

Required fields are shown with yellow backgrounds and asterisks.

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

File No. * SR 2024 - * 58

Amendment No. (req. for Amendments *)

Filing by Nasdaq ISE, LLC

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

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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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 checked="" type="checkbox"/> 19b-4(f)(6)		
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Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>
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Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

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

Decommission QCC with Stock Orders and Complex QCC with Stock Orders

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 12/03/2024 (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: 2024.12.03 15:14:04 -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 EDFS website.

Form 19b-4 Information *

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SR-ISE-2024-58 19b-4.docx

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

Exhibit 1 - Notice of Proposed Rule Change *

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SR-ISE-2024-58 Exhibit 1.docx

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

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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

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SR-ISE-2024-58 Exhibit 5.docx

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

Partial Amendment

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

1. Text of the Proposed Rule Change

(a) Nasdaq ISE, LLC (“ISE” or “Exchange”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule to decommission Qualified Contingent Cross (“QCC”) with Stock Orders³ and Complex QCC with Stock Orders.⁴

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

The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by senior management of the Exchange pursuant to authority delegated by the Board of Directors (the “Board”). 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:

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A QCC with Stock Order is a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). QCC with Stock Orders may only be entered through FIX and Precise. See Options 3, Section 7(t).

⁴ A Complex QCC with Stock Order is a Qualified Contingent Cross Complex Order, as defined in subparagraph (b)(6), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f). See Options 3, Section 14(b)(15).

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

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

a. Purpose

The Exchange proposes to decommission QCC with Stock Orders⁵ and Complex QCC with Stock Orders.⁶

Background

Today, ISE Members are able to transact QCC with Stock Orders and Complex QCC with Stock Orders subject to the provisions of Options 3, Section 12(e) and (f), respectively. The QCC with Stock Order (and Complex QCC with Stock Order) is a piece of functionality that facilitates the execution of the stock component of qualified contingent trades in connection with the execution of a QCC Order on the Exchange. Specifically, a QCC with Stock Order is defined as a QCC Order⁷ entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). A Complex QCC with Stock Order is defined as a QCC Complex Order entered with a stock component to be communicated to a designated

⁵ A QCC with Stock Order is a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). QCC with Stock Orders may only be entered through FIX and Precise. See Options 3, Section 7(t).

⁶ A Complex QCC with Stock Order is a Qualified Contingent Cross Complex Order, as defined in subparagraph (b)(6), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f). See Options 3, Section 14(b)(15).

⁷ A Qualified Contingent Cross ("QCC") Order is comprised of an originating order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Supplementary Material .01 below, coupled with a contra-side order or orders totaling an equal number of contracts. QCC Orders will trade in accordance with Options 3, Section 12(c). See Options 3, Section 7(j).

broker-dealer for execution pursuant to Options 3, Section 12(f). Today, ISE Members desiring to execute an order with stock or an ETF component are required to enter into a brokerage agreement with a broker-dealer designated by the Exchange and are permitted to enter into such an agreement with one or more other broker-dealers to which the Exchange is able to route stock orders (this is also the case for a Complex QCC with Stock Order). Options 3, Section 12(e) and (f) describe how the stock component of QCC with Stock Orders and Complex QCC with Stock Orders, respectively, are executed on ISE. Since QCC Orders represent one component of a qualified contingent trade, each QCC Order must be paired with a stock transaction. When a Member enters a QCC Order, the Member is responsible for executing the associated stock component of the qualified contingent trade within a reasonable period of time after the QCC Order is executed.

QCC with Stock Order functionality is a voluntary piece of functionality that provides Members with an automated means of executing the stock component of a qualified contingent trade. Specifically, when a Member enters a QCC with Stock Order (or a Complex QCC with Stock Order), a QCC Order is entered on the Exchange. That QCC Order is automatically executed upon entry provided that the conditions of Options 3, Section 12 (e) or (f), as applicable, are met. If the QCC Order (or Complex QCC Order) is executed, the Exchange will automatically communicate the stock component to the Member's designated broker-dealer for execution. Currently, Members that execute the options component of a qualified contingent trade entered as a QCC with Stock Order (or Complex QCC with Stock Order) remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer.

Although QCC Orders (and Complex QCC Orders) are eligible for automatic execution, it is possible that the QCC Order (or Complex QCC Order) may not be executable based on market prices at the time the order is entered. If the QCC Order (or Complex QCC Order) is not capable of being executed, the entire QCC with Stock Order, including both the stock and options components, is cancelled.

