

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 19	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2016 - * 24	Amendment No. (req. for Amendments *)
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Filing by International Securities Exchange  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
			Rule		
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
Section 3C(b)(2) * <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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**Description**

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

Proposal to adopt a new Rule 213 to require Members to provide a clearing account number at the National Securities Clearing Corporation.

**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 \* Associate General Counsel

E-mail \* Angela.Dunn@nasdaq.com

Telephone \* (215) 496-5692 Fax

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

(Title \*)

Date 09/28/2016

By Edward S. Knight

Executive Vice President and General Counsel

edward.knight@nasdaq.com

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

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

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

**Form 19b-4 Information \***

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

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

**Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies \***

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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, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

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

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Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

**Exhibit 4 - Marked Copies**

Add Remove View

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

**Exhibit 5 - Proposed Rule Text**

Add Remove View

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

**Partial Amendment**

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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) The International Securities Exchange, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to adopt a new Rule 213 entitled, “Collection of Exchange Fees and Other Claims” to require Members to provide a clearing account number at the National Securities Clearing Corporation (“NSCC”) for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.

A notice of the proposed rule change for publication in the Federal Register is at Exhibit 1 and the text of the amended Exchange Rule is at Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The Exchange staff approved this rule filing pursuant to delegated authority. This action constitutes the requisite approval under the Exchange’s Certificate of Formation, Operating Agreement and Constitution.

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

Angela Saccomandi Dunn  
Associate General Counsel  
Nasdaq, Inc.  
215-496-5692

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 purpose of the proposed rule change is to collect undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange through NSCC.<sup>3</sup> This proposal will provide a cost savings to the Exchange in that it will alleviate administrative processes related to the collection of monies owed to the Exchange.<sup>4</sup> Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process will prevent Member accounts from becoming overdue. The Exchange notes that it has a billing dispute policy.

The Exchange proposes to adopt new Rule 213 and require Members, and all applicants for registration as such to provide a clearing account number for an account at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange or other charges related to Rules 205, 206, 207, 208, 209, and 210.<sup>5</sup>

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<sup>3</sup> The Exchange will not debit accounts for fees that are unusually large or for special circumstances, unless such debiting is requested by the Member.

<sup>4</sup> Today, some fees are collected through The Options Clearing Corporation, but not all fees.

<sup>5</sup> See ISE Rules 205 (Access Fees), 206 (Transaction Fees), 207 (Communication Fees), 208 (Regulatory Fees or Charges), 209 (Transfer Fees) and 210(Liability for Payment of Fees).

The Exchange will send a monthly invoice<sup>6</sup> to each Member on approximately the 4<sup>th</sup> – 6<sup>th</sup> business day of the following month.<sup>7</sup> The Exchange will also send a file to NSCC each month on approximately the 23<sup>rd</sup> of the following month to initiate the debit of the appropriate amount stated on the Member's invoice for the prior month. Because the Members will receive an invoice well before any monies are debited (normally within two weeks), the Members will have adequate time to contact the staff with any questions concerning their invoice. If a Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the Member has disputed the amount in writing to the Exchange's designated staff by the 15<sup>th</sup> of the month, or the following business day if the 15<sup>th</sup> is not a business day, and the amount in dispute is at least \$10,000 or greater.

Once NSCC receives the file from the Exchange, NSCC would proceed to debit the amounts indicated from the Clearing Members' account. In the instance where the Member clears through an Exchange Clearing Member, the estimated transactions fees owed to the Exchange are reconciled daily by the Clearing Member to ensure adequate funds have been escrowed. The Exchange would debit any monies owed including

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<sup>6</sup> The monthly invoice will indicate that the amount on the invoice will be debited from the designated NSCC account. Each month, the Exchange will send a file to the Member's clearing firm which will indicate the amounts to be debited from each Member. If a Member is "self-clearing," no such file would be sent as the Member would receive the invoice, as noted above, which would indicate the amount to be debited.

