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

File No. * SR 2025 - * 24

Amendment No. (req. for Amendments *)

Filing by Nasdaq ISE, LLC

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

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

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010

Section 806(e)(1) *

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Section 806(e)(2) *

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Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934

Section 3C(b)(2) *

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Exhibit 2 Sent As Paper Document

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Exhibit 3 Sent As Paper Document

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Description

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

Amend the Complex Price Improvement Mechanism

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 09/04/2025


(Title *)

By John Zecca

(Name *)

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.

 Date: 2025.09.04 14:28:15 -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 *

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SR-ISE-2025-24 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-2025-24 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.

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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.

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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-2025-24 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 proposal to amend the Complex Price Improvement Mechanism or “PIM” at Options 3, Section 13.

Additionally, the Exchange proposes to make other amendments to Options 1, Section 1, Definitions; Options 3, Section 7, Types of Orders and Order and Quote Protocols; Options 3, Section 9, Trading Halts; Options 3, Section 10, Priority of Quotes and Orders; Options 3, Section 14, Complex Orders; Options 3, Section 16, Complex Order Risk Protections; Options 3, Section 20. Nullification and Adjustment of Options Transactions including Obvious Errors; Options 4, Section 5, Series of Options Contracts Open for Trading; Options 7, Section 1, General Provisions; and Options 7, Section 6, Other Options Fees and Rebates.

A notice of the proposed rule change for publication in the Federal Register is attached as Exhibit 1. The text of the proposed rule change is attached as Exhibit 5.

(b) Not applicable.

(c) Not applicable.

2. Procedures of the Self-Regulatory Organization

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

will advise the Board of any action taken pursuant to delegated authority. No other action is necessary for the filing of the rule change.

Questions and comments on the proposed rule change may be directed to:

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

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

a. Purpose

The Exchange proposes to amend the Complex Price Improvement Mechanism or "PIM" at Options 3, Section 13. Additionally, the Exchange proposes to make other amendments to Options 1, Section 1, Definitions; Options 3, Section 7, Types of Orders and Order and Quote Protocols; Options 3, Section 9, Trading Halts; Options 3, Section 10, Priority of Quotes and Orders; Options 3, Section 14, Complex Orders; Options 3, Section 16, Complex Order Risk Protections; Options 3, Section 20. Nullification and Adjustment of Options Transactions including Obvious Errors; Options 4, Section 5, Series of Options Contracts Open for Trading; Options 7, Section 1, General Provisions; and Options 7, Section 6, Other Options Fees and Rebates. Each change will be described below.

Options 3, Section 13

The Exchange proposes to amend Options 3, Section 13, Price Improvement Mechanism for Crossing Transactions. Specifically, the Exchange proposes to amend Options 3, Section 13(e)(5)(vii) to amend the manner in which an Agency Complex Order may execute. Today, if the Complex PIM execution price would be the same or

better than a Complex Order on the Complex Order Book on the same side of the market as the Agency Complex Order, for options classes assigned to allocate in time priority or pro-rata pursuant to Options 3, Section 14(d)(2), the Agency Complex Order may be executed at a price that is equal to the resting Complex Order's limit price. The Exchange proposes to amend Options 3, Section 13(e)(5)(vii) to instead provide that the Agency Complex Order may be executed at a price that is at least one minimum price variation (as provided in Options 3, Section 14(c)(1)) better than the resting Complex Order's limit price. With this proposed change, the Exchange will require that the Agency Complex PIM Order receive one minimum price variation better than the resting Complex Order's limit price whereas today, the Agency Complex PIM Order would be permitted to execute at a price that is equal to the resting Complex Order's limit price.³ The Exchange believes that this amendment will prevent a Complex PIM order from executing at a price where there is a resting Complex Order on the same side of the market while still allowing a Complex PIM order to execute and potentially receive price improvement. This amendment is identical to Phlx Options 3, Section 13(b)(8).⁴

In line with the amendment to Options 3, Section 13(e)(5)(vii), the Exchange also proposed to amend Options 3, Section 13(e)(5)(iv)(C), which currently states, "The

³ Options 3, Section 14(c)(1) provides that bids and offers for Complex Options Strategies may be expressed in one cent (\$0.01) increments, and the options leg of Complex Options Strategies may be executed in one cent (\$0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order. Bids and offers for Stock-Option Strategies or Stock-Complex Strategies may be expressed in any decimal price determined by the Exchange, and the stock leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in any decimal price permitted in the equity market. The options leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in one cent (\$0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order.

⁴ Phlx Options 3, Section 13(b)(8) was recently amended in SR-Phlx-2025-35. *See* Securities Exchange Act Release No. 103667 (August 8, 2025), 90 FR 39042 (August 13, 2025) (SR-Phlx-2025-35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend PIXL and Adopt New Auctions).

exposure period will automatically terminate ... (C) upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be outside of the best bid or offer on the Complex Order Book....” The Exchange proposes to instead provide, “... upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be *at or* outside of the best bid or offer on the Complex Order Book.” Specifically, the addition of “at or” to the early termination provision will allow the Complex PIM Order to execute by early terminating the auction upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Complex PIM Order that would cause the execution of the Complex PIM Order to be at or outside of the best bid or offer on the Complex Order Book. This change aligns with the Exchange’s proposal at Options 3, Section 13(e)(5)(vii) that requires Complex PIM Orders to trade in at least one minimum price variation as provided in Options 3, Section 14(c)(1) better than the price of a Complex Order on the Complex Order Book on the same side of the market. Phlx has identical rule text at Options 3, Section 13(b)(2)(D)(2).

Other Rule Amendments

The Exchange proposes to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio. The term “conforming ratio” is where the ratio between the sizes of the options components of a Complex Order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.00) ratio is a conforming ratio,

whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not; where one component of the Complex Order is the underlying security, the ratio between any options component and the underlying security component must be less than or equal to eight contracts to 100 shares of the underlying security. Further, the Exchange proposes to state that only a Complex Order with a conforming ratio is accepted into the Exchange. This definition will bring greater clarity to the use of the term in Options 3, Section 14. The Exchange also proposes to re-number the remainder of Options 1, Section 1 and update cross-citations in Options 3, Section 10(a)(1), Options 3, Section 20(a)(1) and Options 7, Section 1(c).

