

Required fields are shown with yellow backgrounds and asterisks.

Filing by Nasdaq ISE, LLC
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial *	Amendment *	Withdrawal	Section 19(b)(2) *	Section 19(b)(3)(A) *	Section 19(b)(3)(B) *
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<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 *).

Proposal to amend ISE Schedule of Fees at Section I, entitled Regular Order Fees and Rebates.

Contact Information

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

First Name * Angela Last Name * Dunn
 Title * Principal Associate General Counsel
 E-mail * Angela.Dunn@nasdaq.com
 Telephone * (215) 496-5692 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 04/11/2018
 By Edward S. Knight
 (Name *)

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 *

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

Exhibit 1 - Notice of Proposed Rule Change *

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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

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

Exhibit 5 - Proposed Rule Text

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposal to amend ISE’s Schedule of Fees at Section I, entitled “Regular Order Fees and Rebates.”

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:

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

a. Purpose

The purpose of the proposed rule change is to amend the ISE Schedule of Fees at Section I, entitled "Regular Order Fees and Rebates." This proposed rule change is intended to make changes to: (i) increase Taker Fees for Market Makers,³ Non-Nasdaq ISE Market Makers⁴ (FarMM) and Professional Customers;⁵ (ii) increase Fees for Responses to ISE's Price Improvement Mechanism⁶ ("PIM") Orders for Market Makers, Non-Nasdaq ISE Market Makers (FarMM), Firm Proprietary⁷/Broker Dealers,⁸ Professional Customers, and Priority Customers;⁹ and (iii) increase the amount assessed

³ "Market makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(28).

⁴ 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. See Preface to ISE Schedule of Fees.

⁵ A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer. See Preface to ISE Schedule of Fees.

⁶ The Price Improvement Mechanism is a process by which an Electronic Access Member can provide price improvement opportunities for a transaction wherein the Electronic Access Member seeks to facilitate an order it represents as agent, and/or a transaction wherein the Electronic Access Member solicited interest to execute against an order it represents as agent (a "Crossing Transaction"). See ISE Rule 723.

⁷ A "Firm Proprietary" order is an order submitted by a Member for its own proprietary account. See Preface to ISE Schedule of Fees.

⁸ "Broker-Dealer" order is an order submitted by a Member for a broker-dealer account that is not its own proprietary account. See Preface to ISE Schedule of Fees.

⁹ 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

to a Member, other than for a Priority Customer, that executes an average daily volume (“ADV”) of 12,500 or more contracts in the PIM.

Taker Fees

The Exchange proposes to increase Regular Order Taker Fees for Market Makers, Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers. Today, a Market Maker is assessed a \$0.44 per contract Taker Fee for Regular Orders. The Exchange proposes to increase the Market Maker Taker Fee to \$0.45 per contract. Today, Non-Nasdaq ISE Market Makers (FarMM) and Professional Customer are assessed a \$0.45 per contract Taker Fees for Regular Orders. The Exchange proposes to increase the Non-Nasdaq ISE Market Makers (FarMM) and Professional Customer Taker Fees to \$0.46 per contract. The Exchange will continue to assess a Firm Proprietary/Broker Dealer a Taker Fee of \$0.46 per contract and assess a Priority Customer a \$0.44 per contract Taker Fee.

Fees for Responses to PIM Orders

The Exchange proposes to increase Fees for Responses to PIM Orders for all market participants. Today, a Market Maker, Non-Nasdaq ISE Market Maker (FarMM), Firm Proprietary/Broker Dealer, Professional Customer, and Priority Customer are assessed a Regular Order Fee for Responses to PIM Orders of \$0.20 per contact. The Exchange proposes to assess all market participants a Regular Order Fee for Responses to PIM Orders of \$0.25 per contact.

ISE Rule 100(a)(37A). Unless otherwise noted, when used in the Schedule of Fees the term “Priority Customer” includes “Retail” as defined in the Schedule of Fees. See Preface to ISE Schedule of Fees.