<sup>7</sup> By way of example, October invoices would be sent on November 7<sup>th</sup>.

undisputed or final fees,<sup>8</sup> fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.<sup>9</sup>

The Exchange proposes this rule change become operative on October 1, 2016. On November 23, 2016, the Exchange will debit October 2016 billing pursuant to the process described in this rule change.<sup>10</sup> The Exchange will notify Members of this rule change to provide its Members ample time to provide the Exchange with the information necessary for the direct debit and prepare for the change to the collection process.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open

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<sup>8</sup> Exchange fees are noted on the Exchange Fee Schedule.

<sup>9</sup> This includes, among other things, fines which result from the imposition of fines pursuant to Rules 1611, Judgment and Sanction; and 1614, Imposition of Fines for Minor Rules Violations. With respect to disciplinary sanctions that are imposed by either the Business Conduct Committee or a Hearing Panel, the Exchange would not debit any monies until such action is final. The Exchange would not consider an action final until all appeal periods have run and/or all appeal timeframes are exhausted. With respect to non-disciplinary actions, the Exchange would similarly not take action to debit a Member account until all appeal periods have run and/or all appeal timeframes are exhausted. Any uncontested disciplinary or non-disciplinary actions will be debited, and the amount due will appear on the Member's invoice prior to the actual NSCC debit.

<sup>10</sup> The initial debit will include all outstanding fees through October 1, 2016.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

market and a national market system, and, in general to protect investors and the public interest by providing Members with an efficient process to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies dues and owing to the Exchange.

The Exchange believes that its proposal to debit NSCC accounts is reasonable because it would ease the Member's administrative burden in paying monthly invoices, avoid overdue balances and provide same day collection from all Members who owe monies to the Exchange. The Exchange has a billing dispute. The Member may dispute the invoice prior to the debit. This policy also lowers the Exchange's administrative costs because staff resources would not be diverted to review of untimely requests regarding billing.

The Exchange believes that its proposal to debit NSCC accounts is equitable and not unfairly discriminatory because it will apply to all Members in a uniform manner. Today, the debit process is applied at all Nasdaq exchanges.<sup>13</sup>

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. With this proposal, the proposed debit process would apply uniformly to all Members.

Further, this proposal would provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange. Collection matters divert staff resources away from the Exchange's regulatory

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<sup>13</sup> See NASDAQ Phlx LLC Rule 909, The NASDAQ Stock Market LLC Rule 7007, NASDAQ Options Market LLC Rules at Chapter XV, Section 1, NASDAQ BX, Inc. Rule 7011 and BX Option Rules at Chapter XV, Section 1 (collectively "Nasdaq exchanges.")

and business purposes. In addition, the debiting process would prevent Member accounts from becoming overdue.

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not applicable.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)<sup>14</sup> of the Act and Rule 19b-4(f)(6)<sup>15</sup> thereunder, in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest. The Exchange's proposal does not significantly affect the protection of investors or the public interest because this debit process is proposed for Members in a manner similar to how it is applied today on the Nasdaq exchanges.<sup>16</sup>

The Exchange does not believe the rule change imposes any significant burden on competition because it will apply uniformly to all Members. Furthermore, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 17 CFR 240.19b-4(f)(6).

<sup>16</sup> See note 13.

its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission.

The Exchange has satisfied this requirement.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii) so that the Exchange may conform its billing processes similar to the process in place at the various Nasdaq exchanges.<sup>17</sup> The Exchange notes that all ISE Members have an NSCC account or have a clearing firm with an NSCC account. Direct debit is an options industry standard. All members should be able to provide ISE with an NSCC account prior to the date of the November 23, 2016 debit. Further, this process will alleviate administrative processes related to the collection of monies owed to the Exchange. The Exchange proposes this rule change become operative on October 1, 2016. On November 23, 2016, the

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<sup>17</sup> See NASDAQ Phlx LLC Rule 909, The NASDAQ Stock Market LLC Rule 7007, NASDAQ Options Market LLC Rules at Chapter XV, Section 1, NASDAQ BX, Inc. Rule 7011 and BX Option Rules at Chapter XV, Section 1.

