



SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-99946; File No. SR-ISE-2024-06]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Order Approving a Proposed Rule Change to Amend the Short Term Option Series Program

April 11, 2024

I. Introduction

On February 15, 2024, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹, and Rule 19b-4 thereunder,² a proposed rule change to amend Supplementary Material .03 of Options 4, Section 5, “Series of Options Contracts Open for Trading” to allow Tuesday and Thursday expirations for options listed pursuant to the Exchange’s short term option series program (“Short Term Option Series Program”) on the iShares Russell 2000 ETF (“IWM”). The proposed rule change was published for comment in the Federal Register on March 1, 2024.³ The Commission did not receive any comments on the proposal. This order approves the proposed rule change.

II. Description of the Proposal⁴

Currently, the Exchange may open for trading series of options on certain symbols that expire at the close of business on each of the next two Mondays, Tuesdays, Wednesdays, and Thursdays, respectively, that are business days beyond the current week and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Short Term Option Daily Expirations”).⁵ Table 1 in Supplementary Material .03 to Options 4, Section 5 specifies each symbol that qualifies as a Short Term Option Daily

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Securities Exchange Release No. 99604 (February 26, 2024), 89 FR 15235 (“Notice”).

⁴ For a full description of the proposal, refer to the Notice, supra note 3.

⁵ See Supplementary .03 to Options 4, Section 5.

Expiration as well as the permitted expiration days.⁶ Today, the Exchange may list no more than a total of two Monday and Wednesday expirations on IWM and no more than a total of two Monday, Tuesday, Wednesday, and Thursday expirations on the SPDR S&P 500 ETF Trust (“SPY”) and the Invesco QQQ Trust (“QQQ”).⁷

The Exchange proposes to expand the Short Term Option Series Program to permit the Exchange to open for trading on any Monday or Tuesday that is a business day series of options on IWM that expire at the close of business on each of the next two Tuesdays beyond the current week that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Tuesday Expirations”). If the Tuesday Expiration falls on a Tuesday that is not a business day, the series shall expire on the first business day immediately prior to that Tuesday.⁸ Similarly, the proposal would permit the Exchange to open for trading on any Wednesday or Thursday that is a business day series of options on IWM that expire at the close of business on each of the next two Thursdays beyond the current week that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire (“Thursday Expirations”). If the Thursday Expiration falls on a Thursday that is not a business day, the series shall expire on the first business day immediately prior to that Thursday. The listing and trading of Tuesday and Thursday Expirations would be subject to Supplementary Material .03 of Options 4, Section 5.⁹

The Exchange does not believe that any market disruptions would be encountered with the introduction of Tuesday and Thursday Expirations.¹⁰ The Exchange states there are no

⁶ See Table 1, Supplementary .03 to Options 4, Section 5.

⁷ See *id.*

⁸ The Exchange proposes to amend the Tuesday and Thursday expirations for IWM in Table 1 in Supplementary Material .03 to Options 4, Section 5 from “0” to “2” to permit Tuesday and Thursday expirations for options on IWM listed pursuant to the Short Term Option Series.

⁹ See Notice, *supra* note 3 at 15236.

¹⁰ See Notice, *supra* note 3 at 15237.

material differences in the treatment of Tuesday and Thursday SPY and QQQ Short Term Daily Expirations as compared to the proposed Tuesday and Thursday Expirations.¹¹ The Exchange believes that it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Tuesday and Thursday Expirations.¹² The Exchange currently trades Short Term Option Series that expire Monday and Wednesday for SPY, QQQ, and IWM and stated that it has not experienced any market disruptions nor issues with capacity.¹³

III. Discussion and Commission's Findings

The Commission has carefully reviewed the proposed rule change and finds that it is consistent with the requirements of the Act and the rules and regulations thereunder applicable to a national securities exchange and, in particular, the requirements of Section 6(b) of the Act.¹⁴ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,¹⁵ which requires, among other things, that the Exchange's rules be designed to prevent fraudulent and manipulative acts and practices, 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. The Commission believes that the proposed rule change is reasonably designed as a limited expansion of the Short Term Options Series Program and may provide the investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in IWM options, thus allowing them to better manage their risk exposure. In

¹¹ See Notice, supra note 3 at 15239. In addition, the Exchange states Cboe Exchange, Inc. began listing Tuesday and Thursday expirations in the Russell 2000 Index Weeklys and Mini-Russell 2000 Index Weeklys on January 8, 2024. See Notice, supra note 3 at 15236.

¹² See Notice, supra note 3 at 15237.

¹³ See id.

¹⁴ 15 U.S.C. 78f. In approving this proposed rule change, the Commission has considered the proposed rule change's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

¹⁵ 15 U.S.C. 78f(b)(5).

addition, the Exchange has similar rules permitting the listing and trading of Tuesday and Thursday expirations on SPY and QQQ.¹⁶

In approving the proposal, the Commission notes that the Exchange has represented that it has an adequate surveillance program in place to detect manipulative trading in Tuesday IWM Expirations and Thursday IWM Expirations.¹⁷ The Exchange further states that it has the necessary systems capacity to support the new options series.¹⁸ The Exchange also states that it has not experienced any market disruptions nor issues with capacity with trading Short Term Option Series that expire on Tuesdays and Thursdays for SPY and QQQ.¹⁹

Accordingly, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act²⁰ and the rules and regulations thereunder applicable to a national securities exchange.

IV. Conclusion

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,²¹ that the proposed rule change (SR-ISE-2024-06) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Vanessa A. Countryman,

Secretary.

¹⁶ See Supplementary .03 to Options 4, Section 5. See also Securities Exchange Release No. 96281 (November 9, 2022), 87 FR 68769 (November 16, 2022) (order approving Tuesday and Thursday expirations on SPY and QQQ).

¹⁷ See Notice, *supra* note 3 at 15239.

¹⁸ See *id.*

¹⁹ See Notice, *supra* note 3 at 15237.

²⁰ 15 U.S.C. 78f(b)(5).

²¹ 15 U.S.C. 78s(b)(2).

²² 17 CFR 200.30-3(a)(12).

