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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106325; File No. SR-ISE-2026-49]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend Options 10, Section 27

September 10, 2026.

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 3, 2026, 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 ISE Options 10, Section 27, Influencing or Rewarding Employees of Others, to conform to the rules of the Financial Industry Regulatory Authority, Inc. ("FINRA") for purposes of an agreement between the Exchange and FINRA pursuant to Rule 17d-2 under the Act.[3]

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.

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

2 17 CFR 240.19b-4.

3 17 CFR 240.19b-4(f)(6)(iii).

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 Options 10, Section 27, Influencing or Rewarding Employees of Others, to conform the rule so that it is substantially similar to FINRA Rule 3220. The Exchange notes that this filing is based on a proposal recently submitted by FINRA, and approved by the Commission, to amend FINRA Rule 3220 (Influencing or Rewarding Employees of Others).[4] The Exchange also proposes a technical amendment at Options 10, Section 7, Supervision of Accounts.

Options 10, Section 27

Pursuant to Rule 17d-2 under the Act,[5] the Exchange and FINRA entered into an agreement to allocate regulatory responsibility for common rules (the "17d-2 Agreement"). The 17d-2 Agreement covers common members of the Exchange and FINRA and allocates to FINRA regulatory responsibility, with respect to common members, for the following: (i) examination of common members of the Exchange and FINRA for compliance with certain federal securities laws, rules and regulations and rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules; (ii) investigation of common members of the Exchange and FINRA for violations of certain federal securities laws, rules or regulations, or Exchange

4 See Securities Exchange Act Release No. 104830 (February 12, 2026), 91 FR 7570 (February 18, 2026) (Order Approving File No. SR-FINRA-2025-003) ("FINRA Approval Order").

5 17 CFR 240.17d-2.

rules that the Exchange has certified as identical or substantially similar to a FINRA rule; and (iii) enforcement of compliance by common members with certain federal securities laws, rules and regulations, and the rules of the Exchange that the Exchange has certified as identical or substantially similar to FINRA rules.[6]

The 17d-2 Agreement included a certification by the Exchange that states that the requirements contained in certain Exchange rules are identical to, or substantially similar to, certain FINRA rules that have been identified as comparable. To conform to comparable FINRA rules for purposes of the 17d-2 Agreement, the Exchange proposes conforming the text of Options 10, Section 27 so that it is substantially similar to FINRA Rule 3220.

Currently, Options 10, Section 27 is excluded from the 17d-2 Agreement because it is not identical, or substantially similar, to FINRA Rule 3220. Current ISE Options 10, Section 27 prohibits a Member or person associated with a Member from directly or indirectly, giving or permitting to be given anything of value, including gratuities, in excess of one hundred dollars per individual per year to any person, principal, proprietor, employee, agent or representative of another person where such payment or gratuity is in relation to the business of the employer of the recipient of the payment or gratuity. FINRA Rule 3220 currently prohibits gifts in excess of $300.00, where the gift or gratuity is in relation to the business of the employer of the recipient. Unlike FINRA Rule 3220, current Options 10, Section 27 does not include provisions covering: supervision and record keeping requirements; an exclusion for payments made pursuant to bona fide, written employment contracts; gifts incidental to business entertainment; valuation of gifts; aggregation of gifts; personal gifts; bereavement gifts; de minimis gifts and promotional or commemorative items; donations due to federally declared major disasters; or gifts to a Member's associated persons or individual retail customers. Options 10, Section 27 was, therefore, excluded from the 17d-2 Agreement because it was not identical or substantially

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6 See Securities and Exchange Release No. 90702 (December 17, 2020), 72 FR 9983 (March 6, 2007) (approving File No. 4-529).

similar to FINRA Rule 3220. To harmonize its rules with FINRA, the Exchange proposes to conform the rule text of Options 10, Section 27 to text that is substantially similar to FINRA Rule 3220 so that it may be incorporated into the 17d-2 Agreement in its entirety.

The Exchange believes that these changes will help to avoid confusion among Members of the Exchange that are also members of FINRA by harmonizing Options 10, Section 27 with FINRA Rule 3220. The proposed changes to Options 10, Section 27 are designed to enable the Exchange to incorporate Options 10, Section 27 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Options 10, Section 27 would equally apply to Exchange-only Members as the Exchange believes it appropriately protects against improprieties, such as conflicts of interest, that might arise when a Member or person associated with a Member gives items of value to an employee of another person, such as an institutional customer, vendor or counterparty with the hope of strengthening the relationship with the customer.

