

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104455; File No. SR-ISE-2025-39]

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change To Amend FLEX Order Fees

December 18, 2025.

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 December 10, 2025, 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 its Pricing Schedule at Options 7, Section 6, D., FLEX Order Fees.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.

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

ISE proposes to amend its Pricing Schedule at Options 7, Section 6, D.,

FLEX Order Fees, to decrease the FLEX⁴ Order Fees for a FLEX Price Improvement Auction (“FLEX PIM”),⁵ or a FLEX Solicited Order Mechanism (“FLEX SOM”).⁶

FLEX Order Fees

The Exchange proposes to amend Options 7, Section 6, D., FLEX Order Fees. Today, a Member may electronically submit a FLEX Order into an electronic FLEX Auction pursuant to Options 3A, Section 11(b). Today, for the FLEX Auction, the Exchange assesses \$0.10 per contract for Market Makers,⁷ Non-Nasdaq ISE Market Makers (FarMM),⁸ Firm Proprietary/⁹ Broker Dealers,¹⁰ and Professional Customers.¹¹ The Exchange assesses no Fees for FLEX Auctions to Priority Customers.¹²

⁴ FLEX Options are designed to meet the needs of market participants for greater flexibility in selecting the terms of options within the parameters of the Exchange’s rules. Options 3A Rules govern FLEX.

⁵ The FLEX PIM is a paired auction mechanism pursuant to Options 3A, Section 12 through which an Exchange member may electronically submit for execution an order (which may be a simple or complex order) it represents as agent (“Agency Order”) against principal interest or a solicited order(s) (except, if the Agency Order is a simple order, for an order for the account of any FLEX Market Maker with an appointment in the applicable FLEX Option class on the Exchange) (an “Initiating Order”), provided it submits the Agency Order for electronic execution into a FLEX PIM Auction pursuant to Options 3A, Section 12.

⁶ The FLEX SOM is a paired auction mechanism pursuant to Options 3A, Section 13 through which an Exchange member (the “Initiating Member”) may electronically submit for execution an order (which may be a simple or complex order) it represents as agent (“Agency Order”) against a solicited order (“Solicited Order”) if it submits the Agency Order for electronic execution into a FLEX SOM Auction pursuant to Options 3A, Section 13.

⁷ The term “Market Makers” refers to “Competitive Market Makers” and “Primary Market Makers” collectively. See Options 1, Section 1(a)(21).

⁸ A “Non-Nasdaq 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. See Options 7, Section 1(c).

⁹ A “Firm Proprietary” order is an order submitted by a member for its own proprietary account. See Options 7, Section 1(c).

¹⁰ A “Broker-Dealer” order is an order submitted by a member for a broker-dealer account that is not its own proprietary account. See Options 7, Section 1(c).

¹¹ A “Professional Customer” is a person or entity that is not a broker/dealer and is not a Priority Customer. See Options 7, Section 1(c).

¹² 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 Nasdaq ISE Options 1, Section 1(a)(38). Unless otherwise noted, when used in this Pricing Schedule the term “Priority Customer” includes “Retail.” 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

Today, a Member may also electronically submit a FLEX Order into a FLEX PIM and FLEX SOM pursuant to Options 3A, Section 12 and Options 3A, Section 13, respectively. For the FLEX PIM and FLEX SOM, today, the Exchange assesses \$0.07 per contract for Market Makers, Non-Nasdaq ISE Market Makers (FarMM), Firm Proprietary/Broker Dealers, and Professional Customers. The Exchange assesses no FLEX Order Fees for FLEX PIM and FLEX SOM to Priority Customers.

Finally, today, any Member other than an Initiating Member may submit responses to a FLEX PIM and FLEX SOM pursuant to Options 3A, Section 12(c)(5) and Options 3A, Section 13(c)(5), respectively. For responses to a FLEX PIM and FLEX SOM, today, the Exchange assesses \$0.50 per contract for Market Makers, Non-Nasdaq ISE Market Makers (FarMM), Firm Proprietary/Broker Dealers, Professional Customers, and Priority Customers.

At this time, the Exchange proposes to decrease Non-Priority Customer Fees for FLEX PIM and FLEX SOM from \$0.07 to \$0.06 per contract. The Exchange believes that this decrease will incentivize greater activity in FLEX PIM and FLEX SOM for potential price improvement.

