Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2023 - * 32
Amendment No. (req. for Amendments *)

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) *
✓	☐	☐	☐	✓	☐

Pilot	Extension of Time Period for Commission Action *	Date Expires *
☐	☐	

Rule

☐ 19b-4(f)(1)	☐ 19b-4(f)(4)
☐ 19b-4(f)(2)	☐ 19b-4(f)(5)
☐ 19b-4(f)(3)	✓ 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 *).

A proposal to adopt Monthly Options Series and amend the Nonstandard Expirations Program

Contact Information

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

First Name * Sun
Last Name * Kim
Title * Associate General Counsel
E-mail * sun.kim@nasdaq.com
Telephone * (646) 420-7816
Fax

Signature

Pursuant to the requirements of the Securities Exchange of 1934, Nasdaq ISE, LLC
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 11/29/2023

By John Zecca
(Name *)

(Title *)
EVP and Chief Legal Officer

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.

John A. Zecca
Date: 2023.11.29 12:20:39 -05'00'

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-2023-32 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-2023-32 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-2023-32 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 (i) adopt Monthly Options Series and (ii) amend its Nonstandard Expirations Program.

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) The proposed rule change amends The Nasdaq Stock Market LLC ("Nasdaq"), Nasdaq Phlx LLC ("Phlx"), Nasdaq BX, Inc. ("BX"), Nasdaq GEMX, LLC ("GEMX") and Nasdaq MRX, LLC ("MRX") Options 4. Nasdaq, Phlx, BX, GEMX and MRX incorporate ISE Options 4 by reference. The proposed rule change also amends GEMX and MRX Options 4A as both GEMX and MRX incorporate ISE Options 4A 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 of the Exchange (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:

Sun Kim
Associate General Counsel
Nasdaq, Inc.

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1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

646-420-7816

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

a. Purpose

The Exchange proposes to (i) adopt Monthly Options Series and (ii) amend its Nonstandard Expirations Program. Each change is discussed in detail below.

Monthly Options Series

The Exchange proposes to amend its Rules to accommodate the listing of options series that would expire at the close of business on the last business day of a calendar month ("Monthly Options Series").[3] Pursuant to proposed Supplementary Material .08(a) to Options 4, Section 5 and Supplementary Material .06(a) to Options 4A, Section 12, the Exchange may list Monthly Options Series for up to five currently listed option classes that are either index options or options on exchange-traded funds ("ETFs").[4] In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.[5] The Exchange may list 12 expirations for Monthly Options Series. Monthly Options Series need not be for consecutive months; however, the expiration date

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3 The proposed rule change defines the term "Monthly Options Series" in Options 4A, Section 2(l) (and re-letters current paragraphs (l) through (p) as (m) through (q)) as a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar month. The Exchange also proposes to fix an incorrect cross cite to the definition of broad-based index in Options 4A, Section 3(d)(1).

4 The Exchange proposes to amend Options 4, Section 5(a) to provide that proposed Supplementary Material .08 to Options 4, Section 5 will describe how the Exchange will fix a specific expiration date and exercise price for Monthly Options Series. This is consistent with language in current Options 4, Section 5(a) for other Short Term Option Series and Quarterly Options Series.

5 The Commission recently approved a Cboe Options proposed rule change to adopt substantively identical Monthly Options Series. See Securities Exchange Act Release No. 98915 (November 13, 2023), 88 FR 80356 (November 17, 2023) (SR-CBOE-2023-049) ("Cboe Monthly Approval Order").

of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.[6] Other expirations in the same class are not counted as part of the maximum numbers of Monthly Options Series expirations for a class.[7] Monthly Options Series will be P.M.-settled.[8]

The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the

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6 The Exchange notes this provision considers consecutive monthly listings. In other words, as other expirations (such as Quarterly Options Series) are not counted as part of the maximum, those expirations would not be considered when considering when the last expiration date would be if the maximum number were listed consecutively. For example, if it is January 2024 and the Exchange lists Quarterly Options Series in class ABC with expirations in March, June, September, December, and the following March, the Exchange could also list Monthly Options Series in class ABC with expirations in January, February, April, May, July, August, October, and November 2024 and January and February of 2025. This is because, if Quarterly Options Series, for example, were counted, the Exchange would otherwise never be able to list the maximum number of Monthly Options Series. This is consistent with the listing provisions for Quarterly Options Series, which permit calendar quarter expirations. The need to list series with the same expiration in the current calendar year and the following calendar year (whether Monthly or Quarterly expiration) is to allow market participants to execute one-year strategies pursuant to which they may roll their exposures in the longer-dated options (e.g. January 2025) prior to the expiration of the nearer-dated option (e.g. January 2024).

7 See proposed Supplementary Material .08(b) to Options 4, Section 5 and proposed Supplementary Material .06(b) to Options 4A, Section 12.

8 See proposed Supplementary Material .08(c) to Options 4, Section 5 and proposed Supplementary Material .06(c) to Options 4A, Section 12.

exercise price is within 30% of the current underlying security price or index value.[9] Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Options Series that are more than 30% above or below the current price of the underlying security, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market Makers trading for their own account will not be considered when determining customer interest under this provision. The opening of the new Monthly Options Series will not affect the series of options of the same class previously opened.[10] The interval between strike prices on Monthly Options Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.[11]

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9 See proposed Supplementary Material .08(d) to Options 4, Section 5 and proposed Supplementary Material .06(d) to Options 4A, Section 12. The Exchange notes these proposed provisions are consistent with the initial series provision for the Quarterly Options Series program in Supplementary Material .02(d) to Options 4A, Section 12. While different than the initial strike listing provision for the Quarterly Options Series program in current Supplementary Material .04(c) to Options 4, Section 5, the Exchange believes the proposed provision is appropriate, as it contemplates classes that may have strike intervals of $5 or greater. For consistency, the Exchange also proposes to amend Supplementary Material .04(c) to Options 4, Section 5 to incorporate the same provision for initial series. The Exchange also proposes a non-substantive punctuation changes in the Quarterly Options Series header in Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

10 See proposed Supplementary Material .08(e) to Options 4, Section 5 and proposed Supplementary Material .06(e) to Options 4A, Section 12.

11 See proposed Supplementary Material .08(f) to Options 4, Section 5 and proposed Supplementary Material .06(f) to Options 4A, Section 12. See also Options 4, Section 5(d), (e), Supplementary

By definition, Monthly Options Series can never expire in the same week as a standard expiration series (which expire on the third Friday of a month) in the same class expires. The same, however, is not the case with regards to Short Term Options Series[12] or Quarterly Options Series. Therefore, to avoid any confusion in the marketplace, the Exchange proposes to amend Supplementary Material .03 to Options 4, Section 5 and Supplementary Material .01 to Options 4A, Section 12[13] to provide the Exchange will not list a Short Term Options Series in a class on a date on which a Monthly Options Series or Quarterly Options Series expires.[14] Similarly, proposed Supplementary Material .08(b) to Options 4, Section 5 and Supplementary Material .06(b) to Options 4A, Section 12 provide that no Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. In other words, the Exchange will not list a Short Term Options Series on an index or ETF if a Monthly Options Series on that index or ETF were to expire on the same date, nor will the Exchange list a Monthly Options Series on an ETF or index if a Quarterly Options

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Material .01, .02, .05, .06 (permissible strikes prices for ETF classes) and Options 4, Section 5(f) and Options 4A, Section 12(c) (permissible strike prices for index options).

12 The Exchange proposes non-substantive changes to clarify in Options 4A, Section 12(a)(3) that index options contracts may expire at three (3)-month intervals, in consecutive weeks or in consecutive months (as specified by class in Options 4A, Section 12). This is merely a clarification for punctuation and clarity.

13 The Exchange also proposes a non-substantive punctuation change in Supplementary Material .01 to Options 4A, Section 12.

14 The Exchange also proposes to make a non-substantive change to Supplementary Material .03 to Options 4, Section 5 and Supplementary Material .01 to Options 4A, Section 12 to change current references to “monthly options series” to “standard expiration options series” (i.e., series that expire on the third Friday of a month), to eliminate potential confusion. The current references to “monthly options series” are intended to refer to those series that expire on the third Friday of a month, which are generally referred to in the industry as standard expirations.

Series on that index or ETF were to expire on the same date to prevent the listing of series with concurrent expirations.[15]

With respect to Monthly Options Series added pursuant to proposed Options 4, Section 5, Supplementary Material .08(a) through (f) and proposed Options 4A, Section 12, Supplementary Material .06(a) through (f), the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month. Notwithstanding this delisting policy, customer requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting will be granted. In connection with this delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.[16]

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15 The Exchange notes this would not prevent the Exchange from listing a P.M.-settled Monthly Options Series on an index with the same expiration date as an A.M.-settled Short Term Options Series on the same index, both of which may expire on a Friday. In other words, the Exchange may list a P.M-settled Monthly Options Series on an index concurrent with an A.M.-settled Short Term Options Series on that index and both of which expire on a Friday. The Exchange believes this concurrent listing would provide investors with yet another hedging mechanism and is reasonable given these series would not be identical (unlike if they were both P.M.-settled). This could not occur with respect to ETFs, as all Short Term Options Series on ETFs are P.M.-settled.

