

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="24"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2018"/> - * <input type="text" value="28"/>	Amendment No. (req. for Amendments *) <input type="text"/>
---	--	--	--

Filing by
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)(6)
			<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"/>
---	---

Description

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

A proposal to amend the Exchange Schedule of Fees to provide greater clarity as to how the Exchange currently charges complex orders executed during an exposure auction.

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 * <input type="text" value="Sun"/>	Last Name * <input type="text" value="Kim"/>
Title * <input type="text" value="Assistant General Counsel"/>	
E-mail * <input type="text" value="Sun.Kim@nasdaq.com"/>	
Telephone * <input type="text" value="(212) 231-5106"/>	Fax <input type="text"/>

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 <input type="text" value="03/23/2018"/>	Executive Vice President and General Counsel
By <input type="text" value="Edward S.Knight"/>	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”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend the Exchange’s Schedule of Fees to provide greater clarity as to how the Exchange currently charges complex orders executed during an exposure auction pursuant to Rule 722(b)(3)(iii) (“Exposure Auction”).

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

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 purpose of the proposed rule change is to amend the Exchange's Schedule of Fees to provide greater clarity as to how the Exchange currently charges complex orders executed during an Exposure Auction pursuant to Rule 722(b)(3)(iii). An Exposure Auction is automatically initiated when a member submits an eligible complex order that is marked for price improvement.³ Because Exposure Auctions are initiated by complex orders entered on the complex order book, they are charged based on the same maker/taker scheme as is applicable to other complex orders that are executed on the complex order book rather than the separate pricing defined for Crossing Orders.⁴ Specifically, the Exchange treats the originating side of Exposure Auction orders as adding liquidity, and the contra side as taking liquidity, for the purpose of determining applicable fees and rebates. Since the Schedule of Fees does not currently indicate the manner in which the Exchange treats the originating or contra side of Exposure Auction orders, the Exchange proposes to add the following language in Section II: "During an

³ Pursuant to Rule 722(b)(3)(iii), the marked complex order is exposed for a period of up to one-second. When the Exchange first adopted Rule 722(b)(3)(iii), it indicated that this exposure period, which provided members an opportunity for price improvement, was not considered an "auction." See Securities Exchange Act Release No. 57706 (April 24, 2008), 73 FR 23517 (April 30, 2008) (SR-ISE-2007-77) ("2007 Filing"). Notwithstanding the 2007 Filing, this feature would be considered an auction today.

⁴ A "Crossing Order" is an order executed in the Exchange's Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism (PIM) or submitted as a Qualified Contingent Cross order. For purposes of the Fee Schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

“exposure” auction pursuant to Rule 722(b)(3)(iii), the originating side of the auction order will be assessed the applicable maker fee or rebate, and the contra side will be assessed the applicable taker fee or rebate.”

Thus, based on current rates, the Exchange charges the originating side of Non-Priority Customer⁵ Exposure Auction orders that trade against other Non-Priority Customer orders a maker fee of \$0.10 per contract in Select Symbols⁶ for Market Maker,⁷ Firm Proprietary⁸ / Broker-Dealer,⁹ and Professional Customer¹⁰ orders, and \$0.20 per contract in Select Symbols for Non-Nasdaq ISE Market Maker¹¹ orders. In Non-Select Symbols,¹² the originating side is charged a \$0.20 per contract maker fee for all Non-Priority Customer orders. The contra side Non-Priority Customer order is charged a taker fee of \$0.50 per contract in Select Symbols for Market Maker (or \$0.44

⁵ Non-Priority Customer includes Market Maker, Non-Nasdaq ISE Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer.

⁶ “Select Symbols” are options overlying all symbols listed on ISE that are in the Penny Pilot Program.

⁷ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively.

⁸ A “Firm Proprietary” order is an order submitted by a member for its own proprietary account.