2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,¹³ in general, and furthers the objectives of Sections 6(b)(4) and 6(b)(5) of the Act,¹⁴ 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 Exchange’s proposed changes to its Pricing Schedule are reasonable in several respects. As a threshold matter, the Exchange is subject to significant competitive forces in the market for options securities transaction services that constrain its pricing determinations in that market. The fact that this market is competitive has long been recognized by the courts. In *NetCoalition v. Securities and Exchange Commission*, the D.C. Circuit stated as follows: “[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,

or side of market and the order does not originate from a trading algorithm or any other computerized methodology. See Options 7, Section 1(c).

¹³ 15 U.S.C. 78ff(b).

¹⁴ 15 U.S.C. 78ff(b)(4) and (5).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ On December 1, 2025 the Exchange filed SR-ISE-2025-37. On December 12, [sic] 2025, the Exchange withdrew SR-ISE-2025-37 and filed this proposal.

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'. . . ." ¹⁵

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." ¹⁶

Numerous indicia demonstrate the competitive nature of this market. For example, clear substitutes to the Exchange exist in the market for options security transaction services. The Exchange is only one of eighteen options exchanges to which market participants may direct their order flow. Within this environment, market participants can freely and often do shift their order flow among the Exchange and competing venues in response to changes in their respective pricing schedules. As such, the proposal represents a reasonable attempt by the Exchange to increase its liquidity and market share relative to its competitors.

FLEX Order Fees

The Exchange's proposal to decrease Non-Priority Customer Fees for FLEX PIM and FLEX SOM from \$0.07 to \$0.06 per contract is reasonable because the fee reduction will incentivize greater activity in FLEX PIM and FLEX SOM for potential price improvement. Further, as proposed, the fees are competitive with market dynamics and consider the price improvement opportunities of the order mechanisms. Priority Customers will continue to be assessed no Fee for FLEX PIM and FLEX SOM.

The Exchange's proposal to decrease Non-Priority Customer Fees for FLEX PIM and FLEX SOM from \$0.07 to \$0.06 per contract is equitable and not

unfairly discriminatory. The Fees for FLEX PIM and SOM will apply in a like manner to all Non-Priority Customers. Priority Customers will continue to be assessed no Fees for FLEX PIM and FLEX SOM. The Exchange believes that it is equitable and not unfairly discriminatory to assess more favorable pricing for Priority Customers. Priority Customer order flow enhances liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities, which in turn attracts Market Makers and other market participants who may interact with this order flow.

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. In terms of intra-market competition, the Exchange does not believe that its proposal will place any category of market participant at a competitive disadvantage.

FLEX Order Fees

The proposed Fees for FLEX PIM and FLEX SOM do not impose an undue burden on competition because the Exchange will apply the same fees to all Non-Priority Customers. Priority Customers will continue to be assessed no Fees for FLEX PIM and FLEX SOM. The Exchange believes that it does not impose an undue burden on competition to assess more favorable pricing for Priority Customers. Priority Customer order flow enhances liquidity on the Exchange to the benefit of all market participants by providing more trading opportunities, which in turn attracts Market Makers and other market participants who may interact with this order flow. Nasdaq does not believe that the proposed fee changes place an unnecessary burden on competition.

In terms of inter-market competition, 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 changes proposed herein are 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 changes will impair the ability of members or competing order execution venues to maintain their competitive standing in the financial markets.

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.¹⁷ 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
- Send an email to rule-comments@sec.gov. Please include file number SR-ISE-2025-39 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-2025-39. 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

¹⁵ *NetCoalition v. SEC*, 615 F.3d 525, 539 (D.C. Cir. 2010) (quoting Securities Exchange Act Release No. 59039 (December 2, 2008), 73 FR 74770, 74782-83 (December 9, 2008) (SR-NYSEArca-2006-21)).

¹⁶ Securities Exchange Act Release No. 51808 (June 9, 2005), 70 FR 37496, 37499 (June 29, 2005) ("Regulation NMS Adopting Release").

¹⁷ 15 U.S.C. 78s(b)(3)(A)(ii).

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-2025-39 and should be submitted on or before January 13, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁸

Sherry R. Haywood,
Assistant Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-104441; File No. SR-FINRA-2025-015]

Self-Regulatory Organizations; Financial Industry Regulatory Authority, Inc.; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change To Amend FINRA Rules 5220, 5320, 6220, 6272, 6279, 6320A, 6320B, and 7620A To Conform to the New Definition of "Round Lot" Adopted by the Commission Under Regulation NMS

December 18, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the "Act" or "Exchange Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on December 3, 2025, the Financial Industry Regulatory Authority, Inc. ("FINRA") filed with the Securities and Exchange Commission (the "Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by FINRA. FINRA filed the proposal as a "non-controversial" proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹⁸ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(iii).

