

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-88456; File No. SR-ISE-2020-11)

March 23, 2020

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Related to the Removal of Obsolete Listing Rules

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 18, 2020, Nasdaq ISE, LLC (“ISE” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II 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 its Rules at Options 2, Options Market Participants; Options 3, Section 2, Units of Trading and Meaning of Premium Quotes and Orders; Options 3, Section 3, Minimum Trading Increments; Options 4, Section 5, Series of Options Contracts Open for Trading; Options 4A, Section 2, Definitions; Options 4A, Section 6, Position Limits for Broad-Based Index Options; Options 4A, Section 8, Position Limits for Foreign Currency Index Options; Options 4A, Section 10, Exercise Limits; Options 4A, Section 11, Trading Sessions; Options 4A, Section 12, Terms of Index Options Contracts; Options 6, Options Trade Administration; Options 6C, Section 3, Margin Requirements; Options 6C, Section 4, Meeting Margin Calls by Liquidation Prohibited; Options 9, Section 4, Disruptive Quoting and Trading Activity Prohibited,; Options 9, Section 13, Position Limits; Options 9, Section 14, Exemptions

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

from Position Limits; and Options 9, Section 15, Exercise Limits. Additionally, the Exchange proposes to add new sections at General 9 and Options 4B and reserve those sections.

The text of the proposed rule change is available on the Exchange's Website at <http://ise.cchwallstreet.com/>, at the principal office of the Exchange, and at the Commission's Public Reference Room.

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 its Rules at Options 2, Options Market Participants; Options 3, Section 2, Units of Trading and Meaning of Premium Quotes and Orders; Options 3, Section 3, Minimum Trading Increments; Options 4, Section 5, Series of Options Contracts Open for Trading; Options 4A, Section 2, Definitions; Options 4A, Section 6, Position Limits for Broad-Based Index Options; Options 4A, Section 8, Position Limits for Foreign Currency Index Options; Options 4A, Section 10, Exercise Limits; Options 4A, Section 11, Trading Sessions; Options 4A, Section 12, Terms of Index Options Contracts; Options 6, Options Trade Administration; Options 6C, Section 3, Margin Requirements; Options 6C, Section 4, Meeting Margin Calls by Liquidation Prohibited; Options 9, Section 4, Disruptive Quoting and Trading Activity Prohibited; Options 9, Section 13, Position Limits; Options 9, Section 14, Exemptions

from Position Limits; and Options 9, Section 15, Exercise Limits. Additionally, the Exchange proposes to add new sections at General 9 and Options 4B and reserve those sections. The various proposed changes will be discussed below.

### Mini Options

The Exchange has not listed Mini Options in several years and is proposing to delete Mini Options listing rules and other ancillary trading rules related to the listing of Mini Options. The Exchange notes that it has no open interest in Mini Options.

Specifically, the Exchange proposes to amend the following ISE Rules related to Mini Options by deleting references to Mini Options within these rules: Options 3, Section 2(d), Units of Trading and Meaning of Premium Quotes and Orders; Options 3, Section 3, Minimum Trading Increments, at Supplementary Material .03; Options 4, Section 5, Series of Options Contracts Open for Trading, at Supplementary Material .13; Options 9, Section 13, Position Limits, at Supplementary Material .03; and Options 9, Section 14, Exemptions From Position Limits.

### Foreign Currency Index

The Exchange removed<sup>3</sup> prior ISE Section 22, which was titled “Rate-Modified Foreign Currency Options Rules” and governed the listing and trading of foreign currency options on ISE. At this time, the Exchange is removing Options 4A, Section 8, which is being reserved, as well as the definition of Foreign Currency Index, within Options 4A, Section 2(h), as that reference is no longer necessary because the product is not available to be listed on ISE. References to Foreign Currency Index are also being removed from Options 3, Section 3,

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<sup>3</sup> See Securities Exchange Act Release No. 84516 (November 1, 2018), 83 FR 55771 (November 7, 2018) (SR-ISE-2018-91) (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”).

Minimum Trading Increments, at Supplementary Material .04; Options 4A, Section 10(a); Options 4A, Section 11(a) and (c); Options 4A, Section 12(e)(1); and Options 6C, Section 3(e).

#### Other Obsolete Listings

The Exchange proposes to amend Options 4A, Section 2 at Supplementary Material .01; Options 4A, Section 6(a); Options 4A, Sections 12(a)(4),<sup>4</sup> (a)(5)(ii), (b)(2) and (c)(1); and Options 4A, Section 12 at Supplementary Material .06 to remove a list of index options contracts that are no longer listed on ISE and have no open interest. The Exchange also proposes to list the reporting authority for Mini Nasdaq 100 Index, which currently does not appear on the list of index options with reporting authorities. The reporting authority for the Mini Nasdaq 100 is The Nasdaq Stock Market.

#### Rulebook Harmonization

The Exchange recently harmonized its Rulebook in connection with other Nasdaq affiliated markets. The Exchange proposes to reserve sections General 9 and Options 4B and certain other rules<sup>5</sup> within the ISE Rulebook to represent the presence of rules in similar locations in other Nasdaq affiliated Rulebooks (e.g. Nasdaq Phlx LLC)<sup>6</sup>. The addition of these reserved sections will align the various Nasdaq affiliated market Rulebooks.

