

EXHIBIT 5

Exhibit 5 shows the text of the proposed rule change. Proposed new language is underlined; proposed deletions are in brackets.

* * * * *

**1000. MEMBERSHIP, REGISTRATION AND QUALIFICATION
REQUIREMENTS**

* * * * *

1020. Registration of Principals

* * * * *

1022. Categories of Principal Registration

(a) General Securities Principal

(1) Each person associated with a member who is included within the definition of principal in Rule 1021, and each person designated as a Chief Compliance Officer on Schedule A of Form BD, shall be required to register with the Association as a General Securities Principal and shall pass an appropriate Qualification Examination before such registration may become effective unless such person's activities are so limited as to qualify such person for one or more of the limited categories of principal registration specified hereafter. A person whose activities in the investment banking or securities business are so limited is not, however, precluded from attempting to become qualified for registration as a General Securities Principal, and if qualified, may become so registered.

(A) Subject to paragraphs (a)(1)(B), (a)(2), [and] (a)(5) and (a)(6), each person seeking to register and qualify as a General Securities Principal must, prior to or concurrent with such registration, become

registered, pursuant to the Rule 1030 Series, either as a General Securities Representative or a Limited Representative—Corporate Securities.

(B) through (C) No Change.

(2) through (5) No Change.

(6) (A) Each person associated with a member who is included within the definition of principal in Rule 1021 and who will have supervisory responsibility over the securities trading activities described in Rule 1032(f)(1) shall become qualified and registered as a Securities Trader Principal. To qualify for registration as a Securities Trader Principal, such person shall become qualified and registered as a Securities Trader under Rule 1032(f) and pass the General Securities Principal qualification examination. A person who is qualified and registered as a Securities Trader Principal under this subparagraph (A) may only have supervisory responsibility over the activities specified in Rule 1032(f)(1), unless such person is separately qualified and registered in another appropriate principal registration category, such as the General Securities Principal registration category.

(B) A person who is registered as a General Securities Principal shall not be qualified to supervise the trading activities described in Rule 1032(f)(1), unless such person has also become qualified and registered as a Securities Trader under Rule 1032(f) by passing the Securities Trader qualification examination and become registered as a Securities Trader Principal.

(b) through (h) No Change.

1030. Registration of Representatives

* * * * *

1032. Categories of Representative Registration

(a) through (e) No Change.

(f) [~~Limited Representative—Equity~~] Securities Trader

(1) Each person associated with a member who is included within the definition of a representative as defined in Rule 1031 must register with the Association as a [~~Limited Representative—Equity~~] Securities Trader if, with respect to transactions in equity, preferred or convertible debt securities effected otherwise than on a securities exchange, such person is engaged in proprietary trading, the execution of transactions on an agency basis, or the direct supervision of such activities, other than any person associated with a member whose trading activities are conducted principally on behalf of an investment company that is registered with the Commission pursuant to the Investment Company Act of 1940 and that controls, is controlled by or is under common control, with the member.

(2) Before registration as a [~~Limited Representative—Equity~~] Securities Trader as defined in subparagraph (1) hereof may become effective, an applicant must[:]

[(A) be registered pursuant to Rule 1032, either as a General Securities Representative or a Limited Representative—Corporate Securities; and]

[(B)] pass [an appropriate] the Securities Trader [Q]qualification
[E]xamination [for Limited Representative—Equity Trader].

(3) A person registered as a Securities Trader shall not be qualified to
function in any other registration category, unless he or she is also qualified and
registered in such other registration category.

(g) through (i) No Change.

* * * * *