16 See proposed Supplementary Material .08(g) to Options 4, Section 5 and proposed Supplementary Material .06(g) to Options 4A, Section 12.

The Exchange believes that Monthly Options Series will provide investors with another flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie option contracts. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Exchange's and the Options Price Reporting Authority's ("OPRA's") quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange also proposes to amend Options 4A, Sections 6 and 7 to provide that positions in Monthly Options Series will be aggregated with positions in options contracts on the same underlying security or index. This is consistent with how position (and exercise) limits are currently imposed on series with other expirations (Short Term Options Series, and Quarterly Options Series). Therefore, positions in options within class of index or ETF options, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The Exchange believes this will address potential manipulative schemes and adverse market impacts surrounding the use of options.

The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently lists Quarterly Options Series in certain index and ETF classes, which expire at the close of business at the end of four calendar months (i.e., the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Option Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards — such as position and exercise limits (and the aggregation of options overlying the same index or ETF) and reporting requirements — would continue to apply.

Nonstandard Expirations Program

The Exchange proposes to amend Options 4A, Section 12, Supplementary Material .07, which governs its Nonstandard Expirations Program ("Program"), to permit P.M.-settled options on any broad-based index eligible for standard options trading that expire on Tuesday or Thursday.[17] Currently under the Program, the Exchange is permitted to list P.M.-settled options on any broad-based index eligible for standard trading that expire on: (1) any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration (as defined below) and, with respect to options on the Nasdaq-100 Index ("NDX options") and the Nasdaq 100 Micro Index ("XND options") any Tuesday or Thursday ("Weekly Expirations") and (2) the last trading day of the month ("End of Month Expirations" or "EOMs").[18] The

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17 The Exchange's proposal is based on a recently approved rule change by Cboe Options. See SR-CBOE-2023-054 ("Cboe Nonstandard Approval Order").

18 See Supplementary Material .07 to Options 4A, Section 12.

Exchange notes that permitting Tuesday and Thursday expirations for all broad-based indexes, as proposed, would be in addition to the options with Monday, Wednesday and Friday expirations that the Exchange may (and does) already list on those indexes, as they are permissible Weekly Expirations for options on a broad-based index pursuant to Supplementary Material .07(a) to Options 4A, Section 12. The proposal merely expands the availability of Tuesday and Thursday Weekly Expirations, and thus all Weekly Expirations available under the Program, to all broad-based indexes eligible for standard options trading, on which the Exchange may currently list Monday, Wednesday, and Friday Weekly expirations under the Program.

The Program for Weekly Expirations will apply to any broad-based index option with Tuesday and Thursday expirations in the same manner as it currently applies to all other P.M.-settled broad-based index options with Monday, Wednesday, and Friday expirations and to NDX and XND options with Tuesday and Thursday expirations. Specifically, as set forth in Options 4A, Section 12, Supplementary Material .07, Weekly Expirations, including the proposed Tuesday and Thursday expirations, are subject to all provisions of Options 4A, Section 12 and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that Weekly Expirations are P.M.-settled, and new series in Weekly Expirations may be added up to and including on the expiration date for an expiring Weekly Expiration.

The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Tuesday expiration, Wednesday expiration, Thursday expiration, or Friday expiration, as applicable) in a given class is the same as the maximum number of expirations permitted in Options 4A, Section 12(a)(3) for standard options on the same broad-based index. Weekly Expirations need not be for consecutive Monday, Tuesday, Wednesday, Thursday, or Friday expirations as applicable; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date. If the Exchange lists EOMs and Weekly Expirations as applicable in a given class, the Exchange will list an EOM instead of a Weekly Expiration that expires on the same day in the given class. Other expirations in the same class are not counted as part of the maximum number of Weekly Expirations for an applicable broad-based index class. If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Tuesday, Wednesday, Thursday, or Friday, the normally Tuesday, Wednesday, Thursday, or Friday expiring Weekly Expirations will expire on the previous business day. If two different Weekly Expirations on a broad-based index would expire on the same day because the Exchange is not open for business on a certain weekday, the Exchange will list only one of such Weekly Expirations. In addition, like all Weekly Expirations, pursuant to Supplementary Material .07(c) to Options 4A, Section 12, transactions in expiring broad-based index options with Tuesday and Thursday expirations may be effected on the Exchange between the hours of 9:30 a.m. and 4:00 p.m. on their last trading day (Eastern Time).

The Exchange believes that that the introduction of Tuesday and Thursday expirations for all broad-based index options (rather than offering those expirations for just two indexes) will expand hedging tools available to market participants while also providing greater trading opportunities, regardless of in which index option market they participate. By offering expanded Tuesday and Thursday expirations along with the current Monday, Wednesday and Friday expirations, the proposed rule change will allow market participants to purchase options on all broad-based index options available for trading on the Exchange in a manner more aligned with specific timing needs and more effectively tailor their investment and hedging strategies and manage their portfolios. In particular, the proposed rule change will allow market participants to roll their positions on more trading days, thus with more precision, spread risk across more trading days and incorporate daily changes in the markets, which may reduce the premium cost of buying protection.

The Exchange believes there is sufficient investor interest and demand in Tuesday and Thursday expirations for broad-based index options beyond NDX and XND to warrant inclusion in the Program and that the Program, as amended, will continue to provide investors with additional means of managing their risk exposures and carrying out their investment objectives.[19] With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it believes that the Exchange and OPRA have the necessary systems capacity to handle any potential

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[19] The Exchange currently lists Tuesday and Thursday expirations in NDX and XND options pursuant to the Program. The Exchange also already allows options on broad-based indexes to expire on Tuesdays for normally Monday or Wednesday expiring options when the Exchange is not open for business on a respective Monday or Wednesday (as applicable), and already allows options on broad-based indexes to expire on Thursdays for normally Friday expiring options when the Exchange is not open for business on a respective Friday. Also, EOM options in any broad-based indexes may currently be listed to expire on a Tuesday or Thursday.

additional traffic associated with trading of broad-based index options with Tuesday and Thursday expirations. The Exchange does not believe that its Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with any possible additional options series listed as a result of this proposal and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[20] in general, and with Section 6(b)(5) of the Act,[21] in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Monthly Options Series

In particular, the Exchange believes the introduction of Monthly Options Series will remove impediments to and perfect the mechanism of a free and open market and a national market system by expanding hedging tools available to market participants. The Exchange believes the proposed monthly expirations will allow market participants to transact in the index and ETF options listed pursuant to the proposed rule change based on their timing as needed and allow them to tailor their investment and hedging needs

[20] 15 U.S.C. 78f.

[21] 15 U.S.C. 78f(b)(5).

more effectively. Further, the Exchange believes the availability of Monthly Options Series would protect investors and the public interest by providing investors with more flexibility to closely tailor their investment and hedging decisions in these options, thus allowing them to better manage their risk exposure.

The Exchange believes the Quarterly Options Series Program has been successful to date and the proposed Monthly Options Series program simply expands the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur at months' ends in the same way the Quarterly Options Series Program has expanded the landscape of hedging for quarter-end news. Monthly Options Series will also complement Short Term Options Series, which allow investors to hedge risk against events that occur throughout a month. The Exchange believes the availability of additional expirations should create greater trading and hedging opportunities for investors, as well as provide investors with the ability to tailor their investment objectives more effectively.

The Exchange notes that the proposed terms of Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.[22] Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month. The proposed Monthly Options Series would fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as Quarterly Options Series, including permissible

22 Compare proposed Supplementary Material .08 to Options 4, Section 5 and proposed Supplementary Material .06 to Options 4A, Section 12 to Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

strikes.[23] As is the case with Quarterly Options Series, no Short Term Options Series may expire on the same day as a Monthly Options Series. Similarly, as proposed, no Monthly Options Series may expire on the same day as a Quarterly Options Series. The Exchange believes preventing listing series with concurrent expirations in a class will eliminate potential investors confusion and thus protect investors and the public interest. Given that Quarterly Options Series the Exchange currently lists are essentially Monthly Options Series that can expire at the end of only certain calendar months, the Exchange believes it is reasonable to list Monthly Options Series in accordance with the same terms, as it will promote just and equitable principles of trade. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Exchange's and OPRA's quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange further believes the proposed rule change regarding the treatment of Monthly Options Series with respect to determining compliance with position and exercise limits is designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade. Monthly Options Series will be aggregated with options overlying the same ETF or index for purposes of compliance with position (and exercise) limits, which is consistent with how position (and exercise) limits are currently imposed on series with other expirations (Short Term Options Series

23 The Exchange notes the proposed maximum number of expirations is consistent with the maximum number of expirations permitted for end-of-month ("EOM") series in index classes. See Supplementary Material .07(b) (which states that the maximum number of expirations that may be listed for EOMs in a given class is the same as the maximum number of expirations permitted for standard options on the same broad-based index back (i.e., up to 12 standard monthly expirations on the majority of index options currently listed on the Exchange, as set forth in Options 4A, Section 12(a)(3)).

and Quarterly Options Series). Therefore, options positions within ETF or index option classes for which Monthly Options Series are listed, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The Exchange believes this will address potential manipulative schemes and adverse market impacts surrounding the use of options. The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently trades Quarterly Options Series in certain index and ETF classes, which expire at the close of business at the end of four calendar months (i.e., the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Option Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards—such as position and exercise limits (and the aggregation of options overlying the same ETF or index) and reporting requirements—would continue to apply.