⁹ A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

¹⁰ A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

¹¹ A “Non-Nasdaq ISE Market Maker” is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

¹² “Non-Select Symbols” are options overlying all symbols excluding Select Symbols.

per contract for Market Makers with total affiliated Priority Customer Complex ADV of 150,000 or more contracts),¹³ Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. In Non-Select Symbols, the contra side Non-Priority Customer order is charged a \$0.86 per contract taker fee for Market Maker orders,¹⁴ and a \$0.88 per contract taker fee for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders.¹⁵

When Non-Priority Customer orders trade against Priority Customer¹⁶ orders in Exposure Auctions and the originating side is a Non-Priority Customer order, the originating side is charged a maker fee of \$0.47 per contract in Select Symbols for Market Maker orders (or \$0.44 per contract for Market Makers with total affiliated Priority Customer Complex ADV of 150,000 or more contracts),¹⁷ and \$0.48 per contract

¹³ Further, Nasdaq ISE Market Makers making or taking liquidity receive a discount of \$0.02 when trading against Priority Customer orders preferenced to them in the Complex Order Book in equity options that are able to be listed and traded on more than one options exchange. This discount does not apply to FX Options Symbols or to option classes designated by the Exchange to receive a guaranteed allocation pursuant to Nasdaq ISE Rule 722(b)(3)(i)(B).

¹⁴ Id.

¹⁵ The Exchange also currently charges a \$0.03 per contract complex surcharge for Non-Priority Customer complex orders in Non-Select Symbols that take liquidity from the complex order book, excluding complex orders executed in the Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism and Exposure Auctions. See Securities Exchange Act Release No. 82644 (February 6, 2018), 83 FR 6069 (February 12, 2018) (SR-ISE-2018-10).

¹⁶ A "Priority Customer" is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq ISE Rule 100(a)(37A).

¹⁷ See note 13 above.

for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. In Non-Select Symbols, the originating side is charged a \$0.86 per contract maker fee for Market Maker orders,¹⁸ and a \$0.88 per contract maker fee for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. The contra side Priority Customer order is paid a volume-based tiered rebate,¹⁹ which currently ranges from \$0.26 per contract in Select Symbols (if the member executes Priority Customer Complex ADV of 0 to 14,999 contracts in a given month) to \$0.50 per contract in Select Symbols (if the member executes Priority Customer Complex ADV of 225,000 or more contracts in a given month). In Non-Select Symbols, the tiered rebate paid to the contra side Priority Customer order currently ranges from \$0.40 per contract (if the member executes Priority Customer Complex ADV of 0 to 14,999 contracts in a given month) to \$0.85 per contract (if the member executes Priority Customer Complex ADV of 225,000 or more contracts in a given month).

When Non-Priority Customer orders trade against Priority Customer orders in Exposure Auctions and the originating side is a Priority Customer order, the originating side receives the tiered rebate in Select and Non-Select Symbols, as discussed above. The contra side Non-Priority Customer is charged the taker fee in Select and Non-Select Symbols, as discussed above.²⁰ Lastly, when Priority Customer orders trade against Priority Customer orders in Exposure Auctions, neither the originating side nor the contra

¹⁸ Id.

¹⁹ The Exchange provides rebates to members for adding and taking liquidity based on tiers that reflect their Priority Customer Complex average daily volume (“ADV”) executed during a given month.

²⁰ See note 15 above.

side is charged a fee or given a rebate because the Exchange currently does not charge a maker or taker fee for Priority Customer complex orders, and provides a rebate only if the Priority Customer complex order trades against a Non-Priority Customer complex order, as described above.

While the proposed change discussed above is consistent with current practice, the Exchange believes that the clarifications will eliminate any potential confusion around how Exposure Auction orders are charged today.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²¹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,²² 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 it is reasonable, equitable and not unfairly discriminatory to clarify in Section II of the Schedule of Fees as to how the Exchange currently charges Exposure Auction orders, as further discussed above. The Exchange believes that the proposed change will eliminate any potential confusion around how Exposure Auction orders are charged today, and will make the Schedule of Fees more transparent to members and investors.

