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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-105964; File No. SR-ISE-2026-41]

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 4 (Complex Order Fees and Rebates)

July 22, 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 July 10, 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 4 (Complex Order Fees and Rebates). Specifically, the Exchange proposes to compress the tiered schedule of Priority Customer Complex rebates.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.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Exchange initially filed this proposal on July 1, 2026 (SR-ISE-2026-39). On July 10, 2026, the Exchange withdrew SR-ISE-2026-39 and submitted this filing.

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 purpose of the proposed rule change is to amend the complex order⁴ rebates in the Exchange's Pricing Schedule (Options 7). Specifically, the Exchange proposes to amend its Pricing Schedule at Section 4 (Complex Order Fees and Rebates).

Currently, the Exchange offers tiered complex order rebates for Select Symbols⁵ and Non-Select Symbols⁶ based on the Priority Customer⁷ Complex Tier achieved.⁸ The schedule of

⁴ A "Complex Order" is any order involving the simultaneous purchase and/or sale of two or more different options series in the same underlying security, as provided in Options 3, Section 14, as well as Stock-Option Orders, as that term is defined in Options 3, Section 14(a)(2). See Options 7, Section 1(c).

⁵ "Select Symbols" are options overlying all symbols listed on the Nasdaq ISE that are in the Penny Interval Program. See Options 7, Section 1(c).

⁶ "Non-Select Symbols" are options overlying all symbols excluding Select Symbols. No Priority Customer complex order rebates will be paid for orders in NDX, XND or MNX. See Options 7, Section 4, note 4.

⁷ The term "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 Options 1, Section 1(a)(38). Unless otherwise noted, when used in the Pricing Schedule, the term "Priority Customer" includes "Retail". See Options 7, Section 1(c). A "Retail" order is a Priority Customer order that originates from a natural person, provided that no change is made to the terms of the order with respect to price or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See id.

⁸ Priority Customer Complex Tiers are based on Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume. "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. See Options 7, Section 1(c). All Complex Order volume executed on the Exchange, including volume executed by Affiliated Members, is included in the volume calculation, except for volume executed

tiered complex order Priority Customer rebates for Select Symbols and Non-Select Symbols is currently as follows:

Priority Customer Complex Tier	Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume	Rebate for Select Symbols	Rebate for Non-Select Symbols
Tier 1	0.000% - 0.200%	(\$0.25)	(\$0.50)
Tier 2	Above 0.200% - 0.400%	(\$0.30)	(\$0.60)
Tier 3	Above 0.400% - 0.550%	(\$0.40)	(\$0.80)
Tier 4	Above 0.550% - 0.750%	(\$0.45)	(\$0.85)
Tier 5	Above 0.750% - 0.900%	(\$0.49)	(\$0.90)
Tier 6	Above 0.900% - 1.350%	(\$0.53)	(\$0.99)
Tier 7	Above 1.350% - 1.750%	(\$0.54)	(\$1.00)
Tier 8	Above 1.750% - 2.250%	(\$0.56)	(\$1.11)
Tier 9	Above 2.250% - 4.500%	(\$0.58)	(\$1.13)
Tier 10	Above 4.500%	(\$0.59)	(\$1.16)

The above rebates are provided per contract, per leg, if the order trades with Non-Priority Customer⁹ orders in the complex order book. This rebate will be reduced by \$0.20 per contract in Select Symbols where the largest leg of the Complex Order is under fifty (50) contracts and trades with quotes and orders on the regular order book. No Priority Customer Complex Order rebates are provided in Select Symbols if any leg of the order that trades with interest on the regular order book is fifty (50) contracts or more. No Priority Customer Complex Order rebates

as Crossing Orders and Responses to Crossing Orders. Affiliated Entities may aggregate their Complex Order volume for purposes of calculating Priority Customer Rebates. An “Appointed OFP” would receive the rebate associated with the qualifying volume tier based on aggregated volume. See Options 7, Section 4, note 16. As set forth in Options 7, Section 1(c), an Appointed OFP is an Order Flow Provider who has been appointed by a Market Maker for purposes of qualifying as an Affiliated Entity, and an Order Flow Provider is any Member, other than a Market Maker, that submits orders, as agent or principal, to the Exchange.

⁹ “Non-Priority Customers” include Market Makers, Non-Nasdaq ISE Market Makers, Firm Proprietary / Broker-Dealers, and Professional Customers. See Options 7, Section 1(c).

are provided in Non-Select Symbols if any leg of the order trades with interest on the regular order book, irrespective of order size.