Nonstandard Expirations Program

The Exchange believes that the proposed rule change will 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. The Exchange believes that the introduction of Tuesday and Thursday expirations for all broad-based index options (rather than offering those expirations for just two indexes) will provide investors with expanded hedging tools and greater trading opportunities and flexibility, regardless of in which index option market they participate. As a result, investors will have additional means to manage their risk exposures and carry out their investment objectives. By offering expanded Tuesday and Thursday expirations along with the current Monday, Wednesday and Friday expirations, the proposed rule change will allow market participants to purchase options on all broad-based index options available for trading on the Exchange in a manner more aligned with specific timing needs and more effectively tailor their investment and hedging strategies and manage their portfolios. For example, the proposed rule change will allow market participants to roll their positions on more trading days, thus with more precision, spread risk across more trading days and incorporate daily changes in the markets, which may reduce the premium cost of buying protection. The Exchange represents that it believes that it has the necessary systems capacity to support any additional traffic associated with trading of options on all broad-based index options with Tuesday and Thursday expirations and does not believe that its Members will experience any capacity issues as a result of this proposal.

The Commission previously recognized that listing Tuesday and Thursday expirations for NDX and XND options was consistent with the Act.[24] The Exchange noted that Tuesday and Thursday expirations in these index options would offer additional investment options to investors and may be useful for their investment or

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[24] See Securities Exchange Act Release Nos. 95393 (July 29, 2022), 87 FR 47807 (August 4, 2022) (SR–ISE–2022–13) ("NDX Options Rule Change"); and 98886 (November 8, 2023), 88 FR 78417 (November 15, 2023) (SR–ISE–2023–24) ("XND Options Rule Change")

hedging objectives.[25] The Exchange also notes it previously listed P.M.-settled broad-based index options with weekly expirations pursuant to a pilot program, so the Commission could monitor the impact of P.M. settlement of cash-settled index derivatives on the underlying cash markets (while recognizing that these risks may have been mitigated given enhanced closing procedures in use in the primary equity markets); however, the Commission recently approved a proposed rule change to make that pilot program permanent. The Commission noted that the data it reviewed in connection with the pilot demonstrated that these options (including SPX and XSP options with Tuesday and Thursday expirations) "benefitted investors and other market participants by providing more flexible trading and hedging opportunities while also having no disruptive impact on the market" and were thus consistent with the Act.[26] The proposed rule change is consistent with these findings, as it will benefit investors and other market participants that participate in the markets for broad-based index options other than NDX and XND options in the same manner by providing them with more flexible trading and hedging opportunities. Additionally, the Exchange does not believe the listing of additional P.M.-settled options on other broad-based indexes will have any significant economic impact on the underlying component securities surrounding the close as a result of expiring p.m.-settled options or impact market quality, based on the data provided to and reviewed by the Commission (and the Commission's own conclusions based on that

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[25] See NDX Options Rule Change at 47808; and XND Options Rule Change at 78421.

[26] See Securities Exchange Act Release No. 98450 (September 20, 2023), 88 FR 66111 (September 26, 2023) (SR–ISE–2023–08) at 66114.

review, as noted above) and due to the significant changes in closing procedures in the decades since index options moved to a.m.-settlement.[27]

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Monthly Options Series

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as any Monthly Options Series the Exchange lists for trading will be available in the same manner for all market participants who wish to trade such options. The Exchange notes the proposed terms of Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.[28] Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month, making the concept of Monthly Options Series in a limited number of index and ETF options not novel. The proposed Monthly Options Series will fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as

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[27] See id.

[28] See Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

Quarterly Options Series, including permissible strikes.[29] Monthly Options Series will trade on the Exchange in the same manner as other options in the same class.

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as nothing prevents other options exchanges from proposing similar rules.[30] As discussed above, the proposed rule change would permit listing of Monthly Options Series in five index or ETF options, as well as any other classes that other exchanges may list under similar programs. To the extent that the availability of Monthly Options Series makes the Exchange a more attractive marketplace to market participants at other exchanges, market participants are free to elect to become market participants on the Exchange.

The Exchange does not believe the proposed rule change to provide that positions in Monthly Options Series will be aggregated with positions in options contracts on the same underlying index or security for purposes of determining compliance with position (and exercise) limits will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it will apply in the same manner to all market participants. The Exchange proposes to apply position (and exercise) limits to Monthly Options Series in the same manner it applies position limits to series with other expirations (Short Term Options Series and Quarterly Options Series). Therefore, positions in options in a class of ETF or index options, regardless of their expirations, would continue to be subject to existing position (and exercise) limits.

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29 See supra note 23.

30 As noted above, at least one other options exchange recently adopted a substantively identical Monthly Options Series program. See Cboe Monthly Approval Order.

Additionally, the Exchange does not believe this proposed rule change will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will address potential manipulative schemes and adverse market impacts surrounding the use of options.

Nonstandard Expirations Program

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on broad-based indexes with Tuesday and Thursday expirations will be available to all market participants. By listing options on all available broad-based indexes that expire on Tuesdays and Thursdays, the proposed rule change will provide all investors that participate in the markets for options on all broad-based indexes available for trading on the Exchange with greater trading and hedging opportunities and flexibility to meet their investment and hedging needs, which are already available for NDX and XND options. Additionally, Tuesday and Thursday expiring broad-based index options will trade in the same manner as Weekly Expirations currently trade, including Tuesday and Thursday expiring NDX and XND options.

The Exchange does not believe that the proposal to list options on all broad-based indexes with Tuesday and Thursday expirations will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because these options are proprietary Exchange products. Other exchanges offer nonstandard expiration programs for index options as well as short-term options programs for certain equity options (including options on certain exchange-traded funds that track broad-based indexes) that expire on Tuesdays and Thursdays[31] and are welcome to similarly propose to list Tuesday and Thursday options on those index or equity products. To the extent that the addition of options on additional broad-based indexes that expire on Tuesdays and Thursdays being available for trading on the Exchange makes the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange.

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)[32] of the Act and Rule 19b-4(f)(6) thereunder[33] 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

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31 See, e.g., Phlx Options 4A, Section 12 (permitting nonstandard expirations, including expirations on Tuesdays and Thursdays, for NDX and XND options). See also Cboe Nonstandard Approval Order (permitting nonstandard expirations, including expirations on Tuesdays and Thursdays, for SPX and XSP options).

32 15 U.S.C. 78s(b)(3)(A)(iii).

33 17 CFR 240.19b-4(f)(6).

interest.

Monthly Options Series

The Exchange believes the proposed rule change will not significantly affect the protection of investors or the public interest because it will expand hedging tools available to market participants. The Exchange believes the proposed monthly expirations will allow market participants to transact in the index and ETF options listed pursuant to the proposed rule change based on their timing as needed and allow them to tailor their investment and hedging needs more effectively. Further, the Exchange believes the availability of Monthly Options Series will provide investors with more flexibility to closely tailor their investment and hedging decisions in these options, thus allowing them to better manage their risk exposure. The Exchange believes the Quarterly Options Series Program has been successful to date and the proposed Monthly Options Series program simply expands the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur at months' ends in the same way the Quarterly Options Series Program has expanded the landscape of hedging for quarter-end news. Monthly Options Series will also complement Short Term Option Series, which allow investors to hedge risk against events that occur throughout a month. The Exchange believes the availability of additional expirations should create greater trading and hedging opportunities for investors, as well as provide investors with the ability to tailor their investment objectives more effectively.

The Exchange further believes the proposed rule change will not significantly affect the protection of investors or the public interest, because the proposed rule change regarding the treatment of Monthly Options Series with respect to determining compliance with position and exercise limits is designed to prevent fraudulent and manipulative acts and practices, which ultimately benefits investors. Monthly Options Series will be aggregated with options overlying the same ETF or index for purposes of compliance with position (and exercise) limits, which is consistent with how position (and exercise) limits are currently imposed on series with other expirations (Short Term Option Series and Quarterly Options Series). Therefore, options positions within ETF or index option classes for which Monthly Options Series are listed, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The Exchange believes this will address potential manipulative schemes and adverse market impacts surrounding the use of options. The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently trades Quarterly Options Series in certain index and ETF classes, which expire at the close of business at the end of four calendar months (i.e., the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Option Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards — such as position and exercise limits (and the aggregation of options overlying the same ETF or index) and reporting requirements — would continue to apply.

The Exchange also does not believe that the proposed rule change will impose any significant burden on competition, as any Monthly Options Series the Exchange lists for trading will be available in the same manner for all market participants who wish to trade such options. As noted above, the proposed terms of Monthly Options Series, including permissible strikes and the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.[34] The proposed Monthly Options Series will fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. Monthly Options Series will trade on the Exchange in the same manner as other options in the same class. Further, other options exchanges may adopt similar Monthly Options Programs, as they have done with respect to the Quarterly Options Program and the Short Term Option Series Program; at least one other options exchange had adopted a substantively identical Monthly Options Series Program.[35] As discussed above, the proposed rule change would permit listing of Monthly Options Series in five index or ETF options, as well as any other classes that other exchanges may list under similar programs. To the extent that the availability of Monthly Options Series makes the Exchange a more attractive marketplace to market participants at other exchanges, market participants are free to elect to become market participants on the Exchange. Similar to Short Term Option Series and Quarterly Options Series, the Exchange believes the introduction of Monthly Options Series will not impose an undue burden on competition.