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(4) and (5).

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. The proposed change is not intended to address any competitive issues but rather to provide more clarity and transparency regarding how Exposure Auction orders are charged today. 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 with other exchanges. 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,²³ the Exchange has designated this proposal as establishing or changing a due, fee, or other charge imposed by the self-

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

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.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2018-28)

March __, 2018

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

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 March 23, 2018, 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 Exchange's Schedule of Fees to provide greater clarity as to how the Exchange currently charges complex orders executed during an exposure auction pursuant to Rule 722(b)(3)(iii) ("Exposure Auction").

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.

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 purpose of the proposed rule change is to amend the Exchange's Schedule of Fees to provide greater clarity as to how the Exchange currently charges complex orders executed during an Exposure Auction pursuant to Rule 722(b)(3)(iii). An Exposure Auction is automatically initiated when a member submits an eligible complex order that is marked for price improvement.³ Because Exposure Auctions are initiated by complex orders entered on the complex order book, they are charged based on the same maker/taker scheme as is applicable to other complex orders that are executed on the complex order book rather than the separate pricing defined for Crossing Orders.⁴

³ Pursuant to Rule 722(b)(3)(iii), the marked complex order is exposed for a period of up to one-second. When the Exchange first adopted Rule 722(b)(3)(iii), it indicated that this exposure period, which provided members an opportunity for price improvement, was not considered an "auction." See Securities Exchange Act Release No. 57706 (April 24, 2008), 73 FR 23517 (April 30, 2008) (SR-ISE-2007-77) ("2007 Filing"). Notwithstanding the 2007 Filing, this feature would be considered an auction today.

⁴ A "Crossing Order" is an order executed in the Exchange's Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism (PIM) or submitted as a Qualified Contingent Cross order. For purposes of the Fee

Specifically, the Exchange treats the originating side of Exposure Auction orders as adding liquidity, and the contra side as taking liquidity, for the purpose of determining applicable fees and rebates. Since the Schedule of Fees does not currently indicate the manner in which the Exchange treats the originating or contra side of Exposure Auction orders, the Exchange proposes to add the following language in Section II: “During an “exposure” auction pursuant to Rule 722(b)(3)(iii), the originating side of the auction order will be assessed the applicable maker fee or rebate, and the contra side will be assessed the applicable taker fee or rebate.”

Thus, based on current rates, the Exchange charges the originating side of Non-Priority Customer⁵ Exposure Auction orders that trade against other Non-Priority Customer orders a maker fee of \$0.10 per contract in Select Symbols⁶ for Market Maker,⁷ Firm Proprietary⁸ / Broker-Dealer,⁹ and Professional Customer¹⁰ orders, and

Schedule, orders executed in the Block Order Mechanism are also considered Crossing Orders.

⁵ Non-Priority Customer includes Market Maker, Non-Nasdaq ISE Market Maker, Firm Proprietary, Broker-Dealer, and Professional Customer.

⁶ “Select Symbols” are options overlying all symbols listed on ISE that are in the Penny Pilot Program.

⁷ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively.

⁸ A "Firm Proprietary" order is an order submitted by a member for its own proprietary account.

⁹ A "Broker-Dealer" order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

¹⁰ A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer.

\$0.20 per contract in Select Symbols for Non-Nasdaq ISE Market Maker¹¹ orders. In Non-Select Symbols,¹² the originating side is charged a \$0.20 per contract maker fee for all Non-Priority Customer orders. The contra side Non-Priority Customer order is charged a taker fee of \$0.50 per contract in Select Symbols for Market Maker (or \$0.44 per contract for Market Makers with total affiliated Priority Customer Complex ADV of 150,000 or more contracts),¹³ Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. In Non-Select Symbols, the contra side Non-Priority Customer order is charged a \$0.86 per contract taker fee for Market Maker orders,¹⁴ and a \$0.88 per contract taker fee for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders.¹⁵

¹¹ A "Non-Nasdaq ISE Market Maker" is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

¹² "Non-Select Symbols" are options overlying all symbols excluding Select Symbols.

