

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 - 2017 - * 112 Amendment No. (req. for Amendments *)
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Filing by Nasdaq ISE, LLC  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
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 checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	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 \*).

A proposal to amend certain non transaction fees in the Exchange Schedule of Fees.

**Contact Information**

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

First Name \* Sun Last Name \* Kim  
 Title \* Assistant General Counsel  
 E-mail \* Sun.Kim@nasdaq.com  
 Telephone \* (212) 231-5106 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 \*)  
 Executive Vice President and General Counsel

Date 12/22/2017  
 By Edward S. Knight  
 (Name \*)

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 \***

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, 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**

Add Remove View

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**

Add Remove View

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**

Add Remove View

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

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)<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 amend certain non-transaction fees in the Exchange’s Schedule of Fees, as described further below.

While these amendments are effective upon filing, the Exchange has designated the proposed amendments to be operative on January 2, 2018.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”) on September 19, 2017. Exchange staff will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

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

Sun Kim  
Assistant General Counsel  
Nasdaq, Inc.  
212-231-5106

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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 amend certain non-transaction fees in the Exchange's Schedule of Fees. ISE currently charges its members various non-transaction fees to trade on the Exchange and use its facilities, including a monthly access fee and an annual regulatory fee. Such fees are designed to help defray the technical, regulatory, and administrative costs associated with a member's use of the Exchange. Specifically, the Exchange currently assesses a monthly access fee to all its members that is \$500 per month per Electronic Access Member ("EAM") membership, \$4,000 per month per Primary Market Maker ("PMM") membership, and \$2,000 per month per Competitive Market Maker ("CMM") membership.<sup>3</sup> Payment of the monthly access fee entitles members to trade on ISE as a PMM, CMM, or EAM based on their membership type. In addition, Exchange currently charges a tiered annual regulatory fee to all its members that is: (i) for PMMs, a fee of \$7,500 for the first PMM membership, \$1,500 for each additional PMM membership, and \$1,000 for each CMM membership; (ii) for CMMs, (who are not also PMMs), a fee of \$5,000 per membership for the first CMM

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<sup>3</sup> See ISE Schedule of Fees, Section VI.A Access Fees. In the event where a single member firm has multiple ISE memberships, the monthly access fee is charged for each membership. For example, if a single member firm is both an EAM and a CMM, or owns multiple CMM memberships, the firm is subject to the monthly access fee for each of those memberships.

membership<sup>4</sup> and \$1,000 for each additional CMM membership; and (iii) for EAMs, a fee of \$5,000 for each EAM membership.<sup>5</sup>

In order to keep pace with rising overhead, the Exchange now proposes to increase the monthly access fee for Market Makers (i.e., PMMs and CMMs) from \$4,000 to \$5,000 per PMM membership and from \$2,000 to \$2,500 per CMM membership. The monthly access fee of \$500 per membership for EAMs will remain unchanged under this proposal. In connection with the proposed increase in the monthly access fees for Market Makers, the Exchange also proposes to eliminate the annual regulatory fee for all its members.

As noted above, members are required to pay a variety of non-transaction fees, including the monthly access fee and annual regulatory fee, to be able to trade on the Exchange and use its facilities. By increasing the monthly access fee and eliminating the annual regulatory fee in the manner discussed above, the Exchange is essentially consolidating these fees rather than having members pay two separate charges for their use of the Exchange. With the proposed changes, Market Makers may be assessed at a higher rate overall to use the Exchange, while EAMs may be assessed at a lower rate because the Exchange is increasing the monthly access fee for Market Makers only, but eliminating the annual regulatory fee for all members.<sup>6</sup> The Exchange will absorb the cost of the eliminated annual regulatory fee for EAMs going forward.

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<sup>4</sup> This fee will only be charged for the first CMM membership within each group of affiliated companies. Affiliated CMMs will pay the incremental regulatory fee charged for additional CMM memberships.

<sup>5</sup> See ISE Schedule of Fees, Section VII.D Regulatory Fee.

<sup>6</sup> For example, a PMM currently pays a total of \$55,500 per year in access and regulatory fees (\$48,000 of annual access fees plus the \$7,500 annual regulatory

The access fee and regulatory fee were adopted in 2000 to help recover the costs of operating a trading market,<sup>7</sup> including the technical, regulatory, and administrative costs associated with a member's use of the Exchange. The monthly access fee amounts have not changed since this fee was adopted, while the annual regulatory fee was last amended in 2006.<sup>8</sup> Accordingly, the Exchange believes that the fee changes proposed herein should be a more accurate reflection of the costs associated with a member's use of the Exchange today.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>9</sup> in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,<sup>10</sup> in particular, in that it provides for the equitable allocation of reasonable dues, fees, and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Exchange believes that the proposed increase in the monthly Market Maker access fees to \$5,000 per PMM membership and \$2,500 per CMM membership is

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fee) for one PMM membership while an EAM pays a total of \$11,000 per year (\$6,000 of annual access fees plus the \$5,000 annual regulatory fee) for one EAM membership. As proposed, the PMM would pay a total of \$60,000 per year in access fees for one PMM membership while the EAM would pay a total of \$6,000 per year for one EAM membership.

<sup>7</sup> See Securities Exchange Act Release No. 42370 (April 28, 2000), 65 FR 26256 (May 5, 2000) (SR-ISE-00-02).

<sup>8</sup> See Securities Exchange Act Release No. 53634 (April 12, 2006), 71 FR 20147 (April 19, 2006) (SR-ISE-2006-16).

<sup>9</sup> 15 U.S.C. 78f(b).