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[34] See supra notes 23 and 28.

[35] See Cboe Monthly Approval Order.

The Exchange believes that it will, among other things, expand hedging tools available to market participants. The Exchange believes Monthly Options Series will allow market participants to purchase options based on their timing as needed and allow them to tailor their investment and hedging needs more effectively.

The Exchange does not believe the proposed rule change regarding aggregation of positions for purposes of determining compliance with position (and exercise) limits will impose any significant burden on competition, because it will apply in the same manner to all market participants. The Exchange proposes to apply position (and exercise) limits to Monthly Options Series in the same manner it applies position limits to series with other expirations (Short Term Option Series and Quarterly Options Series). Therefore, positions in options in a class of ETF or index options, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The intent of this proposed rule change is to address potential manipulative schemes and adverse market impacts surrounding the use of options.

The proposed rule change is not novel. The proposed Monthly Options Series program is substantively the same as a Monthly Options Series program of Cboe Options that was recently approved by the Commission.[36] Additionally, as discussed above, the proposed terms of Monthly Options Series, including permissible strikes and the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series. The proposed Monthly Options Series would fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month.

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[36] See Cboe Monthly Approval Order.

Nonstandard Expirations Program

The Exchange believe that the proposed rule change will not significantly affect the protection of investors or the public interest. As discussed above, the Exchange believes that the introduction of Tuesday and Thursday expirations for all broad-based index options (rather than offering those expirations for just two indexes) will provide investors with expanded hedging tools and greater trading opportunities and flexibility, regardless of in which index option market they participate. As a result, investors will have additional means to manage their risk exposures and carry out their investment objectives. By offering expanded Tuesday and Thursday expirations along with the current Monday, Wednesday and Friday expirations, the proposed rule change will allow market participants to purchase options on all broad-based index options available for trading on the Exchange in a manner more aligned with specific timing needs and more effectively tailor their investment and hedging strategies and manage their portfolios. The Exchange also represents that it believes that it has the necessary systems capacity to support any additional traffic associated with trading of options on all broad-based index options with Tuesday and Thursday expirations and does not believe that its Members will experience any capacity issues as a result of this proposal.

As discussed above, the Commission previously recognized that listing Tuesday and Thursday expirations for NDX and XND options was consistent with the Act.[37] The Exchange noted that Tuesday and Thursday expirations in these index options would offer additional investment options to investors and may be useful for their investment or

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37 See supra note 24.

hedging objectives.[38] The Exchange also notes it previously listed P.M.-settled broad-based index options with weekly expirations pursuant to a pilot program, so the Commission could monitor the impact of P.M. settlement of cash-settled index derivatives on the underlying cash markets (while recognizing that these risks may have been mitigated given enhanced closing procedures in use in the primary equity markets); however, the Commission recently approved a proposed rule change to make that pilot program permanent. The Commission noted that the data it reviewed in connection with the pilot demonstrated that these options (including SPX and XSP options with Tuesday and Thursday expirations) “benefitted investors and other market participants by providing more flexible trading and hedging opportunities while also having no disruptive impact on the market” and were thus consistent with the Act.[39] The proposed rule change is consistent with these findings, as it will benefit investors and other market participants that participate in the markets for broad-based index options other than NDX and XND options in the same manner by providing them with more flexible trading and hedging opportunities. Additionally, the Exchange does not believe the listing of additional P.M.-settled options on other broad-based indexes will have any significant economic impact on the underlying component securities surrounding the close as a result of expiring p.m.-settled options or impact market quality, based on the data provided to and reviewed by the Commission (and the Commission's own conclusions based on that review, as noted above) and due to the significant changes in closing procedures in the decades since index options moved to a.m.-settlement.[40]

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[38] See supra note 25.

[39] See supra note 26.

[40] See id.

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on broad-based indexes with Tuesday and Thursday expirations will be available to all market participants. By listing options on all available broad-based indexes that expire on Tuesdays and Thursdays, the proposed rule change will provide all investors that participate in the markets for options on all broad-based indexes available for trading on the Exchange with greater trading and hedging opportunities and flexibility to meet their investment and hedging needs, which are already available for NDX and XND options. Additionally, Tuesday and Thursday expiring broad-based index options will trade in the same manner as Weekly Expirations currently trade, including Tuesday and Thursday expiring NDX and XND options.

The Exchange does not believe that the proposal to list options on all broad-based indexes with Tuesday and Thursday expirations will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because these options are proprietary Exchange products. Other exchanges offer nonstandard expiration programs for index options as well as short-term options programs for certain equity options (including options on certain exchange-traded funds that track broad-based indexes) that expire on Tuesdays and Thursdays[41] and are welcome to similarly propose to list Tuesday and Thursday options on those index or equity products. To the extent that the addition of options on additional broad-based indexes that expire on Tuesdays and Thursdays being available for trading on the Exchange makes the Exchange a more attractive marketplace to market participants at

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41 See supra note 31.

other exchanges, such market participants are free to elect to become market participants on the Exchange.

The Nonstandard Expirations proposal is not novel. The proposed Nonstandard Expirations Program is substantively the same as a Nonstandard Expirations Program of Cboe Options that was recently approved by the Commission.[42]

Furthermore, Rule 19b-4(f)(6)(iii)[43] 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.

A proposed rule change filed under Rule 19b-4(f)(6) normally does not become operative prior to 30 days after the date of filing. Rule 19b-4(f)(6)(iii), however, permits the Commission to designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange requests that the Commission waive the 30-day operative delay contained in Rule 19b-4(f)(6)(iii). The Exchange believes waiver of the operative delay will benefit investors because it will permit the proposed rule change to be operative as soon as practicable. As previously noted, Cboe Options

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42 See Cboe Nonstandard Approval Order.

43 17 CFR 240.19b-4(f)(6)(iii).

recently received Commission approval of a substantively identical Monthly Options Series program[44] and Nonstandard Expirations Program.[45] No comments to either filing were submitted during the public comment period. Therefore, given that the Commission has noticed for public comment substantively identical filings and received no comments to such filings, the Exchange believes an operative delay is not necessary for this filing. Additionally, waiver of the operative delay will permit the Exchange to list Monthly Options Series and options on all broad-based indexes with Tuesday and Thursday expirations close in time as Cboe Options, which will benefit investors by promoting competition in both of these programs.

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

The proposal to adopt a Monthly Options Series program is substantively identical to SR-CBOE-2023-049, which recently received Commission approval.[46] The proposal to permit the listing of options on all broad-based indexes with Tuesday and Thursday expirations is substantively identical to SR-CBOE-2023-054, which recently received Commission approval.[47]

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.

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44 See Cboe Monthly Approval Order.

45 See Cboe Nonstandard Approval Order.

46 See Cboe Monthly Approval Order.

47 See Cboe Nonstandard Approval Order.

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-2023-32)

November __, 2023

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Adopt Monthly Options Series and Amend the Nonstandard Expirations Program

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 November 29, 2023, 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 Monthly Options Series and (ii) amend its Nonstandard Expirations Program.

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

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 Exchange proposes to (i) adopt Monthly Options Series and (ii) amend its Nonstandard Expirations Program. Each change is discussed in detail below.

Monthly Options Series

The Exchange proposes to amend its Rules to accommodate the listing of options series that would expire at the close of business on the last business day of a calendar month ("Monthly Options Series").[3] Pursuant to proposed Supplementary Material .08(a) to Options 4, Section 5 and Supplementary Material .06(a) to Options 4A, Section 12, the Exchange may list Monthly Options Series for up to five currently listed option classes that are either index options or options on exchange-traded funds ("ETFs").[4] In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.[5] The Exchange may list 12 expirations for Monthly Options Series.

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3 The proposed rule change defines the term "Monthly Options Series" in Options 4A, Section 2(l) (and re-letters current paragraphs (l) through (p) as (m) through (q)) as a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar month. The Exchange also proposes to fix an incorrect cross cite to the definition of broad-based index in Options 4A, Section 3(d)(1).

4 The Exchange proposes to amend Options 4, Section 5(a) to provide that proposed Supplementary Material .08 to Options 4, Section 5 will describe how the Exchange will fix a specific expiration date and exercise price for Monthly Options Series. This is consistent with language in current Options 4, Section 5(a) for other Short Term Option Series and Quarterly Options Series.

5 The Commission recently approved a Cboe Options proposed rule change to adopt substantively identical Monthly Options Series. See Securities Exchange Act Release No. 98915 (November

Monthly Options Series need not be for consecutive months; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively.[6] Other expirations in the same class are not counted as part of the maximum numbers of Monthly Options Series expirations for a class.[7] Monthly Options Series will be P.M.-settled.[8]

The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options

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13, 2023), 88 FR 80356 (November 17, 2023) (SR-CBOE-2023-049) ("Cboe Monthly Approval Order").