Proposal

At this time, the Exchange proposes to no longer offer Members the ability to execute QCC with Stock Orders or Complex QCC with Stock Orders on ISE. The Exchange was offering this functionality to Members on a voluntary basis to assist in their execution of qualified contingent trades. The Exchange notes that there has not been Member interest in this functionality for some time.⁸ There is no requirement that Members utilize QCC with Stock functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders where the Exchange does not assist with the execution of the stock component of the trade and the Members do so themselves. After the Exchange decommissions the QCC with Stock functionality, Members would continue to be able to execute QCC Orders and Complex QCC Orders on the Exchange, provided that the Member would be responsible for executing the associated stock component of the qualified contingent trade in compliance with the requirements of the QCT exemption. The Exchange surveils for compliance with the QCT exemption.⁹ The Exchange provided Members notice of its intent to decommission

⁸ There have been no trades utilizing QCC with Stock functionality in 2024 to date. There were less than 5 trades utilizing QCC with Stock functionality in the three prior years.

⁹ See Securities Exchange Act Release Nos. 57620 (April 4, 2008), 73 FR 19271 (April 9, 2008) (“QCT Exemptive Order”). See also Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006). The QCT Exemption applies to trade-throughs caused by the execution of an order involving one or more NMS stocks that are components of a

this functionality.¹⁰ There have been no concerns from Members with respect to the decommission.

The Exchange proposes to remove rule text related to QCC with Stock Orders and Complex QCC with Stock Orders in Options 3, Section 7(t); Supplementary Material to Options 3, Section 7(d)(3); Options 3, Section 12(e) and (f); and Options 3, Section 14(b)(15).

The Exchange proposes to add a space after Supplementary Material .02 to Options 3, Section 7 before the title “Time in Force.” This is a technical amendment.

Implementation

The Exchange intends to begin implementation of the proposed rule change on or before February 15, 2025. The Exchange will announce the date of the decommission to Members in an Options Technical Update.

b. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² in

“qualified contingent trade.” As described more fully in the QCT Exemptive Order, a qualified contingent trade is a transaction consisting of two or more component orders, executed as principal or agent, where: (1) At least one component order is an NMS stock; (2) all components are effected with a product or price contingency that either has been agreed to by the respective counterparties or arranged for by a broker-dealer as principal or agent; (3) the execution of one component is contingent upon the execution of all other components at or near the same time; (4) the specific relationship between the component orders (*e.g.*, the spread between the prices of the component orders) is determined at the time the contingent order is placed; (5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or since cancelled; and (6) the Exempted NMS Stock Transaction is fully hedged (without regard to any prior existing position) as a result of the other components of the contingent trade.

¹⁰ See Options Trader Update #2024-65.

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because QCC with Stock Orders and Complex QCC with Stock functionality are currently offered to Members on a voluntary basis to assist in their execution of qualified contingent trades. Furthermore, Members that execute the options component of a Qualified Contingent Trade entered as a QCC with Stock Order or Complex QCC with Stock Order remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer. There is no requirement that Members utilize QCC with Stock or Complex QCC with Stock Order functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders where the Exchange does not assist with the execution of the stock component of the trade and the Members do so themselves. The Exchange surveils for compliance with the QCT exemption.¹³

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

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

Decommissioning QCC with Stock Orders or Complex QCC with Stock Orders does not impose an undue burden on intra-market competition. No market participant would be able to submit a QCC with Stock Order or Complex QCC with Stock Order on

¹³ See supra note 9.

ISE. There is no requirement that Members utilize QCC with Stock functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders. Moreover, Members will still be able to execute QCC Orders and Complex QCC Orders on the Exchange using other means to ensure the execution of the stock component of those qualified contingent trades. The Exchange believes that it will continue to remain competitive with other options markets despite not offering this functionality.

Decommissioning QCC with Stock Orders or Complex QCC with Stock Orders does not impose an undue burden on inter-market competition as other options markets may offer this functionality to their Members.

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)¹⁴ of the Act and Rule 19b-4(f)(6) thereunder¹⁵ 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

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest.

The proposal does not significantly affect the protection of investors or the public interest because QCC with Stock Orders and Complex QCC with Stock functionality are currently offered to Members on a voluntary basis to assist in their execution of qualified contingent trades. Furthermore, Members that execute the options component of a Qualified Contingent Trade entered as a QCC with Stock Order or Complex QCC with Stock Order remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer. There is no requirement that Members utilize QCC with Stock or Complex QCC with Stock Order functionality. The Exchange surveils for compliance with the QCT exemption.¹⁶

The proposal does not impose any significant burden on competition because no market participant would be able to submit a QCC with Stock Order or Complex QCC with Stock Order on ISE. There is no requirement that Members utilize QCC with Stock functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders. Moreover, Members will still be able to execute QCC Orders and Complex QCC Orders on the Exchange using other means to ensure the execution of the stock component of those qualified contingent trades. The Exchange believes that it will continue to remain competitive with other options markets despite not offering this functionality.

