

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106100; File No. SR-ISE-2026-34]

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

August 12, 2026.

I. Introduction

On June 15, 2026, 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 the Exchange’s Short Term Option Series Program to (1) permit the listing of up to two Tuesday and Thursday expirations for options on Exchange-Traded Fund Shares³ that meet the existing “Qualifying Securities” criteria in Supplementary Material .03 to Options 4, Section 5; and (2) permit the listing of up to two Monday and Wednesday expirations for options on Exchange-Traded Fund Shares that meet new “Qualifying Securities” criteria. The proposed rule change was published for comment in the Federal Register on July 2, 2026.⁴ This order approves the proposed rule change.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Options 4, Section 3(h) (defining “Exchange-Traded Fund Shares”).

⁴ See Securities Exchange Act Release No. 105801 (June 29, 2026), 91 FR 40603 (“Notice”). Comments on the proposed rule change are available at: <https://www.sec.gov/rules-regulations/public-comments/sr-ise-2026-34>.

II. Description of the Proposal

Currently, the Exchange's Short Term Option Series Program⁵ permits the listing of up to two Monday and Wednesday expirations beyond the current week for options on certain individual stocks or Exchange-Traded Fund Shares (collectively, "Qualifying Securities").⁶ To be eligible to be a Qualifying Security, an individual stock or Exchange-Traded Fund Share must meet the following criteria on a quarterly basis: (1) an underlying security, as measured on the last day of the prior calendar quarter, must have: (A) a market capitalization of greater than \$700 billion for an individual stock based on the closing price,⁷ or (B) assets under management ("AUM") greater than \$50 billion for an Exchange-Traded Fund Share based on net asset value ("NAV"); (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options; (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program⁸ (collectively, "Qualifying Securities Criteria").⁹

Each calendar quarter, the Exchange applies the Qualifying Securities Criteria to individual stocks and Exchange-Traded Fund Shares to determine eligibility for the following

⁵ See Supplementary Material .03 to Options 4, Section 5. Under the Exchange's Short Term Option Series Program, the Exchange may open for trading series of options on certain symbols that expire at the close of business of 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 series, Monthly Option Series, or Quarterly Options Series expire ("Short Term Option Daily Expirations").

⁶ See Securities Exchange Act Release No. 104624 (January 16, 2026), 91 FR 2806 (January 22, 2026) (SR-ISE-2025-15) (Order Approving a Proposed Rule Change, as Modified by Amendment No. 1, to Amend the Short Term Option Series Program to List Qualifying Securities); Supplementary Material .03 to Options 4, Section 5.

⁷ The Exchange states that the closing price and the opening price shall be that of the primary exchange where the security is listed. See Notice, supra note 4, 91 FR at 40604, n.5.

⁸ See Supplementary Material .01 to Options 3, Section 3.

⁹ The Exchange has noted the expirations in Table 2 of Supplementary Material .03 to Options 4, Section 5, along with the Qualifying Securities Criteria.

quarter.¹⁰ The Exchange makes the list of Qualifying Securities available by the close of business on the first trading day of the quarter.¹¹

The Exchange may list two Short Term Option Daily Expirations for Qualifying Securities beyond the current week for each Monday and Wednesday expiration at one time.¹² The Exchange does not list an expiry on a day when there will be an earnings announcement that takes place after market close.¹³ Qualifying Securities that do not continue to meet the Qualifying Securities Criteria are no longer permitted to be listed as Monday and Wednesday expirations beginning on the second day of the following quarter.¹⁴

The Exchange proposes to amend rules related to Qualifying Securities expirations to: (1) add the listing of up to two Tuesday and Thursday expirations for options on Exchange-Traded Fund Shares that meet the current Qualifying Securities Criteria;¹⁵ and (2) amend the Qualifying Securities Criteria to permit the listing of up to two Monday and Wednesday expirations for options on Exchange-Traded Fund Shares that meet new criteria.¹⁶

Tier 1 Qualifying Securities

The Exchange proposes to designate Exchange-Traded Fund Shares that meet the current Qualifying Securities Criteria as “Tier 1 Qualifying Securities.” Each calendar quarter, as it currently does for Qualifying Securities, the Exchange would apply the Qualifying Securities

¹⁰ See Notice, supra note 4, 91 FR at 40604.

