

and trading of Exchange-Traded Managed Fund Shares, so that it has sufficient time to consider this proposed rule change.

Accordingly, the Commission, pursuant to Section 19(b)(2) of the Act,<sup>6</sup> designates July 28, 2015, as the date by which the Commission shall either approve or disapprove, or institute proceedings to determine whether to disapprove, the proposed rule change (File No. SR-NASDAQ-2015-036).

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>7</sup>

**Robert W. Errett,**  
Deputy Secretary.

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## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-75130; File No. SR-ISE-2015-19]

### Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Schedule of Fees

June 9, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 1, 2015, the International Securities Exchange, LLC (the “Exchange” or the “ISE”) filed with the Securities and Exchange Commission the proposed rule change, as described in Items I, II, and III below, which items have been prepared by the self-regulatory organization. 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 ISE proposes to amend the Schedule of Fees to increase certain complex order fees in Select Symbols, and to introduce tiered fees for certain Market Maker complex orders based on affiliated Priority Customer complex order volume. The text of the proposed rule change is available on the Exchange’s Web site (<http://www.ise.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 self-regulatory organization 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 self-regulatory organization 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 increase certain complex order fees in Select Symbols,<sup>3</sup> and to introduce tiered fees for certain Market Maker<sup>4</sup> complex orders based on affiliated Priority Customer<sup>5</sup> complex order volume. Currently, the Exchange charges complex order taker fees in Select Symbols that are \$0.43 per contract for Market Maker orders,<sup>6</sup> and \$0.44 per contract for Non-ISE Market Maker,<sup>7</sup> Firm Proprietary<sup>8</sup>/Broker-Dealer,<sup>9</sup> and

<sup>3</sup> “Select Symbols” are options overlying all symbols listed on the ISE that are in the Penny Pilot Program.

<sup>4</sup> The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See Rule 100(a)(25).

<sup>5</sup> A “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 ISE Rule 100(a)(37A).

<sup>6</sup> ISE Market Makers making or taking liquidity receive a discount of \$0.02 when trading against Priority Customer orders preferenced to them in the Complex Order Book in equity options that are able to be listed and traded on more than one options exchange. This discount does not apply to FX Options Symbols or to option classes designated by the Exchange to receive a guaranteed allocation pursuant to ISE Rule 722(b)(3)(i)(B).

<sup>7</sup> A “Non-ISE Market Maker” is a market maker as defined in Section 3(a)(38) of the Securities Exchange Act of 1934, as amended, registered in the same options class on another options exchange.

<sup>8</sup> A “Firm Proprietary” order is an order submitted by a member for its own proprietary account.

<sup>9</sup> A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account.

Professional Customer<sup>10</sup> orders.<sup>11</sup> The Exchange also charges an equivalent maker fee in Select Symbols that applies specifically when trading against Priority Customer orders. The Exchange now proposes to increase the above fees for Non-ISE Market Maker, Firm Proprietary/Broker-Dealer, and Professional Customer orders to \$0.47 per contract. For Market Maker orders, the Exchange proposes to charge a tiered fee based on total affiliated Priority Customer complex order average daily volume (“ADV”).<sup>12</sup> As proposed, Market Makers with a total affiliated Priority Customer ADV of up to 149,999 contracts will pay a fee of \$0.46 per contract, while Market Makers with a total affiliated Priority Customer Complex ADV of 150,000 or more contracts will pay fees at the current rate of \$0.43 per contract.<sup>13</sup>

###### 2. Statutory Basis

The Exchange believes that the proposed rule change is consistent with the provisions of Section 6 of the Act,<sup>14</sup> in general, and Section 6(b)(4) of the Act,<sup>15</sup> in particular, in that it is designed to provide for the equitable allocation of reasonable dues, fees, and other charges among its members and other persons using its facilities.

The Exchange believes that the proposed fee increase is reasonable and equitable as the proposed fees are set at levels that the Exchange believes will continue to be attractive to market participants that trade on ISE, and offset rebates provided to Priority Customer complex orders, which were recently

<sup>10</sup> A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer.

