B) Assets under Management (“AUM”) greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value (“NAV”);

(2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options;

(3) a position limit of at least 250,000 contracts; and

(4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the market capitalization of individual stocks shall be calculated based on the closing price established on the primary exchange on the last trading day of

⁵ The closing price and the opening price shall be that of the primary exchange where the security is listed.

the prior calendar quarter and the AUM for Exchange-Traded Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to the last trading calendar quarter.⁶ ISE will make the list of Qualifying Securities available by the close of business on the first trading day of the quarter.⁷

Eligible Qualifying Securities would be permitted to list two Short Term Option Expiration Dates beyond the current week for each Monday and Wednesday expiration at one time. For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close. For purposes of this rule proposal, earnings announcements shall include official public quarterly or yearly earnings filed with the Commission (“Earnings Announcement”).⁸ Not listing an expiry for a Qualifying Security on a day where there is an Earnings Announcement that takes place after market close will avoid permitting an additional expiry on a day where post-close price volatility may be impacted due to the Earnings Announcement.

⁶ OCC data becomes available for the end of a quarter on the first trading day of a new quarter.

⁷ ISE will make this information available on ISE’s website. This information will be freely accessible to the public.

⁸ For purposes of this rule proposal, pre-announcements or “guidance” shall not be considered an Earnings Announcement.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries beginning on the second day of the following quarter.⁹

The proposed Monday Qualifying Securities expirations will be similar to the current Monday Expirations in SPY, QQQ, and IWM (among other symbols that may list a Monday Expiration) in 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 Qualifying Securities 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 Qualifying Securities Expirations”).¹⁰ In the event Qualifying Securities 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.

⁹ The Exchange has noted the additional expiries in a proposed Table 2 in Supplementary Material .03 to Options 4, Section 5 along with the criteria for a Qualifying Security.

¹⁰ They may also trade on Fridays, as is the case for all options series in the Short Term Option Series Program.

The proposed Wednesday Qualifying Securities expirations will be similar to the current Wednesday SPY, QQQ, and IWM (among other symbols that may list a Wednesday Expiration) in 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 Tuesday or Wednesday that is a business day (beyond the current week) series of options on Qualifying Securities to expire on any Wednesday of the month that is a business day and is not a Wednesday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Wednesday Qualifying Securities Expirations”).¹¹ In the event Qualifying Securities expire on a Wednesday and that Wednesday 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, Wednesday 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 and Wednesday Qualifying Securities Expirations will be the same as those currently applicable for SPY, QQQ, and IWM Monday and Wednesday Expirations (among other symbols that may list a Monday or Wednesday Expiration) in the Short Term Option Series Program.¹²

Specifically, the Monday and Wednesday Qualifying Securities Expirations will have a

¹¹ Id.

¹² See Supplementary Material .03(e) to Options 4, Section 5. The Exchange notes that equity options which have an expiration of more than twenty-one days from the listing date would also be subject to the intervals as noted within Supplementary Material .03(f) to Options 4, Section 5. See also Supplementary .07 to Options 4, Section 5.

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 \$150.¹³ As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday and Wednesday Qualifying Securities 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. Also, pursuant to Options 1, Section 1(a)(49), with respect to the Short Term Option Series Program, a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday, e.g., Tuesday of that week if the Wednesday is not a business day.

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.¹⁴ 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.¹⁵ With the proposed changes, this thirty (30) series restriction would apply to Monday and Wednesday Qualifying Securities Expirations as well. In addition, the Exchange will be

¹³ Id.

¹⁴ See Supplementary Material .03(a) to Options 4, Section 5.

¹⁵ Id.

able to list series that are listed by other exchanges, assuming they file similar rules with the Commission to list Monday and Wednesday Qualifying Securities Expirations.

