This document is scheduled to be published in the Federal Register on 2026-11-17 and available online at https://www.federalregister.gov/d/2026-23329, and on https://govinfo.gov

8011-01-P

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106885; File No. SR-ISE-2026-59]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Exchange's Rules at Options 7, Section 6 (Other Options Fees and Rebates)

November 12, 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 November 2, 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 the Exchange's Rules at 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

---

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

2 17 CFR 240.19b-4.

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 its Pricing Schedule at Options 7, Section 6 (Other Options Fees and Rebates).

Currently, the Exchange offers a PIM[3] rebate of $0.105 per contract to Electronic Access Members[4] that utilize PIM to execute more than 0.75% of Priority Customer volume in Regular Orders,[5] calculated as a percentage of Customer Total Consolidated Volume per day in a given month.[6] As used in the Pricing Schedule, "Priority Customer" includes "Retail," as defined in Options 7, Section 1(c), and Customer Total Consolidated Volume means the total national volume cleared at The Options Clearing Corporation in the Customer range in equity and ETF options in that month. The rebate is paid for Priority Customer Regular Orders under 250 contracts that are submitted to PIM.[7]

The Exchange proposes to modify the amount of this rebate, from $0.105 per contract, to $0.10 per contract. The Exchange is not otherwise modifying the eligibility, calculation, payment, aggregation, or exclusion provisions applicable to this rebate. The Exchange believes the revised rebate will continue to encourage qualifying Electronic Access Members to submit

---

3 PIM is the Exchange's Price Improvement Auction as described in Options 3, Section 13. A PIM is comprised of the order the Electronic Access Member represents as agent (the "Agency Order") and a counter-side order for the full size of the Agency Order (the "Counter-Side Order"). Responses, including the Counter-Side Order, and Improvement Orders may be entered during the exposure period. See Options 3, Section 13.

4 The term "Electronic Access Member" or "EAM" means a Member that is approved to exercise trading privileges associated with EAM Rights. See General 1, Section 1(a)(6).

5 A "Regular Order" is an order that consists of only a single option series and is not submitted with a stock leg.

6 Eligible volume from Affiliated Members will be aggregated in calculating the percentage.

7 The rebate is paid to the Agency Order as that term is defined within Options 3, Section 13. In the event a Crossing Transaction consists of two Priority Customer Orders, the Exchange would not pay this rebate.

smaller-sized Priority Customer Regular Orders to PIM for price improvement while allowing the Exchange to periodically adjust its incentive programs.

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 Sections 6(b)(4) and 6(b)(5) of the Act,[9] in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among members and issuers and other persons using any facility, and is not designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

The Commission and the courts have repeatedly expressed their preference for competition over regulatory intervention in determining prices, products, and services in the securities markets. In Regulation NMS, while adopting a series of steps to improve the current market model, the Commission highlighted the importance of market forces in determining prices and SRO revenues and, also, recognized that current regulation of the market system "has been remarkably successful in promoting market competition in its broader forms that are most important to investors and listed companies."[10]

Likewise, in NetCoalition v. Securities and Exchange Commission[11] ("NetCoalition") the D.C. Circuit upheld the Commission's use of a market-based approach in evaluating the fairness of market data fees against a challenge claiming that Congress mandated a cost-based approach.[12] As the court emphasized, the Commission "intended in Regulation NMS that 'market forces, rather than regulatory requirements' play a role in determining the market data . . . to be made available to investors and at what cost."[13]

---

8 15 U.S.C. 78f(b).

9 15 U.S.C. 78f(b)(4) and (5).

10 Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

11 NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

12 See NetCoalition, at 534-535.

13 Id. at 537.

Further, "[n]o one disputes that competition for order flow is 'fierce.' … As the SEC explained, '[i]n the U.S. national market system, buyers and sellers of securities, and the broker-dealers that act as their order-routing agents, have a wide range of choices of where to route orders for execution'; [and] 'no exchange can afford to take its market share percentages for granted' because 'no exchange possesses a monopoly, regulatory or otherwise, in the execution of order flow from broker dealers'…."[14] Although the court and the SEC were discussing the cash equities markets, the Exchange believes that these views apply with equal force to the options markets.