¹¹ See id. at 40605.

¹² See id. at 40604.

¹³ See id. at 40605, n.8.

¹⁴ See id. at 40605.

¹⁵ The Exchange also proposes to designate such Exchange-Traded Fund Shares as “Tier 1 Qualifying Securities.”

¹⁶ The Exchange also proposes to designate such Exchange-Traded Fund Shares as “Tier 2 Qualifying Securities.”

Criteria to Exchange-Traded Fund Shares to determine their eligibility for the following quarter as Tier 1 Qualifying Securities.¹⁷ As noted above, the Exchange currently may list Monday and Wednesday Qualifying Securities Expirations on such Exchange-Traded Fund Shares. The Exchange proposes to list Tuesday and Thursday expirations in Tier 1 Qualifying Securities (“Tuesday and Thursday Tier 1 Qualifying Securities Expirations”), in addition to the existing Monday and Wednesday Qualifying Securities expirations.

The Exchange states that the proposed Tuesday Qualifying Securities expirations on Exchange-Traded Fund Shares for Tier 1 Qualifying Securities (“Tuesday Tier 1 Qualifying Securities Expirations”) would be similar to the current Tuesday expirations in SPDR S&P 500 ETF Trust (“SPY”), Invesco QQQ Trust (“QQQ”), and iShares Russell 2000 ETF (“IWM”) in Short Term Option Daily Expirations¹⁸ because the Exchange may open for trading on any Monday or Tuesday that is a business day (beyond the current week) series of options on Qualifying Securities that expire at the close of business on each of the next two Tuesdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.¹⁹ In the event a Tuesday Tier 1 Qualifying Securities Expirations series expires on a Tuesday that is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would

¹⁷ See Notice, supra note 4, 91 FR at 40604, 40606. Therefore, in order to qualify as a Tier 1 Qualifying Security, an Exchange-Traded Fund Share must meet the following criteria on a quarterly basis: (1) an underlying security, as measured on the last day of the prior calendar quarter, must have AUM greater than \$50 billion based on NAV; (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options; (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program. See Supplementary Material .03 to Options 4, Section 5.

¹⁸ See supra note 5.

¹⁹ See Notice, supra note 4, 91 FR at 40605.

skip that week's listing and instead list the following week; the two weeks therefore would not be consecutive.²⁰

The Exchange also states that the proposed Thursday Qualifying Securities expirations on Exchange-Traded Fund Shares for Tier 1 Qualifying Securities ("Thursday Tier 1 Qualifying Securities Expirations") would be similar to the current Thursday expirations in SPY, QQQ, and IWM in Short Term Option Daily Expirations²¹ because the Exchange may open for trading on any Wednesday or Thursday that is a business day (beyond the current week) series of options on Qualifying Securities that expire at the close of business on each of the next two Thursdays that are business days and are not business days in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.²² In the event a Thursday Tier 1 Qualifying Securities Expirations series expires on a Thursday that is the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks therefore would not be consecutive.²³

The Exchange states that the interval between strike prices for the proposed Tuesday and Thursday Tier 1 Qualifying Securities Expirations would be the same as those currently applicable to the Short Term Option Series Program.²⁴ As is the case with other equity options

²⁰ Today, Tuesday expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series. See id. at 40605.

²¹ See supra note 5.

²² See Notice, supra note 4, 91 FR at 40605.

²³ Today, Thursday expirations in SPY, QQQ, and IWM similarly skip the weekly listing in the event the weekly listing expires on the same day in the same class as a standard expiration options series, Monthly Options Series, or Quarterly Options Series. See id.

²⁴ See id. at 40605-06. Specifically, the Tuesday and Thursday Tier 1 Qualifying Securities Expirations will have a strike interval of (i) \$0.50 or greater for strike prices below \$100, and \$1 or greater for strike prices between \$100 and \$150 for all option classes that participate in the Short Term Option Series Program, (ii) \$0.50 for option classes that trade in one dollar increments and are in the Short Term Option Series

series listed pursuant to the Short Term Option Series Program, Tuesday and Thursday Tier 1 Qualifying Securities Expirations series would be P.M.-settled.²⁵