¹⁶ See supra note 9.

Furthermore, Rule 19b-4(f)(6)(iii)¹⁷ 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) so that it may decommission this voluntary functionality, which is not being utilized by Members, prior to the end of the 2024 so it does not have to continue to maintain the infrastructure associated with the functionality. Members may continue to execute QCC Orders and Complex QCC Orders on the Exchange, but will require other means to execute the stock component of those qualified contingent trades. The Exchange notes that such executions are occurring with third party broker-dealers today.

¹⁷ 17 CFR 240.19b-4(f)(6)(iii).

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

Not applicable.

9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

11. Exhibits

1. Notice of Proposed Rule Change for publication in the Federal Register.
5. Text of the proposed rule change.

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION
(Release No. _____ ; File No. SR-ISE-2024-58)

December __, 2024

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing of Proposed Rule Change to Decommission QCC with Stock Orders and Complex QCC with Stock Orders

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 December 3, 2024, 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 to decommission Qualified Contingent Cross (“QCC”) with Stock Orders³ and Complex QCC with Stock Orders.⁴

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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ A QCC with Stock Order is a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). QCC with Stock Orders may only be entered through FIX and Precise. See Options 3, Section 7(t).

⁴ A Complex QCC with Stock Order is a Qualified Contingent Cross Complex Order, as defined in subparagraph (b)(6), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f). See Options 3, Section 14(b)(15).

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

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

1. Purpose

The Exchange proposes to decommission QCC with Stock Orders⁵ and Complex QCC with Stock Orders.⁶

Background

Today, ISE Members are able to transact QCC with Stock Orders and Complex QCC with Stock Orders subject to the provisions of Options 3, Section 12(e) and (f), respectively. The QCC with Stock Order (and Complex QCC with Stock Order) is a piece of functionality that facilitates the execution of the stock component of qualified contingent trades in connection with the execution of a QCC Order on the Exchange. Specifically, a QCC with Stock Order is defined as a QCC Order⁷ entered with a stock

⁵ A QCC with Stock Order is a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). QCC with Stock Orders may only be entered through FIX and Precise. See Options 3, Section 7(t).

⁶ A Complex QCC with Stock Order is a Qualified Contingent Cross Complex Order, as defined in subparagraph (b)(6), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f). See Options 3, Section 14(b)(15).

⁷ A Qualified Contingent Cross ("QCC") Order is comprised of an originating order to buy or sell at least 1000 contracts that is identified as being part of a qualified contingent trade, as that term is defined in Supplementary Material .01 below, coupled with a contra-side order or orders totaling

component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). A Complex QCC with Stock Order is defined as a QCC Complex Order entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f). Today, ISE Members desiring to execute an order with stock or an ETF component are required to enter into a brokerage agreement with a broker-dealer designated by the Exchange and are permitted to enter into such an agreement with one or more other broker-dealers to which the Exchange is able to route stock orders (this is also the case for a Complex QCC with Stock Order). Options 3, Section 12(e) and (f) describe how the stock component of QCC with Stock Orders and Complex QCC with Stock Orders, respectively, are executed on ISE. Since QCC Orders represent one component of a qualified contingent trade, each QCC Order must be paired with a stock transaction. When a Member enters a QCC Order, the Member is responsible for executing the associated stock component of the qualified contingent trade within a reasonable period of time after the QCC Order is executed.

QCC with Stock Order functionality is a voluntary piece of functionality that provides Members with an automated means of executing the stock component of a qualified contingent trade. Specifically, when a Member enters a QCC with Stock Order (or a Complex QCC with Stock Order), a QCC Order is entered on the Exchange. That QCC Order is automatically executed upon entry provided that the conditions of Options 3, Section 12 (e) or (f), as applicable, are met. If the QCC Order (or Complex QCC

an equal number of contracts. QCC Orders will trade in accordance with Options 3, Section 12(c). See Options 3, Section 7(j).

Order) is executed, the Exchange will automatically communicate the stock component to the Member's designated broker-dealer for execution. Currently, Members that execute the options component of a qualified contingent trade entered as a QCC with Stock Order (or Complex QCC with Stock Order) remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer.