The Exchange proposes to amend Options 3, Section 7(v) to lowercase “Block Order” which is not capitalized in Options 3, Section 11(a). The Exchange also proposes to amend Options 3, Section 7(w) to lowercase “Facilitation Order” which is not capitalized in Options 3, Section 11(b) and to add the term “paired” as a descriptive term to signify that a facilitation order is a two-sided order. The addition of the term “paired” will distinguish a Block Order, which is not two-sided, from a paired facilitation order. Finally, the Exchange proposes to amend Options 3, Section 7(x) to lowercase “SOM Order” which is not capitalized in Options 3, Section 11(d) and also include the term “paired” to distinguish this two-sided auction. The addition of the term “paired” will distinguish a Block Order, which is not two-sided, from a paired SOM order.

The Exchange proposes to amend Options 3, Section 9(a)(2) to note that “During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected.” Today, the ISE System will cancel auction orders, auction responses and

Crossing Orders during a trading halt. ISE's Rule is being added to make clear the current System behavior. Phlx has similar rule text in Options 3, Section 9(f).⁵

Additionally, the Exchange proposes to amend Options 3, Section 9(d)(2) to amend the sentence which currently states, "The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order become marketable while the affected underlying is in a Limit or Straddle State." The Exchange proposes to instead provide, "The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order is about to be executed by the System while the affected underlying is in a Limit or Straddle State." While orders must be marketable to execute, the Exchange believes the proposed rule text makes clear this behavior. The proposed rule text aligns to the last sentence in Phlx Options 3, Section 9(d)(2) which describes trading halt behavior on Phlx.

The Exchange proposes to remove a stray "a" from Options 3, Section 14(c)(2)(i).

The Exchange proposes to amend Options 3, Section 16(a)(1) to add the words "relative to the other legs" to the rule text for additional clarification. As proposed, the sentence would state, "The System will reject orders for a complex strategy where all legs are to buy if entered at a price that is less than the minimum net price, which is calculated as the sum of the ratio on each leg *relative to the other legs* of the complex strategy multiplied by the minimum increment applicable to that leg pursuant to Options

⁵ Phlx Options 3, Section 9(f) provides, that during a halt, the Exchange will maintain existing orders on the book (but not existing quotes), except as noted in Options 5, Section 4, accept orders and quotes, and process cancels. During a halt, existing quotes are cancelled and auction orders and auction responses, as well as Crossing Orders, are rejected. ISE's current rule text at Options 3, Section 9(a)(2) addresses the cancellation of quotes during a trading halt in the last sentence, but does not address the treatment of auction orders, auction responses and Crossing Orders during a trading halt.

3, Section 14(c)(1).” The Exchange believes the additional phrase brings greater clarity to the current rule text. This rule text is identical to Phlx Options 3, Section 16(a)(1).⁶

Finally, the Exchange proposes to amend Options 7, Section 6 to remove a sentence from the Inactive PMM Fee that states, “This fee does not apply to inactive FXPMMs.” This sentence is being removed as irrelevant because the Exchange has not offered FX products since 2018.⁷

Implementation

The Exchange proposes to implement the proposed amendment to Options 3, Section 13(e)(5)(iv) and (vii) on or before December 20, 2026. The Exchange will issue an Options Trader Alert specifying the date of implementation. All other amendments would be effective 30 days after the date of the filing.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ 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.

⁶ See Securities Exchange Act Release No. 102862 (April 15, 2025), 90 FR 16731 (April 21, 2025) (SR-Phlx-2025-17) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Phlx’s Complex Order Functionality). SR-Phlx-2025-17 proposed the same operative date as this rule change as they are both part of the same technology migration.

⁷ FX options ceased trading on the Exchange upon the January 2018 expiry. See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete ISE Section 22 of the Rulebook Entitled “Rate- Modified Foreign Currency Options Rules).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

Options 3, Section 13

The Exchange's proposal to amend Options 3, Section 13(e)(5)(vii) is consistent with the Act because with this proposed change, the Exchange will require that the Agency Complex PIM Order receive one minimum price variation better than the resting Complex Order's limit price whereas today, the Agency Complex PIM Order would be permitted to execute at a price that is equal to the resting Complex Order's limit price. Further, this amendment will protect investors and the public interest by preventing a Complex PIM order from executing at a price where there is a resting Complex Order on the same side of the market while still allowing a Complex PIM order to execute and receive price improvement. This amendment is identical to Phlx Options 3, Section 13(b)(8).

The Exchange's amendment to Options 3, Section 13(e)(5)(iv)(C) to provide, "... upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be *at or* outside of the best bid or offer on the Complex Order Book..." is consistent with the Act because it will align Options 3, Section 13(e)(5)(iv)(C) with the Exchange's proposed change to Options 3, Section 13(e)(5)(vii). This change aligns with the Exchange's proposal at Options 3, Section 13(e)(5)(vii) that requires Complex PIM Orders to trade at least one minimum price variation better than a resting Complex Order as provided in Options 3, Section 14(c)(1). Phlx has identical rule text at Options 3, Section 13(b)(2)(C)(2).

Other Rule Amendments

The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio is consistent with the Act as the definition will bring greater clarity to the use of the term in Options 3, Section 14 which defines the various types of Complex Orders.

The Exchange's proposal to amend Options 3, Section 7(v) to lowercase "Block Order," and amend Options 3, Section 7(w) and (x) to lowercase "Facilitation Order" and "SOM Order" and add the term "paired," are non-substantive amendments that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d).

The Exchange's proposal to amend Options 3, Section 9(a)(2) to note that "During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected" is consistent with the Act because during a halt the System will not execute any auction orders, auction responses and Crossing Orders received during a trading halt as that interest will most likely become stale. This amendment represents the System's current operation. The proposed rule text makes clear the treatment of auction orders, auction responses and Crossing Orders during a trading halt. The Exchange's proposal to amend Options 3, Section 9(d)(2) to amend the sentence which currently states, "The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order become marketable while the affected underlying is in a Limit or Straddle State" is consistent with the Act because the proposed rule text harmonizes the text of Options 3, Section 9(d)(2) to the last sentence in Phlx Options 3, Section 9(d)(2) which describes trading halt behavior on Phlx. ISE Options 3, Section 9(d)(2) as amended will state, "The Exchange shall cancel Complex Orders that are

Market Orders residing in the System, if the Market Complex Order is about to be executed by the System while the affected underlying is in a Limit or Straddle State.”