With this proposal, Monday and Wednesday Qualifying Securities Expirations would be treated similar to existing SPY, QQQ, and IWM Monday and Wednesday Expirations. With respect to standard expiration option series, Monday and Wednesday Qualifying Securities Expirations will be permitted to expire in the same week in which standard expiration option series on the same class expire.¹⁶ Not listing Monday and Wednesday Qualifying Securities 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 SPY, QQQ, and IWM Monday and Wednesday Expirations, the Exchange would not permit Monday and Wednesday Qualifying Securities Expirations to expire on a business day in which standard expiration option series, Monthly Options Series, or Quarterly Options Series expire.¹⁷ Therefore, all Monday and Wednesday Qualifying Securities Expirations would expire at the close of business on each of the next two Mondays and Wednesdays, 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.

¹⁶ Id.

¹⁷ See Supplementary Material .03 to Options 4, Section 5.

The Exchange does not believe that any market disruptions will be encountered with the introduction of Monday and Wednesday Qualifying Securities Expirations. The Exchange currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols¹⁸ and has not experienced any market disruptions nor issues with capacity. Today, the Exchange has surveillance programs in place to support and properly monitor trading in Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols.¹⁹ The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Monday and Wednesday Qualifying Securities 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. Table 1 demonstrates the percentage of weekly listings in the options industry compared to monthly, quarterly, and Long-Term Option Series for a twelve-month period from February 11, 2024 to February 11, 2025.²⁰

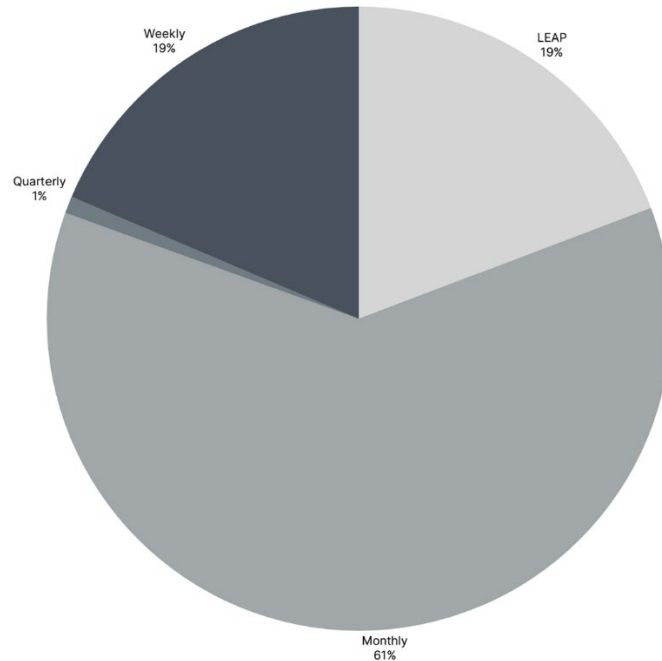
¹⁸ See supra note 4.

¹⁹ Id.

²⁰ 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 18 options markets from February 11, 2024 to February 11, 2025.

