

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 26

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

File No. * SR 2022 - * 17

Amendment No. (req. for Amendments *)

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"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
-----------------------------------	--	--

Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input checked="" type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010
Section 806(e)(1) *

Section 806(e)(2) *

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 3C(b)(2) *

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Adopt New Conflicts of Interest Rules

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 of 1934, Nasdaq ISE, LLC has duty caused this filing to be signed on its behalf by the undersigned thereunto duty authorized.

Date 08/18/2022


(Title *)

By John Zecca

EVP and Chief Legal Officer

(Name *)

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

 DN:
email=john.zecca@nasdaq.com
Date: 2022.08.18 16:39:40
-04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

SR-ISE-2022-17 19b-4.doc

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

SR-ISE-2022-17 Exhibit 1.doc

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

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

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 2- Notices, Written Comments, Transcripts, Other Communications

Add Remove View

--

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

Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

--

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 Sent As Paper Document

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

SR-ISE-2022-17 Exhibit 5.doc

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 adopt two new rules within Sections 26 and 27 of Options 10. Also, the Exchange proposes to make other technical amendments.

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

(b) Not applicable.

(c) The proposed adoption of Sections 26 and 27 of Options 10 amends Nasdaq GEMX, LLC (“GEMX”) and Nasdaq MRX, LLC (“MRX”) Options 10 rules titled “Doing Business with the Public.” GEMX and MRX incorporate ISE Options 10 rules by reference.

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”). 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 Exchange proposes to adopt two new rules within Sections 26 and 27 of Options 10. Also, the Exchange proposes to make technical amendments to General 2, Organization and Administration; Options 1, Section 1, Definitions; and Options 4A, Section 12, Terms of Index Options Contracts. Each change is described below.

Proposed Options 10, Section 26

The Exchange proposes to adopt a new Options 10, Section 26, titled “Transactions Involving ISE Employees” that is substantively identical to FINRA Rule 2070. This proposed rule is intended to address conflicts of interest involving ISE and its employees.

The Exchange proposes to adopt rule text within proposed Options 10, Section 26(a) that requires a Member, when it has actual notice that an ISE employee has a financial interest or controls trading in an account, to promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the Member to ISE.

The Exchange proposes to adopt rule text within proposed Options 10, Section 26(b) that prohibits a Member from directly or indirectly making any loan of money or securities to an ISE employee. This proposed prohibition would not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.

Finally, the Exchange proposes to adopt rule text within proposed Options 10, Section 26(c) that prohibits any Member from directly or indirectly giving, or permitting

to be given, anything of more than nominal value to any ISE employee who has responsibility for a regulatory matter involving the Member. This prohibition would apply regardless of the annual dollar limitation set forth in proposed Options 10, Section 27, which is discussed below. The term “regulatory matter” is proposed to be defined to include, without limitation, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the Member.

The Exchange believes that requiring a Member to direct that duplicate account statements be provided by the Member to ISE when it has actual notice that an ISE employee has a financial interest or controls trading in an account, prohibiting Members from making any loan of money or securities to an ISE employee subject to the exceptions set forth herein, and prohibiting Members from directly or indirectly giving, or permitting to be given, anything above nominal value to any ISE employee who has responsibility for a “regulatory matter” involving the Member will avoid conflicts of interest for ISE and its employees in the regulation of its Members. With this proposal, ISE Members who are also FINRA members would be subject to this rule which is substantively identical to FINRA Rule 2070. Additionally, ISE Members who are not FINRA members would also be subject to proposed Options 10, Section 26 to the extent that such Members conduct business with the public.

Proposed Options 10, Section 27

The Exchange proposes to adopt a new Options 10, Section 27, titled “Influencing or Rewarding Employees of Others” that is substantively identical to FINRA Rule 3220.

This proposed rule is intended to provide a limitation on gifts and thereby govern influencing or rewarding the employees of others.

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(a) that prohibits a Member or person associated with a Member from directly or indirectly giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind would be considered a gratuity.

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(b) that provides that Options 10, Section 27 shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the Member and the person who is to be employed to perform such services. Such agreement would include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal. The Exchange notes that this express exclusion for payments made pursuant to a bone fide, prior written agreement in paragraph (b) is excluded from the dollar value consideration in paragraph (a).