The Exchange’s proposal to remove a stray “a” from Options 3, Section 14(c)(2)(i) is non-substantive.

The Exchange’s proposal to amend Options 3, Section 16(a)(1) to add the words “relative to the other legs” is consistent with the Act because the additional text brings greater clarity to the current rule text. This rule text is identical to Phlx Options 3, Section 16(a)(1).

Finally, the Exchange’s proposal to amend Options 7, Section 6 to remove a sentence from the Inactive PMM Fee that states, “This fee does not apply to inactive FXPMMs” is consistent with the Act because the sentence is irrelevant because the Exchange has not offered FX products since 2018.¹⁰

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

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

Options 3, Section 13

The Exchange’s proposal to amend Options 3, Section 13(e)(5)(vii) does not impose any burden on intramarket competition because any Agency Complex PIM Order will receive one minimum price variation better than the resting Complex Order’s limit price.

¹⁰ FX options ceased trading on the Exchange upon the January 2018 expiry. See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete ISE Section 22 of the Rulebook Entitled “Rate- Modified Foreign Currency Options Rules).

The Exchange's proposal to amend Options 3, Section 13(e)(5)(vii) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(8).

The Exchange's amendment to Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intramarket competition because any non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be at or outside of the best bid or offer on the Complex Order Book would early terminate the Complex PIM Auction.

The Exchange's proposal to amend Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(2)(D).

Other Rule Amendments

The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio does not impose any burden on competition because the definition describes conforming ratios which are the only type of ratios accepted by ISE. Other options markets have the same definition.¹¹

The Exchange's proposal to amend Options 3, Section 7(v) to lowercase "Block Order," and amend Options 3, Section 7(w) and (x) to lowercase "Facilitation Order" and "SOM Order" and add the term "paired" does not impose any burden on intramarket or intermarket competition because the proposed changes are non-substantive amendments

¹¹ See MIAX Rule 518(a)(8).

that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d).

The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intramarket competition because the Exchange will cancel existing auction orders, auction responses and Crossing Orders for all Members. The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intermarket competition because Phlx treats auction orders, auction responses, and Crossing Orders in a similar manner during a trading halt.¹²

The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intramarket competition because no Member may transaction FX Options.

The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intermarket competition because other options markets offer FX Options such as Phlx.¹³

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

No written comments were either solicited or received.

6. Extension of Time Period for Commission Action

Not Applicable.

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

The foregoing rule change has become effective pursuant to Section

¹² See supra note 4.

¹³ See Phlx Options 4C.

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

The Exchange's proposal to amend Options 3, Section 13(e)(5)(vii) does not significantly affect the protection of investors or the public interest, rather the proposed change will require that the Agency Complex PIM Order execute at a price that is at least one minimum price variation better than the resting Complex Order's limit price. The amendment will also continue to protect investors and the public interest by preventing a Complex PIM order from executing at a price where there is a resting Complex Order on the same side of the market while still allowing a Complex PIM order to execute and potentially receive price improvement. The Exchange's amendment to Options 3, Section 13(e)(5)(iv)(C) does not significantly affect the protection of investors or the public interest because it will align Options 3, Section 13(e)(5)(iv)(C) with the Exchange's proposed change to Options 3, Section 13(e)(5)(vii). The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio does not impose any significant burden on competition because the definition describes conforming ratios which are the only type of ratios accepted by ISE. Other options

¹⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

¹⁵ 17 CFR 240.19b-4(f)(6).

markets have the same definition.¹⁶ The Exchange’s proposal to amend Options 3, Section 7(v) to lowercase “Block Order,” and amend Options 3, Section 7(w) and (x) to lowercase “Facilitation Order” and “SOM Order” and add the term “paired” does not significantly affect the protection of investors or the public interest because the proposed changes are non-substantive amendments that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d). The Exchange’s proposal to amend Options 3, Section 9(a)(2) does not significantly affect the protection of investors or the public interest because during a trading halt the System will not execute any auction orders, auction responses and Crossing Orders received as that interest will most likely become stale. This amendment represents the System’s current operation. The Exchange’s proposal to amend Options 7, Section 6 does not significantly affect the protection of investors or the public interest because the sentence is irrelevant because the Exchange has not offered FX products since 2018.¹⁷ The remainder of the changes are non-substantive or clarifying amendments.

Furthermore, the Exchange believes that the proposed rule change does not impose any significant burden on competition. The Exchange’s proposal to amend Options 3, Section 13(e)(5)(vii) does not impose any burden on intramarket competition because any Agency Complex PIM Order will receive one minimum price variation better than the resting Complex Order’s limit price. The Exchange’s proposal to amend

¹⁶ See MIAX Rule 518(a)(8).

¹⁷ FX options ceased trading on the Exchange upon the January 2018 expiry. See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete ISE Section 22 of the Rulebook Entitled “Rate- Modified Foreign Currency Options Rules).

Options 3, Section 13(e)(5)(vii) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(8). The Exchange's amendment to Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intramarket competition because any non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be at or outside of the best bid or offer on the Complex Order Book would early terminate the Complex PIM Auction. The Exchange's proposal to amend Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(2)(D). The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio does not impose any burden on competition because the definition describes conforming ratios which are the only type of ratios accepted by ISE. Other options markets have the same definition.¹⁸ The Exchange's proposal to amend Options 3, Section 7(v) to lowercase "Block Order," and amend Options 3, Section 7(w) and (x) to lowercase "Facilitation Order" and "SOM Order" and add the term "paired" does not impose any burden on intramarket or intermarket competition because the proposed changes are non-substantive amendments that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d). The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intramarket competition because the Exchange will cancel existing auction orders, auction responses and Crossing Orders for all Members. The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intermarket

¹⁸ See MIAX Rule 518(a)(8).

competition Phlx treats auction orders, auction responses, and Crossing Orders in a similar manner during a trading halt.¹⁹ The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intramarket competition because no Member may transaction FX Options. The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intermarket competition because other options markets offer FX Options such as Phlx.²⁰

Furthermore, Rule 19b-4(f)(6)(iii)²¹ requires a self-regulatory organization to give the Commission written notice of its intent to file a proposed rule change under that subsection at least five business days prior to the date of filing, or such shorter time as designated by the Commission. The Exchange has provided such notice.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

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

The proposed rule proposal to amend Options 3, Section 13(e)(5)(vii) is substantively similar to Phlx Options 3, Section 13(b)(8).