First, the Exchange proposes to amend Options 10, Section 27(a) to increase the gift limit from $100 to $300 per individual per year. FINRA stated that the current gift limit of $100 has been in place since 1992.[7] FINRA increased the gift limit from $100 to $300 to account for past inflation since 1992 and to account for expected future inflation for approximately ten years, thereby reducing the frequency of future upward adjustments to account for inflation.[8] Consistent with FINRA's determination, the Exchange believes that a $300 gift limit would continue to permit the exchange of business courtesies while helping to guard against excessiveness, and reasonably reflects changes to purchasing power due to inflation since the gift limit was last raised in 1992 as well as approximately ten years of expected future inflation.

Second, the Exchange proposes to add a new paragraph (d) to ISE Options 10, Section 27 that would authorize the Exchange to conditionally or unconditionally grant an exemption from

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7 See supra note 4.

8 See id.

any provision of Options 10, Section 27 for good cause shown, provided that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. Specifically, the Exchange proposes that pursuant to General 5, Section 3,[9] FINRA staff, for good cause shown after taking into consideration all relevant factors, may conditionally or unconditionally grant an exemption from any provision of this Rule to the extent that such exemption is consistent with the purpose of the Rule, the protection of investors, and the public interest. This proposed provision mirrors the exemptive relief authority added by FINRA in new Rule 3220(d).[10] Given the scope of ISE Options 10, Section 27, which applies to gifts given to a wide range of recipients where the payment is in relation to the business of the employer of the recipient, and given the diversity of Member sizes, structures, businesses, and distribution models, the Exchange believes it would be useful and appropriate to have the ability to provide relief from a particular provision of the Rule under specific factual circumstances.

Third, FINRA Rule 3220 incorporated published guidance interpreting FINRA Rule 3220, including NASD Notice to Members 06-69,[11] FINRA's Frequently Asked Questions on Gifts, Business Entertainment, and Non-Cash Compensation,[12] as well as an interpretive letter regarding bereavement gifts (the "Aly Letter").[13] To maintain substantive alignment with FINRA Rule 3220, the Exchange proposes to adopt corresponding Supplementary Material .01 through

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9 Series 9000 of The Nasdaq Stock Market LLC Rules are incorporated by reference into ISE General 5, Section 3, and are applicable to ISE Members, Associated Persons, and other persons subject to the Exchange's jurisdiction.

10 See id.

11 NASD Notice to Members 06-69 (Dec. 2006) ("NTM 06-69").

12 Gifts/Business Entertainment/Non-Cash Compensation FAQs, https://www.finra.org/rules-guidance/key-topics/gifts-gratuities-and-non-cash-compensation/faqs ("FAQs").

13 Letter from Gary L. Goldsholle, Vice President & Associate General Counsel, FINRA, to Amal Aly, Managing Director & Associate General Counsel, SIFMA, dated December 17, 2007 ("Aly Letter").

.09 to Options 10, Section 27. Each proposed Supplementary Material section is described below.

Proposed Supplementary Material .01 (Gifts Incidental to Business Entertainment) would state that a gift given during the course of a business entertainment event is subject to ISE Options 10, Section 27 unless it is consistent with the requirements of proposed Supplementary Material .04 (Personal Gifts) or .06 (De Minimis Gifts and Promotional or Commemorative Items) which is substantially similar to FINRA Rule 3220 Supplementary Material .04 and .06. For the purpose of the $300 limit, the cost of the business entertainment event itself would not be included in the value of the gift.

Proposed Supplementary Material .02 (Valuation of Gifts) would require Members to value gifts (other than tickets for sporting or other events) at cost, exclusive of tax and delivery charges, and would require Members to value tickets for sporting or other events at the higher of cost or face value. If gifts are given to multiple recipients, Members must record the names of each recipient and calculate and record the value of the gift on a pro rata, per-recipient basis, for purposes of ensuring compliance with the $300 limit in ISE Options 10, Section 27(a). FINRA Rule 3220 at Supplementary Material .02 requires Members to value gifts (other than tickets for sporting or other events) at cost rather than at the higher of cost or market value reduces complexity and subjectivity because market value can be difficult and burdensome to determine, while distinguishing tickets for sporting or other events accounts for the fact that such tickets are commonly purchased on secondary markets at costs that differ from face value.