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(c) that requires a separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) and further requires

the Member to retain any employment compensation paid as a result thereof for the period specified by Rule 17a-4 of the Exchange Act.³

Proposed Options 10, Section 27 prevents gifts in excess of a fixed amount, currently \$100. The Exchange believes that there is no business need to justify giving gifts in amounts greater than the limit specified in the rule. With this proposal, ISE Members who are also FINRA members would be subject to this rule which is substantively identical to FINRA Rule 3220. Additionally, ISE Members who are not FINRA members would also be subject to proposed Options 10, Section 27 to the extent that such Members conduct business with the public. The Exchange believes this proposed rule appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons.

Technical Amendments

The Exchange proposes to reserve rules within General 2, Organization and Administration in addition to currently reserved Sections 13 through 22, to harmonize ISE's rules with those of Nasdaq affiliate exchanges. Specifically, the Exchange proposes to reserve new Sections 23 and 24 within General 2 and add an "s" to the word "Section."

The Exchange proposes to amend a citation within the definition of "proprietary trading" at Options 1, Section 1(a)(41). The citation to "General 4, Section 1.1210" is incorrect. The citation should be to "General 4, Section 1210". Correcting this citation will avoid confusion.

³ 17 CFR 240.17a-4.

The Exchange proposes to remove the word “pilot” within Supplementary Material to Options 4A, Section 12. Options 4A, Section 12 describes the options listing rules. The Quarterly Options Series pilot program was approved in 2009.⁴ The Exchange proposes to remove this updated reference to the pilot.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Together, proposed Options 10, Sections 26 and 27 address conflicts of interest by adopting rules that govern influencing or rewarding the employees of others and transactions involving ISE employees. The Exchange believes that adopting rules substantively identical to FINRA will help avoid confusion among Members of the Exchange who conduct business with the public that are also members of FINRA and would harmonize the Exchange’s rules with FINRA rules with respect to conflicts of interest, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As such, the proposed rule change would foster cooperation and coordination with persons

⁴ See Securities Exchange Act Release No. 60275 (July 9, 2009), 74 FR 34809 (July 17, 2009) (SR-ISE-2009-50) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permanently Establish the Quarterly Options Series Pilot Program).

⁵ 15 U.S.C. 78f(b)

⁶ 15 U.S.C. 78f(b)(5).

engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

Proposed Options 10, Section 26 is consistent with the Act and protects investors and the general public by requiring a Member to direct that duplicate account statements be provided by the Member to ISE when it has actual notice that an ISE employee has a financial interest or controls trading in an account, prohibiting Members from making any loan of money or securities to an ISE employee subject to the exceptions set forth herein, and prohibiting Members from directly or indirectly giving, or permitting to be given, anything above nominal value to any ISE employee who has responsibility for a “regulatory matter” involving the Member. These proposed rules are intended to avoid conflicts of interest for ISE and its employees in the regulation of its Members.

Proposed Options 10, Section 27 is consistent with the Act and protects investors and the general public by preventing gifts in excess of a fixed amount, currently \$100, because there is no business need to justify giving gifts in amounts greater than the limit specified in the rule. Options 10, Section 27 in conjunction with Options 10, Section 26, as proposed, protects investors and the general public by addressing conflicts of interest and governs influencing or rewarding the employees of others and transactions involving ISE employees.

Technical Amendments

The Exchange’s proposal to reserve new Sections 23 and 24 within General 2, amend a citation within the definition of “proprietary trading” within Options 1, Section 1, and remove the word “pilot” within Supplementary Material to Options 4A, Section 12 are non-substantive amendments.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Proposed Options 10, Sections 26 and 27

The proposed rule change is not designed to address any competitive issues but rather to provide greater harmonization among Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members. The Exchange's proposal to adopt new Options 10, Sections 26 and 27 does not impose an undue burden on competition as all Members that conduct business with the public would be subject to the proposed rules. Further, ISE Members who are also FINRA members would be subject to these rules which are substantively identical to FINRA Rules 2070 and 3220.