¹⁹ See supra note 4.

²⁰ See Phlx Options 4C.

²¹ 17 CFR 240.19b-4(f)(6)(iii).

The proposed rule proposal to amend Options 3, Section 13(e)(5)(iv)(C) is identical to Phlx Options 3, Section 13(b)(2)(D).

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. 34 ; File No. SR-ISE-2025-24]****Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Complex Price Improvement Mechanism**

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 September 4, 2025, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange proposes to amend the Complex Price Improvement Mechanism or “PIM” at Options 3, Section 13. Additionally, the Exchange proposes to make other amendments to Options 1, Section 1, Definitions; Options 3, Section 7, Types of Orders and Order and Quote Protocols; Options 3, Section 9, Trading Halts; Options 3, Section 10, Priority of Quotes and Orders; Options 3, Section 14, Complex Orders; Options 3, Section 16, Complex Order Risk Protections; Options 3, Section 20. Nullification and Adjustment of Options Transactions including Obvious Errors; Options 4, Section 5, Series of Options Contracts Open for Trading;

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Options 7, Section 1, General Provisions; and Options 7, Section 6, Other Options Fees and Rebates.

The text of the proposed rule change is available on the Exchange's Website at <https://listingcenter.nasdaq.com/rulebook/ise/rulefilings>, and at the principal office of the Exchange.

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 amend the Complex Price Improvement Mechanism or "PIM" at Options 3, Section 13. Additionally, the Exchange proposes to make other amendments to Options 1, Section 1, Definitions; Options 3, Section 7, Types of Orders and Order and Quote Protocols; Options 3, Section 9, Trading Halts; Options 3, Section 10, Priority of Quotes and Orders; Options 3, Section 14, Complex Orders; Options 3, Section 16, Complex Order Risk Protections; Options 3, Section 20. Nullification and Adjustment of Options Transactions including Obvious Errors; Options 4, Section 5, Series of Options Contracts Open for Trading; Options 7, Section 1, General Provisions; and Options 7, Section 6, Other Options Fees and Rebates. Each change will be described below.

Options 3, Section 13

The Exchange proposes to amend Options 3, Section 13, Price Improvement Mechanism for Crossing Transactions. Specifically, the Exchange proposes to amend Options 3, Section 13(e)(5)(vii) to amend the manner in which an Agency Complex Order may execute. Today, if the Complex PIM execution price would be the same or better than a Complex Order on the Complex Order Book on the same side of the market as the Agency Complex Order, for options classes assigned to allocate in time priority or pro-rata pursuant to Options 3, Section 14(d)(2), the Agency Complex Order may be executed at a price that is equal to the resting Complex Order's limit price. The Exchange proposes to amend Options 3, Section 13(e)(5)(vii) to instead provide that the Agency Complex Order may be executed at a price that is at least one minimum price variation (as provided in Options 3, Section 14(c)(1)) better than the resting Complex Order's limit price. With this proposed change, the Exchange will require that the Agency Complex PIM Order receive one minimum price variation better than the resting Complex Order's limit price whereas today, the Agency Complex PIM Order would be permitted to execute at a price that is equal to the resting Complex Order's limit price.³ The Exchange believes that this amendment will prevent a Complex PIM order from executing at a price where there is a resting Complex Order on the same side of the market while still allowing a Complex

³ Options 3, Section 14(c)(1) provides that bids and offers for Complex Options Strategies may be expressed in one cent (\$0.01) increments, and the options leg of Complex Options Strategies may be executed in one cent (\$0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order. Bids and offers for Stock-Option Strategies or Stock-Complex Strategies may be expressed in any decimal price determined by the Exchange, and the stock leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in any decimal price permitted in the equity market. The options leg of a Stock-Option Strategy or Stock-Complex Strategy may be executed in one cent (\$0.01) increments, regardless of the minimum increments otherwise applicable to the individual options legs of the order.

PIM order to execute and potentially receive price improvement. This amendment is identical to Phlx Options 3, Section 13(b)(8).⁴

In line with the amendment to Options 3, Section 13(e)(5)(vii), the Exchange also proposed to amend Options 3, Section 13(e)(5)(iv)(C), which currently states, “The exposure period will automatically terminate ...(C) upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be outside of the best bid or offer on the Complex Order Book....” The Exchange proposes to instead provide, “... upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be *at or* outside of the best bid or offer on the Complex Order Book.” Specifically, the addition of “at or” to the early termination provision will allow the Complex PIM Order to execute by early terminating the auction upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Complex PIM Order that would cause the execution of the Complex PIM Order to be at or outside of the best bid or offer on the Complex Order Book. This change aligns with the Exchange’s proposal at Options 3, Section 13(e)(5)(vii) that requires Complex PIM Orders to trade in at least one minimum price variation as provided in Options 3, Section 14(c)(1) better than the price of a Complex Order on the Complex Order Book on the same side of the market. Phlx has identical rule text at Options 3, Section 13(b)(2)(D)(2).

Other Rule Amendments

⁴ Phlx Options 3, Section 13(b)(8) was recently amended in SR-Phlx-2025-35. See Securities Exchange Act Release No. 103667 (August 8, 2025), 90 FR 39042 (August 13, 2025) (SR-Phlx-2025-35) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend PIXL and Adopt New Auctions).

The Exchange proposes to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio. The term “conforming ratio” is where the ratio between the sizes of the options components of a Complex Order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.00) ratio is a conforming ratio, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not; where one component of the Complex Order is the underlying security, the ratio between any options component and the underlying security component must be less than or equal to eight contracts to 100 shares of the underlying security. Further, the Exchange proposes to state that only a Complex Order with a conforming ratio is accepted into the Exchange. This definition will bring greater clarity to the use of the term in Options 3, Section 14. The Exchange also proposes to re-number the remainder of Options 1, Section 1 and update cross-citations in Options 3, Section 10(a)(1), Options 3, Section 20(a)(1) and Options 7, Section 1(c).