Fees for PIM Orders

The Exchange proposes to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM. Today, other than a Priority Customer order, the Exchange assesses non-Priority Customer market participants a fee of \$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. Today, Members that execute an ADV of 12,500 or more contracts in the PIM will not be assessed a fee. The Exchange proposes to amend the amount assessed to a Member that executed an ADV of 12,500 or more contracts in the PIM a fee of \$0.02 per contract. This \$0.02 per contract fee represents an increase as the Member that executed an ADV of 12,500 or more contracts in the PIM is not charged a fee today.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ 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.

Taker Fees

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract is

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

reasonable because despite the increase to these Regular Order Taker Fees the fees remain competitive.

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract is equitable and not unfairly discriminatory because all market participants will be assessed a similar Taker Fee, except that Market Makers and Priority Customers will continue to be assessed a lower fee. The Exchange believes that assessing a lower Taker Fee for Priority Customers is reasonable because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts Market Makers. Further, assessing a lower Taker Fee for Market Makers is reasonable because Market Makers add value through quoting obligations¹² and the commitment of capital. Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

Fees for Responses to PIM Orders

The Exchange's proposal to increase Regular Order Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract is reasonable because despite the increase to these Regular Order Taker Fees the fees remain competitive and all market participants, other than Priority Customers, have an opportunity to decrease their PIM Fees by executing a greater amount of order flow.

¹² See ISE Rule 804.

The Exchange's proposal to increase Regular Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract is equitable and not unfairly discriminatory because the Exchange is assessing all market participants the same Fee for Responses to PIM Orders.

Fees for PIM Orders

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract is reasonable because despite the increase to PIM Order fees, the Exchange continues to offer market participants, other than Priority Customers, the ability to reduce fees by executing a certain amount of eligible contracts, in this case ADV of 12,500 or more contracts.

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract is equitable and not unfairly discriminatory because today all market participants, except Priority Customers, are assessed a \$0.10 per contract fee for executing PIM orders. Priority Customers are not assessed a Fee for PIM Orders. Non-Priority Customer market participants have the opportunity today to decrease their PIM Orders Fee from \$0.10 to \$0.05 per contract provided a Member executes an ADV of 7,500 or more contracts in the PIM in a given month. With this proposal, all non-Priority Customer market participants have the opportunity today to decrease their PIM Orders Fee from \$0.10 to \$0.02 per contract provided Members execute an ADV of 12,500 or more contracts in the PIM in a given month.

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. In terms of inter-market competition, the Exchange notes that it 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 and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to 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. While this proposal increases various fees, the Exchange believes that its pricing remains competitive. Below the Exchange addresses, for each proposed, change the reasons why it believes this proposal does not impose a burden on intra-market competition.

Taker Fees

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract does not impose an undue burden on competition because all market participants will be assessed a similar Taker Fee, except that Market Makers and Priority Customers will continue to be assessed a lower fee. The Exchange believes that assessing a lower Taker Fee for Priority Customers is reasonable because Priority Customer order flow enhances

liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers.

Further, assessing a lower Taker Fee for Market Makers is reasonable because Market Makers add value through quoting obligations¹³ and the commitment of capital.

Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

Fees for Responses to PIM Orders

The Exchange's proposal to increase Regular Order Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract does not impose an undue burden on competition because the Exchange is assessing all market participants the same Fee for Responses to PIM Orders.

Fees for PIM Orders

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract does not impose an undue burden on competition because today all market participants, except Priority Customers, are assessed a \$0.10 per contract fee for executing PIM orders. Priority Customers are not assessed a Fee for PIM Orders. Non-Priority Customer market participants have the opportunity today to decrease their PIM Order Fee from \$0.10 to \$0.05 per contract provided a Member executes an ADV of 7,500 or more contracts in the PIM in a given month. With this proposal, all non-Priority Customer market participants have the opportunity today to

¹³

See ISE Rule 804.

decrease their PIM Order Fee from \$0.10 to \$0.02 per contract provided Members execute an ADV of 12,500 or more contracts in the PIM in a given month.