Exchange will debit October 2016 billing pursuant to the process described in this rule change. The amendment is non-controversial.

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

This proposal is similar to NASDAQ Phlx LLC Rule 909, The NASDAQ Stock Market LLC Rule 7007, NASDAQ Options Market LLC Rules at Chapter XV, Section 1, NASDAQ BX, Inc. Rule 7011 and BX Option Rules at Chapter XV, Section 1.

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-2016-24)

October \_\_, 2016

Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt a New Rule 213

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 28, 2016, the International Securities Exchange, 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 adopt a new Rule 213 entitled, “Collection of Exchange Fees and Other Claims” to require Members to provide a clearing account number at the National Securities Clearing Corporation (“NSCC”) for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.

The text of the proposed rule change is available on the Exchange’s Website at [www.ise.com](http://www.ise.com), at the principal office of the Exchange, and at the Commission’s Public Reference Room.

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 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 purpose of the proposed rule change is to collect undisputed or final fees, fines, charges and/or other monetary sanctions or monies due and owing to the Exchange through NSCC.<sup>3</sup> This proposal will provide a cost savings to the Exchange in that it will alleviate administrative processes related to the collection of monies owed to the Exchange.<sup>4</sup> Collection matters divert staff resources away from the Exchange's regulatory and business purposes. In addition, the debiting process will prevent Member accounts from becoming overdue. The Exchange notes that it has a billing dispute policy.

The Exchange proposes to adopt new Rule 213 and require Members, and all applicants for registration as such to provide a clearing account number for an account at NSCC for purposes of permitting the Exchange to debit any undisputed or final fees,

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<sup>3</sup> The Exchange will not debit accounts for fees that are unusually large or for special circumstances, unless such debiting is requested by the Member.

<sup>4</sup> Today, some fees are collected through The Options Clearing Corporation, but not all fees.

finances, charges and/or other monetary sanctions or monies due and owing to the Exchange or other charges related to Rules 205, 206, 207, 208, 209, and 210.<sup>5</sup>

The Exchange will send a monthly invoice<sup>6</sup> to each Member on approximately the 4<sup>th</sup> – 6<sup>th</sup> business day of the following month.<sup>7</sup> The Exchange will also send a file to NSCC each month on approximately the 23<sup>rd</sup> of the following month to initiate the debit of the appropriate amount stated on the Member's invoice for the prior month. Because the Members will receive an invoice well before any monies are debited (normally within two weeks), the Members will have adequate time to contact the staff with any questions concerning their invoice. If a Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the Member has disputed the amount in writing to the Exchange's designated staff by the 15<sup>th</sup> of the month, or the following business day if the 15<sup>th</sup> is not a business day, and the amount in dispute is at least \$10,000 or greater.

Once NSCC receives the file from the Exchange, NSCC would proceed to debit the amounts indicated from the Clearing Members' account. In the instance where the Member clears through an Exchange Clearing Member, the estimated transactions fees owed to the Exchange are reconciled daily by the Clearing Member to ensure adequate funds have been escrowed. The Exchange would debit any monies owed including

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<sup>5</sup> See ISE Rules 205 (Access Fees), 206 (Transaction Fees), 207 (Communication Fees), 208 (Regulatory Fees or Charges), 209 (Transfer Fees) and 210 (Liability for Payment of Fees).

<sup>6</sup> The monthly invoice will indicate that the amount on the invoice will be debited from the designated NSCC account. Each month, the Exchange will send a file to the Member's clearing firm which will indicate the amounts to be debited from each Member. If a Member is "self-clearing," no such file would be sent as the Member would receive the invoice, as noted above, which would indicate the amount to be debited.