Technical Amendments

The Exchange's proposal to reserve new Sections 23 and 24 within General 2, amend a citation within the definition of "proprietary trading" within Options 1, Section 1, and remove the word "pilot" within Supplementary Material to Options 4A, Section 12 are non-substantive amendments.

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

The Exchange does not consent to an extension of the time period for Commission action.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii)⁷ of the Act and Rule 19b-4(f)(6) thereunder⁸ in that it effects a change that: (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, does not become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The Exchange believes that the proposal does not significantly affect the protection of investors or the public interest because these proposed rules will help to avoid confusion among Members of the Exchange that are also members of FINRA by adopting rules substantively identical to FINRA. Further, the proposed rule changes will harmonize the Exchange rules with FINRA rules with respect to conflicts of interest, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. The Exchange believes that the proposal does not impose any significant burden on competition because it would equally apply to all Members that conduct business with the public as well as ISE Members who are also FINRA members and currently subject to FINRA Rules 2070 and 3220. The remainder of the proposed amendments are non-substantive.

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

⁸ 17 CFR 240.19b-4(f)(6).

Furthermore, Rule 19b-4(f)(6)(iii)⁹ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

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 necessary or appropriate in the public interest, for the protection of investors, or 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

FINRA Rules 2070 and 3220 are substantively identical to proposed Options 10, Sections 26 and 27, respectively. Additionally, the proposed rules are identical to rules of The Nasdaq Stock Market LLC and Nasdaq BX, Inc. at General 9, Sections 26 and 29.

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.

⁹ 17 CFR 240.19b-4(f)(6)(iii).

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2022-17)

August __, 2022

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt New Conflicts of Interest Rules

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 August 18, 2022, 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 adopt two new rules within Sections 26 and 27 of Options 10. Also, the Exchange proposes to make other technical amendments.

The text of the proposed rule change is available on the Exchange’s Website at <https://listingcenter.nasdaq.com/rulebook/ise/rules>, 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 received on the proposed rule change. The text of these statements may be examined at

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to adopt two new rules within Sections 26 and 27 of Options 10. Also, the Exchange proposes to make technical amendments to General 2, Organization and Administration; Options 1, Section 1, Definitions; and Options 4A, Section 12, Terms of Index Options Contracts. Each change is described below.

Proposed Options 10, Section 26

The Exchange proposes to adopt a new Options 10, Section 26, titled "Transactions Involving ISE Employees" that is substantively identical to FINRA Rule 2070. This proposed rule is intended to address conflicts of interest involving ISE and its employees.

The Exchange proposes to adopt rule text within proposed Options 10, Section 26(a) that requires a Member, when it has actual notice that an ISE employee has a financial interest or controls trading in an account, to promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the Member to ISE.

The Exchange proposes to adopt rule text within proposed Options 10, Section 26(b) that prohibits a Member from directly or indirectly making any loan of money or securities to an ISE employee. This proposed prohibition would not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.

Finally, the Exchange proposes to adopt rule text within proposed Options 10, Section 26(c) that prohibits any Member from directly or indirectly giving, or permitting to be given, anything of more than nominal value to any ISE employee who has responsibility for a regulatory matter involving the Member. This prohibition would apply regardless of the annual dollar limitation set forth in proposed Options 10, Section 27, which is discussed below. The term “regulatory matter” is proposed to be defined to include, without limitation, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the Member.

The Exchange believes that requiring a Member to direct that duplicate account statements be provided by the Member to ISE when it has actual notice that an ISE employee has a financial interest or controls trading in an account, prohibiting Members from making any loan of money or securities to an ISE employee subject to the exceptions set forth herein, and prohibiting Members from directly or indirectly giving, or permitting to be given, anything above nominal value to any ISE employee who has responsibility for a “regulatory matter” involving the Member will avoid conflicts of interest for ISE and its employees in the regulation of its Members. With this proposal, ISE Members who are also FINRA members would be subject to this rule which is substantively identical to FINRA Rule 2070. Additionally, ISE Members who are not FINRA members would also be subject to proposed Options 10, Section 26 to the extent that such Members conduct business with the public.

Proposed Options 10, Section 27

The Exchange proposes to adopt a new Options 10, Section 27, titled “Influencing or Rewarding Employees of Others” that is substantively identical to FINRA Rule 3220. This proposed rule is intended to provide a limitation on gifts and thereby govern influencing or rewarding the employees of others.