¹³ Further, Nasdaq ISE Market Makers making or taking liquidity receive a discount of \$0.02 when trading against Priority Customer orders preferred to them in the Complex Order Book in equity options that are able to be listed and traded on more than one options exchange. This discount does not apply to FX Options Symbols or to option classes designated by the Exchange to receive a guaranteed allocation pursuant to Nasdaq ISE Rule 722(b)(3)(i)(B).

¹⁴ Id.

¹⁵ The Exchange also currently charges a \$0.03 per contract complex surcharge for Non-Priority Customer complex orders in Non-Select Symbols that take liquidity from the complex order book, excluding complex orders executed in the Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism and Exposure Auctions. See Securities Exchange Act Release No. 82644 (February 6, 2018), 83 FR 6069 (February 12, 2018) (SR-ISE-2018-10).

When Non-Priority Customer orders trade against Priority Customer¹⁶ orders in Exposure Auctions and the originating side is a Non-Priority Customer order, the originating side is charged a maker fee of \$0.47 per contract in Select Symbols for Market Maker orders (or \$0.44 per contract for Market Makers with total affiliated Priority Customer Complex ADV of 150,000 or more contracts),¹⁷ and \$0.48 per contract for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. In Non-Select Symbols, the originating side is charged a \$0.86 per contract maker fee for Market Maker orders,¹⁸ and a \$0.88 per contract maker fee for Non-Nasdaq ISE Market Maker, Firm Proprietary / Broker-Dealer, and Professional Customer orders. The contra side Priority Customer order is paid a volume-based tiered rebate,¹⁹ which currently ranges from \$0.26 per contract in Select Symbols (if the member executes Priority Customer Complex ADV of 0 to 14,999 contracts in a given month) to \$0.50 per contract in Select Symbols (if the member executes Priority Customer Complex ADV of 225,000 or more contracts in a given month). In Non-Select Symbols, the tiered rebate paid to the contra side Priority Customer order currently ranges from \$0.40 per contract (if the member executes Priority Customer Complex ADV

¹⁶ A "Priority Customer" is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq ISE Rule 100(a)(37A).

¹⁷ See note 13 above.

¹⁸ Id.

¹⁹ The Exchange provides rebates to members for adding and taking liquidity based on tiers that reflect their Priority Customer Complex average daily volume ("ADV") executed during a given month.

of 0 to 14,999 contracts in a given month) to \$0.85 per contract (if the member executes Priority Customer Complex ADV of 225,000 or more contracts in a given month).

When Non-Priority Customer orders trade against Priority Customer orders in Exposure Auctions and the originating side is a Priority Customer order, the originating side receives the tiered rebate in Select and Non-Select Symbols, as discussed above. The contra side Non-Priority Customer is charged the taker fee in Select and Non-Select Symbols, as discussed above.²⁰ Lastly, when Priority Customer orders trade against Priority Customer orders in Exposure Auctions, neither the originating side nor the contra side is charged a fee or given a rebate because the Exchange currently does not charge a maker or taker fee for Priority Customer complex orders, and provides a rebate only if the Priority Customer complex order trades against a Non-Priority Customer complex order, as described above.

While the proposed change discussed above is consistent with current practice, the Exchange believes that the clarifications will eliminate any potential confusion around how Exposure Auction orders are charged today.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,²¹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,²² 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

²⁰ See note 15 above.

²¹ 15 U.S.C. 78f(b).

²² 15 U.S.C. 78f(b)(4) and (5).

designed to permit unfair discrimination between customers, issuers, brokers, or dealers. The Exchange believes that it is reasonable, equitable and not unfairly discriminatory to clarify in Section II of the Schedule of Fees as to how the Exchange currently charges Exposure Auction orders, as further discussed above. The Exchange believes that the proposed change will eliminate any potential confusion around how Exposure Auction orders are charged today, and will make the Schedule of Fees more transparent to members and investors.