6 The Exchange notes this provision considers consecutive monthly listings. In other words, as other expirations (such as Quarterly Options Series) are not counted as part of the maximum, those expirations would not be considered when considering when the last expiration date would be if the maximum number were listed consecutively. For example, if it is January 2024 and the Exchange lists Quarterly Options Series in class ABC with expirations in March, June, September, December, and the following March, the Exchange could also list Monthly Options Series in class ABC with expirations in January, February, April, May, July, August, October, and November 2024 and January and February of 2025. This is because, if Quarterly Options Series, for example, were counted, the Exchange would otherwise never be able to list the maximum number of Monthly Options Series. This is consistent with the listing provisions for Quarterly Options Series, which permit calendar quarter expirations. The need to list series with the same expiration in the current calendar year and the following calendar year (whether Monthly or Quarterly expiration) is to allow market participants to execute one-year strategies pursuant to which they may roll their exposures in the longer-dated options (e.g. January 2025) prior to the expiration of the nearer-dated option (e.g. January 2024).

7 See proposed Supplementary Material .08(b) to Options 4, Section 5 and proposed Supplementary Material .06(b) to Options 4A, Section 12.

8 See proposed Supplementary Material .08(c) to Options 4, Section 5 and proposed Supplementary Material .06(c) to Options 4A, Section 12.

is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.[9] Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Options Series that are more than 30% above or below the current price of the underlying security, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market Makers trading for their own account will not be considered when determining customer interest under this provision. The opening of the new Monthly Options Series will not affect the series of options of the same class previously opened.[10] The interval between strike prices on Monthly Options

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9 See proposed Supplementary Material .08(d) to Options 4, Section 5 and proposed Supplementary Material .06(d) to Options 4A, Section 12. The Exchange notes these proposed provisions are consistent with the initial series provision for the Quarterly Options Series program in Supplementary Material .02(d) to Options 4A, Section 12. While different than the initial strike listing provision for the Quarterly Options Series program in current Supplementary Material .04(c) to Options 4, Section 5, the Exchange believes the proposed provision is appropriate, as it contemplates classes that may have strike intervals of $5 or greater. For consistency, the Exchange also proposes to amend Supplementary Material .04(c) to Options 4, Section 5 to incorporate the same provision for initial series. The Exchange also proposes a non-substantive punctuation changes in the Quarterly Options Series header in Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

10 See proposed Supplementary Material .08(e) to Options 4, Section 5 and proposed Supplementary Material .06(e) to Options 4A, Section 12.

Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.[11]

By definition, Monthly Options Series can never expire in the same week as a standard expiration series (which expire on the third Friday of a month) in the same class expires. The same, however, is not the case with regards to Short Term Options Series[12] or Quarterly Options Series. Therefore, to avoid any confusion in the marketplace, the Exchange proposes to amend Supplementary Material .03 to Options 4, Section 5 and Supplementary Material .01 to Options 4A, Section 12[13] to provide the Exchange will not list a Short Term Options Series in a class on a date on which a Monthly Options Series or Quarterly Options Series expires.[14] Similarly, proposed Supplementary Material .08(b) to Options 4, Section 5 and Supplementary Material .06(b) to Options 4A, Section 12 provide that no Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. In other words, the Exchange will not list a Short Term Options Series on an index or ETF if a Monthly Options Series on that index or ETF were to expire on the same date, nor will

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11 See proposed Supplementary Material .08(f) to Options 4, Section 5 and proposed Supplementary Material .06(f) to Options 4A, Section 12. See also Options 4, Section 5(d), (e), Supplementary Material .01, .02, .05, .06 (permissible strikes prices for ETF classes) and Options 4, Section 5(f) and Options 4A, Section 12(c) (permissible strike prices for index options).

12 The Exchange proposes non-substantive changes to clarify in Options 4A, Section 12(a)(3) that index options contracts may expire at three (3)-month intervals, in consecutive weeks or in consecutive months (as specified by class in Options 4A, Section 12). This is merely a clarification for punctuation and clarity.

13 The Exchange also proposes a non-substantive punctuation change in Supplementary Material .01 to Options 4A, Section 12.

14 The Exchange also proposes to make a non-substantive change to Supplementary Material .03 to Options 4, Section 5 and Supplementary Material .01 to Options 4A, Section 12 to change current references to "monthly options series" to "standard expiration options series" (i.e., series that expire on the third Friday of a month), to eliminate potential confusion. The current references to "monthly options series" are intended to refer to those series that expire on the third Friday of a month, which are generally referred to in the industry as standard expirations.

the Exchange list a Monthly Options Series on an ETF or index if a Quarterly Options Series on that index or ETF were to expire on the same date to prevent the listing of series with concurrent expirations.[15]

With respect to Monthly Options Series added pursuant to proposed Options 4, Section 5, Supplementary Material .08(a) through (f) and proposed Options 4A, Section 12, Supplementary Material .06(a) through (f), the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month. Notwithstanding this delisting policy, customer requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting will be granted. In connection with this delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.[16]

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15 The Exchange notes this would not prevent the Exchange from listing a P.M.-settled Monthly Options Series on an index with the same expiration date as an A.M.-settled Short Term Options Series on the same index, both of which may expire on a Friday. In other words, the Exchange may list a P.M-settled Monthly Options Series on an index concurrent with an A.M.-settled Short Term Options Series on that index and both of which expire on a Friday. The Exchange believes this concurrent listing would provide investors with yet another hedging mechanism and is reasonable given these series would not be identical (unlike if they were both P.M.-settled). This could not occur with respect to ETFs, as all Short Term Options Series on ETFs are P.M.-settled.

16 See proposed Supplementary Material .08(g) to Options 4, Section 5 and proposed Supplementary Material .06(g) to Options 4A, Section 12.

The Exchange believes that Monthly Options Series will provide investors with another flexible and valuable tool to manage risk exposure, minimize capital outlays, and be more responsive to the timing of events affecting the securities that underlie option contracts. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Exchange's and the Options Price Reporting Authority's ("OPRA's") quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange also proposes to amend Options 4A, Sections 6 and 7 to provide that positions in Monthly Options Series will be aggregated with positions in options contracts on the same underlying security or index. This is consistent with how position (and exercise) limits are currently imposed on series with other expirations (Short Term Options Series, and Quarterly Options Series). Therefore, positions in options within class of index or ETF options, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The Exchange believes this will address potential manipulative schemes and adverse market impacts surrounding the use of options.

The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently lists Quarterly Options Series in certain index and ETF classes, which expire at the close of business at the end of four calendar months (i.e., the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Option Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards — such as position and exercise limits (and the aggregation of options overlying the same index or ETF) and reporting requirements — would continue to apply.

Nonstandard Expirations Program

The Exchange proposes to amend Options 4A, Section 12, Supplementary Material .07, which governs its Nonstandard Expirations Program ("Program"), to permit P.M.-settled options on any broad-based index eligible for standard options trading that expire on Tuesday or Thursday.[17] Currently under the Program, the Exchange is permitted to list P.M.-settled options on any broad-based index eligible for standard trading that expire on: (1) any Monday, Wednesday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration (as defined below) and, with respect to options on the Nasdaq-100 Index ("NDX options") and the Nasdaq 100 Micro Index ("XND options") any Tuesday or Thursday ("Weekly Expirations") and (2) the last trading day of the month ("End of Month Expirations" or "EOMs").[18] The

17 The Exchange's proposal is based on a recently approved rule change by Cboe Options. See SR-CBOE-2023-054 ("Cboe Nonstandard Approval Order").

18 See Supplementary Material .07 to Options 4A, Section 12.

Exchange notes that permitting Tuesday and Thursday expirations for all broad-based indexes, as proposed, would be in addition to the options with Monday, Wednesday and Friday expirations that the Exchange may (and does) already list on those indexes, as they are permissible Weekly Expirations for options on a broad-based index pursuant to Supplementary Material .07(a) to Options 4A, Section 12. The proposal merely expands the availability of Tuesday and Thursday Weekly Expirations, and thus all Weekly Expirations available under the Program, to all broad-based indexes eligible for standard options trading, on which the Exchange may currently list Monday, Wednesday, and Friday Weekly expirations under the Program.

The Program for Weekly Expirations will apply to any broad-based index option with Tuesday and Thursday expirations in the same manner as it currently applies to all other P.M.-settled broad-based index options with Monday, Wednesday, and Friday expirations and to NDX and XND options with Tuesday and Thursday expirations. Specifically, as set forth in Options 4A, Section 12, Supplementary Material .07, Weekly Expirations, including the proposed Tuesday and Thursday expirations, are subject to all provisions of Options 4A, Section 12 and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that Weekly Expirations are P.M.-settled, and new series in Weekly Expirations may be added up to and including on the expiration date for an expiring Weekly Expiration.

The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Tuesday expiration, Wednesday expiration, Thursday expiration, or Friday expiration, as applicable) in a given class is the same as the maximum number of expirations permitted in Options 4A, Section 12(a)(3) for standard options on the same broad-based index. Weekly Expirations need not be for consecutive Monday, Tuesday, Wednesday, Thursday, or Friday expirations as applicable; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. Weekly Expirations that are first listed in a given class may expire up to four weeks from the actual listing date. If the Exchange lists EOMs and Weekly Expirations as applicable in a given class, the Exchange will list an EOM instead of a Weekly Expiration that expires on the same day in the given class. Other expirations in the same class are not counted as part of the maximum number of Weekly Expirations for an applicable broad-based index class. If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Tuesday, Wednesday, Thursday, or Friday, the normally Tuesday, Wednesday, Thursday, or Friday expiring Weekly Expirations will expire on the previous business day. If two different Weekly Expirations on a broad-based index would expire on the same day because the Exchange is not open for business on a certain weekday, the Exchange will list only one of such Weekly Expirations. In addition, like all Weekly Expirations, pursuant to Supplementary Material .07(c) to Options 4A, Section 12, transactions in expiring broad-based index options with Tuesday and Thursday expirations may be effected on the Exchange between the hours of 9:30 a.m. and 4:00 p.m. on their last trading day (Eastern Time).