Proposed Supplementary Material .03 (Aggregation of Gifts) would require Members to aggregate all gifts given by the Member and each associated person of the Member to a particular recipient over the course of the year for purposes of ensuring compliance with the $300 limit in ISE Options 10, Section 27(a), and would require each Member to state in its procedures whether it is aggregating all gifts given by the Member and its associated persons on a calendar year, fiscal year, or on a rolling basis beginning with the first gift to any particular recipient. The aggregation requirement would not apply to personal gifts under proposed Supplementary Material .04 or to gifts of de minimis value or promotional or commemorative items under proposed Supplementary Material .06 as they are already not subject to the gift limit. This proposed provision which is substantially similar to FINRA Rule 3220(a) would help ensure that persons who give multiple gifts in a year to the same recipient do not circumvent the gift limit.

Proposed Supplementary Material .04 (Personal Gifts) would state that gifts that are given for infrequent life events (e.g., a wedding gift or a congratulatory gift for the birth of a child) are not subject to the restrictions in ISE Options 10, Section 27(a) or the recordkeeping requirements in ISE Options 10, Section 27(c), provided the gifts are customary and reasonable, personal in nature, and not in relation to the business of the employer of the recipient. In determining whether a gift is "personal in nature and not in relation to the business of the employer of the recipient," Members should consider a number of factors, including the nature of any pre-existing personal or family relationship between the person giving the gift and the recipient and whether the associated person paid for the gift. When the Member bears the cost of the gift, either directly or by reimbursing an associated person, the Exchange will presume that such gift is not personal in nature and instead is in relation to the business of the employer of the recipient. This provision is substantially similar to FINRA Rule 3220 at Supplementary Material .04.

Consistent with FINRA Rule 3220 at Supplementary Material .05 (Bereavement Gifts), Options 10, Section 27 at proposed Supplementary .05 separates bereavement gifts from personal gifts. Proposed Supplementary Material .05 would state that bereavement gifts that are customary and reasonable are not considered to be in relation to the business of the employer of the recipient and, therefore, are not subject to the restrictions in ISE Options 10, Section 27(a) or the recordkeeping requirements in ISE Options 10, Section 27(c). This provision is substantially similar to FINRA Rule 3220 at Supplementary Material .05.

Proposed Supplementary Material .06 (De Minimis Gifts and Promotional or Commemorative Items), at paragraph (a), would state that gifts of a de minimis value (e.g., pens, notepads, or modest desk ornaments) or promotional items of nominal value that display the Member's logo (e.g., umbrellas, tote bags, or shirts) are not subject to the restrictions in ISE Options 10, Section 27(a) or the recordkeeping requirements in ISE Options 10, Section 27(c), provided that the value of the gift or promotional item is substantially below the $300 limit. Proposed Supplementary Material .06(b) would state that customary and reasonable solely decorative items commemorating a business transaction are not subject to the restrictions in ISE Options 10, Section 27(a) or the recordkeeping requirements in ISE Options 10, Section 27(c). These provisions are substantially similar to FINRA Rule 3220 at Supplementary Material .06.

Proposed Supplementary Material .07 (Donations Due to Federally Declared Major Disasters) would state that donations by a Member or an associated person to any person, principal, proprietor, employee, agent or representative of another person to provide assistance to the individual for losses sustained in a natural event that the President has declared to be a major disaster, such as a wildfire, hurricane, tornado, earthquake, or flood, are not considered "in relation to the business of the employer of the recipient" for purposes of ISE Options 10, Section 27(a) and are not subject to the restrictions in ISE Options 10, Section 27(a) or the recordkeeping requirements of ISE Options 10, Section 27(c). This provision is substantially similar to FINRA Rule 3220 at Supplementary Material .07 which recognizes that the nature of such disasters is unpredictable and catastrophic.

Proposed Supplementary Material .08 (Supervision and Recordkeeping) would state that the Exchange's supervision rules at Options 10, Section 7 require a Member to have a supervisory system reasonably designed to achieve compliance with ISE Options 10, Section

27.[14] To meet these standards, Members would be required to have systems and procedures reasonably designed to ensure that payments and gratuities in relation to the business of the employer of the recipient given by the Member and its associated persons to employees of another person are (a) reported to the Member; (b) reviewed for compliance with ISE Options 10, Section 27; and (c) maintained in the Member's records. Such procedures must be reasonably designed to ensure that an associated person who is giving a payment or gratuity is not responsible for determining whether such payment or gratuity is in relation to the business of the recipient's employer. Members are not required to maintain records of gifts that are consistent with the requirements of proposed Supplementary Material .04 through .07. Requiring a person other than the associated person giving the gift to assess the nature of the gift is intended to encourage objectivity in making such determinations, consistent with existing FINRA guidance.

