Exhibit 5

New text is underlined; deleted text is in brackets.

Rules Applicable to Trading of Options on Stocks, Exchange-Traded Fund Shares and Foreign Currencies (Rules 1000—1094)

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Rule 1079. FLEX Index, Equity and Currency Options

A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the specialist post of the non-FLEX option on the Exchange. The term "FLEX option" means a FLEX option contract that is traded subject to this Rule. Although FLEX options are generally subject to the Rules in this section, to the extent that the provisions of this Rule are inconsistent with other applicable Exchange Rules, this Rule takes precedence with respect to FLEX options.

(a) **Characteristics:**

(1) Underlying interest —

(A) any index upon which options currently trade on the Exchange. The applicable index multiplier shall be the same multiplier, in the case of U.S. dollar-denominated FLEX index options, that applies to non-FLEX index options on the same underlying index;

(B) any security which is options-eligible pursuant to Rule 1009; or

(C) any foreign currency which is options-eligible pursuant to Rule 1009 and which underlies non-FLEX U.S. dollar-settled foreign currency options that are trading on the Exchange.

(2) Type—put, call or hedge order (as defined in Rule 1066);

(3) Exercise price—

(A) with respect to FLEX index options, may be specified in terms of a specific index value number, a percentage of the index value calculated as of the open or close of trading on the Exchange on the trade date, or a method for fixing such number;

(B) with respect to FLEX equity options, may be specified in terms of a specific dollar amount rounded to the nearest $.10 or a percentage of the underlying security rounded to the nearest minimum increment; or

(C) with respect to FLEX currency options, may be specified in terms of a specific dollar amount rounded to the nearest hundredth of a dollar.

(4) Quote format—

(A) in the case of FLEX index options and equity options, a bid and/or offer in the form of a decimal price (*e.g.* .10 or .25), pursuant to Rule 1034, a specific dollar amount, or a percentage of the underlying equivalent value, in the case of FLEX index options, or security, in the case of FLEX equity options, rounded to the nearest minimum increment; or

(B) in the case of FLEX currency options, in the form of dollars per unit of underlying foreign currency in the minimum increments set forth for U.S. dollar settled foreign currency options in Rule 1034(a).

(5) Exercise style—American or European in the case of FLEX index options and FLEX equity options, and European only in the case of FLEX U. S. dollar-settled foreign currency options;

(6) Expiration date—

(A) any month, business day and year within five years for FLEX index options and within three years for FLEX currency options, except that (i) a FLEX index option that expires on or within two business days prior or subsequent to a third Friday-of-the-month expiration day for a non-FLEX option (except quarterly expiring index options) or underlying currency may only have an exercise settlement value on the expiration date determined by reference to the reported level of the index as derived from the opening prices of the component securities ("a.m. settlement") and (ii) all FLEX currency options will expire at 11:59 p.m. eastern time on their designated expiration date; or

(B) any month, business day and year within three years for FLEX equity options, provided, however, that a Requesting Member may request a longer term to a maximum of five years, and upon the assessment of the Regulatory staff that sufficient liquidity exists among FLEX equity participants, such request may be granted. Regulatory staff are Exchange employees responsible for, among other things, assessing that sufficient liquidity exists among FLEX equity participants requesting a term exceeding three years to a maximum of five years. The Exchange may also designate other qualified Exchange employees to assist the Regulatory staff as the need arises.

(C) Provided the options on an underlying security or index are otherwise eligible for FLEX trading, FLEX options shall be permitted in puts and calls that do not have the same exercise style, same expiration date and same exercise price as non-FLEX options that are already available for trading on the same underlying security or index. FLEX options shall also be permitted before the options are listed for trading as non-FLEX options. Once and if the option series are listed for trading as non-FLEX options, then (i) all existing open positions established under the FLEX trading procedures shall be fully fungible with transactions in the respective non-FLEX option series, and (ii) any further trading in the series would be as non-FLEX options subject to the non-FLEX trading procedures and Rules. However, in the event the Non-FLEX series is added intra-day, a position established under the FLEX trading procedures would be permitted to be closed using the FLEX trading procedures for the balance of the trading day on which the Non-

FLEX series is added against another closing only FLEX position. For such FLEX series, the Exchange will make an announcement that the FLEX series is now restricted to closing transactions; a FLEX Request for Quotes ("RFQ") may not be disseminated for any order representing a FLEX series having the same terms as a Non-FLEX series, unless such FLEX Order is a closing order (and it is the day the Non-FLEX series has been added); and only responses that close out an existing FLEX position are permitted. Any transactions in a restricted series that occur that do not conform to these requirements will be nullified by the Exchange.

(7) Requesting quotes—to request a quote in FLEX options, an RFQ shall be submitted pursuant to paragraph (b) of this Rule;

(8) Minimum size—

(A) **Opening—**If there is no open interest in the particular series when an RFQ is submitted, the minimum size of an RFQ is:

(i) except as provided in Commentary .01 below, $10 million underlying equivalent value, respecting FLEX market index options, and $5 million underlying equivalent value respecting FLEX industry index options;

(ii) except as provided in Commentary .01 below, the lesser of 250 contracts or the number of contracts overlying $1 million in the underlying securities, with respect to FLEX equity options; and

(iii) 50 contracts in the case of FLEX currency options.