The Exchange believes that that the introduction of Tuesday and Thursday expirations for all broad-based index options (rather than offering those expirations for just two indexes) will expand hedging tools available to market participants while also providing greater trading opportunities, regardless of in which index option market they participate. By offering expanded Tuesday and Thursday expirations along with the current Monday, Wednesday and Friday expirations, the proposed rule change will allow market participants to purchase options on all broad-based index options available for trading on the Exchange in a manner more aligned with specific timing needs and more effectively tailor their investment and hedging strategies and manage their portfolios. In particular, the proposed rule change will allow market participants to roll their positions on more trading days, thus with more precision, spread risk across more trading days and incorporate daily changes in the markets, which may reduce the premium cost of buying protection.

The Exchange believes there is sufficient investor interest and demand in Tuesday and Thursday expirations for broad-based index options beyond NDX and XND to warrant inclusion in the Program and that the Program, as amended, will continue to provide investors with additional means of managing their risk exposures and carrying out their investment objectives.[19] With regard to the impact of this proposal on system capacity, the Exchange has analyzed its capacity and represents that it believes that the Exchange and OPRA have the necessary systems capacity to handle any potential

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[19] The Exchange currently lists Tuesday and Thursday expirations in NDX and XND options pursuant to the Program. The Exchange also already allows options on broad-based indexes to expire on Tuesdays for normally Monday or Wednesday expiring options when the Exchange is not open for business on a respective Monday or Wednesday (as applicable), and already allows options on broad-based indexes to expire on Thursdays for normally Friday expiring options when the Exchange is not open for business on a respective Friday. Also, EOM options in any broad-based indexes may currently be listed to expire on a Tuesday or Thursday.

additional traffic associated with trading of broad-based index options with Tuesday and Thursday expirations. The Exchange does not believe that its Members will experience any capacity issues as a result of this proposal and represents that it will monitor the trading volume associated with any possible additional options series listed as a result of this proposal and the effect (if any) of these additional series on market fragmentation and on the capacity of the Exchange's automated systems.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,[20] in general, and with Section 6(b)(5) of the Act,[21] in that it is designed to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, 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; and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

Monthly Options Series

In particular, the Exchange believes the introduction of Monthly Options Series will remove impediments to and perfect the mechanism of a free and open market and a national market system by expanding hedging tools available to market participants. The Exchange believes the proposed monthly expirations will allow market participants to transact in the index and ETF options listed pursuant to the proposed rule change based on their timing as needed and allow them to tailor their investment and hedging needs

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20 15 U.S.C. 78f.

21 15 U.S.C. 78f(b)(5).

more effectively. Further, the Exchange believes the availability of Monthly Options Series would protect investors and the public interest by providing investors with more flexibility to closely tailor their investment and hedging decisions in these options, thus allowing them to better manage their risk exposure.

The Exchange believes the Quarterly Options Series Program has been successful to date and the proposed Monthly Options Series program simply expands the ability of investors to hedge risk against market movements stemming from economic releases or market events that occur at months' ends in the same way the Quarterly Options Series Program has expanded the landscape of hedging for quarter-end news. Monthly Options Series will also complement Short Term Options Series, which allow investors to hedge risk against events that occur throughout a month. The Exchange believes the availability of additional expirations should create greater trading and hedging opportunities for investors, as well as provide investors with the ability to tailor their investment objectives more effectively.

The Exchange notes that the proposed terms of Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.[22] Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month. The proposed Monthly Options Series would fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as Quarterly Options Series, including permissible

[22] Compare proposed Supplementary Material .08 to Options 4, Section 5 and proposed Supplementary Material .06 to Options 4A, Section 12 to Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

strikes.[23] As is the case with Quarterly Options Series, no Short Term Options Series may expire on the same day as a Monthly Options Series. Similarly, as proposed, no Monthly Options Series may expire on the same day as a Quarterly Options Series. The Exchange believes preventing listing series with concurrent expirations in a class will eliminate potential investors confusion and thus protect investors and the public interest. Given that Quarterly Options Series the Exchange currently lists are essentially Monthly Options Series that can expire at the end of only certain calendar months, the Exchange believes it is reasonable to list Monthly Options Series in accordance with the same terms, as it will promote just and equitable principles of trade. The Exchange believes limiting Monthly Options Series to five classes will ensure the addition of these new series will have a negligible impact on the Exchange's and OPRA's quoting capacity. The Exchange represents it has the necessary systems capacity to support new options series that will result from the introduction of Monthly Options Series.

The Exchange further believes the proposed rule change regarding the treatment of Monthly Options Series with respect to determining compliance with position and exercise limits is designed to prevent fraudulent and manipulative acts and practices and promote just and equitable principles of trade. Monthly Options Series will be aggregated with options overlying the same ETF or index for purposes of compliance with position (and exercise) limits, which is consistent with how position (and exercise) limits are currently imposed on series with other expirations (Short Term Options Series

23 The Exchange notes the proposed maximum number of expirations is consistent with the maximum number of expirations permitted for end-of-month ("EOM") series in index classes. See Supplementary Material .07(b) (which states that the maximum number of expirations that may be listed for EOMs in a given class is the same as the maximum number of expirations permitted for standard options on the same broad-based index back (i.e., up to 12 standard monthly expirations on the majority of index options currently listed on the Exchange, as set forth in Options 4A, Section 12(a)(3)).

and Quarterly Options Series). Therefore, options positions within ETF or index option classes for which Monthly Options Series are listed, regardless of their expirations, would continue to be subject to existing position (and exercise) limits. The Exchange believes this will address potential manipulative schemes and adverse market impacts surrounding the use of options. The Exchange also represents its current surveillance programs will apply to Monthly Options Series and will properly monitor trading in the proposed Monthly Options Series. The Exchange currently trades Quarterly Options Series in certain index and ETF classes, which expire at the close of business at the end of four calendar months (i.e., the end of each calendar quarter), and has not experienced any market disruptions nor issues with capacity. The Exchange's surveillance programs currently in place to support and properly monitor trading in these Quarterly Options Series, as well as Short Term Option Series and standard expiration series, will apply to the proposed Monthly Options Series. The Exchange believes its surveillances continue to be designed to deter and detect violations of its Rules, including position and exercise limits and possible manipulative behavior, and these surveillances will apply to Monthly Options Series that the Exchange determines to list for trading. Ultimately, the Exchange does not believe the proposed rule change raises any unique regulatory concerns because existing safeguards—such as position and exercise limits (and the aggregation of options overlying the same ETF or index) and reporting requirements—would continue to apply.

Nonstandard Expirations Program

The Exchange believes that the proposed rule change will 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. The Exchange believes that the introduction of Tuesday and Thursday expirations for all broad-based index options (rather than offering those expirations for just two indexes) will provide investors with expanded hedging tools and greater trading opportunities and flexibility, regardless of in which index option market they participate. As a result, investors will have additional means to manage their risk exposures and carry out their investment objectives. By offering expanded Tuesday and Thursday expirations along with the current Monday, Wednesday and Friday expirations, the proposed rule change will allow market participants to purchase options on all broad-based index options available for trading on the Exchange in a manner more aligned with specific timing needs and more effectively tailor their investment and hedging strategies and manage their portfolios. For example, the proposed rule change will allow market participants to roll their positions on more trading days, thus with more precision, spread risk across more trading days and incorporate daily changes in the markets, which may reduce the premium cost of buying protection. The Exchange represents that it believes that it has the necessary systems capacity to support any additional traffic associated with trading of options on all broad-based index options with Tuesday and Thursday expirations and does not believe that its Members will experience any capacity issues as a result of this proposal.

The Commission previously recognized that listing Tuesday and Thursday expirations for NDX and XND options was consistent with the Act.[24] The Exchange noted that Tuesday and Thursday expirations in these index options would offer additional investment options to investors and may be useful for their investment or

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[24] See Securities Exchange Act Release Nos. 95393 (July 29, 2022), 87 FR 47807 (August 4, 2022) (SR–ISE–2022–13) ("NDX Options Rule Change"); and 98886 (November 8, 2023), 88 FR 78417 (November 15, 2023) (SR–ISE–2023–24) ("XND Options Rule Change")

hedging objectives.[25] The Exchange also notes it previously listed P.M.-settled broad-based index options with weekly expirations pursuant to a pilot program, so the Commission could monitor the impact of P.M. settlement of cash-settled index derivatives on the underlying cash markets (while recognizing that these risks may have been mitigated given enhanced closing procedures in use in the primary equity markets); however, the Commission recently approved a proposed rule change to make that pilot program permanent. The Commission noted that the data it reviewed in connection with the pilot demonstrated that these options (including SPX and XSP options with Tuesday and Thursday expirations) "benefitted investors and other market participants by providing more flexible trading and hedging opportunities while also having no disruptive impact on the market" and were thus consistent with the Act.[26] The proposed rule change is consistent with these findings, as it will benefit investors and other market participants that participate in the markets for broad-based index options other than NDX and XND options in the same manner by providing them with more flexible trading and hedging opportunities. Additionally, the Exchange does not believe the listing of additional P.M.-settled options on other broad-based indexes will have any significant economic impact on the underlying component securities surrounding the close as a result of expiring p.m.-settled options or impact market quality, based on the data provided to and reviewed by the Commission (and the Commission's own conclusions based on that

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[25] See NDX Options Rule Change at 47808; and XND Options Rule Change at 78421.