<sup>10</sup> 15 U.S.C. 78f(b)(4) and (5).

reasonable and equitable. The proposed access fees will help the Exchange keep pace with rising overhead, and are within the range of similar fees charged by other options exchanges, including for example, C2 Options Exchange (“C2”), which charges its market makers a monthly access fee of \$5,000 per permit.<sup>11</sup>

Furthermore, while the Exchange is increasing the monthly access fees for Market Makers, the Exchange believes that this is partially offset by the elimination of the annual regulatory fees for all members. As noted above, members are required to pay a variety of non-transaction fees, including the monthly access fee and annual regulatory fee, to be able to trade on the Exchange and use its facilities. By consolidating the annual regulatory fee with the access fee in the manner discussed above rather than having members pay two separate charges for their use of the Exchange, ISE is simplifying the Schedule of Fees to the benefit of its members. The Exchange also believes that the proposed changes are reasonable and equitable because the fees should be a more accurate representation of the costs associated with a member’s use of the Exchange today for the reasons discussed above.

As noted above, some members will be impacted more than others with this proposal because the Exchange is increasing the monthly access fee for Market Makers only, but eliminating the annual regulatory fee for all members. The Exchange does not believe that this is unfairly discriminatory because the resources dedicated to the supporting and regulating a member vary on the type of membership. Generally, PMMs are subject to greater obligations than CMMs are and CMMs are subject to greater obligations than EAMs are. Furthermore, the technical, regulatory, and administrative

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<sup>11</sup> See C2 Fee Schedule, Section 3 Access Fees.

costs associated with an EAM's use of the Exchange are not as high as those associated with Market Makers.

4. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the proposed fee changes are designed to more accurately reflect the technical, regulatory, and administrative costs associated with a member's use of the Exchange, and the fees remain competitive with similar fees offered on other options exchanges. The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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)



Pursuant to Section 19(b)(3)(A)(ii) of the Act,<sup>12</sup> the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-regulatory organization on any person, whether or not the person is a member of the self-regulatory organization, which renders the proposed rule change effective upon filing.

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.

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.

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

**EXHIBIT 1**

SECURITIES AND EXCHANGE COMMISSION  
(Release No. \_\_\_\_\_ ; File No. SR-ISE-2017-112)

December \_\_, 2017

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to amend certain non-transaction fees in the Exchange's Schedule of Fees.

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 December 22, 2017, 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 certain non-transaction fees in the Exchange's Schedule of Fees.

The text of the proposed rule change is available on the Exchange's Website at <http://ise.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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

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

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

<sup>2</sup> 17 CFR 240.19b-4.

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

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

1. Purpose

The purpose of the proposed rule change is to amend certain non-transaction fees in the Exchange's Schedule of Fees. ISE currently charges its members various non-transaction fees to trade on the Exchange and use its facilities, including a monthly access fee and an annual regulatory fee. Such fees are designed to help defray the technical, regulatory, and administrative costs associated with a member's use of the Exchange. Specifically, the Exchange currently assesses a monthly access fee to all its members that is \$500 per month per Electronic Access Member ("EAM") membership, \$4,000 per month per Primary Market Maker ("PMM") membership, and \$2,000 per month per Competitive Market Maker ("CMM") membership.<sup>3</sup> Payment of the monthly access fee entitles members to trade on ISE as a PMM, CMM, or EAM based on their membership type. In addition, Exchange currently charges a tiered annual regulatory fee to all its members that is: (i) for PMMs, a fee of \$7,500 for the first PMM membership, \$1,500 for each additional PMM membership, and \$1,000 for each CMM membership; (ii) for CMMs, (who are not also PMMs), a fee of \$5,000 per membership for the first CMM

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In order to keep pace with rising overhead, the Exchange now proposes to increase the monthly access fee for Market Makers (i.e., PMMs and CMMs) from \$4,000 to \$5,000 per PMM membership and from \$2,000 to \$2,500 per CMM membership. The monthly access fee of \$500 per membership for EAMs will remain unchanged under this proposal. In connection with the proposed increase in the monthly access fees for Market Makers, the Exchange also proposes to eliminate the annual regulatory fee for all its members.

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## 2. Statutory Basis

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The Exchange believes that the proposed increase in the monthly Market Maker access fees to \$5,000 per PMM membership and \$2,500 per CMM membership is

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costs associated with an EAM's use of the Exchange are not as high as those associated with Market Makers.

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. As discussed above, the proposed fee changes are designed to more accurately reflect the technical, regulatory, and administrative costs associated with a member's use of the Exchange, and the fees remain competitive with similar fees offered on other options exchanges. The Exchange operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.<sup>12</sup> At any time within 60 days of the filing of the proposed rule

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<sup>12</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

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.

#### 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-2017-112 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-2017-112. 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-2017-112 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>13</sup>

Eduardo A. Aleman  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

Deleted text is [bracketed]. New text is underlined.

**Nasdaq ISE  
Schedule of Fees**

\* \* \* \* \*

**VI. Access Services**

**A. Access Fees**

Electronic Access Member - \$500 per month per membership.

Market Maker

Primary Market Maker - \$[4,000]5,000 per month per membership.

Competitive Market Maker - \$[2,000]2,500 per month per membership.

\* \* \* \* \*

**VII. Legal & Regulatory**

\* \* \* \* \*

**D. [~~Regulatory Fee~~]Reserved.**

[Primary Market Makers

\$7,500 per membership per year for first PMM membership.

\$1,500 per membership per year for each additional PMM membership.

\$1,000 per membership per year for each CMM membership.

Competitive Market Makers (who are also not Primary Market Makers)

\$5,000 per membership per year for first CMM membership.\*

\$1,000 per membership per year for each additional CMM membership.

\*This fee will only be charged for the first CMM membership within each group of affiliated companies. Affiliated CMMs will pay the incremental regulatory fee charged for additional CMM memberships.

Electronic Access Member

\$5,000 per membership per year.]

\* \* \* \* \*