

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 11

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

File No. * SR 2024 - * 03

Amendment No. (req. for Amendments *) 2

Filing by Nasdaq ISE, LLC

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

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

Section 806(e)(2) *

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

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description

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

Contact Information

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

First Name * Angela Last Name * Dunn

Title * Principal Associate General Counsel

E-mail * angela.dunn@nasdaq.com

Telephone * (215) 496-5692 Fax

Signature

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

Date 08/29/2024


(Title *)

By John Zecca

EVP and Chief Legal Officer

(Name *)

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

 Date: 2024.08.29 15:56:24 -04'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information *

Add Remove View

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

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

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

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

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change 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

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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

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

Exhibit 5 - Proposed Rule Text

Add Remove View

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

Partial Amendment

Add Remove View

SR-ISE-2024-03 Partial A-2.docx

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.

Partial Amendment No. 2 to SR-ISE-2024-03

At this time, ISE submits this Partial Amendment No. 2 to SR-ISE-2024-03. On August 21, 2024, ISE filed a comment letter to SR-ISE-2024-03 wherein it amended SR-ISE-2024-03 to set the position limit for options on the Trust at 25,000 contracts. The Commission requested ISE also file a partial amendment to SR-ISE-2024-03 to reflect the proposed 25,000 contracts as a position limit for options on the Trust.

With this Partial Amendment No. 2, the Exchange is including an Exhibit 4, which reflects changes to the proposed rule text pursuant to this Partial Amendment No. 2, and a new Exhibit 5, which reflects the changes to the current rule text that are proposed herein, as modified by Partial Amendment No. 2. Specifically, Partial Amendment No. 2 amends Options 9, Section 13 at Supplementary Material .01 to provide that options on the Trust shall have a 25,000 contract position limit. The Exchange proposes the following amendments:

Position Limits

- 1) The first full paragraph on page 13 in the 19b4 and page 32 in the Exhibit 1 of Amendment No. 1 describes position and exercise limits. The Exchange proposes to add the following sentence to the end of that paragraph, “Notwithstanding the position limits in Options 9, Section 13(d), ISE proposes the position limits for the options on the Trust to be 25,000 contracts on the same side pursuant to proposed Supplementary Material .01 to Options 9, Section 13.”
- 2) The Exchange proposes to amend the first full sentence on page 16 in the 19b4 and page 35 in the Exhibit 1 of Amendment No. 1 to state, “Further, Exchange Rules that currently govern the listing and trading of options on ETFs, including permissible

expirations, strike prices, minimum increments, and margin requirements, will govern the listing and trading of options on the Trust.” The Exchange proposes to add the following sentences immediately following the aforementioned amended sentence, “The proposed position limit for options on the Trust is 25,000 contracts. This position limit is the lowest position limit available in the options industry, is extremely conservative and more than appropriate given the Trust’s market capitalization, average daily volume, and high number of outstanding shares. The proposed position limit is consistent with the Act as it addresses concerns related to manipulation and protection of investors because the position limit is extremely conservative and more than appropriate given the Trust is actively traded.”

3) Furthermore, ISE proposes to amend Exhibit 5 at Supplementary Material .01 to Options 9, Section 13 to include iShares Bitcoin Trust in the list of securities underlying options and note a position limit of 25,000 contracts for this security.

* * * * *

The Exchange requests that the Commission find good cause to grant accelerated approval of SR-ISE-2024-03, as amended by this Amendment No. 2, pursuant to Section 19(b)(2) of the Act. On January 9, 2024, ISE filed with the Commission a proposed rule change to amend ISE’s Options 4, Section 3, Criteria for Underlying Securities and on January 11, 2024, ISE filed Amendment No. 1 to the proposal, which superseded the original filing in its entirety. The Commission published the Proposal in the Federal Register for notice and comment on January 25, 2024.¹ On March 6, 2024, the staff

¹ See Securities Exchange Act Release No. 99396 (January 19, 2024), 89 FR 5047 (January 25, 2024) (SR-ISE-2024-03) (Notice of Filing of Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Options on iShares Bitcoin Trust).