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,¹⁴ 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.

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2018-37)

April __, 2018

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Regular Order Fees and Rebates

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 April 11, 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 ISE’s Schedule of Fees at Section I, entitled “Regular Order Fees and Rebates.”

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

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

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

1. Purpose

The purpose of the proposed rule change is to amend the ISE Schedule of Fees at Section I, entitled "Regular Order Fees and Rebates." This proposed rule change is intended to make changes to: (i) increase Taker Fees for Market Makers,³ Non-Nasdaq ISE Market Makers⁴ (FarMM) and Professional Customers;⁵ (ii) increase Fees for Responses to ISE's Price Improvement Mechanism⁶ ("PIM") Orders for Market Makers, Non-Nasdaq ISE Market Makers (FarMM), Firm Proprietary⁷/Broker Dealers,⁸

³ "Market makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively. See ISE Rule 100(a)(28).

⁴ 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. See Preface to ISE Schedule of Fees.

⁵ A "Professional Customer" is a person or entity that is not a broker/dealer and is not a Priority Customer. See Preface to ISE Schedule of Fees.

⁶ The Price Improvement Mechanism is a process by which an Electronic Access Member can provide price improvement opportunities for a transaction wherein the Electronic Access Member seeks to facilitate an order it represents as agent, and/or a transaction wherein the Electronic Access Member solicited interest to execute against an order it represents as agent (a "Crossing Transaction"). See ISE Rule 723.

⁷ A "Firm Proprietary" order is an order submitted by a Member for its own proprietary account. See Preface to ISE Schedule of Fees.

Professional Customers, and Priority Customers;⁹ and (iii) increase the amount assessed to a Member, other than for a Priority Customer, that executes an average daily volume (“ADV”) of 12,500 or more contracts in the PIM.

Taker Fees

The Exchange proposes to increase Regular Order Taker Fees for Market Makers, Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers. Today, a Market Maker is assessed a \$0.44 per contract Taker Fee for Regular Orders. The Exchange proposes to increase the Market Maker Taker Fee to \$0.45 per contract. Today, Non-Nasdaq ISE Market Makers (FarMM) and Professional Customer are assessed a \$0.45 per contract Taker Fees for Regular Orders. The Exchange proposes to increase the Non-Nasdaq ISE Market Makers (FarMM) and Professional Customer Taker Fees to \$0.46 per contract. The Exchange will continue to assess a Firm Proprietary/Broker Dealer a Taker Fee of \$0.46 per contract and assess a Priority Customer a \$0.44 per contract Taker Fee.

Fees for Reponses to PIM Orders

The Exchange proposes to increase Fees for Reponses to PIM Orders for all market participants. Today, a Market Maker, Non-Nasdaq ISE Market Maker (FarMM), Firm Proprietary/Broker Dealer, Professional Customer, and Priority Customer are

⁸ “Broker-Dealer” order is an order submitted by a Member for a broker-dealer account that is not its own proprietary account. See Preface to ISE Schedule of Fees.

⁹ 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). Unless otherwise noted, when used in the Schedule of Fees the term “Priority Customer” includes “Retail” as defined in the Schedule of Fees. See Preface to ISE Schedule of Fees.

assessed a Regular Order Fee for Responses to PIM Orders of \$0.20 per contract. The Exchange proposes to assess all market participants a Regular Order Fee for Responses to PIM Orders of \$0.25 per contract.

Fees for PIM Orders

The Exchange proposes to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM. Today, other than a Priority Customer order, the Exchange assesses non-Priority Customer market participants a fee of \$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. Today, Members that execute an ADV of 12,500 or more contracts in the PIM will not be assessed a fee. The Exchange proposes to amend the amount assessed to a Member that executed an ADV of 12,500 or more contracts in the PIM a fee of \$0.02 per contract. This \$0.02 per contract fee represents an increase as the Member that executed an ADV of 12,500 or more contracts in the PIM is not charged a fee today.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹⁰ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹¹ 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.