⁴ 17 CFR 240.19b-4(f)(6).

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

FINRA is proposing to amend FINRA Rules 5220, 5320, 6220, 6272, 6279, 6320A, 6320B, and 7620A to conform to the new definition of "round lot" adopted by the Commission under Regulation NMS.

The text of the proposed rule change is available on FINRA's website at <http://www.finra.org> and at the principal office of FINRA.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, FINRA 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. FINRA 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

Background

In 2020, the Commission adopted amendments to Regulation NMS to modernize the information provided within the national market system for NMS stocks.⁵ Prior to the MDI Rule amendments to Regulation NMS, "round lot" was not defined in the Exchange Act or SEC rules. Instead, exchange rules typically defined a round lot as 100 shares, but also allowed the exchange, or the primary listing exchange for the security, discretion to define it otherwise.⁶ Among other things, the MDI Rule amended Rule 600(b) of Regulation NMS to add a new definition of "round lot" that assigns each NMS stock a round lot size based on the stock's average closing price. In light of delays in the implementation of the MDI Rule, including the new definition of "round lot," on September 18, 2024, the Commission adopted further

⁵ See Securities Exchange Act Release No. 90610 (December 9, 2020), 86 FR 18596 (April 9, 2021) (File No. S7-03-02) (the "Market Data Infrastructure Rule" or "MDI Rule").

⁶ See 2024 NMS Amendments, *infra* note 7, 89 FR 81620, 81625 n.66. In practice, very few NMS stocks have a round lot size other than 100 shares. See 2024 NMS Amendments, *infra* note 7, 89 FR 81620, 81625 n.67 and accompanying text.

amendments to Regulation NMS that, among other things, revised and accelerated the implementation of the new round lot definition under Rule 600(b)(93) to implement the new round lot definition on November 3, 2025, the first business day of November 2025.⁷ As adopted under the 2024 NMS Amendments, the new definition of "round lot" in Rule 600(b)(93) of Regulation NMS assigns each NMS stock a round lot size based on the stock's average closing price on the primary listing exchange during the prior Evaluation Period, ranging from 100 shares for NMS stocks priced \$250.00 or less to one share for NMS stocks priced \$10,000.01 or more.⁸

Several FINRA rules use the term "normal unit of trading" as the equivalent to the term "round lot" as used in exchange rules. As described in greater detail below, FINRA is proposing to amend these rules to conform to the new definition of "round lot" for NMS stocks under Regulation NMS.⁹

Conforming Changes to FINRA Rules

FINRA Rule 5220 (Offers at Stated Prices) provides that no member shall make an offer to buy from or sell to any person any security at a stated price unless such member is prepared to purchase or sell, as the case may be, at such price and under such conditions as are stated at the time of such offer to buy or sell. Supplementary Material .01 to Rule 5220 (Firmness of Quotations) discusses the expectations for making a "firm trading market" in a security,

⁷ See Regulation NMS: Minimum Pricing Increments, Access Fees, and Transparency of Better Priced Orders, Securities Exchange Act Release No. 101070 (September 18, 2024), 89 FR 81620 (October 8, 2024) (File No. S7-30-22) (the "2024 NMS Amendments").

⁸ See 17 CFR 242.600(b)(93). The "Evaluation Period," as defined in Rule 600(b)(93)(ii) of Regulation NMS, means (i) all trading days in March for the round lot assigned on the first business day of May and (ii) all trading days in September for the round lot assigned on the first business day of November, during which the average closing price of an NMS stock on the primary listing exchange shall be measured by the primary listing exchange to determine the round lot for each NMS stock. Under Rule 600(b)(93)(iv), the round lot assigned is operative on (i) the first business day of May for the March Evaluation Period and continues through the last business day of October for the calendar year and (ii) the first business day of November for the September Evaluation Period and continues through the last business day of April of the next calendar year. Under Rule 600(b)(93)(ii), any security that becomes an NMS stock during an operative period is assigned a round lot of 100 shares.

⁹ The new definition of "round lot" in Rule 600(b)(93) of Regulation NMS applies only to NMS stocks. The proposed conforming changes to FINRA rules are similarly limited to NMS stocks and do not affect the normal unit of trading as it may be applied to any other type of security.