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(a) that prohibits a Member or person associated with a Member from directly or indirectly giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind would be considered a gratuity.

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(b) that provides that Options 10, Section 27 shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the Member and the person who is to be employed to perform such services. Such agreement would include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person’s employer or principal. The Exchange notes that this express exclusion for payments made pursuant to a bone fide, prior written agreement in paragraph (b) is excluded from the dollar value consideration in paragraph (a).

The Exchange proposes to adopt rule text within proposed Options 10, Section 27(c) that requires a separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) and further requires the Member to retain any employment compensation paid as a result thereof for the period specified by Rule 17a-4 of the Exchange Act.³

Proposed Options 10, Section 27 prevents gifts in excess of a fixed amount, currently \$100. The Exchange believes that there is no business need to justify giving gifts in amounts greater than the limit specified in the rule. With this proposal, ISE Members who are also FINRA members would be subject to this rule which is substantively identical to FINRA Rule 3220. Additionally, ISE Members who are not FINRA members would also be subject to proposed Options 10, Section 27 to the extent that such Members conduct business with the public. The Exchange believes this proposed rule appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons.

Technical Amendments

The Exchange proposes to reserve rules within General 2, Organization and Administration in addition to currently reserved Sections 13 through 22, to harmonize ISE's rules with those of Nasdaq affiliate exchanges. Specifically, the Exchange proposes to reserve new Sections 23 and 24 within General 2 and add an "s" to the word "Section."

The Exchange proposes to amend a citation within the definition of "proprietary trading" at Options 1, Section 1(a)(41). The citation to "General 4, Section 1.1210" is

³ 17 CFR 240.17a-4.

incorrect. The citation should be to “General 4, Section 1210”. Correcting this citation will avoid confusion.

The Exchange proposes to remove the word “pilot” within Supplementary Material to Options 4A, Section 12. Options 4A, Section 12 describes the options listing rules. The Quarterly Options Series pilot program was approved in 2009.⁴ The Exchange proposes to remove this updated reference to the pilot.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁵ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁶ in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest. Together, proposed Options 10, Sections 26 and 27 address conflicts of interest by adopting rules that govern influencing or rewarding the employees of others and transactions involving ISE employees. The Exchange believes that adopting rules substantively identical to FINRA will help avoid confusion among Members of the Exchange who conduct business with the public that are also members of FINRA and would harmonize the Exchange’s rules with FINRA rules with respect to conflicts of interest, resulting in greater uniformity and less burdensome and more efficient regulatory compliance. As

⁴ See Securities Exchange Act Release No. 60275 (July 9, 2009), 74 FR 34809 (July 17, 2009) (SR-ISE-2009-50) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Permanently Establish the Quarterly Options Series Pilot Program).

⁵ 15 U.S.C. 78f(b)

⁶ 15 U.S.C. 78f(b)(5).

such, the proposed rule change would foster cooperation and coordination with persons engaged in facilitating transactions in securities and would remove impediments to and perfect the mechanism of a free and open market and a national market system.

Proposed Options 10, Section 26 is consistent with the Act and protects investors and the general public by requiring a Member to direct that duplicate account statements be provided by the Member to ISE when it has actual notice that an ISE employee has a financial interest or controls trading in an account, prohibiting Members from making any loan of money or securities to an ISE employee subject to the exceptions set forth herein, and prohibiting Members from directly or indirectly giving, or permitting to be given, anything above nominal value to any ISE employee who has responsibility for a “regulatory matter” involving the Member. These proposed rules are intended to avoid conflicts of interest for ISE and its employees in the regulation of its Members.

Proposed Options 10, Section 27 is consistent with the Act and protects investors and the general public by preventing gifts in excess of a fixed amount, currently \$100, because there is no business need to justify giving gifts in amounts greater than the limit specified in the rule. Options 10, Section 27 in conjunction with Options 10, Section 26, as proposed, protects investors and the general public by addressing conflicts of interest and governs influencing or rewarding the employees of others and transactions involving ISE employees.