The Exchange also offers additional tiered rebates, in addition to the existing Priority Customer Complex Tier rebates, for Select Symbols and for Non-Select Symbols, provided the Member has also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders¹⁰ in a given month. As is the case with the Priority Customer Complex Tier rebates, these additional tiered rebates are provided per contract, per leg, if the order trades with Non-Priority Customer orders in the complex order book. For purposes of calculating this threshold, eligible volume from Affiliated Members and Affiliated Entities is aggregated.

The additional tiered rebate, in addition to the Priority Customer Complex Tier rebates, for Select Symbols is currently as follows:

Tier 1	(\$0.00)
Tier 2	(\$0.02)
Tier 3	(\$0.03)
Tier 4	(\$0.04)
Tier 5	(\$0.06)
Tier 6	(\$0.02)
Tier 7	(\$0.01)
Tier 8	(\$0.00)
Tier 9	(\$0.00)
Tier 10	(\$0.00)

The additional tiered rebate, in addition to the Priority Customer Complex Tier rebates, for Non-Select Symbols is currently as follows:

Tier 1	(\$0.00)
Tier 2	(\$0.05)
Tier 3	(\$0.10)

¹⁰ A “FLEX Order” is an order submitted in a FLEX Option pursuant to Options 3A. See Options 3, Section 7(z). See also Options 3A, Section 1(b)(2). A “FLEX Option” is a flexible exchange option. See Options 3A, Section 1(b)(1). A FLEX Order can also be a Complex Order. Therefore, it is possible for a single order to count both towards the Priority Customer complex tier qualification, as well as the additional tiered rebates for Members who have also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders.

Tier 4	(\$0.15)
Tier 5	(\$0.20)
Tier 6	(\$0.12)
Tier 7	(\$0.12)
Tier 8	(\$0.03)
Tier 9	(\$0.01)
Tier 10	(\$0.00)

The Exchange proposes to compress this schedule of rebates. To do so, the Exchange will slightly widen the scope of Tier 3 (by increasing the upper bound to qualify for this tier from 0.550% to 0.600%), while collapsing the remainder of Tier 4 into Tier 5. Because of the widening of the scope of Tier 3, Members who currently qualify for Tier 4 with volume in the 0.550%-0.600% range will now, instead, fall under Tier 3.

The revised schedule of tiered complex order Priority Customer rebates for Select Symbols and Non-Select Symbols will be as follows:

Priority Customer Complex Tier	Total Affiliated Member or Affiliated Entity Complex Order Volume (Excluding Crossing Orders and Responses to Crossing Orders) Calculated as a Percentage of Customer Total Consolidated Volume	Rebate for Select Symbols	Rebate for Non-Select Symbols
Tier 1	0.000% - 0.200%	(\$0.25)	(\$0.50)
Tier 2	Above 0.200% - 0.400%	(\$0.30)	(\$0.60)
Tier 3	Above 0.400% - 0.600%	(\$0.40)	(\$0.80)
Tier 4	Above 0.600% - 0.900%	(\$0.49)	(\$0.90)
Tier 5	Above 0.900% - 1.350%	(\$0.53)	(\$0.99)
Tier 6	Above 1.350% - 1.750%	(\$0.54)	(\$1.00)
Tier 7	Above 1.750% - 2.250%	(\$0.56)	(\$1.11)
Tier 8	Above 2.250% - 4.500%	(\$0.58)	(\$1.13)
Tier 9	Above 4.500%	(\$0.59)	(\$1.16)

The additional tiered rebate, in addition to the Priority Customer Complex Tier rebates, for Select Symbols will be as follows:

Tier 1	(\$0.00)
Tier 2	(\$0.02)
Tier 3	(\$0.03)

Tier 4	(\$0.06)
Tier 5	(\$0.02)
Tier 6	(\$0.01)
Tier 7	(\$0.00)
Tier 8	(\$0.00)
Tier 9	(\$0.00)

The additional tiered rebate, in addition to the Priority Customer Complex Tier rebates, for Non-Select Symbols will be as follows:

Tier 1	(\$0.00)
Tier 2	(\$0.05)
Tier 3	(\$0.10)
Tier 4	(\$0.20)
Tier 5	(\$0.12)
Tier 6	(\$0.12)
Tier 7	(\$0.03)
Tier 8	(\$0.01)
Tier 9	(\$0.00)