The Exchange proposes to amend Options 3, Section 7(v) to lowercase “Block Order” which is not capitalized in Options 3, Section 11(a). The Exchange also proposes to amend Options 3, Section 7(w) to lowercase “Facilitation Order” which is not capitalized in Options 3, Section 11(b) and to add the term “paired” as a descriptive term to signify that a facilitation order is a two-sided order. The addition of the term “paired” will distinguish a Block Order, which is not two-sided, from a paired facilitation order. Finally, the Exchange proposes to amend Options 3, Section 7(x) to lowercase “SOM Order” which is not capitalized in Options 3, Section 11(d) and also include the term “paired” to distinguish this two-sided auction. The addition of the term “paired” will distinguish a Block Order, which is not two-sided, from a paired SOM order.

The Exchange proposes to amend Options 3, Section 9(a)(2) to note that “During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected.” Today, the ISE System will cancel auction orders, auction responses and Crossing Orders during a trading halt. ISE’s Rule is being added to make clear the current System behavior. Phlx has similar rule text in Options 3, Section 9(f).⁵

Additionally, the Exchange proposes to amend Options 3, Section 9(d)(2) to amend the sentence which currently states, “The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order become marketable while the affected underlying is in a Limit or Straddle State.” The Exchange proposes to instead provide, “The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order is about to be executed by the System while the affected underlying is in a Limit or Straddle State.” While orders must be marketable to execute, the Exchange believes the proposed rule text makes clear this behavior. The proposed rule text aligns to the last sentence in Phlx Options 3, Section 9(d)(2) which describes trading halt behavior on Phlx.

The Exchange proposes to remove a stray “a” from Options 3, Section 14(c)(2)(i).

The Exchange proposes to amend Options 3, Section 16(a)(1) to add the words “relative to the other legs” to the rule text for additional clarification. As proposed, the sentence would state, “The System will reject orders for a complex strategy where all legs are to buy if entered at a price that is less than the minimum net price, which is calculated as the sum of the ratio on each leg *relative to the other legs* of the complex strategy multiplied by the minimum increment

⁵ Phlx Options 3, Section 9(f) provides, that during a halt, the Exchange will maintain existing orders on the book (but not existing quotes), except as noted in Options 5, Section 4, accept orders and quotes, and process cancels. During a halt, existing quotes are cancelled and auction orders and auction responses, as well as Crossing Orders, are rejected. ISE’s current rule text at Options 3, Section 9(a)(2) addresses the cancellation of quotes during a trading halt in the last sentence, but does not address the treatment of auction orders, auction responses and Crossing Orders during a trading halt.

applicable to that leg pursuant to Options 3, Section 14(c)(1).” The Exchange believes the additional phrase brings greater clarity to the current rule text. This rule text is identical to Phlx Options 3, Section 16(a)(1).⁶

Finally, the Exchange proposes to amend Options 7, Section 6 to remove a sentence from the Inactive PMM Fee that states, “This fee does not apply to inactive FXPMMs.” This sentence is being removed as irrelevant because the Exchange has not offered FX products since 2018.⁷

Implementation

The Exchange proposes to implement the proposed amendment to Options 3, Section 13(e)(5)(iv) and (vii) on or before December 20, 2026. The Exchange will issue an Options Trader Alert specifying the date of implementation. All other amendments would be effective 30 days after the date of the filing.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,⁸ in general, and furthers the objectives of Section 6(b)(5) of the Act,⁹ 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.

⁶ See Securities Exchange Act Release No. 102862 (April 15, 2025), 90 FR 16731 (April 21, 2025) (SR-Phlx-2025-17) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Phlx’s Complex Order Functionality). SR-Phlx-2025-17 proposed the same operative date as this rule change as they are both part of the same technology migration.

⁷ FX options ceased trading on the Exchange upon the January 2018 expiry. See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete ISE Section 22 of the Rulebook Entitled “Rate- Modified Foreign Currency Options Rules).

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(5).

Options 3, Section 13

The Exchange's proposal to amend Options 3, Section 13(e)(5)(vii) is consistent with the Act because with this proposed change, the Exchange will require that the Agency Complex PIM Order receive one minimum price variation better than the resting Complex Order's limit price whereas today, the Agency Complex PIM Order would be permitted to execute at a price that is equal to the resting Complex Order's limit price. Further, this amendment will protect investors and the public interest by preventing a Complex PIM order from executing at a price where there is a resting Complex Order on the same side of the market while still allowing a Complex PIM order to execute and receive price improvement. This amendment is identical to Phlx Options 3, Section 13(b)(8).

The Exchange's amendment to Options 3, Section 13(e)(5)(iv)(C) to provide, "... upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be *at or* outside of the best bid or offer on the Complex Order Book..." is consistent with the Act because it will align Options 3, Section 13(e)(5)(iv)(C) with the Exchange's proposed change to Options 3, Section 13(e)(5)(vii). This change aligns with the Exchange's proposal at Options 3, Section 13(e)(5)(vii) that requires Complex PIM Orders to trade at least one minimum price variation better than a resting Complex Order as provided in Options 3, Section 14(c)(1). Phlx has identical rule text at Options 3, Section 13(b)(2)(C)(2).

Other Rule Amendments

The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio is consistent with the Act as the definition will bring greater clarity to the use of the term in Options 3, Section 14 which defines the various types of Complex Orders.

The Exchange's proposal to amend Options 3, Section 7(v) to lowercase "Block Order," and amend Options 3, Section 7(w) and (x) to lowercase "Facilitation Order" and "SOM Order" and add the term "paired," are non-substantive amendments that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d).

The Exchange's proposal to amend Options 3, Section 9(a)(2) to note that "During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected" is consistent with the Act because during a halt the System will not execute any auction orders, auction responses and Crossing Orders received during a trading halt as that interest will most likely become stale. This amendment represents the System's current operation. The proposed rule text makes clear the treatment of auction orders, auction responses and Crossing Orders during a trading halt. The Exchange's proposal to amend Options 3, Section 9(d)(2) to amend the sentence which currently states, "The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order become marketable while the affected underlying is in a Limit or Straddle State" is consistent with the Act because the proposed rule text harmonizes the text of Options 3, Section 9(d)(2) to the last sentence in Phlx Options 3, Section 9(d)(2) which describes trading halt behavior on Phlx. ISE Options 3, Section 9(d)(2) as amended will state, "The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order is about to be executed by the System while the affected underlying is in a Limit or Straddle State."