Table 1**Number of Strikes - Last 12 Months**

Data from February 11, 2024 to February 11, 2025

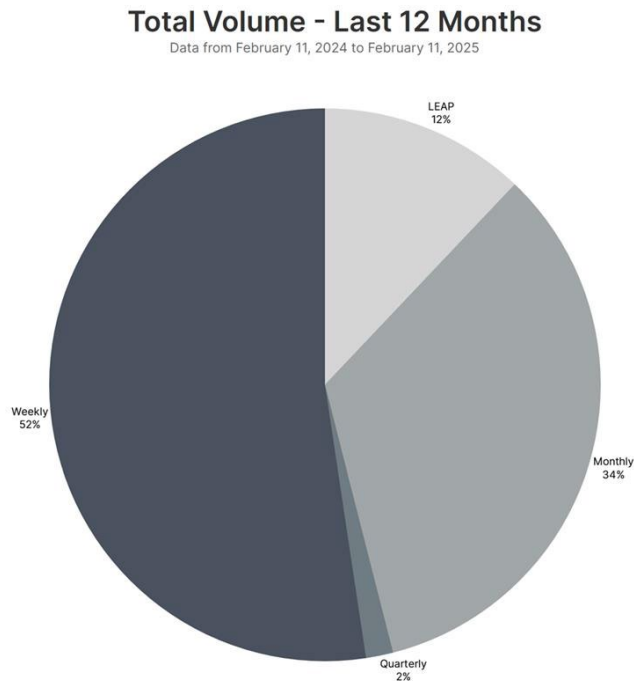


While the Exchange is expanding the Short Term Option Series Program to permit Monday and Wednesday Qualifying Securities Expirations, the Exchange anticipates that it would overall add a small number of weekly expiration dates because the Exchange will limit the number of Qualifying Securities Expirations to two Monday expirations and two Wednesday expirations. If today the data were applied based on data from January 2025, the following options would meet the criteria to be a Qualifying Security: NVIDIA Corp (“NVDA”), Tesla Inc. (“TSLA”), Apple Inc. (“AAPL”), Amazon.com Inc. (“AMZN”), Broadcom Inc. (“AVGO”), Alphabet Inc. (“GOOGL”), Microsoft Corp (“MSFT”), Financial Select Sector SPDR Fund (“XLF”), and Meta Platforms Inc. (“META”) (collectively “Sample Qualifying Securities”). Utilizing the

Sample Qualifying Securities as a data point, expanding the Short Term Option Series Program would account for the addition of approximately 16% of strikes for the total number of strikes for each of the following symbols: NVDA, TSLA, AAPL, AMZN, AVGO, GOOGL, MSFT, and META.

Further, as shown in Table 2, weeklies comprise 52% of the total volume of options contracts.²¹

Table 2



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.

²¹ The chart represents industry volume in terms of overall contracts. Weeklies comprise 52% of volume, as shown in Table 2, while only being 19% of the strikes, as shown in Table 1. The Exchange sourced this information from OCC. The information includes data for all 18 options markets from February 11, 2024 to February 11, 2025.

The Exchange believes there is general demand for alternative expirations in Monday and Wednesday Qualifying Securities Expirations based on a similar analysis. In particular, the Exchange looked at the average daily contracts traded in options that met the criteria for a Qualifying Security. Specifically, for each of the Sample Qualifying Securities, the Exchange looked at pre-close movements between 3:30 – 4:00 p.m. Eastern Time (“ET”) as well as post-close movements between 4:00-5:30 p.m. ET.

Table 3, below, references the number of occurrences of strike breaks through post close (comparing 4:00 pm ET to 5:30 pm ET) from 2022 through 2024 for the Sample Qualifying Securities and SPY, QQQ and IWM.

Table 3

Occurrences of At Least 1 Strike Moved Through Post-Close

Comparing 5:30 price to 4:00 Price. Data from beginning of 2022 through end of 2024.

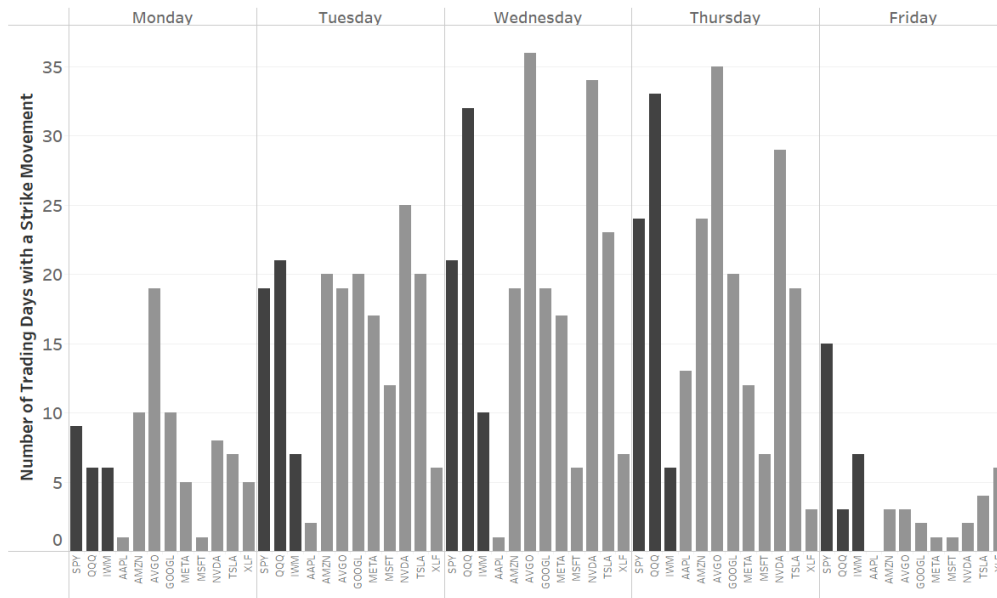


Table 4, below, references average annualized closing volatilities (as measured by the standard deviation of 30 seconds returns over the last 30 minutes of trading) for the Sample Qualifying Securities from 2022 through 2024. Table 4 shows that the Sample

Qualifying Securities have an average annualized closing volatility of generally less than 20%.