[26] See Securities Exchange Act Release No. 98450 (September 20, 2023), 88 FR 66111 (September 26, 2023) (SR–ISE–2023–08) at 66114.

review, as noted above) and due to the significant changes in closing procedures in the decades since index options moved to a.m.-settlement.[27]

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

The Exchange does not believe that the proposed rule changes will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

Monthly Options Series

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as any Monthly Options Series the Exchange lists for trading will be available in the same manner for all market participants who wish to trade such options. The Exchange notes the proposed terms of Monthly Options Series, including the limitation to five index and ETF option classes, are substantively the same as the current terms of Quarterly Options Series.[28] Quarterly Options Series expire on the last business day of a calendar quarter, which is the last business day of every third month, making the concept of Monthly Options Series in a limited number of index and ETF options not novel. The proposed Monthly Options Series will fill the gaps between Quarterly Options Series expirations by permitting series to expire on the last business day of every month, rather than every third month. The proposed Monthly Options Series may be listed in accordance with the same terms as

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27 See id.

28 See Supplementary Material .04 to Options 4, Section 5 and Supplementary Material .02 to Options 4A, Section 12.

Quarterly Options Series, including permissible strikes.[29] Monthly Options Series will trade on the Exchange in the same manner as other options in the same class.

The Exchange does not believe the proposed rule change to list Monthly Options Series will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as nothing prevents other options exchanges from proposing similar rules.[30] As discussed above, the proposed rule change would permit listing of Monthly Options Series in five index or ETF options, as well as any other classes that other exchanges may list under similar programs. To the extent that the availability of Monthly Options Series makes the Exchange a more attractive marketplace to market participants at other exchanges, market participants are free to elect to become market participants on the Exchange.

The Exchange does not believe the proposed rule change to provide that positions in Monthly Options Series will be aggregated with positions in options contracts on the same underlying index or security for purposes of determining compliance with position (and exercise) limits will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, as it will apply in the same manner to all market participants. The Exchange proposes to apply position (and exercise) limits to Monthly Options Series in the same manner it applies position limits to series with other expirations (Short Term Options Series and Quarterly Options Series). Therefore, positions in options in a class of ETF or index options, regardless of their expirations, would continue to be subject to existing position (and exercise) limits.

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[29] See supra note 23.

[30] As noted above, at least one other options exchange recently adopted a substantively identical Monthly Options Series program. See Cboe Monthly Approval Order.

Additionally, the Exchange does not believe this proposed rule change will impose any burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act, because it will address potential manipulative schemes and adverse market impacts surrounding the use of options.

Nonstandard Expirations Program

The Exchange does not believe that the proposed rule change will impose any burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act because options on broad-based indexes with Tuesday and Thursday expirations will be available to all market participants. By listing options on all available broad-based indexes that expire on Tuesdays and Thursdays, the proposed rule change will provide all investors that participate in the markets for options on all broad-based indexes available for trading on the Exchange with greater trading and hedging opportunities and flexibility to meet their investment and hedging needs, which are already available for NDX and XND options. Additionally, Tuesday and Thursday expiring broad-based index options will trade in the same manner as Weekly Expirations currently trade, including Tuesday and Thursday expiring NDX and XND options.

The Exchange does not believe that the proposal to list options on all broad-based indexes with Tuesday and Thursday expirations will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because these options are proprietary Exchange products. Other exchanges offer nonstandard expiration programs for index options as well as short-term options programs for certain equity options (including options on certain exchange-traded funds that track broad-based indexes) that expire on Tuesdays and Thursdays[31] and are welcome to similarly propose to list Tuesday and Thursday options on those index or equity products. To the extent that the addition of options on additional broad-based indexes that expire on Tuesdays and Thursdays being available for trading on the Exchange makes the Exchange a more attractive marketplace to market participants at other exchanges, such market participants are free to elect to become market participants on the Exchange.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[32] and subparagraph (f)(6) of Rule 19b-4 thereunder.[33]

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31 See, e.g., Phlx Options 4A, Section 12 (permitting nonstandard expirations, including expirations on Tuesdays and Thursdays, for NDX and XND options). See also Cboe Nonstandard Approval Order (permitting nonstandard expirations, including expirations on Tuesdays and Thursdays, for SPX and XSP options).

32 15 U.S.C. 78s(b)(3)(A)(iii).

33 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.

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 (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2023-32 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-2023-32. This file number should be included on the subject line if email 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 website (https://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 a.m. and 3 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-ISE-2023-32 and should be submitted on or before [INSERT DATE 21 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[34]

Sherry R. Haywood,

Assistant Secretary.

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34 17 CFR 200.30-3(a)(12).

EXHIBIT 5

New text is underlined.

Nasdaq ISE, LLC Rules

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Options Rules

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Options 4 Options Listing Rules

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Section 5. Series of Options Contracts Open for Trading

(a) After a particular class of options has been approved for listing and trading on the Exchange, the Exchange from time to time may open for trading series of options in that class. Only options contracts in series of options currently open for trading may be purchased or written on the Exchange. Prior to the opening of trading in a given series, the Exchange will fix the type of option, expiration month, year and exercise price of that series. Exercise-price setting parameters adopted as part of the Options Listing Procedures Plan ("OLPP") are set forth in Options 4, Section 6(b). For Short Term Option Series, the Exchange will fix a specific expiration date and exercise price, as provided in Supplementary Material .03. For Quarterly Options Series, the Exchange will fix a specific expiration date and exercise price, as provided in Supplementary Material .04. <u>For Monthly Options Series, the Exchange will fix a specific expiration date and exercise price, as provided in Supplementary Material .08.</u>

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Supplementary Material to Options 4, Section 5

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.03 Short Term Option Series Program. After an option class has been approved for listing and trading on the Exchange as a Short Term Option Series pursuant to Options 1, Section 1(a)(49), the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which <u>standard expiration options series,</u> [m]<u>M</u>onthly [o]<u>O</u>ptions [s]<u>S</u>eries<u>,</u> or Quarterly Options Series expire ("Friday Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates ("Short Term Option Weekly Expirations"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date for Short Term Option Weekly Expirations will be the first business day immediately prior to that Friday.

Short Term Option Daily Expirations

In addition to the above, the Exchange may open for trading series of options on the symbols provided in Table 1 below that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Short Term Option Daily Expirations"). The Exchange may have no more than a total of two Short Term Option Daily Expirations beyond the current week for each of Monday, Tuesday, Wednesday, and Thursday expirations at one time. Short Term Option Daily Expirations would be subject to this Supplementary Material .03.

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With respect to Monday expirations for symbols defined in Table 1 above ("Monday Expirations"), the Exchange may open for trading on any Friday or Monday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Mondays that are business days and are not business days in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Monday Short Term Option Expiration Date"), provided that Monday Expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration.

With respect to Tuesday expirations for symbols defined in Table 1 above ("Tuesday Expirations"), the Exchange may open for trading on any Monday or Tuesday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Tuesday Short Term Option Expiration Date").

With respect to Wednesday expirations for symbols defined in Table 1 above ("Wednesday Expirations"), the Exchange may open for trading on any Tuesday or Wednesday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Wednesdays that are business days and are not business days in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Wednesday Short Term Option Expiration Date").

With respect to Thursday expirations for symbols defined in Table 1 above ("Thursday Expirations"), the Exchange may open for trading on any Wednesday or Thursday that is a business day series of options on the symbols provided in Table 1 above that expire at the close of business on each of the next two Thursdays that are business days and are not business days in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Thursday Short Term Option Expiration Date").

Monday Short Term Option Expiration Dates, Tuesday Short Term Option Expiration Dates, Wednesday Short Term Option Expiration Dates, and Thursday Short Term Option Expiration

Dates, together with Friday Short Term Option Expiration Dates, are collectively "Short Term Option Expiration Dates."

Regarding Short Term Option Series:

(a) No change.

(b) Expiration. With the exception of Short Term Option Daily Expirations, no Short Term Option Series may expire in the same week in which [monthly]<u>standard expiration</u> option series on the same class expire. In the case of <u>Monthly Options Series and</u> Quarterly Options Series, no Short Term Option Series may expire on the same day as an expiration of <u>a Monthly Options Series or</u> Quarterly Options Series.

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.04 Quarterly Options Series Program<u>.</u>[:] 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 program under their respective rules.

(a) – (b) No change.