The amount of the Priority Customer tiered rebate, as well as the amount of the additional tiered rebates, will continue to be the same for Tiers 1-3. Meanwhile, the amount of these rebates formerly paid to Tier 5 will now be paid to Tier 4, and so on for the remaining tiers. The Exchange believes that these changes to its Pricing Schedule will help drive additional order flow to the Exchange, which will benefit all market participants by providing them the opportunity to interact with such increased order flow.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹¹ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹² in particular, in that it provides for the equitable allocation of reasonable dues, fees and other charges among

¹¹ 15 U.S.C. 78f(b).

¹² 15 U.S.C. 78f(b)(4) and (5).

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.”¹³

Likewise, in NetCoalition v. Securities and Exchange Commission¹⁴ (“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.¹⁵ 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.”¹⁶

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

¹³ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005).

¹⁴ NetCoalition v. SEC, 615 F.3d 525 (D.C. Cir. 2010).

¹⁵ See NetCoalition, at 534-535.

¹⁶ Id. at 537.

of order flow from broker dealers'"¹⁷ 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 proposed amendments to compress the schedule of Priority Customer complex rebates are reasonable. The Exchange's proposal to compress the tier schedule by slightly widening the scope of Tier 3 (by increasing the upper bound of this tier from 0.550% to 0.600%) and collapsing the remainder of Tier 4 into Tier 5 is reasonable because the existing Tier 4 provided only a limited incremental rebate over Tier 3—an increase of \$0.05 per contract in Select Symbols (from \$0.40 to \$0.45) and \$0.05 per contract in Non-Select Symbols (from \$0.80 to \$0.85)—that might not have provided a sufficient incentive for Members to increase their complex order volume from the Tier 3 range to the Tier 4 range. By removing this intermediate tier, the Exchange creates a larger rebate increment between the new Tier 3 and the new Tier 4—\$0.09 per contract in Select Symbols (from \$0.40 to \$0.49) and \$0.10 per contract in Non-Select Symbols (from \$0.80 to \$0.90)—which is nearly double the prior step and which the Exchange believes will more effectively incentivize Members to direct additional Priority Customer complex order flow to the Exchange in order to reach the new Tier 4 threshold. National securities exchanges have routinely eliminated tiers that provided insufficient marginal incentive to drive additional volume, on the basis that such tiers were not accomplishing their intended objectives. The Exchange believes that the same rationale supports the proposed compression here. The Exchange also notes that the proposed compression will not disadvantage the majority of Members currently qualifying for old Tier 4: Members whose volume falls in the 0.600%-

¹⁷ 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)).

0.750% range of old Tier 4 will now qualify for the new Tier 4 and will receive a higher base rebate (\$0.49 per contract in Select Symbols and \$0.90 per contract in Non-Select Symbols, compared with \$0.45 and \$0.85, respectively, that they currently receive). Moreover, for Members who also qualify for the additional tiered rebates by having transacted an average daily volume of greater than 10,000 contracts of FLEX Orders in a given month, the benefit is compounded: the additional FLEX rebate for the new Tier 4 will increase from \$0.04 to \$0.06 per contract in Select Symbols and from \$0.15 to \$0.20 per contract in Non-Select Symbols, resulting in a total combined rebate increase from \$0.49 to \$0.55 per contract in Select Symbols and from \$1.00 to \$1.10 per contract in Non-Select Symbols. Only Members in the narrower 0.550%-0.600% portion of old Tier 4 will instead fall under the new Tier 3, but these Members will retain a meaningful rebate at the Tier 3 level, and the heightened rebate increment to the new Tier 4 provides them a stronger incentive to increase their volume. Additionally, the Exchange has limited resources to allocate to incentive programs and must, from time to time, reallocate resources to maximize their net impact on the Exchange, market quality, and participants. The Exchange believes that concentrating its rebate resources into tiers with more meaningful incremental rebate steps—rather than maintaining a greater number of narrowly differentiated tiers—will more effectively incentivize the submission of Priority Customer complex order flow to the Exchange, which will benefit all market participants by providing them the opportunity to interact with such increased order flow. Additionally, the proposed amendments to the additional tiered rebates available to Members who have also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders in a given month are reasonable because all they do is make these additional tiered rebates compatible with the new Priority Customer complex rebate tiers by collapsing the additional rebates that were formerly paid to Tier 4 into Tier 5.