<sup>7</sup> By way of example, October invoices would be sent on November 7<sup>th</sup>.

undisputed or final fees,<sup>8</sup> fines, charges and/or other monetary sanctions or monies due and owing to the Exchange.<sup>9</sup>

The Exchange proposes this rule change become operative on October 1, 2016. On November 23, 2016, the Exchange will debit October 2016 billing pursuant to the process described in this rule change.<sup>10</sup> The Exchange will notify Members of this rule change to provide its Members ample time to provide the Exchange with the information necessary for the direct debit and prepare for the change to the collection process.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>11</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>12</sup> in particular, in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open

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<sup>8</sup> Exchange fees are noted on the Exchange Fee Schedule.

<sup>9</sup> This includes, among other things, fines which result from the imposition of fines pursuant to Rules 1611, Judgment and Sanction; and 1614, Imposition of Fines for Minor Rules Violations. With respect to disciplinary sanctions that are imposed by either the Business Conduct Committee or a Hearing Panel, the Exchange would not debit any monies until such action is final. The Exchange would not consider an action final until all appeal periods have run and/or all appeal timeframes are exhausted. With respect to non-disciplinary actions, the Exchange would similarly not take action to debit a Member account until all appeal periods have run and/or all appeal timeframes are exhausted. Any uncontested disciplinary or non-disciplinary actions will be debited, and the amount due will appear on the Member's invoice prior to the actual NSCC debit.

<sup>10</sup> The initial debit will include all outstanding fees through October 1, 2016.

<sup>11</sup> 15 U.S.C. 78f(b).

<sup>12</sup> 15 U.S.C. 78f(b)(5).

market and a national market system, and, in general to protect investors and the public interest by providing Members with an efficient process to pay undisputed or final fees, fines, charges and/or monetary sanctions or monies dues and owing to the Exchange.

The Exchange believes that its proposal to debit NSCC accounts is reasonable because it would ease the Member's administrative burden in paying monthly invoices, avoid overdue balances and provide same day collection from all Members who owe monies to the Exchange. The Exchange has a billing dispute. The Member may dispute the invoice prior to the debit. This policy also lowers the Exchange's administrative costs because staff resources would not be diverted to review of untimely requests regarding billing.

The Exchange believes that its proposal to debit NSCC accounts is equitable and not unfairly discriminatory because it will apply to all Members in a uniform manner. Today, the debit process is applied at all Nasdaq exchanges.<sup>13</sup>

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. With this proposal, the proposed debit process would apply uniformly to all Members.

Further, this proposal would provide a cost savings to the Exchange in that it would alleviate administrative processes related to the collection of monies owed to the Exchange. Collection matters divert staff resources away from the Exchange's regulatory

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<sup>13</sup> See NASDAQ Phlx LLC Rule 909, The NASDAQ Stock Market LLC Rule 7007, NASDAQ Options Market LLC Rules at Chapter XV, Section 1, NASDAQ BX, Inc. Rule 7011 and BX Option Rules at Chapter XV, Section 1 (collectively "Nasdaq exchanges.")

and business purposes. In addition, the debiting process would prevent Member accounts from becoming overdue.

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

No written comments were either solicited or received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>14</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>15</sup>

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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<sup>14</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>15</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

#### IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2016-24 on the subject line.

Paper comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-ISE-2016-24. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing

also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-ISE-2016-24 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>16</sup>

Robert W. Errett  
Deputy Secretary

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<sup>16</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**INTERNATIONAL SECURITIES EXCHANGE  
RULES**

*New text is underlined.*

\* \* \* \* \*

**Chapter 2  
Organization and Administration**

\* \* \* \* \*

**213. Collection of Exchange Fees and Other Claims**

(a) Each Member, and all applicants for registration as such shall be required to provide a clearing account number for an account at the National Securities Clearing Corporation (“NSCC”) for purposes of permitting the Exchange to debit any undisputed or final fees, fines, charges and/or other monetary sanctions or other monies due and owing to the Exchange or other charges related to Rules 205, 206, 207, 208, 209, and 210. If a Member disputes an invoice, the Exchange will not include the disputed amount in the debit if the member has disputed the amount in writing to the Exchange's designated staff by the 15th of the month, or the following business day if the 15th is not a business day, and the amount in dispute is at least \$10,000 or greater.

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