¹⁰ 15 U.S.C. 78f(b).

¹¹ 15 U.S.C. 78f(b)(4) and (5).

Taker Fees

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract is reasonable because despite the increase to these Regular Order Taker Fees the fees remain competitive.

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract is equitable and not unfairly discriminatory because all market participants will be assessed a similar Taker Fee, except that Market Makers and Priority Customers will continue to be assessed a lower fee. The Exchange believes that assessing a lower Taker Fee for Priority Customers is reasonable because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts Market Makers. Further, assessing a lower Taker Fee for Market Makers is reasonable because Market Makers add value through quoting obligations¹² and the commitment of capital. Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

Fees for Responses to PIM Orders

The Exchange's proposal to increase Regular Order Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract is reasonable because

¹² See ISE Rule 804.

despite the increase to these Regular Order Taker Fees the fees remain competitive and all market participants, other than Priority Customers, have an opportunity to decrease their PIM Fees by executing a greater amount of order flow.

The Exchange's proposal to increase Regular Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract is equitable and not unfairly discriminatory because the Exchange is assessing all market participants the same Fee for Responses to PIM Orders.

Fees for PIM Orders

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract is reasonable because despite the increase to PIM Order fees, the Exchange continues to offer market participants, other than Priority Customers, the ability to reduce fees by executing a certain amount of eligible contracts, in this case ADV of 12,500 or more contracts.

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract is equitable and not unfairly discriminatory because today all market participants, except Priority Customers, are assessed a \$0.10 per contract fee for executing PIM orders. Priority Customers are not assessed a Fee for PIM Orders. Non-Priority Customer market participants have the opportunity today to decrease their PIM Orders Fee from \$0.10 to \$0.05 per contract provided a Member executes an ADV of 7,500 or more contracts in the PIM in a given month. With this proposal, all non-Priority Customer market participants have the opportunity today to decrease their PIM

Orders Fee from \$0.10 to \$0.02 per contract provided Members execute an ADV of 12,500 or more contracts in the PIM in a given month.

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. In terms of inter-market competition, the Exchange notes that it 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 and with alternative trading systems that have been exempted from compliance with the statutory standards applicable to 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. While this proposal increases various fees, the Exchange believes that its pricing remains competitive. Below the Exchange addresses, for each proposed, change the reasons why it believes this proposal does not impose a burden on intra-market competition.

Taker Fees

The Exchange's proposal to increase Regular Order Taker Fees for Market Makers from \$0.44 to \$0.45 per contract and increase Taker Fees for Non-Nasdaq ISE Market Makers (FarMM) and Professional Customers from \$0.45 to \$0.46 per contract does not impose an undue burden on competition because all market participants will be assessed a similar Taker Fee, except that Market Makers and Priority Customers will

continue to be assessed a lower fee. The Exchange believes that assessing a lower Taker Fee for Priority Customers is reasonable because Priority Customer order flow enhances liquidity on the Exchange for the benefit of all market participants and benefits all market participants by providing more trading opportunities, which attracts market makers. Further, assessing a lower Taker Fee for Market Makers is reasonable because Market Makers add value through quoting obligations¹³ and the commitment of capital. Encouraging Market Makers to add greater liquidity benefits all market participants in the quality of order interaction.

Fees for Responses to PIM Orders

The Exchange's proposal to increase Regular Order Fees for Responses to PIM Orders for all market participants from \$0.20 to \$0.25 per contract does not impose an undue burden on competition because the Exchange is assessing all market participants the same Fee for Responses to PIM Orders.