Table 4

Average Annualized Closing Volatility of Returns by Day of Week

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data from start of 2022 through end of 2024.

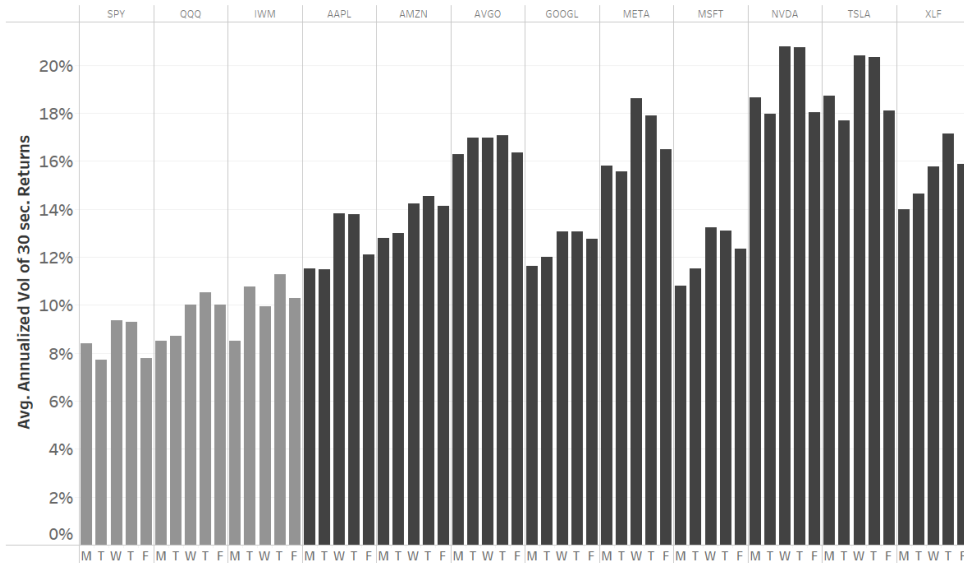


Table 4, above, demonstrates that the Sample Qualifying Securities are more volatile than SPY, QQQ and IWM.

Given that these are individual stocks it is reasonable to expect that they have idiosyncratic characteristics (increasing their volatility) relative to broad based Exchange-Traded Fund Shares like SPY, QQQ and IWM. None, however, are demonstrating average returns that are more than double that of IWM. Moreover, on Mondays and Wednesdays the Sample Qualifying Securities do not show any excessive propensity to penetrate strikes post close (4:00pm – 5:30 pm ET) in comparison to SPY, QQQ and IWM. Consequently, the burden of American-style option²² exercise management on

²²

The term “American-style option” means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised on any business day prior to its expiration date and on its expiration date. See Options 1, Section 1(a)(3).

investors is not overwhelming relative to SPY, QQQ and IWM which have the largest retail participation based on volume in the industry.

The Exchange also reviewed the number of strike breaks for calendar year 2024 for the Sample Qualifying Securities between 4:00 p.m. and 5:30 p.m. ET to find the maximum²³ number of strike breaks²⁴ as well as the mean²⁵ of the number of strike breaks as evidenced by Table 5.