The proposed compressed schedule of Priority Customer complex rebates is also equitable and not unfairly discriminatory because the Exchange will uniformly apply the revised rebates to all Priority Customers who meet the applicable tier qualifications. All Members qualifying at a given tier level will receive the same rebate, and the tier qualifications remain based on objective, transparent volume criteria. Further, paying complex order rebates solely to Priority Customers is equitable and not unfairly discriminatory because Priority Customer liquidity benefits all market participants by providing more trading opportunities, which attracts Market Makers. An increase in the activity of Market Makers—particularly in response to pricing—facilitates tighter spreads, which may cause an additional corresponding increase in order flow from other market participants. The additional tiered rebates available to Members who have also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders in a given month will likewise continue to be uniformly applied to all Members meeting the applicable criteria and are similarly designed to incentivize order flow that benefits all market participants. Additionally, the revised schedule of Priority Customer complex rebates, combined with the additional tiered Priority Customer Complex rebates for Members who have also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders in a given month, will be reasonable and not unfairly discriminatory, because it will continue to be the case that the amount of the combined rebates will either stay flat, or increase, with every single step up to a higher tier.¹⁸

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

¹⁸ For Select Symbols, the combined rebates for Tiers 1-9 will be \$0.25, \$0.32, \$0.43, \$0.55, \$0.55, \$0.55, \$0.56, \$0.58, and \$0.59, respectively. For Non-Select Symbols, the combined rebates for Tiers 1-9 will be \$0.50, \$0.65, \$0.90, \$1.10, \$1.11, \$1.12, \$1.14, \$1.14, and \$1.16, respectively.

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 with 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.

Intra-market Competition

The Exchange's proposed amendments to the schedule of Priority Customer complex rebates will not impose an undue burden on intra-market competition that is not necessary or appropriate in furtherance of the purposes of the Act. The compressed schedule will be uniformly applied to all Priority Customers; all Members qualifying at a given tier level will receive the same rebate, and the tier qualifications remain based on objective, transparent volume criteria that are equally accessible to all Members. Moreover, the compressed tier structure is pro-competitive because it eliminates a narrow intermediate tier whose limited incremental rebate—only \$0.05 per contract in Select Symbols and \$0.05 per contract in Non-Select Symbols over Tier 3—was not providing

sufficient incentive to drive additional volume, and instead concentrates rebate resources into tiers with more meaningful step-ups. This benefits all Members because the resulting sharper incentive gradient between the new Tier 3 and new Tier 4—\$0.09 per contract in Select Symbols and \$0.10 per contract in Non-Select Symbols—is more likely to motivate Members to increase their Priority Customer complex order flow to the Exchange, which in turn enhances liquidity to the benefit of all market participants. While Members who currently qualify for Tier 4 with volume in the 0.550%-0.600% range will now fall under Tier 3 and receive a modestly lower base rebate, this does not impose an undue burden on intra-market competition. These Members will continue to receive a meaningful rebate at the Tier 3 level, and the compressed schedule provides a heightened incentive for these Members to increase their volume to the new Tier 4 threshold, which offers a higher rebate (\$0.49 per contract in Select Symbols and \$0.90 per contract in Non-Select Symbols) than the former Tier 4 (\$0.45 and \$0.85, respectively). Additionally, the combined effect of the base rebates and the additional tiered rebates available to qualifying Members will either stay flat or increase at every successive tier, ensuring that the incentive to direct additional volume to the Exchange is preserved at every level. The Exchange also believes that the increased Priority Customer order flow that the compressed schedule is designed to attract will enhance liquidity on the Exchange to the benefit of all market participants, including Market Makers and other Non-Priority Customer participants, by providing more trading opportunities, which in turn attracts additional market participants and facilitates tighter spreads. For these reasons, the proposed amendments to the additional tiered rebates available to Members who have also transacted an average daily volume of greater than 10,000 contracts of FLEX Orders in a given month will likewise not impose an undue burden on intra-market competition. These modified additional tiered rebates are a conforming adjustment

to make the FLEX-based incentive structure compatible with the compressed Priority Customer complex rebate tiers, and they will be uniformly applied to all Members meeting the applicable tier qualifications.

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.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: (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.

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

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2026-41 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-2026-41. 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-2026-41 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.

²⁰ 17 CFR 200.30-3(a)(12).