Fees for PIM Orders

The Exchange's proposal to increase the amount assessed to a Member, other than for a Priority Customer, that executes an ADV of 12,500 or more contracts in the PIM from \$0.00 to \$0.02 per contract does not impose an undue burden on competition because today all market participants, except Priority Customers, are assessed a \$0.10 per contract fee for executing PIM orders. Priority Customers are not assessed a Fee for PIM Orders. Non-Priority Customer market participants have the opportunity today to decrease their PIM Order Fee from \$0.10 to \$0.05 per contract provided a Member executes an ADV of 7,500 or more contracts in the PIM in a given month. With this

¹³

See ISE Rule 804.

proposal, all non-Priority Customer market participants have the opportunity today to decrease their PIM Order Fee from \$0.10 to \$0.02 per contract provided Members execute an ADV of 12,500 or more contracts in the PIM in a given month.

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.¹⁴ 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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-ISE-2018-37 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-2018-37. 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-2018-37 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.¹⁵

Eduardo A. Aleman
Assistant Secretary

¹⁵ 17 CFR 200.30-3(a)(12).

EXHIBIT 5Deleted text is [bracketed]. New text is underlined.**Nasdaq ISE Schedule of Fees**

* * * * *

I. Regular Order Fees and Rebates**Select Symbols**

Market Participant	Maker Rebate / Fee	Taker Fee	Fee for Crossing Orders Except PIM Orders^{(1) (2)}	Fee for PIM Orders^{(1) (2) (13)}	Fee for Responses to Crossing Orders Except PIM Orders	Fee for Responses to PIM Orders	Facilitation and Solicitation Break-up Rebate⁽⁴⁾
Market Maker ⁽⁸⁾	\$0.10 ⁽⁵⁾	\$0. <u>[44]</u> <u>45</u>	\$0.20	\$0.10	\$0.50	\$0. <u>[20]</u> <u>25</u>	N/A
Non-Nasdaq ISE Market Maker (FarMM)	\$0.10	\$0. <u>[45]</u> <u>46</u>	\$0.20	\$0.10	\$0.50	\$0. <u>[20]</u> <u>25</u>	(\$0.15)
Firm Proprietary / Broker-Dealer	\$0.10	\$0.46	\$0.20	\$0.10	\$0.50	\$0. <u>[20]</u> <u>25</u>	(\$0.15)
Professional Customer	\$0.10	\$0. <u>[45]</u> <u>46</u>	\$0.20 ⁽¹⁶⁾	\$0.10	\$0.50	\$0. <u>[20]</u> <u>25</u>	(\$0.15)
Priority Customer	\$0.00	\$0.44 ⁽³⁾	\$0.00	\$0.00	\$0.50	\$0. <u>[20]</u> <u>25</u>	(\$0.15)

Non-Select Symbols (Excluding Index Options) ⁽⁷⁾

Market Participant	Fee	Fee for Crossing Orders Except PIM Orders^{(1) (2) (13)}	Fee for PIM Orders^{(1) (2) (13)}	Fee for Responses to Crossing Orders Except PIM Orders	Fee for Responses to PIM Orders
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	1) (2)				
Market Maker	\$0.25 ⁽⁶⁾	\$0.25 ⁽⁶⁾	\$0.10	\$0.50	\$0.20
Market Maker (for orders sent by Electronic Access Members)	\$0.20	\$0.20	\$0.10	\$0.50	\$0.20
Non-Nasdaq ISE Market Maker (FarMM)	\$0.72	\$0.20	\$0.10	\$0.50	\$0.20
Firm Proprietary / Broker-Dealer	\$0.72	\$0.20	\$0.10	\$0.50	\$0.20
Professional Customer	\$0.72	\$0.20 ⁽¹⁶⁾	\$0.10	\$0.50	\$0.20
Priority Customer	\$0.00	\$0.00	\$0.00	\$0.50	\$0.20

* * * * *

13. 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]\$0.02 per contract. The discounted fees are applied retroactively to all eligible PIM volume in that month once the threshold has been reached.

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