Although QCC Orders (and Complex QCC Orders) are eligible for automatic execution, it is possible that the QCC Order (or Complex QCC Order) may not be executable based on market prices at the time the order is entered. If the QCC Order (or Complex QCC Order) is not capable of being executed, the entire QCC with Stock Order, including both the stock and options components, is cancelled.

Proposal

At this time, the Exchange proposes to no longer offer Members the ability to execute QCC with Stock Orders or Complex QCC with Stock Orders on ISE. The Exchange was offering this functionality to Members on a voluntary basis to assist in their execution of qualified contingent trades. The Exchange notes that there has not been Member interest in this functionality for some time.⁸ There is no requirement that Members utilize QCC with Stock functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders where the Exchange does not assist with the execution of the stock component of the trade and the Members do so themselves. After the Exchange decommissions the QCC with Stock functionality, Members would continue to be able to execute QCC Orders and Complex QCC Orders on the Exchange, provided that the Member would be responsible for executing the

⁸ There have been no trades utilizing QCC with Stock functionality in 2024 to date. There were less than 5 trades utilizing QCC with Stock functionality in the three prior years.

associated stock component of the qualified contingent trade in compliance with the requirements of the QCT exemption. The Exchange surveils for compliance with the QCT exemption.⁹ The Exchange provided Members notice of its intent to decommission this functionality.¹⁰ There have been no concerns from Members with respect to the decommission.

The Exchange proposes to remove rule text related to QCC with Stock Orders and Complex QCC with Stock Orders in Options 3, Section 7(t); Supplementary Material to Options 3, Section 7(d)(3); Options 3, Section 12(e) and (f); and Options 3, Section 14(b)(15).

The Exchange proposes to add a space after Supplementary Material .02 to Options 3, Section 7 before the title “Time in Force.” This is a technical amendment.

Implementation

The Exchange intends to begin implementation of the proposed rule change on or before February 15, 2025. The Exchange will announce the date of the decommission to Members in an Options Technical Update.

⁹ See Securities Exchange Act Release Nos. 57620 (April 4, 2008), 73 FR 19271 (April 9, 2008) (“QCT Exemptive Order”). See also Securities Exchange Act Release No. 54389 (August 31, 2006), 71 FR 52829 (September 7, 2006). The QCT Exemption applies to trade-throughs caused by the execution of an order involving one or more NMS stocks that are components of a “qualified contingent trade.” As described more fully in the QCT Exemptive Order, a qualified contingent trade is a transaction consisting of two or more component orders, executed as principal or agent, where: (1) At least one component order is an NMS stock; (2) all components are effected with a product or price contingency that either has been agreed to by the respective counterparties or arranged for by a broker-dealer as principal or agent; (3) the execution of one component is contingent upon the execution of all other components at or near the same time; (4) the specific relationship between the component orders (*e.g.*, the spread between the prices of the component orders) is determined at the time the contingent order is placed; (5) the component orders bear a derivative relationship to one another, represent different classes of shares of the same issuer, or involve the securities of participants in mergers or with intentions to merge that have been announced or since cancelled; and (6) the Exempted NMS Stock Transaction is fully hedged (without regard to any prior existing position) as a result of the other components of the contingent trade.

¹⁰ See Options Trader Update #2024-65.

2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Section 6(b)(5) of the Act,¹² in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest.

Specifically, the Exchange believes that the proposed rule change is consistent with the protection of investors and the public interest because QCC with Stock Orders and Complex QCC with Stock functionality are currently offered to Members on a voluntary basis to assist in their execution of qualified contingent trades. Furthermore, Members that execute the options component of a Qualified Contingent Trade entered as a QCC with Stock Order or Complex QCC with Stock Order remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer. There is no requirement that Members utilize QCC with Stock or Complex QCC with Stock Order functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders where the Exchange does not assist with the execution of the stock component of the trade and the Members do so themselves. The Exchange surveils for compliance with the QCT exemption.¹³

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

The Exchange does not believe that the proposed rule change will impose any

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(5).

¹³ See supra note 9.

burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

Decommissioning QCC with Stock Orders or Complex QCC with Stock Orders does not impose an undue burden on intra-market competition. No market participant would be able to submit a QCC with Stock Order or Complex QCC with Stock Order on ISE. There is no requirement that Members utilize QCC with Stock functionality, and Members will continue to be able to enter regular QCC Orders and Complex QCC Orders. Moreover, Members will still be able to execute QCC Orders and Complex QCC Orders on the Exchange using other means to ensure the execution of the stock component of those qualified contingent trades. The Exchange believes that it will continue to remain competitive with other options markets despite not offering this functionality.

Decommissioning QCC with Stock Orders or Complex QCC with Stock Orders does not impose an undue burden on inter-market competition as other options markets may offer this functionality to their Members.