Tier 2 Qualifying Securities

The Exchange also proposes to expand the Short Term Option Series Program to permit the listing of up to two Monday and Wednesday expirations for options on Exchange-Traded Fund Shares that meet proposed new criteria as Qualifying Securities (“Monday and Wednesday Tier 2 Qualifying Securities Expirations”).²⁶ The Exchange proposes to amend the Qualifying Securities Criteria in Supplementary Material .03 to Options 4, Section 5 to include separate criteria for the proposed Tier 2 Qualifying Securities. For eligibility as a Tier 2 Qualifying Security, an underlying Exchange-Traded Fund Share would be required to have (1) AUM greater than \$25 billion based on NAV, as measured on the last day of the prior calendar quarter;²⁷ (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 5 million options;²⁸ (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program (“Tier 2 Qualifying Securities Criteria”).²⁹

Each calendar quarter, the Exchange would apply the proposed criteria to Exchange-Traded Fund Shares to determine eligibility for the following quarter as Tier 2 Qualifying

Program, or (iii) \$2.50 or greater for strike prices above \$150. See Supplementary Material .03(e) to Options 4, Section 5.

²⁵ See Notice, supra note 4, 91 FR at 40606.

²⁶ See id.

²⁷ Currently, Exchange-Traded Fund Shares that are Qualifying Securities must have an AUM greater than \$50 billion based on NAV. See Supplementary Material .03 to Options 4, Section 5.

²⁸ Currently, Exchange-Traded Fund Shares that are Qualifying Securities must have a monthly options volume, as measured by sides traded in the last month preceding the quarter end, of greater than 10 million options. See Supplementary Material .03 to Options 4, Section 5.

²⁹ See Notice, supra note 4, 91 FR at 40606.

Securities.³⁰ Beginning on the second trading day in the first month of each calendar quarter, the AUM for Tier 2 Qualifying Securities shall be calculated based on the NAV established on the primary exchange on the last trading day of the prior calendar quarter.³¹ The data establishing the volume thresholds would be established by using data from the last month of the prior calendar quarter from The Options Clearing Corporation (“OCC”).³² For options listed on the first trading day of a given calendar quarter, the volume shall be calculated using the last month of the quarter prior to that calendar quarter.³³ The Exchange would make the list of Qualifying Securities, including the Tier 2 Qualifying Securities, available by the close of business on the first trading day of the quarter.³⁴

For the proposed Tier 2 Qualifying Securities, the Exchange would be permitted to list two Short Term Option Daily Expirations beyond the current week for each Monday and Wednesday Tier 2 Qualifying Securities Expiration at one time.³⁵ Tier 2 Qualifying Securities that do not continue to meet the Tier 2 Qualifying Securities Criteria would no longer be permitted to list Monday and Wednesday Tier 2 Qualifying Securities Expirations beginning on the second day of the following quarter.³⁶

The Exchange states that the proposed Monday Tier 2 Qualifying Securities Expirations would be similar to the Monday expirations for existing Qualifying Securities (including the Tier

³⁰ See id.

³¹ See id.

³² See id.

³³ The Exchange states that OCC data becomes available for the end of a quarter on the first trading day of a new quarter. See id. at 40606, n.24.

³⁴ See id. at 40406-07. The Exchange will continue to make this information available on its website. See id. at 40607, n.25.

³⁵ See id. at 40607. The Exchange has noted the additional expirations in Table 2 of Supplementary Material .03 to Options 4, Section 5 along with the proposed criteria for the proposed Tier 2 Qualifying Securities.

³⁶ See id.

1 Qualifying Securities), among other symbols that may list a Monday expiration in Short Term Option Daily Expirations³⁷ because the Exchange may open for trading on any Friday or Monday that is a business day (beyond the current week) series of options on Tier 2 Qualifying Securities to expire on any Monday of the month that is a business day and is not a Monday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.³⁸

The Exchange states that the proposed Wednesday Tier 2 Qualifying Securities Expirations would also be similar to the current Wednesday expirations for existing Qualifying Securities (among other symbols that may list a Wednesday expiration) in Short Term Option Daily Expirations³⁹ because the Exchange may open for trading on any Tuesday or Wednesday that is a business day (beyond the current week) series of options on Tier 2 Qualifying Securities to expire on any Wednesday of the month that is a business day and is not a Wednesday in which standard expiration options series, Monthly Options Series, or Quarterly Options Series expire.⁴⁰

In the event a Monday or Wednesday Tier 2 Qualifying Securities Expirations series expires on the same day that a standard expiration options series, Monthly Options Series, or Quarterly Options Series expires, the Exchange would skip that week's listing and instead list the following week; the two weeks therefore would not be consecutive.⁴¹

³⁷ See supra note 5.