extended the time to review the Proposal.² On April 24, 2024, the staff issued an Order Instituting Proceedings.³ On July 19, 2024, the staff utilized its second extension.⁴

Accelerated approval would allow the Exchange to implement, without delay, the proposed position limit amendment at the same time that Amendment No. 1 goes into effect. Amendment No. 2 merely makes clear the position limit for options on the Trust that would apply in lieu of the position limits described in Options 9, Section 13(d). The proposed position limit is the lowest position limit available in the options industry and would assure fair and orderly trading for this product. ISE believes that there is good cause to grant accelerated approval of this Amendment No. 2 because it would promote transparency and clarity in Exchange rules as to the applicable position limit for options on the Trust.

² See Securities Exchange Act Release No. 99681 (March 6, 2024), 89 FR 17886 (March 12, 2024) (SR-ISE-2024-03) (Notice of Designation of a Longer Period for Commission Action on a Proposed Rule Change, as Modified by Amendment No. 1, To List and Trade Options on iShares Bitcoin Trust).

³ See Securities Exchange Act Release No. 100024 (April 24, 2024), 89 FR 34290 (April 30, 2024) (SR-ISE-2024-03) (Order Instituting Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Changes To Permit the Listing and Trading of Options on Trusts That Hold Bitcoin).

⁴ See Securities Exchange Act Release No. 1000567 (July 19, 2024), 89 FR 60482 (July 25, 2024) (SR-ISE-204-03) (Notice of Designation of a Longer Period for Commission Action on Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Changes To Permit the Listing and Trading of Options on Trusts That Hold Bitcoin).

Exhibit 4

Exhibit 4 shows the changes proposed in this Partial Amendment No. 2, with the proposed changes in Amendment No. 1 shown as if adopted. Proposed additions in this Partial Amendment No. 1 appear underlined; proposed deletions appear in brackets.

Nasdaq ISE, LLC Rules

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Options Rules

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Options 4 Options Listing Rules

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Section 3. Criteria for Underlying Securities

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(h) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS” stock under Rule 600 of Regulation NMS, and that (i) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments, including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments) or (ii) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”) or (iii) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”) or (iv) represent interests in the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, the Aberdeen Standard Physical Gold Trust, or the iShares Bitcoin Trust or (v) represents an interest in a registered investment company (“Investment Company”) organized as an open-end management company or similar entity, that invests in a portfolio of securities selected by the Investment Company’s investment adviser consistent with the Investment Company’s

investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value (“NAV”), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV (“Managed Fund Share”); provided that:

* * * * *

Section 4. Withdrawal of Approval of Underlying Securities

* * * * *

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Options 4, Section 3(h) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(5) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Options 4, Section 3(h)(i), in accordance with the terms of subparagraphs (b)(1), (2), (3) and (4) of this Rule;

(2) In the case of options covering Fund Shares approved pursuant to Options 4, Section 3(h)(ii), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an “NMS stock” under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

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Options 9 Business Conduct

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Section 13. Position Limits

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Supplementary Material to Options 9, Section 13

.01 The position limits applicable to option contracts on the securities listed in the chart below are as follows:

Security Underlying Option	Position Limit
SPDR Dow Jones® Industrial Average ETF Trust (DIA)	300,000 contracts
SPDR® S&P 500® ETF Trust (SPY)	3,600,000 contracts
iShares® Russell 2000® ETF (IWM)	1,000,000 contracts
INVESCO QQQ Trust SM , Series 1 (QQQ)	1,800,000 contracts
iShares MSCI Emerging Markets ETF (EEM)	1,000,000 contracts
iShares China Large-Cap ETF (FXI)	1,000,000 contracts
iShares MSCI EAFE ETF (EFA)	1,000,000 contracts
iShares MSCI Brazil Capped ETF (EWZ)	500,000 contracts
iShares 20+ Year Treasury Bond Fund ETF (TLT)	500,000 contracts
iShares MSCI Japan ETF (EWJ)	500,000 contracts
iShares iBoxx High Yield Corporate Bond Fund (HYG)	500,000 contracts
Financial Select Sector SPDR Fund (XLF)	500,000 contracts
iShares iBoxx \$ Investment Grade Corporate Bond ETF (“LQD”)	500,000 contracts
VanEck Vectors Gold Miners ETF (“GDX”)	500,000 contracts
<u>iShares Bitcoin Trust</u>	<u>25,000 contracts</u>

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EXHIBIT 5

New text is underlined; deleted text is in brackets.