The Exchange's proposal to remove a stray "a" from Options 3, Section 14(c)(2)(i) is non-substantive.

The Exchange’s proposal to amend Options 3, Section 16(a)(1) to add the words “relative to the other legs” is consistent with the Act because the additional text brings greater clarity to the current rule text. This rule text is identical to Phlx Options 3, Section 16(a)(1).

Finally, the Exchange’s proposal to amend Options 7, Section 6 to remove a sentence from the Inactive PMM Fee that states, “This fee does not apply to inactive FXPMMs” is consistent with the Act because the sentence is irrelevant because the Exchange has not offered FX products since 2018.¹⁰

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

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

Options 3, Section 13

The Exchange’s proposal to amend Options 3, Section 13(e)(5)(vii) does not impose any burden on intramarket competition because any Agency Complex PIM Order will receive one minimum price variation better than the resting Complex Order’s limit price.

The Exchange’s proposal to amend Options 3, Section 13(e)(5)(vii) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(8).

The Exchange’s amendment to Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intramarket competition because any non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be at or outside of the best bid or offer on the Complex Order Book would early terminate the Complex PIM Auction.

¹⁰ FX options ceased trading on the Exchange upon the January 2018 expiry. See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Delete ISE Section 22 of the Rulebook Entitled “Rate- Modified Foreign Currency Options Rules).

The Exchange's proposal to amend Options 3, Section 13(e)(5)(iv)(C) does not impose any burden on intermarket competition as Phlx has an identical rule at Options 3, Section 13(b)(2)(D).

Other Rule Amendments

The Exchange's proposal to amend Options 1, Section 1(a)(13) to add the definition of conforming ratio does not impose any burden on competition because the definition describes conforming ratios which are the only type of ratios accepted by ISE. Other options markets have the same definition.¹¹

The Exchange's proposal to amend Options 3, Section 7(v) to lowercase "Block Order," and amend Options 3, Section 7(w) and (x) to lowercase "Facilitation Order" and "SOM Order" and add the term "paired" does not impose any burden on intramarket or intermarket competition because the proposed changes are non-substantive amendments that are intended to provide consistency between these defined terms and the use of these terms in Options 3, Section 11(a), (b) and (d).

The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intramarket competition because the Exchange will cancel existing auction orders, auction responses and Crossing Orders for all Members. The Exchange's proposal to amend Options 3, Section 9(a)(2) does not impose any burden on intermarket competition because Phlx treats auction orders, auction responses, and Crossing Orders in a similar manner during a trading halt.¹²

¹¹ See MIAX Rule 518(a)(8).

¹² See supra note 4.

The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intramarket competition because no Member may transaction FX Options.

The Exchange's proposal to amend Options 7, Section 6 does not impose any burden on intermarket competition because other options markets offer FX Options such as Phlx.¹³

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.

¹³ See Phlx Options 4C.

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.

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-2025-24 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-2025-24. 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 filing 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-2025-24 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

* * * * *

Options Rules**Options 1 General Provisions****Section 1. Definitions**

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

* * * * *

(12) The term "Competitive Market Maker" means a Member that is approved to exercise trading privileges associated with CMM Rights.

(13) The term "conforming ratio" is where the ratio between the sizes of the options components of a Complex Order is equal to or greater than one-to-three (.333) and less than or equal to three-to-one (3.00). For example, a one-to-two (.5) ratio, a two-to-three (.667) ratio, or a two-to-one (2.00) ratio is a conforming ratio, whereas a one-to-four (.25) ratio or a four-to-one (4.0) ratio is not; where one component of the Complex Order is the underlying security, the ratio between any options component and the underlying security component must be less than or equal to eight contracts to 100 shares of the underlying security. Only a Complex Order with a conforming ratio is accepted into the Exchange.

(1[3]4) The term "covered short position" means (i) the obligation of a writer of a call option is secured by a "specific deposit" or an "escrow deposit" meeting the conditions of Options 3, Section 3(f) or (h), respectively, of the Rules of the Clearing Corporation, or the writer holds in the same account as the short position, on a share-for-share basis, a long position either in the underlying security or in an options contract of the same type and class of options where the exercise price of the options contract in such long position is equal to or less than the exercise price of the options contract in such short position; and (ii) the writer of a put option holds in the same account as the short position, on a share-for-share basis, a long position in an options contract of the same type and class of options where the exercise price of the options contract in such long position is equal to or greater than the exercise price of the options contract in such short position.

(1[4]5) The term "discretion" means the authority of a broker or dealer to determine for a customer the type of option, the class or series of options, the number of contracts, or whether options are to be bought or sold.

(1[5]6) The term "European-style option" means an options contract that, subject to the provisions of Options 6B, Section 1 (relating to the cutoff time for exercise instructions) and to the Rules of the Clearing Corporation, can be exercised only on its expiration date.

(1[6]7) The term "Exchange Rights" means the PMM Rights, CMM Rights and EAM Rights collectively.

(1[7]8) The term "exercise price" means the specified price per unit at which the underlying security may be purchased or sold upon the exercise of an options contract.

(1[8]9) The term "expiration date" means, unless separately defined elsewhere in these Rules: (i) in the case of an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract; and (ii) in the case of an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the exchange on which such option is listed is not open for business, the preceding day on which such exchange is open for business.

Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that the Clearing Corporation has designated as grandfathered, the term "expiration date" shall mean the Saturday immediately following the third Friday of the expiration month.

(1[9]20) The term "in-the-money" shall mean the following: for call options, all strike prices at or below the offer in the underlying security on the primary listing market; for put options, all strike prices at or above the bid in the underlying security on the primary listing market. This definition shall only apply for purposes of Market Maker quoting obligations in Options 3, Section 8 and Options 2, Section 4.

(2[0]1) The term "long position" means a person's interest as the holder of one or more options contracts.

(2[1]2) The term "Market Makers" refers to "Competitive Market Makers" and "Primary Market Makers" collectively.

(2[2]3) The term "Market Maker Rights" refers to PMM Rights and CMM Rights collectively.