³⁸ Monday expirations that are listed on a Friday must be listed at least one business week and one business day prior to the expiration. Pursuant to Options 1, Section 1(a)(50), with respect to the Short Term Option Series Program, if a Monday is not a business day, the series shall expire on the first business day immediately following that Monday.

³⁹ See supra note 5.

⁴⁰ See Notice, supra note 4, 91 FR at 40607.

⁴¹ See id. Pursuant to Options 1, Section 1(a)(50), with respect to the Short Term Option Series Program, a Wednesday expiration series shall expire on the first business day immediately prior to that Wednesday (e.g., Tuesday of that week if the Wednesday is not a business day).

The Exchange states that the interval between strike prices for the proposed Monday and Wednesday Tier 2 Qualifying Securities Expirations would be the same as those currently applicable to Monday and Wednesday expirations in existing Qualifying Securities (among other symbols that may list a Monday or Wednesday expiration) in the Short Term Option Series Program.⁴² As is the case with other equity options series listed pursuant to the Short Term Option Series Program, the Monday and Wednesday Tier 2 Qualifying Securities Expirations series would be P.M.-settled.⁴³

III. Discussion and Commission Findings

After careful review, the Commission finds that the proposed rule change is consistent with the Act and the rules and regulations thereunder applicable to a national securities exchange.⁴⁴ In particular, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act,⁴⁵ 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 received one supportive comment letter on the proposal.⁴⁶ The commenter states that the current short term option daily expirations on exchange-traded funds are highly liquid products, and they do not cause market disruption and may be used to hedge

⁴² See id.; Supplementary Material .03(e) to Options 4, Section 5.

⁴³ See Notice, supra note 4, 91 FR at 40607.

⁴⁴ 15 U.S.C. 78s.

⁴⁵ 15 U.S.C. 78s(b)(5).

⁴⁶ See letter from Caitlin Farrell-Starbuck, Global Head of Compliance, Susquehanna International Group, LLP, dated July 22, 2026, supra note 4.

narrowly defined risks.⁴⁷ The commenter observes that these short-term option products are the subject of substantial retail interest, with significant trading volume on the day of expiration.⁴⁸ The commenter expects that the proposed new expirations would “yield the same results” as the proposal would permit additional expirations for only the most liquid exchange-traded funds and would provide investors with expanded and more effective hedging tools.⁴⁹

In support of its proposal, the Exchange states that it does not believe that any market disruptions would be encountered with the introduction of Tuesday and Thursday Tier 1 Qualifying Securities Expirations and Monday and Wednesday Tier 2 Qualifying Securities Expirations.⁵⁰ The Exchange states that it currently trades P.M.-settled Short Term Option Series that expire Monday, Tuesday, Wednesday and Thursday on several symbols⁵¹ and has not experienced any market disruptions or issues with capacity.⁵² In addition, the Exchange states that it has surveillance programs in place to detect manipulative trading in the proposed option expirations, in the same way that it monitors trading in the current Short Term Option Series Expirations.⁵³ The Exchange states it has the necessary capacity and surveillance programs in place to support and properly monitor trading in the proposed Tuesday and Thursday Tier 1

⁴⁷ See id. at 1.

⁴⁸ See id.

⁴⁹ See id.

⁵⁰ See Notice, supra note 4, at 40606, 40608.

⁵¹ See id. at 40606, 40608; see also id. at 40604, n.4 (“[t]he Exchange currently permits expirations in SPY, IWM, QQQ on Mondays, Tuesdays, Wednesdays and Thursdays. Also, the Exchange permits expirations in GLD, SLV and TLT on Mondays and Wednesdays. Finally, the Exchange permits expirations in USO and UNG on Wednesdays.”).

⁵² See id. at 40606, 40608.

⁵³ See id. at 40621.