(c) Initial Series. [The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two strike prices above and two strike prices below the approximate value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange shall list strike prices for a Quarterly Options Series that are within $5 from the closing price of the underlying on the preceding day.]<u>The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Quarterly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.</u>

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<u>**.08 Monthly Options Series Program.** The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar month ("Monthly Options Series").</u>

(a) **Classes**. The Exchange may list Monthly Options Series for up to five currently listed option classes that are either index options or options on ETFs. In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(b) **Expiration**. The Exchange may list 12 expirations for Monthly Options Series. Monthly Options Series expirations need not be for consecutive months; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. No Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. Other expirations in the same class are not counted as part of the maximum numbers of Monthly Options Series expirations for a class.

(c) **Settlement**. Monthly Options Series will be P.M.-settled.

(d) **Initial Series**. The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current price of the underlying security or index value of the underlying index" means that the exercise price is within 30% of the current underlying security price or index value.

(e) **Additional Series**. Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Options Series that are more than 30% above or below the current price of the underlying index or security, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market Makers trading for their own account will not be considered when determining customer interest under this provision. The opening of the new Monthly Options Series will not affect the series of options in the same class previously opened.

(f) **Strike Interval**. The interval between strike prices on Monthly Options Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(g) **Delisting Policy**.

(1) With respect to Monthly Options Series added pursuant to subparagraphs (a) through (f) above, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting shall be granted.

(3) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.

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Options 4A Options Index Rules

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Section 2. Definitions

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(k) The term "market index" and "broad-based index" mean an index designed to be representative of a stock market as a whole or of a range of companies in unrelated industries.

(l) The term “Monthly Options Series” means, for the purposes of Options 4A, a series in an options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar month.

([l]m) The term "put" means an options contract under which the holder of the option has the right, in accordance with the terms and provisions of the option, to sell to the Clearing Corporation the current index value times the index multiplier.

([m]n) The term "Quarterly Options Series" means, for the purposes of Options 4A, a series in an index options class that is approved for listing and trading on the Exchange in which the series is opened for trading on any business day and that expires at the close of business on the last business day of a calendar quarter.

([n]o) The term "reporting authority" with respect to a particular index means the institution or reporting service designated by the Exchange as the official source for (1) calculating the level of the index from the reported prices of the underlying securities that are the basis of the index and (2) reporting such level. The reporting authority for each index approved for options trading on the Exchange shall be Specified (as provided in Options 4A, Section 1) in the Supplementary Material to Options 4A, Section 1.

([o]p) The term "Short Term Option Series" means, for the purposes of this Options 4A, a series in an index option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Thursday or Friday that is a business day and that expires on the Friday of the following business week that is a business day. If a Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Friday.

([p]q) The term "underlying security" or "underlying securities" with respect to an index options contract means any of the securities that are the basis for the calculation of the index.

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Section 3. Designation of an Index

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(d) The Exchange may trade options on a broad-based index pursuant to Rule 19b-4(e) of the Securities Exchange Act of 1934, if each of the following conditions is satisfied:

(1) The index is broad-based, as defined in Options 4A, Section 2([j]k);

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Section 6. Position Limits for Broad-Based Index Options

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(d) Positions in Short Term Option Series, Monthly Options Series, and Quarterly Options Series shall be aggregated with positions in options contracts on the same index. Nonstandard Expirations (as provided for in Supplementary Material .07 to Options 4A, Section 12) on a broadbased index shall be aggregated with option contracts on the same broad-based index and shall be subject to the overall position limit.

Section 7. Position Limits for Industry Index Options

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(d) Positions in Short Term Option Series, Monthly Options Series, and Quarterly Options Series shall be aggregated with positions in options contracts on the same index.

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Section 12. Terms of Index Options Contracts

(a) *General*.

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(3) *Expiration Months and Weeks*. Index options contracts may expire at three (3)-month intervals, [or] in consecutive weeks or in consecutive months (as specified by class below). The Exchange may list: (i) up to six (6) standard monthly expirations at any one time in a class, but will not list index options that expire more than twelve (12) months out; (ii) up to 12 standard monthly expirations at any one time for any class that the Exchange (as the Reporting Authority) uses to calculate a volatility index; and (iii) up to 12 standard (monthly) expirations in NDX options, NQX options, and XND options.

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Supplementary Material to Options 4A, Section 12

.01 **Short Term Option Series Program.**[:] Notwithstanding the restriction in Options 4A, Section 12(a)(3), after an option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire at the close of business on each of the next five Fridays that are business days and are not Fridays in which standard expiration options series, [m]Monthly [o]Options [s]Series, or Quarterly Options Series expire ("Short Term Option Expiration Dates"). The Exchange may have no more than a total of five Short Term Option Expiration Dates. If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on a Friday, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(a) No change.

(b) Expiration. No Short Term Option Series on an index option class may expire in the same week during which any [monthly]standard expiration option series on the same index class expires or, in the case of Monthly Options Series or Quarterly Options Series, on an expiration that coincides with an expiration of Monthly Options Series or Quarterly Options Series on the same index class.

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.02 **Quarterly Options Series Program.**[:] No change.

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.06 [Reserved]**Monthly Options Series Program**. The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar month ("Monthly Options Series").

(a) **Classes**. The Exchange may list Monthly Options Series for up to five currently listed option classes that are either index options or options on ETFs. In addition, the Exchange may also list Monthly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(b) **Expiration**. The Exchange may list 12 expirations for Monthly Options Series. Monthly Options Series expirations need not be for consecutive months; however, the expiration date of a nonconsecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. No Monthly Options Series may expire on a date that coincides with an expiration date of a Quarterly Options Series in the same index or ETF class. Other expirations in the same class are not counted as part of the maximum numbers of Monthly Options Series expirations for a class.

(c) **Settlement**. Monthly Options Series will be P.M.-settled.

(d) **Initial Series**. The strike price of each Monthly Options Series will be fixed at a price per share, with at least two, but no more than five, strike prices above and at least two, but no more than five, strike prices below the value of the underlying index or price of the underlying security at about the time that a Monthly Options Series is opened for trading on the Exchange. The Exchange will list strike prices for Monthly Options Series that are reasonably related to the current price of the underlying security or current index value of the underlying index to which such series relates at about the time such series of options is first opened for trading on the Exchange. The term “reasonably related to the current price of the underlying security or index value of the underlying index” means that the exercise price is within 30% of the current underlying security price or index value.

(e) **Additional Series**. Additional Monthly Options Series of the same class may be open for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand, or when the market price of the underlying security moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices will be within 30% above or below the closing price of the underlying index or security on the preceding day. The Exchange may also open additional strike prices of Monthly Options Series that are more than 30% above or below the current price of the underlying index or security, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market Makers trading for their own account will not be considered when determining customer interest under this provision. The opening of the new Monthly Options Series will not affect the series of options in the same class previously opened.

(f) **Strike Interval**. The interval between strike prices on Monthly Options Series will be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(g) **Delisting Policy**.

(1) With respect to Monthly Options Series added pursuant to subparagraphs (a) through (f) above, the Exchange will, on a monthly basis, review series that are outside a range of five strikes above and five strikes below the current price of the underlying index or security, and delist series with no open interest in both the put and the call series having a: (i) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (ii) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Monthly Options Series in series eligible for delisting will be granted.

(c) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange will notify other options exchanges with similar delisting policies regarding eligible series for delisting and will work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Monthly Options Series.

.07 Nonstandard Expirations Program

(a) Weekly Expirations. The Exchange may open for trading Weekly Expirations on any broad-based index eligible for standard options trading to expire on any Monday, Tuesday, Wednesday, Thursday, or Friday (other than the third Friday-of-the-month or days that coincide with an EOM expiration). [In addition, the Exchange may also open for trading Weekly Expirations on Nasdaq-100 Index options or Nasdaq 100 Micro Index options to expire on any Tuesday or Thursday (other than days that coincide with the third Friday-of-the-month or an EOM expiration).] Weekly Expirations shall be subject to all provisions of this Rule and treated the same as options on the same underlying index that expire on the third Friday of the expiration month; provided, however, that Weekly Expirations shall be P.M.-settled and new series in Weekly Expirations may be added up to and including on the expiration date for an expiring Weekly Expiration.

The maximum number of expirations that may be listed for each Weekly Expiration (i.e., a Monday expiration, Tuesday expiration, Wednesday expiration, Thursday expiration, or Friday expiration, as applicable) in a given class is the maximum number of expirations permitted for standard index options in Options 4A, Section 12(a)(3). Weekly Expirations need not be for consecutive Monday, Tuesday, Wednesday, Thursday, or Friday expirations as applicable; however, the expiration date of a non-consecutive expiration may not be beyond what would be considered the last expiration date if the maximum number of expirations were listed consecutively. Weekly Expirations that are initially listed in a given class may expire up to four weeks from the actual listing date. If the Exchange lists EOMs and Weekly Expirations as applicable in a given class, the Exchange will list an EOM instead of a Weekly Expiration that expires the same day in the given class. Other expirations in the same class are not counted as part of the maximum number of Weekly Expirations for an applicable broad-based index class. If the Exchange is not open for business on a respective Monday, the normally Monday expiring Weekly Expirations will expire on the following business day. If the Exchange is not open for business on a respective Tuesday, Wednesday ,Thursday, or Friday, the normally Tuesday, Wednesday, Thursday, or Friday expiring Weekly Expirations will expire on the previous business day. If two different Weekly Expirations [on Nasdaq-100 Index options] would expire on the same day because the Exchange is not open for business on a certain weekday, the Exchange will list only one of such Weekly Expirations.

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