Table 5 Monday, Non- Earnings Announcement

| Security | number of days with strike break through on non-Earnings Announcement Mondays (4:00 pm ET - 5:30 pm ET) | max (strikes moved through on Mondays from 4:00pm to 9:30 am next day) when strikes are penetrated from 4:00-5:30 pm ET | max (percentage move overnight on non-Earnings Announcement Mondays when there is a strike break from 4:00 pm to 5:30 pm ET) | mean strikes moved through on a non-Earnings Announcement Monday when there is an instance of move through (from 4:00 pm to 5:30 pm on a non-Earnings Announcement Monday) |
|-----------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAPL | 0 | 0.00 | 0.00% | 0.00 |
| AMZN | 0 | 0.00 | 0.00% | 0.00 |
| AVGO | 9 | 6.50 | 2.16% | 1.99 |
| GOOGL | 0 | 0.00 | 0.00% | 0.00 |
| META | 3 | 1.31 | 0.69% | 0.78 |

²³ Maximum means the largest instance of strike breaks measured as the number of strikes crossed by the underlying security from the 4:00 p.m. ET closing price to the 9:30 am ET opening price.

²⁴ A strike break is the existence of a strike between the closing price and the opening price on the following day when there has been a penetration of a strike post-close.

²⁵ Mean is the average number of strike breaks when there has been a penetration of a strike post-close.

| | | | | |
|------|---|------|-------|------|
| MSFT | 1 | 1.94 | 1.23% | 1.94 |
| NVDA | 6 | 7.42 | 2.10% | 5.24 |
| TSLA | 3 | 5.19 | 2.80% | 3.40 |

Table 6, below, reviewed the number of strike breaks for calendar year 2024 for the Sample Qualifying Securities,²⁶ excluding Wednesday²⁷ for scheduled Earnings Announcements, between 4:00 p.m. and 5:30 p.m. ET to find the maximum number of strike breaks as well as the mean of the number of strike breaks.

Table 6 Wednesday, Non-Earnings Announcement

| Security | number of days with strike breaks through on non-Earnings Announcement Wednesdays (4:00 pm ET - 5:30 pm ET) | max (strikes moved through on non-Earnings Announcement Wednesdays from 4:00 pm to 9:30 am next day) when strikes are penetrated from 4:00-5:30 pm ET | max (percentage move overnight on non-Earnings Announcement Wednesdays when there is a strike break from 4:00 pm to 5:30 pm ET) | mean strikes moved through on a non-Earnings Announcement Wednesday when there is an instance of move through (from 4:00 pm to 5:30 pm on a non-Earnings Announcement Wednesday) |
|-----------------|--------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AAPL | 0 | 0.00 | 0.00% | 0.00 |
| AMZN | 1 | 2.77 | 3.92% | 2.77 |
| AVGO | 15 | 10.85 | 4.42% | 3.71 |
| GOOGL | 3 | 3.20 | 3.20% | 2.86 |

²⁶ Of note, not all Sample Qualifying Securities had Earnings Announcements on a Wednesday.

²⁷ There were no Earnings Announcements on Mondays for the Sample Qualifying Securities.

| | | | | |
|------|----|-------|--------|------|
| META | 5 | 5.52 | 2.31% | 2.66 |
| MSFT | 2 | 6.09 | 3.72% | 4.11 |
| NVDA | 15 | 8.32 | 3.32% | 2.82 |
| TSLA | 3 | 12.46 | 14.58% | 7.13 |

Because the Exchange proposes to limit the number of Monday and Wednesday Qualifying Securities Expirations to two expirations beyond the current week, the Exchange believes that the addition of these Monday and Wednesday Qualifying Securities Expirations should encourage Market Makers to continue to deploy capital more efficiently and improve displayed market quality.²⁸ Utilizing the Sample Qualifying Securities as a proxy, the marginal increase in the number of occurrences of strike breaks in 2024 would be sixty-six (66) with the addition of these parameters. Further, there would be a marginal increase of twenty-two (22) instances of strike breaks in 2024 on Monday expiries after regular trading hours, and a marginal increase of forty-four (44) instances of strike breaks in 2024 on Wednesday expiries without Earnings Announcements after regular trading hours.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Securities 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 the proposal would permit only the most liquid securities to have the additional Monday and

²⁸ Market Makers include Primary Market Makers and Competitive Market Makers. See 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 Options 2, Section 5.