<sup>11</sup> Priority Customer Complex Orders are not charged maker/taker fees and are instead provided a volume based rebate that ranges from \$0.30 per contract to \$0.46 per contract in Select Symbols.

<sup>12</sup> As is the case for other fees based on affiliated member volume, the Exchange will continue to aggregate eligible volume from affiliated members in determining total affiliated Priority Customer Complex ADV, provided there is at least 75% common ownership between the Members as reflected on each Member’s Form BD, Schedule A.

For purposes of determining Priority Customer Complex ADV, any day that the complex order book is not open for the entire trading day may be excluded from such calculation; provided that the Exchange will only remove the day for members that would have a lower ADV with the day included.

<sup>13</sup> The fee for the highest volume tier achieved will be applied retroactively to all eligible volume once the threshold has been reached.

Preferred Market Makers will continue to be eligible for a \$0.02 per contract discount as described in footnote 6 above.

<sup>14</sup> 15 U.S.C. 78f.

<sup>15</sup> 15 U.S.C. 78f(b)(4).

<sup>6</sup> *Id.*

<sup>7</sup> 17 CFR 200.30-3(a)(31).

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

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

increased.<sup>16</sup> Moreover, the proposed fees are competitive with fees charged by other options exchanges and remain attractive to members for this reason. The Exchange notes that Priority Customer orders will continue to receive complex order rebates, while other market participants will continue to pay a fee. The Exchange does not believe that this is unfairly discriminatory as a Priority Customer is by definition not a broker or 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). This limitation does not apply to participants whose behavior is substantially similar to that of market professionals, including Professional Customers, who will generally submit a higher number of orders (many of which do not result in executions) than Priority Customers. With respect to Market Maker orders, the Exchange believes that it is reasonable and equitable to charge lower fees to Market Makers with significant affiliated Priority Customer complex order volume, as this will incentivize members to bring additional order flow to ISE, creating additional liquidity to the benefit of all members that trade complex orders on the Exchange. The Exchange notes that the proposed tiered structure will allow Market Makers to continue to pay the same fees that they pay today by executing, through their affiliates, sufficient Priority Customer complex order volume to qualify for the lower fee. The Exchange does not believe that it is unfairly discriminatory only to provide these lower fees to Market Maker orders as Market Makers are subject to additional requirements and obligations (such as quoting requirements) that other market participants are not.

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

In accordance with Section 6(b)(8) of the Act,<sup>17</sup> the Exchange does not believe that the proposed rule change will impose any burden on intermarket or intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed complex order fees remain competitive with fees charged by other options exchanges. The Exchange operates in a highly competitive market in which market participants can readily direct

their order flow to competing venues. In such an environment, the Exchange must continually review, and consider adjusting, its fees and rebates to remain competitive with other exchanges. For the reasons described above, the Exchange believes that the proposed fee changes reflect this competitive environment.

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

The Exchange has not solicited, and does not intend to solicit, comments on this proposed rule change. The Exchange has not received any unsolicited written comments from members or other interested parties.

#### **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<sup>18</sup> and subparagraph (f)(2) of Rule 19b-4 thereunder,<sup>19</sup> because it establishes a due, fee, or other charge imposed by ISE.

At any time within 60 days of the filing of such 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-ISE-2015-19 on the subject line.

##### *Paper Comments*

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

All submissions should refer to File Number SR-ISE-2015-19. 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 Web site (<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 Web site 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 ISE. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-ISE-2015-19 and should be submitted on or before July 6, 2015.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>20</sup>

**Robert W. Errett,**  
*Deputy Secretary.*

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#### **SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-75131; File No. SR-ISE-2015-20]**

#### **Self-Regulatory Organizations; International Securities Exchange, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend the Schedule of Fees**

June 9, 2015.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on June 1,

<sup>16</sup> See Securities Exchange Act Release No. 74525 (March 18, 2015), 80 FR 15646 (March 24, 2015) (SR-ISE-2015-09).

<sup>17</sup> 15 U.S.C. 78f(b)(8).

<sup>18</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>19</sup> 17 CFR 240.19b-4(f)(2).

<sup>20</sup> 17 CFR 200.30-3(a)(12).

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

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