(2[3]4) A "mnemonic" shall mean an acronym comprised of letters and/or numbers assigned to Electronic Access Members. An Electronic Access Member account may be associated with multiple mnemonics.

(2[4]5) The term "Non-Customer" means a person or entity that is a broker or dealer in securities.

(2[5]6) The term "Non-Customer Order" means an order for the account of a Non-Customer.

(2[6]7) The term "offer" means a quote or limit order to sell one or more options contracts, except that with respect to an Equity Security it means an order to sell such security.

(2[7]8) The term "opening purchase transaction" means an Exchange Transaction that will create or increase a long position in an options contract.

([28]29) The term "opening writing transaction" means an Exchange Transaction that will create or increase a short position in an options contract.

([29]30) The term "out-of-the-money" shall mean the following: for call options, all strike prices above the offer in the underlying security on the primary listing market; for put options, all strike prices below the bid in the underlying security on the primary listing market. This definition shall only apply for purposes of Market Maker quoting obligations in Options 3, Section 8 and Options 2, Section 4.

([30]31) The term "Voluntary Professional" means any Public Customer that elects, in writing, to be treated in the same manner as a broker or dealer in securities for purposes of Options 3, Sections 10, 11, 13 and 14, as well as the Exchange's Pricing Schedule.

([31]32) The term "options contract" means a put or a call issued, or subject to issuance by the Clearing Corporation pursuant to the Rules of the Clearing Corporation.

([32]33) The term "OPRA" means the Options Price Reporting Authority.

([33]34) The term "order" means a commitment to buy or sell securities as defined in Options 3, Section 7.

([34]35) The term "outstanding" means an options contract which has been issued by the Clearing Corporation and has neither been the subject of a closing writing transaction nor has expired.

([35]36) The term "PMM Rights" means the transferable rights held by a Primary Market Maker or a non-Member owner (as that term is defined in Options 2A, Section 1(a)). The number of authorized PMM Rights will be 10 PMM Rights.

([36]37) The term "Primary Market Maker" means a Member that is approved to exercise trading privileges associated with PMM Rights.

([37]38) The term "Priority Customer" means a person or entity that (i) is not a broker or dealer in securities, and (ii) does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s).

([38]39) The term "Priority Customer Order" means an order for the account of a Priority Customer.

([39]40) The term "Professional Order" means an order that is for the account of a person or entity that is not a Priority Customer.

* * * * *

([40]41) The term "Professional Customer" means a non-broker/dealer participant who enters at least 390 orders per day on average during a calendar month for its own beneficial account(s).

([41]42) The term "proprietary trading" for purposes of General 4, Section 1210 means trading done by a Member having the following characteristics:

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([42]43) The term "Public Customer" means a person or entity that is not a broker or dealer in securities.

([43]44) The term "Public Customer Order" means an order for the account of a Public Customer.

([44]45) 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 number of shares of the underlying security covered by the options contract.

([45]46) The term "Quarterly Options Series" means 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 quarter.

([46]47) The term "quote" or "quotation" means a bid or offer entered by a Market Maker that updates the Market Maker's previous bid or offer, if any.

([47]48) The term "series of options" means all options contracts of the same class having the same exercise price and expiration date.

([48]49) The term "short position" means a person's interest as the writer of one or more options contracts.

([49]50) The term "Short Term Option Series" means a series in an option class that is approved for listing and trading on the Exchange in which the series is opened for trading on any Monday, Tuesday, Wednesday, Thursday or Friday that is a business day and that expires on the Monday, Tuesday, Wednesday, Thursday, or Friday of the following business week that is a business day, or, in the case of a series that is listed on a Friday and expires on a Monday, is listed one business week and one business day prior to that expiration. If a Tuesday, Wednesday, Thursday or Friday is not a business day, the series may be opened (or shall expire) on the first business day immediately prior to that Tuesday, Wednesday, Thursday or Friday. For a series listed pursuant to this section for Monday expiration, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

([50]51) The term "System" means the electronic system operated by the Exchange that receives and disseminates quotes, executes orders and reports transactions.

([51]52) The term "type of option" means the classification of an options contract as either a put or a call.

([52]53) The term "uncovered" means a short position in an options contract that is not covered.

Options 3 Options Trading Rules

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Section 7. Types of Orders and Order and Quote Protocols

The Exchange may determine to make certain order types and time-in-force, respectively, available on a class or System basis.

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(v) Block Order. A [B]lock [O]order is an order entered into the Block Order Mechanism as described in Options 3, Section 11(a).

(w) Facilitation [O]order. A [F]acilitation [O]order is a[n] paired order entered into the Facilitation Mechanism as described in Options 3, Section 11(b).

(x) SOM [O]order. A SOM [O]order is a[n] paired order entered into the Solicited Order Mechanism as described in Options 3, Section 11(d).

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Section 9. Trading Halts

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(a) *Halts*. An Exchange official designated by the Board may halt trading in any stock option in the interests of a fair and orderly market.

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(2) A designated Exchange official may halt trading (including a rotation) for a class or classes of options contracts whenever there is a halt of trading in an underlying security in one or more of the markets trading the underlying security. In such event, without the need for action by the Primary Market Maker, all trading in the effected class or classes of options may be halted. The Exchange shall disseminate through its trading facilities and over OPRA a symbol in respect of such class or classes of options indicating that trading has been halted, and a record of the time and duration of the halt shall be made available to vendors. During a halt, the Exchange will maintain existing orders on the book (but not existing quotes prior to the halt), accept orders and quotes, and process cancels and modifications, except existing quotes are cancelled. During a halt, existing auction orders and auction responses, as well as Crossing Orders, are rejected.

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(d) Capitalized terms used in this paragraph shall have the same meaning as provided for in the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time ("LULD Plan"). During a Limit State and Straddle State in the Underlying NMS stock:

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(2) Provided the Exchange has opened an affected option for trading, the Exchange shall reject Market Orders, as defined in Options 3, Section 7(a), and Market Complex Orders

as defined in Options 3, Section 14(b), and shall notify Members of the reason for such rejection. The Exchange shall cancel Complex Orders that are Market Orders residing in the System, if the Market Complex Order is about to be executed [become marketable] by the System while the affected underlying is in a Limit or Straddle State. Market Complex Orders exposed for price improvement pursuant to Supplementary Material .01 to Options 3, Section 14, pending in the System will continue to be processed. If at the end of the exposure period the affected underlying is in a Limit or Straddle State, the Market Complex Order will be cancelled. If the affected underlying is no longer in a Limit or Straddle State after the exposure period, the Market Complex Order will be processed with normal handling.