Wednesday Qualifying Security Expirations. The Exchange believes that offering these additional expiries in the Qualifying Securities would permit Market Makers and other market participants to precisely hedge their positions in the underlying security with the additional expiries in lieu of hedging only with Friday expirations.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²⁹ in general, and furthers the objectives of Section 6(b)(5) of the Act,³⁰ 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.

Similar to Monday expirations in SPY, QQQ, and IWM, the proposal to permit Monday and Wednesday Qualifying Security 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.

The Exchange believes that the proposed criteria for Qualifying Securities requires individual stocks and Exchange-Traded Fund Shares to be highly liquid. A market capitalization measured on the last day of the prior calendar quarter based on the

²⁹ 15 U.S.C. 78f(b).

³⁰ 15 U.S.C. 78f(b)(5).

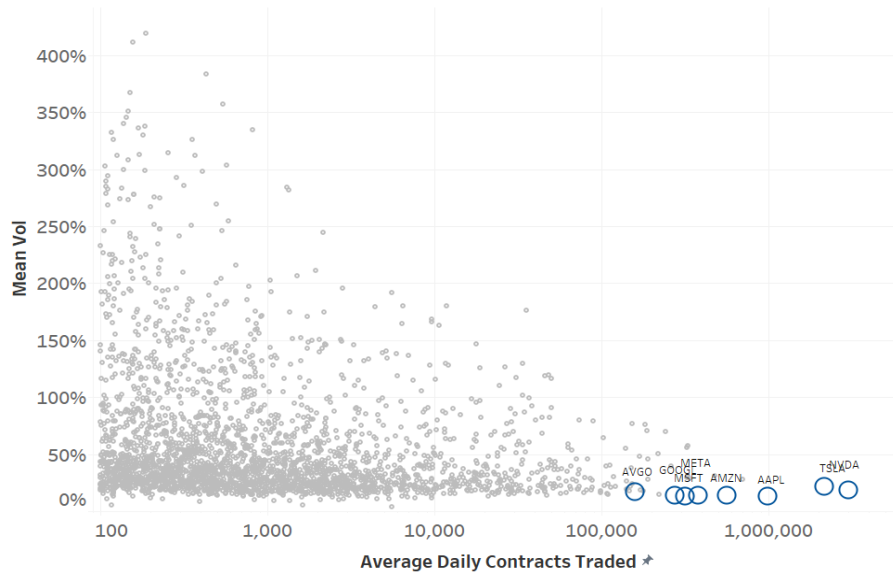
closing price of the underlying, of greater than 700 billion dollars for an individual stock, or AUM of 50 billion dollars for an Exchange-Trade Fund Share, in conjunction with the monthly options volume requirement of greater than 10 million options as measured by sides traded in the last month preceding the quarter end, is very restrictive. This requirement represents substantially less than 1% of individual stocks (only eight (8) individual stocks currently exist as of January 1, 2025) and substantially less than 1% of Exchange-Traded Fund Shares (only seven (7) Exchange-Traded Fund Shares currently exist as of January 1, 2025, of which five (5) are eligible, today, pursuant to Options 4, Section 3, to trade additional expiries) traded.³¹ Therefore, an individual stock or Exchange-Traded Fund Share that meets aforementioned market capitalization and volume requirements are highly liquid and could be viewed as stable securities. Table 7, below, demonstrates the very low average realized volatility experienced by the Sample Qualifying Securities in the last 30 minutes of trading before the close in 2024 as compared to any security that traded an average of more than 100 options contracts per day.

³¹ Only one (1) of the seven (7) Exchange-Traded Fund Shares is eligible because the iShares Bitcoin Trust ETF position limit is restricted at 25,000 contracts pursuant to Supplementary Material .01 to Options 9, Section 13, although it would otherwise qualify for a higher position limit pursuant to Options 9, Section 13(d).

Table 7

Average Daily Options Contracts Traded vs. Average Closing Volatility Last 30 minutes of the Trading Day

Closing volatility calculated using standard deviation of 30 second returns during last 30 minutes of options trading and annualized by multiplying by the square root of the number of 30 second trading periods in one year. Data full year 2024.