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 Act¹⁴ and subparagraph (f)(6) of Rule 19b-4 thereunder.¹⁵

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-2024-58 on the subject line.

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

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

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-ISE-2024-58. 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-2024-58 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.¹⁶

Sherry R. Haywood,

Assistant Secretary.

¹⁶ 17 CFR 200.30-3(a)(12).

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 3 Options Trading Rules

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Section 7. Types of Orders and Order and Quote Protocols

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(t) Reserved.[QCC with Stock Orders. A QCC with Stock Order is a Qualified Contingent Cross Order, as defined in Options 3, Section 7(j), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(e). QCC with Stock Orders may only be entered through FIX and Precise.]

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Supplementary Material to Options 3, Section 7

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.02 **Time in Force.** The term “Time in Force” or “TIF” shall mean the period of time that the System will hold an order for potential execution, and shall include:

* * * * *

(d) **Immediate-or-Cancel.** An order entered with a TIF of “IOC” that is to be executed in whole or in part upon receipt. Any portion not so executed is to be treated as cancelled.

(1) Orders entered with a TIF of IOC are not eligible for routing.

(2) IOC orders may be entered through FIX, OTTO, Precise, or SQF, provided that an IOC order entered by a Market Maker through the SQF protocol will not be subject to the (A) Order Price Protection, Market Order Spread Protection, and Size Limitation Protection as defined in Options 3, Section 15(a)(1)(A), (1)(B), and (2)(B) respectively, for single leg orders, or (B) Complex Order Price Protection as defined in Options 3, Section 16(c)(1) for Complex Orders.

(3) Block Orders, Facilitation Orders, Complex Facilitation Orders, SOM Orders, Complex SOM Orders, PIM Orders, Complex PIM Orders, QCC Orders, QCC Complex Orders, [QCC with Stock Orders, Complex QCC with Stock Orders,] Customer Cross Orders, and Customer Cross Complex Orders are considered to have a TIF of IOC. By their terms, these orders will be: (1) executed either on entry or after an exposure period, or (2) cancelled.

* * * * *

Section 12. Crossing Orders

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[(e) Qualified Contingent Cross (“QCC”) with Stock. QCC with Stock Orders are processed as follows:

- (1) When a Member enters a QCC with Stock Order, a Qualified Contingent Cross Order is entered on the Exchange pursuant to Options 3, Section 12(c).
- (2) If the Qualified Contingent Cross Order is executed, the Exchange will automatically communicate the stock component to the Member's designated broker-dealer for execution.
- (3) If the Qualified Contingent Cross Order cannot be executed, the entire QCC with Stock Order, including both the stock and options components, is cancelled.
- (4) QCC with Stock Orders must be entered with a net price for the stock and options components through FIX. Separate prices for the stock and options components, or a net price for both may be entered through Precise. The System will calculate the individual component prices.
- (5) QCC with Stock Orders are available to Members on a voluntary basis. Members that enter QCC with Stock Orders must enter into a brokerage agreement with one or more broker-dealers designated by the Exchange. The Member must designate a specific broker-dealer on each order if the Member has entered into an agreement with more than one. The Exchange will have no financial arrangements with the designated broker-dealers with respect to communicating stock orders to them.
- (6) Members that execute the options component of a qualified contingent trade entered as a QCC with Stock Order remain responsible for the execution of the stock component if they do not receive an execution from their designated broker-dealer.

(f) Complex QCC with Stock Orders. Complex QCC with Stock Orders are processed as follows:

- (1) When a Member enters a Complex QCC with Stock Order, a Qualified Contingent Cross Complex Order is entered on the Exchange pursuant to (d) above.
- (2) If the Qualified Contingent Cross Complex Order is executed, the Exchange will automatically communicate the stock component to the Member's designated broker-dealer for execution.
- (3) If the Qualified Contingent Cross Complex Order cannot be executed, the entire Complex QCC with Stock Order, including both the stock and options components, is cancelled.]

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Section 14. Complex Orders

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(b) *Types of Complex Orders.* Unless otherwise specified, the definitions used below have the same meaning contained in Options 3, Section 7. The Exchange may determine to make certain order types and/or times-in-force available on a class or System basis. Complex Orders may be entered using the following orders or designations:

* * * * *

(15) Reserved.[Complex QCC with Stock Orders. A Complex QCC with Stock Order is a Qualified Contingent Cross Complex Order, as defined in subparagraph (b)(6), entered with a stock component to be communicated to a designated broker-dealer for execution pursuant to Options 3, Section 12(f).]

* * * * *