Proposed Supplementary Material .09 (Gifts to a Member's Associated Persons or Individual Retail Customers) would state that ISE Options 10, Section 27 does not apply to gifts from a Member to its own associated persons, or to gifts from a Member or an associated person to individual retail customers. The Exchange believes that proposed Supplementary Material .09 would clarify, and improve awareness and understanding of, the scope of ISE Options 10, Section 27, consistent with FINRA Rule 3220 at Supplementary Material .09.

The Exchange believes the proposed rule change would promote efficiency without reducing protection for investors and the public interest. The proposed changes to Options 10, Section 27 to conform to the rules of FINRA improve transparency, awareness, and understanding of rule's requirements. The Exchange believes these proposed changes would also help facilitate compliance with Options 10, Section 27 and would provide regulatory certainty to Members. Because the Exchange proposes to make conforming amendments that are

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[14] The Exchange's supervision requirements for Members conducting options business with the public are set forth in ISE Options 10, Section 7 (Supervision of Accounts). To the extent applicable, Members would look to the applicable supervision rules of the Exchange to establish and maintain a supervisory system reasonably designed to achieve compliance with ISE Options 10, Section 27.

substantially similar to FINRA's amendments to FINRA Rule 3220, Members that are also FINRA members would continue to be subject to a substantially similar rule when conducting business on the Exchange. In addition, Members that are not FINRA members would continue to be subject to ISE Options 10, Section 27 to the extent that such Members conduct business with the public.

Technical Amendment

The Exchange proposes a technical amendment to Options 10, Section 7, Supervision of Accounts. The Exchange proposes to remove the following rule text, "*The deadline to submit the annual supervision-related reports pursuant to Options 10, Section 7(g) and (h) will be extended from June 30, 2020 to July 31, 2020.*" This rule text refers to a dated deadline.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,[15] in general, and furthers the objectives of Section 6(b)(5) of the Act,[16] 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.

As noted above, the proposed rule change conforms Options 10, Section 27 to FINRA Rule 3220 so that it is substantially similar to FINRA's rule, thereby promoting uniform standards across the securities industry. The Exchange also notes the changes proposed herein align Options 10, Section 27 with a recent filing submitted by FINRA and approved by the Commission.[17] The Exchange believes further that these changes will help to reduce and avoid potential confusion among Members of the Exchange that are also members of FINRA by harmonizing Options 10, Section 27 with FINRA Rule 3220. The proposed rule change is

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

[16] 15 U.S.C. 78f(b)(5).

[17] See supra note 3.

designed to enable the Exchange to incorporate Options 10, Section 27 into the 17d-2 Agreement, further reducing duplicative regulation of Members that are also members of FINRA. For the avoidance of doubt, Options 10, Section 27 would equally apply to Exchange-only Member as the Exchange believes it appropriately protects against improprieties that might arise when substantial gifts or monetary payments are given to certain persons.

The Exchange believes the proposed rule change would promote efficiency without reducing protection for investors and the public interest. The proposed changes to Options 10, Section 27 to conform to the rules of FINRA improve transparency, awareness, and understanding of the Rule's requirements. The Exchange believes these proposed changes would also help facilitate compliance with Options 10, Section 27.

Technical Amendment

The Exchange's proposal to remove dated rule text from Options 10, Section 7 is a non-substantive amendment that does not impact the rule implementation.

B. 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. The proposed rule change is not designed to address any competitive issues but rather to provide greater harmonization among Exchange and FINRA rules of similar purpose, resulting in less burdensome and more efficient regulatory compliance for common members and facilitating FINRA's performance of its regulatory functions under the 17d-2 Agreement. As such, 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.

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

No written comments were either solicited or received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate, it has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act[18] and subparagraph (f)(6) of Rule 19b-4 thereunder.[19]

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

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's internet comment form (https://www.sec.gov/rules/sro.shtml); or
- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2026-49 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.

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18 15 U.S.C. 78s(b)(3)(A)(iii).

19 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.

All submissions should refer to file number SR-ISE-2026-49. 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-2026-49 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.[20]

Sherry R. Haywood,

Assistant Secretary.

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20 17 CFR 200.30-3(a)(12).