The Exchange notes that with respect to position limits, Options 9, Section 13(d)(5) provides, that “[t]o be eligible for the 250,000 contract limit, either the most recent six (6) month trading volume of the underlying security must have totaled at least 100 million shares or the most recent six-month trading volume of the underlying security must have totaled at least seventy-five (75) million shares and the underlying security must have at least 300 million shares currently outstanding.” The 250,000 contract position limit is the highest position limit by Exchange rule. Options that qualify for the 250,000 position (and exercise) limit are highly liquid securities that have met the stringent requirements noted in Options 9, Section 13(d)(5) to qualify for the highest position limit.

Finally, a Qualifying Security must participate in the Penny Interval Program. In order to qualify for the Penny Interval Program, an options class must be among the 300

most actively traded multiply listed option classes overlying securities priced below \$200.³² The most actively traded options classes are included in the Penny Interval Program based on certain objective criteria (trading volume thresholds and initial price tests).

The number of individual stocks currently meeting all four criteria for a Qualifying Security is eight (8) and the number of Exchange-Traded Fund Shares currently meeting all four criteria for a Qualifying Security that do not already have Monday and Wednesday expirations is one (1). Both totals represent less than 0.2% of all securities with options listed. The Exchange believes that since individual stocks are the dominant constituents of the broad-based indexes (e.g., S&P 500 Index and Nasdaq-100 Index), the improvement in price transparency brought about by Monday and Wednesday trading will offer Market Makers and investors better volatility pricing which will inform trading on the related products to these indexes. The Exchange believes that the proposed criteria for Qualifying Securities is consistent with the protection of investors and the general public because the criteria targets the most liquid individual stocks and Exchange-Traded Fund Shares.

The Exchange would not list an expiry on a Qualifying Security on a day where there will be an Earnings Announcement that takes place after market close to avoid post-close price volatility that may arise from the Earnings Announcement and which may impact exercise and/or assignment decisions.

³² See Supplementary Material .01(b) to Options 3, Section 3. Each December OCC ranks all multiply listed option classes based on National Cleared Volume for the six full calendar months from June 1 through November 30 for determination of the most actively traded option classes.

Qualifying Securities that do not continue to meet the above criteria would no longer be permitted to list Monday and Wednesday expiries in the following quarter, although the Qualifying Security would potentially have two weeks of strikes already listed which will persist. These remaining listings could continue to be traded until they expire.

With this proposal, overall, the Exchange would add a small number of Monday and Wednesday Qualifying Security Expirations by limiting the addition of two Monday expirations and two Wednesday expirations beyond the current week. The addition of Monday and Wednesday Qualifying Security 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.³³ The Exchange believes that the proposal will allow Members to expand hedging tools and tailor their investment and hedging needs more effectively in Qualifying Securities as these funds are most likely to be utilized by market participants to hedge the underlying asset classes.

Similar to SPY, QQQ, and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security 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 and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their

³³ Today, Primary Market Makers and Market Makers are required to quote a specified time in their assigned options series. See Options 2, Section 5.

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 other Monday and Wednesday expirations.³⁴

In particular, the Exchange believes the Short Term Option Series Program has been successful to date and that Monday and Wednesday Qualifying Security 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 SPY, QQQ and IWM Monday and Wednesday Expirations compared to the proposed Monday and Wednesday Qualifying Security Expirations. Given the similarities between SPY, QQQ and IWM Monday and Wednesday Expirations and the proposed Monday and Wednesday Qualifying Security Expirations, the Exchange believes that applying the provisions in Supplementary Material .03 to Options 4, Section 5 that currently apply to SPY, QQQ and IWM Monday and Wednesday Expirations is justified.

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 disruptions will be encountered with the introduction of these option expirations. As

³⁴ See ISE Supplementary Material .03 at Options 4, Section 5 at Table 1.

discussed above, the Exchange believes that its proposal is a modest expansion of weekly expiration dates for Monday and Wednesday Qualifying Security Expirations given that it will be limited to two Monday expirations and two Wednesday expirations beyond the current week.

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 and Wednesday Qualifying Security Expirations to be listed on ISE,³⁵ the Exchange believes that this limited expansion for Monday and Wednesday expirations for options on Qualifying Securities will not impose an undue burden on competition; rather, it will meet customer demand. The Exchange would uniformly apply the Qualifying Security criteria to options in individual stocks and Exchange-Traded Fund Shares. The Exchange believes that Members will continue to be able to expand hedging tools and tailor their investment and hedging needs more effectively in the Qualifying Securities.