Nasdaq ISE, LLC Rules

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Options Rules

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Options 4 Options Listing Rules

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Section 3. Criteria for Underlying Securities

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(h) Securities deemed appropriate for options trading shall include shares or other securities (“Exchange-Traded Fund Shares”) that are traded on a national securities exchange and are defined as an “NMS” stock under Rule 600 of Regulation NMS, and that (i) represent interests in registered investment companies (or series thereof) organized as open-end management investment companies, unit investment trusts or similar entities that hold portfolios of securities and/or financial instruments, including, but not limited to, stock index futures contracts, options on futures, options on securities and indices, equity caps, collars and floors, swap agreements, forward contracts, repurchase agreements and reverse repurchase agreements (the “Financial Instruments”), and money market instruments, including, but not limited to, U.S. government securities and repurchase agreements (the “Money Market Instruments”) comprising or otherwise based on or representing investments in broad-based indexes or portfolios of securities and/or Financial Instruments and Money Market Instruments (or that hold securities in one or more other registered investment companies that themselves hold such portfolios of securities and/or Financial Instruments and Money Market Instruments) or (ii) represent interests in a trust or similar entity that holds a specified non-U.S. currency or currencies deposited with the trust when aggregated in some specified minimum number may be surrendered to the trust or similar entity by the beneficial owner to receive the specified non-U.S. currency or currencies and pays the beneficial owner interest and other distributions on the deposited non-U.S. currency or currencies, if any, declared and paid by the trust (“Currency Trust Shares”) or (iii) represent commodity pool interests principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures contracts, options on commodity futures contracts, swaps, forward contracts and/or options on physical commodities and/or non-U.S. currency (“Commodity Pool ETFs”) or (iv) represent interests in the SPDR® Gold Trust, the iShares COMEX Gold Trust, the iShares Silver Trust, [or the ETFS Gold Trust] the Aberdeen Standard Physical Gold Trust, or the iShares Bitcoin Trust or (v) represents an interest in a registered investment company (“Investment Company”) organized as an open-end management company or similar entity, that invests in a

portfolio of securities selected by the Investment Company's investment adviser consistent with the Investment Company's investment objectives and policies, which is issued in a specified aggregate minimum number in return for a deposit of a specified portfolio of securities and/or a cash amount with a value equal to the next determined net asset value ("NAV"), and when aggregated in the same specified minimum number, may be redeemed at a holder's request, which holder will be paid a specified portfolio of securities and/or cash with a value equal to the next determined NAV ("Managed Fund Share"); provided that:

* * * * *

Section 4. Withdrawal of Approval of Underlying Securities

* * * * *

(g) Exchange-Traded Fund Shares approved for options trading pursuant to Options 4, Section 3(h) will not be deemed to meet the requirements for continued approval, and the Exchange shall not open for trading any additional series of option contracts of the class covering such Exchange-Traded Fund Shares if the Exchange-Traded Fund Shares are delisted from trading as provided in subparagraph (b)(5) of this Rule or the Exchange-Traded Fund Shares are halted or suspended from trading on their primary market. In addition, the Exchange shall consider the suspension of opening transactions in any series of options of the class covering Exchange-Traded Fund Shares in any of the following circumstances:

(1) In the case of options covering Exchange-Traded Fund Shares approved pursuant to Options 4, Section 3(h)[(A)](i), in accordance with the terms of subparagraphs (b)(1), (2), (3) and (4) of this Rule;

(2) In the case of options covering Fund Shares approved pursuant to Options 4, Section 3(h)[(A)](ii), following the initial twelve-month period beginning upon the commencement of trading in the Exchange-Traded Fund Shares on a national securities exchange and are defined as an "NMS stock" under Rule 600 of Regulation NMS, there were fewer than 50 record and/or beneficial holders of such Exchange-Traded Fund Shares for 30 or more consecutive trading days;

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Options 9 Business Conduct

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