#### Other Non-Substantive Amendments

The Exchange proposes to correct a typographical error within Options 6C, Section 4, Meeting Margin Calls by Liquidation Prohibited. The Exchange proposes to correct cross-

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<sup>4</sup> The Exchange is relocating and renumbering the remaining listings within Options 4A, Section 12.

<sup>5</sup> The Exchange proposes to reserve Options 2, Sections 11-14; Options 4A, Sections 17-21; Options 6, Sections 8-13; Options 6C, Section 7; and Options 9, Section 24.

<sup>6</sup> See Securities Exchange Act Release No. 88213 (February 14, 2020), 85 FR 9859 (February 20, 2020) (SR-Phlx-2020-03) (“Phlx Rulebook Relocation Rule Change”).

references and numbering within Options 9, Section 4, Disruptive Quoting and Trading Activity Prohibited. Finally, the Exchange proposes to amend the names of certain securities which have been renamed within Options 9, Section 13 at Supplementary Material .01 and Options 9, Section 15 at Supplementary Material .01.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>7</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>8</sup> 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.

### Mini Options

The Exchange's proposal to removal references to the listing and handling of Mini Options is consistent with the Act because Mini Options have not been listed in several years and thereby removing the references to the rules would render the rules more accurate and reduce potential investor confusion. Also, the Exchange notes that it has no open interest in Mini Options. In the event that the Exchange desires to list Mini Options in the future, it would file a rule change with the Commission to adopt rules to list Mini Options.

### Foreign Currency Index

The Exchange's proposal to remove rules and references to the listing and handling of Foreign Currency Indexes is consistent with the Act because the listing rules for these products have been removed. Also, the Exchange notes that it has no open interest in Foreign Currency

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<sup>7</sup> 15 U.S.C. 78f(b).

<sup>8</sup> 15 U.S.C. 78f(b)(5).

Indexes. In the event that the Exchange desires to list Foreign Currency Indexes in the future, it would file a rule change with the Commission.

#### Other Obsolete Listings

The Exchange's proposal to remove obsolete index options listings within Options 4A, Section 2 at Supplementary Material .01; Options 4A, Section 6(a); Options 4A, Sections 12(a)(4),<sup>9</sup> (a)(5)(ii), (b)(2) and (c)(1); and Options 4A, Section 12 at Supplementary Material .06 is consistent with the Act. These index option listings have not been listed in some time and there is no open interest. In the event that the Exchange desires to list any of the removed index options listings in the future, it would file a rule change with the Commission. Further, the proposal to list the reporting authority for Mini Nasdaq 100 Index, which is The Nasdaq Stock Market, will bring greater transparency to the Exchange's Rules and provide investors with greater information about that index.

#### Rulebook Harmonization

The Exchange's proposal to reserve new sections at General 9 and Options 4B within the Rulebook is a non-substantive amendment which aligns the numbering across Nasdaq affiliated Rulebooks to provide market participants with an ability to more readily locate rules.

#### Other Non-Substantive Amendments

The Exchange's proposal to correct typographical errors, correct cross-references and numbering and amend names of securities are non-substantive. These amendments are intended to reduce investor confusion.

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<sup>9</sup> The Exchange is relocating and renumbering the remaining listings within Options 4A, Section 12.

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.

Mini Options

The Exchange's proposal to removal references to the listing and handling of Mini Options does not impose an undue burden on competition. Mini Options have not been listed in several years. Also, the Exchange notes that it has no open interest in Mini Options.

Foreign Currency Index

The Exchange's proposal to removal references to the listing and handling of Foreign Currency Indexes does not impose an undue burden on competition. Foreign Currency Indexes have not been listed in several years. Also, the Exchange notes that it has no open interest in Foreign Currency Indexes.

Other Obsolete Listings

The Exchange's proposal to remove obsolete index options listings within Options 4A, Section 2 at Supplementary Material .01; Options 4A, Section 6(a); Options 4A, Sections 12(a)(4),<sup>10</sup> (a)(5)(ii), (b)(2) and (c)(1); and Options 4A, Section 12 at Supplementary Material .06 does not impose an undue burden on competition. These index options listings have not been listed in some time and there is no open interest. Further, the proposal to list a reporting authority for Mini Nasdaq 100 Index, which is The Nasdaq Stock Market, will bring greater transparency to the Exchange's Rules.

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<sup>10</sup> The Exchange is relocating and renumbering the remaining listings within Options 4A, Section 12.

### Rulebook Harmonization

The Exchange's proposal to add reserved sections General 9 and Options 4B to the Rulebook is a non-substantive amendment which aligns the numbering across Nasdaq affiliated Rulebooks to provide market participants with an ability to more readily locate rules.

### Other Non-Substantive Amendments

The Exchange's proposal to correct typographical errors, correct cross-references and numbering and amend names of securities are non-substantive amendments.

#### 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<sup>11</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>12</sup>

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

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<sup>11</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>12</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires the Exchange to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of 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.



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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2020-11 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-2020-11. This file number should be included on the subject line if e-mail 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the

principal office of the Exchange. All comments received will be posted without change.

Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2020-11 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>13</sup>

J. Matthew DeLesDernier  
Assistant Secretary

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<sup>13</sup> 17 CFR 200.30-3(a)(12).