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. The proposed change is not intended to address any competitive issues but rather to provide more clarity and transparency regarding how Exposure Auction orders are charged today. 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 with other exchanges. 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.²³ 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.

IV. Solicitation of Comments

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

Electronic comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2018-28 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-2018-28. This file number should be included on the subject line if e-mail is used. To help the Commission process

²³ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2018-28 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.²⁴

Eduardo A. Aleman
Assistant Secretary

²⁴ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

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

**Nasdaq ISE
Schedule of Fees**

* * * * *

II. Complex Order Fees and Rebates⁽¹²⁾⁽¹⁵⁾

Rebates

Market Participant	Rebate for Select Symbols⁽¹⁾	Rebate for Non-Select Symbols⁽¹⁾⁽⁴⁾	Facilitation and Solicitation Break-up Rebate for Select Symbols⁽²⁾
Market Maker	N/A	N/A	N/A
Non-Nasdaq ISE Market Maker (FarMM)	N/A	N/A	(\$0.15)
Firm Proprietary / Broker-Dealer	N/A	N/A	(\$0.15)
Professional Customer	N/A	N/A	(\$0.15)
Priority Customer Complex ADV 0-14,999 ⁽⁷⁾⁽¹³⁾	(\$0.26)	(\$0.40)	(\$0.15)
Priority Customer Complex ADV 15,000-44,999 ⁽⁷⁾⁽¹³⁾	(\$0.30)	(\$0.60)	(\$0.15)
Priority Customer Complex ADV 45,000-59,999 ⁽⁷⁾⁽¹³⁾	(\$0.36)	(\$0.70)	(\$0.15)
Priority Customer Complex ADV 60,000-74,999 ⁽⁷⁾⁽¹³⁾	(\$0.41)	(\$0.75)	(\$0.15)

Priority Customer Complex ADV 75,000- 99,999 ⁽⁷⁾⁽¹³⁾	(\$0.42)	(\$0.75)	(\$0.15)
Priority Customer Complex ADV 100,000- 124,999 ⁽⁷⁾⁽¹³⁾	(\$0.45)	(\$0.80)	(\$0.15)
Priority Customer Complex ADV 125,000- 224,999 ⁽⁷⁾⁽¹³⁾	(\$0.46)	(\$0.81)	(\$0.15)
Priority Customer Complex ADV 225,000+ ⁽⁷⁾⁽¹³⁾	(\$0.50)	(\$0.85)	(\$0.15)

Maker Fees

Market Participant	Maker Fee for Select Symbols	Maker Fee for Non-Select Symbols	Maker Fee for Select Symbols when trading against Priority Customer⁽⁵⁾	Maker Fee for non-Select Symbols when trading against Priority Customer⁽⁵⁾
Market Maker	\$0.10	\$0.20	\$0.47 ⁽³⁾	\$0.86
Non-Nasdaq ISE Market Maker (FarMM)	\$0.20	\$0.20	\$0.48	\$0.88
Firm Proprietary / Broker-Dealer	\$0.10	\$0.20	\$0.48	\$0.88
Professional Customer	\$0.10	\$0.20	\$0.48	\$0.88
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00