Similar to SPY, QQQ and IWM Monday and Wednesday Expirations, the introduction of Monday and Wednesday Qualifying Security Expirations does not impose an undue burden on competition. The Exchange believes that it will, among other things, expand the hedging tools available to market participants and allow for a reduced

³⁵ 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.

premium cost of buying portfolio protection. The Exchange believes that Monday and Wednesday Qualifying Security Expirations will allow market participants to purchase options on Qualifying Securities based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

Further, not adding an expiry for a Qualifying Security on a day where there will be an Earnings Announcement that takes place after market close does not impose an undue burden on competition as the Exchange would uniformly apply this practice to the listing of all Qualifying Securities.

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

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-2025-15 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-2025-15. 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-2025-15 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.³⁶

Sherry R. Haywood,

Assistant Secretary.

³⁶ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined.

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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.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 and Table 2 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 | 0 | 2 | 0 |
| UNG | 0 | 0 | 2 | 0 |
| GLD | 2 | 0 | 2 | 0 |
| SLV | 2 | 0 | 2 | 0 |
| TLT | 2 | 0 | 2 | 0 |

Table 2

| Symbol | Number of Expirations | | | |
|------------------------------|-----------------------|----------|-----------|----------|
| | Monday | Tuesday | Wednesday | Thursday |
| <u>Qualifying Securities</u> | <u>2</u> | <u>0</u> | <u>2</u> | <u>0</u> |

* **Qualifying Securities** are defined as eligible individual stocks or Exchange-Traded Fund Shares, which are separate and apart from the symbols listed in Table 1, that have received approval to list additional expiries on specific symbols, that meet the following criteria on a quarterly basis:

(1) an underlying security, as measured on the last day of the prior calendar quarter, must have:

(A) a market capitalization of greater than 700 billion dollars for an individual stock based on the closing price, or

(B) Assets under Management (“AUM”) greater than 50 billion dollars for an Exchange-Traded Fund Share based on net asset value (“NAV”);

(2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options;

(3) a position limit of at least 250,000 contracts; and

(4) participate in the Penny Interval Program.

Each calendar quarter, the Exchange will apply the above criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following quarter as a Qualifying Security. Beginning on the second trading day in the first month of each calendar quarter, the

market capitalization of individual stocks shall be calculated based on the closing price established on the primary exchange on the last trading day of the prior calendar quarter and the AUM for Exchange-Traded Fund Shares shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter. The data establishing the volume thresholds will be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation. For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to the last trading calendar quarter.

With respect to Monday expirations for symbols defined in Table 1 and Table 2 above (“Monday Expirations”), the Exchange may open for trading on any Friday or Monday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Mondays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Monday Short Term Option Expiration Date”), 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. For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close. “Earnings Announcement” shall include official public quarterly or yearly earnings filed with the Securities and Exchange Commission.

With respect to Tuesday expirations for symbols defined in Table 1 and Table 2 above (“Tuesday Expirations”), the Exchange may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Tuesday Short Term Option Expiration Date”).

With respect to Wednesday expirations for symbols defined in Table 1 and Table 2 above (“Wednesday Expirations”), the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Wednesday Short Term Option Expiration Date”). For Qualifying Securities, the Exchange would not list an expiry on a day where there will be an Earnings Announcement that takes place after market close.

With respect to Thursday expirations for symbols defined in Table 1 and Table 2 above (“Thursday Expirations”), the Exchange may open for trading on any Wednesday or Thursday that is a business day series of options on the symbols provided in Table 1 and Table 2 above that expire at the close of business on each of the next two Thursdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Thursday Short Term Option Expiration Date”).

Monday Short Term Option Expiration Dates, Tuesday Short Term Option Expiration Dates, Wednesday Short Term Option Expiration Dates, and Thursday Short Term Option Expiration

Dates, together with Friday Short Term Option Expiration Dates, are collectively “Short Term Option Expiration Dates.”

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