Qualifying Securities Expirations and the proposed Monday and Wednesday Tier 2 Qualifying Securities Expirations.⁵⁴

The Exchange's proposal, which is limited to Exchange-Traded Fund Shares that meet either the existing Qualifying Securities Criteria or the new Tier 2 Qualifying Securities Criteria, is reasonably designed as a limited expansion of the Short Term Options Series Program. The proposal would add a small overall number of weekly expirations because the Exchange will limit the number of Tuesday and Thursday Tier 1 Qualifying Securities Expirations to two Tuesday expirations and two Thursday expirations beyond the current week and the number of Monday and Wednesday Tier 2 Qualifying Securities Expirations to two Monday and two Wednesday expirations beyond the current week.⁵⁵ Furthermore, the Qualifying Securities Criteria (including the Tier 2 Qualifying Securities Criteria) will limit the number of eligible Qualifying Securities, and the associated Qualifying Securities Expirations, so that any potential impact on the options market will accordingly be limited. However, the Commission expects the Exchange to monitor the trading of the options listed as a result of the proposal to evaluate whether any issues develop.

The existing Qualifying Securities Criteria applicable to Exchange-Traded Fund Shares—which require (1) an AUM greater than \$50 billion based on NAV; (2) monthly options volume greater than 10 million options; (3) a position limit of at least 250,000 contracts; and (4)

⁵⁴ See *id.* at 40606, 40608.

⁵⁵ See *id.* at 40615. The Exchange analyzed Exchange-Traded Fund Shares that would have qualified as either Tier 1 Qualifying Securities (iShares Bitcoin Trust ETF (IBIT) and Financial Select Sector SPDR Fund (XLF)) or as Tier 2 Qualifying Securities (VanEck Semiconductor ETF (SMH), Energy Select Sector SPDR (XLE), iShares MSCI Emerging Markets ETF (EEM)) as of April 2026. According to the Exchange, expanding the Short Term Option Series Program to include IBIT, XLF, SMH, XLE and EEM would increase the amount of strikes by approximately 0.16%. See *id.* at 40608.

participation in the Penny Interval Program—should help to ensure that Tier 1 Qualifying Securities, as well as the options on such securities, are highly liquid and actively traded.⁵⁶

Further, as discussed above, the Tier 2 Qualifying Securities Criteria require Exchange-Traded Fund Shares to have (1) AUM greater than \$25 billion based on NAV; (2) monthly options volume, as measured by sides traded in the last month preceding the quarter end, greater than 5 million options; (3) a position limit of at least 250,000 contracts; and (4) participate in the Penny Interval Program.⁵⁷ Although the Tier 2 Qualifying Securities Criteria would have lower AUM and monthly options volume eligibility requirements than the existing Qualifying Securities Criteria, they would include the same 250,000-contract position limit and Penny Interval Program participation requirements. Therefore, the proposed criteria would help to ensure that Tier 2 Qualifying Securities, as well as the options on such securities, are highly liquid and actively traded.⁵⁸

If the Exchange chooses to modify the Qualifying Securities Criteria, the proposed Tier 2 Qualifying Securities Criteria, or any other aspect of the proposal, it will be required to file a proposed rule change with the Commission, which will subject the proposed rule change to the notice and comment process.

Based on the foregoing, the Commission believes the proposal reasonably balances the Exchange's desire to accommodate investor demand by offering a wider array of investment opportunities with the need to avoid unnecessary proliferation of options series. Additionally, and as noted above, this limited expansion of Qualifying Securities expirations may provide the

⁵⁶ See supra notes 6-9 and accompanying text.

⁵⁷ See supra notes 26-29 and accompanying text.

⁵⁸ According to the Exchange, substantially less than 1% of Exchange-Traded Fund Shares would meet the Tier 2 Qualifying Securities Criteria. See Notice, supra note 4, at 40619.

investing public and other market participants more flexibility to closely tailor their investment and hedging decisions in these options, thus allowing them to better manage their risk exposure. For these reasons, the Commission finds that the proposed rule change is consistent with Section 6(b)(5) of the Act⁵⁹ 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,⁶⁰ that the proposed rule change (SR-ISE-2026-34) be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.⁶¹

Sherry R. Haywood,

Assistant Secretary.

⁵⁹ 15 U.S.C. 78s(b)(5).

⁶⁰ 15 U.S.C. 78s(b)(2).

⁶¹ 17 CFR 200.30-3(a)(12).