Taker and other Fees

Market Participant	Taker Fee for Select Symbols⁽⁵⁾	Taker Fee for Non-Select Symbols⁽⁵⁾	Fee for Crossing Orders Except PIM⁽⁶⁾⁽¹⁰⁾⁽¹¹⁾	Fee for PIM Orders⁽⁶⁾⁽⁹⁾⁽¹¹⁾	Fee for Responses to Crossing Orders Except PIM Orders for Select Symbols	Fee for Responses to Crossing Orders Except PIM Orders for non-Select Symbols	Fee for Responses to PIM Orders
Market Maker	\$0.50 ⁽³⁾	\$0.86 ⁽⁸⁾	\$0.20	\$0.10	\$0.48	\$0.91	\$0.20
Non-Nasdaq ISE Market Maker (FarMM)	\$0.50	\$0.88 ⁽⁸⁾	\$0.20	\$0.10	\$0.48	\$0.96	\$0.20
Firm Proprietary / Broker-Dealer	\$0.50	\$0.88 ⁽⁸⁾	\$0.20	\$0.10	\$0.48	\$0.96	\$0.20
Professional Customer	\$0.50	\$0.88 ⁽⁸⁾	\$0.20 ⁽¹⁴⁾	\$0.10	\$0.48	\$0.96	\$0.20
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.00	\$0.48	\$0.96	\$0.20

1. Rebate provided per contract per leg if the order trades with non-Priority Customer orders in the Complex Order Book or trades with quotes and orders on the regular order book.

2. Rebate provided per contract per leg for contracts that are submitted to PIM, Facilitation and Solicitation Mechanisms that do not trade with their contra order except when those contracts trade against pre-existing orders and quotes on the Exchange's orderbooks. The applicable fee is applied to any contracts for which a rebate is provided.

3. This fee is \$0.44 per contract for Market Makers with total affiliated Priority Customer Complex ADV of 150,000 or more contracts. All eligible volume from affiliated Members will be aggregated in determining total affiliated Priority Customer Complex ADV, provided there is at least 75% common ownership between the Members as reflected on each Member's Form BD, Schedule A.

4. No Priority Customer complex order rebates will be paid for orders in NDX or MNX.

5. Nasdaq ISE Market Makers making or taking liquidity receive a discount of \$0.02 when trading against Priority Customer orders preferenced to them in the Complex Order Book in equity options that are able to be listed and traded on more than one options exchange. This discount does not apply to FX Options Symbols or to option classes designated by the Exchange to receive a guaranteed allocation pursuant to Nasdaq ISE Rule 722(b)(3)(i)(B).

6. Firm Proprietary and Non-Nasdaq ISE Market Maker contracts traded are subject to the Crossing Fee Cap, as provided in Section IV.H.

7. The rebate for the highest tier volume achieved is applied retroactively to all eligible Priority Customer Complex volume once the threshold has been reached.

8. A \$0.03 per contract surcharge will be assessed to non-Priority Customer Complex Orders that take liquidity from the Complex Order Book, excluding Complex Orders executed in the Facilitation Mechanism, Solicited Order Mechanism, Price Improvement Mechanism and "exposure" auctions pursuant to Rule 722(b)(3)(iii).

9. Other than for Priority Customer orders, this fee is \$0.05 per contract for orders executed by Members that execute an ADV of 7,500 or more contracts in the PIM in a given month. Members that execute an ADV of 12,500 or more contracts in the PIM will not be charged a fee. The discounted fees are applied retroactively to all eligible PIM volume in that month once the threshold has been reached.

10. Fee charged for all legs.

11. Fees apply to the originating and contra order.

12. The Exchange will charge a stock handling fee of \$0.0010 per share (capped at \$50 per trade) for the stock leg of stock-option orders executed against other stock-option orders in the complex order book.

13. Members will not receive rebates for net zero complex orders. For purposes of determining which complex orders qualify as "net zero" the Exchange will count all complex orders that leg in to the regular order book and are executed at a net price per contract that is within a range of \$0.01 credit and \$0.01 debit.

14. Transaction fees applicable to Professional Customers for an order submitted as a Qualified Contingent Cross order and orders executed in the Exchange's Solicited Order Mechanism will be \$0.10 per contract.

15. During an "exposure" auction pursuant to Rule 722(b)(3)(iii), the originating side of the auction order will be assessed the applicable maker fee or rebate, and the contra side will be assessed the applicable taker fee or rebate.

* * * * *