The Exchange believes that its proposal to reduce the PIM rebate in Options 7, Section 6.C from $0.105 per contract to $0.10 per contract is reasonable. The Exchange has limited resources to allocate to its incentive programs and periodically assesses its fee structure to ensure that its rebates continue to attract order flow while remaining sustainable. The proposed rebate of $0.10 per contract represents only a modest reduction from the current $0.105 per contract level, and the Exchange believes that this rebate remains attractive and will continue to incentivize qualifying Electronic Access Members to submit smaller-sized Priority Customer Regular Orders to PIM for price improvement, which benefits all market participants.

The Exchange believes that its proposal to reduce the PIM rebate is equitable and not unfairly discriminatory because the modified rebate will apply uniformly to all Electronic Access Members that satisfy the objective volume qualification (utilizing PIM to execute more than 0.75% of Priority Customer volume in Regular Orders, calculated as a percentage of Customer Total Consolidated Volume per day in a given month) with respect to all Priority Customer Regular Orders under 250 contracts submitted to PIM. Any Electronic Access Member is able to qualify for the rebate by meeting the applicable volume threshold, and all qualifying Members will receive the same $0.10 per contract rebate on such orders. Any Electronic Access Member

---

[14] Id. at 539 (quoting Securities Exchange Act Release No. 59039 (Dec. 2, 2008), 73 FR 74770, 74782-83 (Dec. 9, 2008) (File No. SR-NYSEArca-2006-21)).

may participate in PIM, and Market Makers may respond to a PIM. While the rebate is targeted at Priority Customer Regular Orders, this does not render the proposal unfairly discriminatory because Priority Customers pay no Fees for PIM Orders and Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers, and increased Market Maker activity facilitates tighter spreads that may cause an additional corresponding increase in order flow from other market participants.

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.

Inter-market Competition

The proposal does not impose an undue burden on inter-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes its proposal remains competitive with other options markets and will offer market participants another choice of where to transact options. The Exchange notes that it operates in a highly competitive market in which market participants can readily favor competing venues if they deem fee levels at a particular venue to be excessive, or rebate opportunities available at other venues to be more favorable. In such an environment, the Exchange must continually adjust its fees to remain competitive with other exchanges. Because competitors are free to modify their own fees in response, and because market participants may readily adjust their order routing practices, the Exchange believes that the degree to which fee changes in this market may impose any burden on competition is extremely limited. In sum, if the proposed rebate level is unattractive to market participants, it is likely that the Exchange will lose market share as a result. Accordingly, the Exchange does not believe that the proposed change will impair the ability of Members or competing order execution venues to maintain their competitive standing in the financial markets.

Intra-market Competition

The Exchange's proposal to reduce the PIM rebate in Options 7, Section 6.C from $0.105 per contract to $0.10 per contract will not impose an undue burden on intra-market competition. The modified rebate will apply uniformly to all Electronic Access Members that satisfy the same objective volume qualification, with respect to all Priority Customer Regular Orders under 250 contracts submitted to PIM. Any Electronic Access Member is able to qualify for the rebate by meeting the applicable volume threshold. Any Electronic Access Member may participate in PIM, and Market Makers may respond to a PIM. While the rebate is targeted at Priority Customer Regular Orders, this does not impose an undue burden on intra-market competition because Priority Customers pay no Fees for PIM Orders and Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers, and increased Market Maker activity facilitates tighter spreads that may cause an additional corresponding increase in order flow from other market participants.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act.[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: (i) necessary or appropriate in the public interest; (ii) for the protection of investors; or (iii) 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.

---

[15] 15 U.S.C. 78s(b)(3)(A)(ii).

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-2026-59 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-2026-59. 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-2026-59 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.

[FR Doc. 2026-23329 Filed: 11/16/2026 8:45 am; Publication Date: 11/17/2026]

[16] 17 CFR 200.30-3(a)(12).