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Section 10. Priority of Quotes and Orders

(a) *Definitions and Applicability.*

(1) As provided in Options 1, Section 1(a)(6) and (a)([26]27), a "bid" is a quotation or Limit Order to buy options contracts and an "offer" is a quotation or Limit Order to sell options contracts. "Quotations," which are defined in Options 1, Section 1 (a)([46]47), may only be entered on the Exchange by Market Makers in the options classes to which they are appointed under Options 2, Section 3. Limit Orders may be entered by Market Makers in certain circumstances as provided in the Rules and Electronic Access Members (either as agent or as principal). "Priority Customer Orders" and "Professional Orders" are defined in Options 1, Section 1(a)([38]39) and ([39]40).

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Section 13. Price Improvement Mechanism for Crossing Transactions

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(e) **Complex Price Improvement Mechanism.** Electronic Access Members may use the Price Improvement Mechanism according to this Rule to execute Complex Orders at a net price. The Complex Price Improvement Mechanism is a process by which an Electronic Access Member can provide price improvement opportunities for a transaction wherein the Electronic Access Member seeks to facilitate a Complex Order it represents as agent, and/or a transaction wherein the Electronic Access Member solicited interest to execute against a Complex Order it represents as agent (a "Crossing Transaction").

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(5) Execution. At the end of the exposure period the Agency Complex Order will be executed in full at the best prices available, taking into consideration Complex Orders in the Complex Order Book, Improvement Complex Orders, the Counter-Side Order, and, for Complex Options Orders, the ISE best bids and offers on the individual legs. The

Agency Complex Order will receive executions at multiple price levels if there is insufficient size to execute the entire order at the best price.

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(iv) The exposure period will automatically terminate (A) at the end of the time period designated by the Exchange pursuant to subparagraph (4)(i) above, (B) upon the receipt of a Complex Order in the same complex strategy on either side of the market that is marketable against the Complex Order Book or bids and offers for the individual legs, (C) upon the receipt of a non-marketable Complex Order in the same complex strategy on the same side of the market as the Agency Complex Order that would cause the execution of the Agency Complex Order to be at or outside of the best bid or offer on the Complex Order Book; (D) when a resting Complex Order in the same complex strategy on either side of the market becomes marketable against the Complex Order Book or bids and offers for the individual legs; or (E) if a trading halt is initiated after the order is entered into the Complex Price Improvement Mechanism, such auction will be automatically terminated without an execution.

(vii) If the Complex PIM execution price would be the same or better than a Complex Order on the Complex Order Book on the same side of the market as the Agency Complex Order, for options classes assigned to allocate in time priority or pro-rata pursuant to Options 3, Section 14(d)(2), the Agency Complex Order may be executed at a price that is at least one minimum price variation (as provided in Options 3, Section 14(c)(1)) better than [equal to]the resting Complex Order's limit price.

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Section 14. Complex Orders

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(c) *Applicability of Exchange Rules.* Except as otherwise provided in this Rule, complex strategies shall be subject to all other Exchange Rules that pertain to orders and quotes generally.

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(2) *Complex Order.* Complex strategies will not be executed at prices inferior to the best net price achievable from the best ISE bids and offers for the individual legs. Notwithstanding the provisions of Options 3, Section 10:

(i) [a]Complex Options Strategies may be executed at a total credit or debit price with one other Member without giving priority to bids or offers established on the Exchange that are no better than the bids or offers in the individual options series comprising such total credit or debit; provided, however, that if any of the bids or offers established on the Exchange consist of a Priority Customer Order, the price of at least one leg of the complex strategy must trade at a price that is better than

the corresponding bid or offer on the Exchange by at least one minimum trading increment for the series as defined in Options 3, Section 3.

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Section 16. Complex Order Risk Protections

The following are Complex Order risk protections on ISE:

(a) Price limits for Complex Orders. As provided in Options 3, Section 14(d)(2), the legs of a complex strategy may be executed at prices that are inferior to the prices available on other exchanges trading the same options series. Notwithstanding, the System will not permit any leg of a complex strategy to trade through the NBBO for the series or any stock component by a configurable amount calculated as the lesser of (i) an absolute amount not to exceed \$0.10, and (ii) a percentage of the NBBO not to exceed 500%, as determined by the Exchange on a class, series or underlying basis. A Member can also include an instruction on a Complex Order that each leg of the Complex Order is to be executed only at a price that is equal to or better than the NBBO on the opposite side for the options series or any stock component, as applicable (“Do-Not-Trade-Through” or “DNTT”).

(1) The System will reject orders for a complex strategy where all legs are to buy if entered at a price that is less than the minimum net price, which is calculated as the sum of the ratio on each leg relative to the other legs of the complex strategy multiplied by the minimum increment applicable to that leg pursuant to Options 3, Section 14(c)(1).

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Section 20. Nullification and Adjustment of Options Transactions including Obvious Errors

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(a) Definitions.

(1) *Customer.* For purposes of this Rule, Customer has the same definition as Priority Customer in Options 1, Section 1(a)(~~37~~38).

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Options 4 Options Listing Rules

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Section 5. Series of Options Contracts Open for Trading

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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]50), 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, Monthly Options Series, 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.

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Options 7 Pricing Schedule

Section 1. General Provisions

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(c) Definitions. For purposes of assessing fees, the following references should serve as guidance. Fees and rebates are listed per contract per leg unless otherwise noted.

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A "**Priority Customer**" is a person or entity that is not a broker/dealer in securities, and does not place more than 390 orders in listed options per day on average during a calendar month for its own beneficial account(s), as defined in Nasdaq ISE Options 1, Section 1(a)([37]38). Unless otherwise noted, when used in this Pricing Schedule the term "Priority Customer" includes "Retail" as defined below.

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Section 6. Other Options Fees and Rebates

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I. Inactive PMM Fee

» \$100,000 per month per Membership. If a group has not been open for trading, the PMM appointed to that group will be subject to an "inactive" fee of \$100,000 per month. [This fee does not apply to inactive FXPMMs.]

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