Technical Amendments

The Exchange’s proposal to reserve new Sections 23 and 24 within General 2, amend a citation within the definition of “proprietary trading” within Options 1, Section 1, and remove the word “pilot” within Supplementary Material to Options 4A, Section 12

are non-substantive amendments.

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

The proposed rule change does not impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Proposed Options 10, Sections 26 and 27

The proposed rule change is not designed to address any competitive issues but rather to provide greater harmonization among Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members. The Exchange's proposal to adopt new Options 10, Sections 26 and 27 does not impose an undue burden on competition as all Members that conduct business with the public would be subject to the proposed rules. Further, ISE Members who are also FINRA members would be subject to these rules which are substantively identical to FINRA Rules 2070 and 3220.

Technical Amendments

The Exchange's proposal to reserve new Sections 23 and 24 within General 2, amend a citation within the definition of "proprietary trading" within Options 1, Section 1, and remove the word "pilot" within Supplementary Material to Options 4A, Section 12 are non-substantive amendments.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on

competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁷ and subparagraph (f)(6) of Rule 19b-4 thereunder.⁸

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 necessary or appropriate in the public interest, for the protection of investors, or 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-2022-17 on the subject line.

⁷ 15 U.S.C. 78s(b)(3)(A)(iii).

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

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-2022-17. 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-2022-17 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.⁹

J. Matthew DeLesDernier
Assistant Secretary

⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

General Rules

* * * * *

General 2 Organization and Administration

* * * * *

Sections 13-2[2]4 Reserved

* * * * *

Options Rules

Options 1 General Provisions

Section 1. Definitions

(a) The following terms, when used in these Rules, shall have the meanings specified in this Options 1, unless the context indicates otherwise. Any term defined in the Limited Liability Company Agreement (the "LLC Agreement") or the By-Laws of Nasdaq ISE, LLC (the "By-Laws") and not otherwise defined in this Options 1 shall have the meaning assigned in the LLC Agreement or the By-Laws.

* * * * *

(41) The term "**proprietary trading**" for purposes of General 4, Section [1.]1210 means trading done by a Member having the following characteristics:

* * * * *

Options 4A Options Listing Rules

* * * * *

Section 12. Terms of Index Options Contracts

* * * * *

Supplementary Material to Options 4A, Section 12

* * * * *

.02 *Quarterly Options Series Program*: Notwithstanding the restriction in Options 4A, Section 12(a)(3), the Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either index

options or options on exchange traded funds (“ETFs”). In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar [pilot]program under their respective rule.

* * * * *

Options 10 Doing Business With the Public

* * * * *

Section 26. Transactions Involving ISE Employees

(a) When a Member has actual notice that an ISE employee has a financial interest in, or controls trading in, an account, the Member shall promptly obtain and implement an instruction from the employee directing that duplicate account statements be provided by the member to ISE.

(b) No Member shall directly or indirectly make any loan of money or securities to any ISE employee. Provided, however, that this prohibition does not apply to loans made in the context of disclosed, routine banking and brokerage agreements, or loans that are clearly motivated by a personal or family relationship.

(c) Notwithstanding the annual dollar limitation set forth in Options 10, Section 27, no Member shall directly or indirectly give, or permit to be given, anything of more than nominal value to any ISE employee who has responsibility for a regulatory matter that involves the Member. For purposes of this subsection, the term “regulatory matter” includes, but is not limited to, examinations, disciplinary proceedings, membership applications, listing applications, delisting proceedings, and dispute-resolution proceedings that involve the Member.

* * * * *

Section 27. Influencing or Rewarding Employees of Others

(a) No Member or person associated with a Member shall, directly or indirectly, give or permit to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. A gift of any kind is considered a gratuity.

(b) This Rule shall not apply to contracts of employment with or to compensation for services rendered by persons enumerated in paragraph (a) provided that there is in existence prior to the time of employment or before the services are rendered, a written agreement between the Member and the person who is to be employed to perform such services. Such agreement shall include the nature of the proposed employment, the amount of the proposed compensation, and the written consent of such person's employer or principal.

(c) A separate record of all payments or gratuities in any amount known to the Member, the employment agreement referred to in paragraph (b) and any employment compensation paid as a

result thereof shall be retained by the Member for the period specified by Rule 17a-4 of the Exchange Act.

* * * * *