



8011-01  
SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-80873; File No. SR-ISE-2017-51)

June 7, 2017

Self-Regulatory Organizations; Nasdaq ISE, LLC; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Remove Chapter 21 from the ISE Rulebook

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 June 5, 2017, 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 remove Chapter 21, entitled “ISE Stock Exchange, LLC Trading Rules” from the ISE Rulebook.

The text of the proposed rule change is available on the Exchange’s Website at [www.ise.com](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 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

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

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

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 this rule change is to remove Chapter 21, entitled “ISE Stock Exchange, LLC Trading Rules” from the ISE Rulebook. The Exchange is not currently operating an equities market on ISE. At this time, the Exchange proposes to remove Chapter 21 rules related to an equities market and reserve that section. The Exchange also proposes to remove any cross-references to Chapter 21 within the ISE Rules.<sup>3</sup>

In 2006, ISE received approval to adopt rules to govern its electronic trading system for equity securities.<sup>4</sup> The rules in Chapter 21 were adopted at that time. These rules govern the operation of the ISE Stock Exchange, LLC (“ISE Stock Exchange”),<sup>5</sup> an electronic trading system for equity securities. In addition, certain options rules are incorporated into Chapter 21 by reference to those rules for the trading of equity securities on the ISE Stock Exchange.

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<sup>3</sup> See ISE Rules 100(a)(4), (7), (29), (34), Rule 500 and Rule 702.

<sup>4</sup> See Securities and Exchange Act Release No. 54528 (September 28, 2006), 71 FR 58650 (October 4, 2006) (Order Approving Proposed Rule Change and Notice of Filing and Order Granting Accelerated Approval of Amendment No. 1 Thereto Relating to the Adoption of Rules To Govern Its Electronic Trading System for Equities) (SR-ISE-2006-48).

<sup>5</sup> On September 1, 2006, the Commission approved a proposed rule change establishing the ISE Stock Exchange as a “facility,” as defined in Section 3(a)(2) of the Act, of the Exchange. See Securities Exchange Act Release No. 54399, 71 FR 53728 (September 12, 2006) (SR-ISE-2006-45).

ISE Stock Exchange operated until December 23, 2008, at which time, ISE merged ISE Stock Exchange with a wholly-owned subsidiary of Direct Edge Holdings LLC (“Direct Edge”).<sup>6</sup> For a period of time after which ISE ceased operating the equities business, ISE, pursuant to a regulatory services agreement, conducted various regulatory services on behalf of EDGX Exchange, Inc. until such time as EDGX received its registration in 2010.<sup>7</sup>

At this time, ISE is proposing to remove all rules in Chapter 21 from the ISE Rulebook, along with the references to Chapter 21 in other ISE rules. The Exchange would file a proposed rule change to adopt new rules if it determines to operate an equities market in the future.

## 2. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act,<sup>8</sup> in general, and furthers the objectives of Section 6(b)(5) of the Act,<sup>9</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 for the reasons stated below. The Exchange is currently not operating an equities market and has not operated an equities market since December 2008. The Exchange desires to remove the rules relating to an equities market from its Rulebook at this time as well as references to Chapter 21 in other ISE rules. The Exchange believes that the removal of the rules and cross-references are consistent with the Act to perfect the mechanism of

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<sup>6</sup> See Securities and Exchange Act Release No. 59135 (December 22, 2008); 73 FR 79954 (December 30, 2008) (SR-ISE-2008-85).

<sup>7</sup> See Securities and Exchange Act Release No. 61698 (March 12, 2010); 75 FR 13151 (March 18, 2010) (File Nos. 10-194 and 10-196) (In the Matter of the Applications of EDGX Exchange, Inc., and EDGA Exchange, Inc. for Registration as National Securities Exchanges; Findings, Opinion, and Order of the Commission.)

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

<sup>9</sup> 15 U.S.C. 78f(b)(5).

a free and open market and a national market system, and, in general to protect investors and the public interest in avoiding any confusion the operation of these rules.

Today, ISE operates an options market which will not be impacted by the removal of the Chapter 21 rules and cross-references to Chapter 21. The remainder of the Rulebook concerns the operation of the options product.

The Exchange does not believe that the remove of Chapter 21 and cross-references to Chapter 21 will materially impact members on ISE as such trading has not occurred since late 2008.

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

The Exchange does not believe that the proposed rule change will impose any undue burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The proposal would eliminate confusion with respect to ISE's offerings. The Exchange does not believe that this proposal imposes any burden on competition because there are many venues today which offer trading in equities products. The Exchange does not believe that the removal of Chapter 21 and cross-references to Chapter 21 will materially impact members on ISE as such trading has not occurred since December 2008. Also, the options market will not be impacted by the removal of the Chapter 21 rules and cross-references to Chapter 21.

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>10</sup> and subparagraph (f)(6) of Rule 19b-4 thereunder.<sup>11</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: (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 (<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-2017-51 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.

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<sup>10</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>11</sup> 17 CFR 240.19b-4(f)(6). In addition, Rule 19b-4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file 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.

All submissions should refer to File Number SR-ISE-2017-51. 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; 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-2017-51 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>12</sup>

Eduardo A. Aleman  
Assistant Secretary

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

[FR Doc. 2017-12152 Filed: 6/12/2017 8:45 am; Publication Date: 6/13/2017]