(B) **Opened—**If there is open interest, the minimum size of an RFQ is:

(i) respecting FLEX index options, $1 million underlying equivalent value, or the remaining size on a closing transaction, whichever is less;

(ii) respecting FLEX equity options, the lesser of 100 contracts or the number of contracts overlying $1 million of the underlying securities in the case of an opening transaction, or 25 contracts or the remaining size in the case of a closing transaction, whichever is less; or

(iii) respecting FLEX currency options, 25 contracts, or the remaining size on a closing transaction, whichever is less.

(C) **Responsive—**The minimum value size for a responsive quote, other than an assigned ROT or assigned Specialist, is (includes non-assigned ROTs and a non-assigned Specialist):

(i) respecting FLEX index options, $1 million underlying equivalent value respecting index options, or the remaining size on a closing transaction, whichever is less.

However, an assigned ROT and assigned Specialist are required to respond with at least $10 million underlying equivalent value respecting FLEX market index options, and $5 million underlying equivalent value respecting FLEX industry index options or Alpha Index options, or the size amount requested in the RFQ, whichever is less;

(ii) respecting FLEX equity options, 25 contracts, or the remaining size on a closing transaction, whichever is less. However, an assigned ROT and assigned Specialist are required to respond with at least 250 contracts, or the size amount requested in the RFQ, whichever is less; or

(iii) respecting FLEX currency options, 50 contracts, or the remaining size on a closing transaction, whichever is less. However, an assigned ROT and assigned Specialist are required to respond with at least 250 contracts, or the size amount requested in the RFQ, whichever is less.

(D) "Underlying equivalent value" means the aggregate value of a FLEX index option (index multiplier times the current index value) multiplied by the number of FLEX index options.

(9) Settlement

(A) respecting FLEX index options, the settlement value may be specified as the index value reported at the: (i) close (P.M.-settled); (ii) opening (A.M.-settled) of trading on the Exchange, or (iii) as an average over a specified period of time, within parameters established by the Exchange. American style index options exercised prior to the expiration date can only settle based on the closing value on the exercise date. FLEX index options are settled in U.S. dollars; or

(B) The settlement value for FLEX options on the Australian dollar, the Euro, the British pound, the Canadian dollar, the Swiss franc, the Japanese yen, the Mexican peso, the Brazilian real, the Chinese yuan, the Danish krone, the New Zealand dollar, the Norwegian krone, the Russian ruble, the South African rand, the South Korean won, and the Swedish krona shall be the Exchange Spot Price at 12:00:00 Eastern Time (noon) on expiration day, unless the Exchange determines to apply an alternative closing settlement value as a result of extraordinary circumstances. FLEX currency options are settled in U.S. dollars. FLEX currency options will cease trading at 10:15 a.m. eastern time on their designated expiration date.

(10) Requesting Member—a member of the Exchange qualified to trade FLEX options pursuant to paragraph (c) of this Rule who initiates an RFQ for a FLEX option.

(b) **Procedure for Quoting and Trading FLEX Options.** FLEX options will not be continuously quoted and series are not pre-established. The Exchange's electronic quoting and trading system will not be available for FLEX options. The variable terms of FLEX options shall be established through the process described in this Rule. All transactions must be in compliance with Section 11 of the Securities Exchange Act of 1934 and the rules promulgated thereunder, which may include yielding priority to customer orders.

(1) **Requesting Quotations.** The Requesting Member may initiate a Request-for-Quote by first announcing all of the following contract terms to the trading crowd of the non-FLEX option and then submitting an RFQ ticket to that specialist post: (1) underlying index, security or foreign currency, (2) type, size and crossing intention (3) in the case of FLEX index options and FLEX equity options, exercise style, (4) expiration date, (5) exercise price, and, (6) respecting index options, the settlement value. Thereafter, on receipt of an RFQ in proper form, the assigned Specialist or Requesting Member shall cause the terms of the RFQ to be disseminated as an administrative text message through the Options Price Reporting Authority ("OPRA").

(2) **Responses.** Following the RFQ announcement, a preset response time will begin, during which members may provide responsive quotes. The response time, between two and 15 minutes, will be determined by the Exchange. During the response time, members may provide responsive quotes to the RFQ, which may be entered, modified or withdrawn during such response time. Each assigned ROT and assigned Specialist who responds is required to respond with a market of the minimum size, but is not required to provide continuous quotes or a minimum bid-offer differential (quotation spread parameters).

(3) **Determining the BBO.** At the end of the response time, the assigned Specialist, or if none, the Requesting Member shall determine the best bid and offer ("BBO"), based on price, but not time or size. However, where two or more bids/offers are at parity, bids/offers submitted by an assigned Specialist, assigned ROT or customer will have priority over bids/offers submitted by non-assigned ROTs and by controlled accounts as defined in Rule 1014(g)(i). The BBO shall be disseminated with reference to the corresponding RFQ.

(4) **BBO Improvement Interval.** If the Requesting Member rejects the BBO or the BBO is for less than the entire size requested, the BBO Improvement Interval provides a two minute time period during which the BBO may be matched or improved. An assigned ROT or assigned Specialist who responded with a market during the response time may immediately join any new BBO. The new BBO shall be determined, and disseminated with reference to the corresponding RFQ.

(5) **Trading.** A trade in FLEX options cannot be executed until the end of the response time or BBO Improvement Interval. Once the response time or Improvement Interval ends, the Requesting Member is given the first opportunity to trade on the market, by voicing a bid/offer in the trading crowd. The Requesting Member has no obligation to accept any bid or offer for a FLEX option. If the Requesting Member rejects the BBO or the BBO size exceeds the entire size requested, another member may promptly accept such BBO or the unfilled balance of the BBO.

(A) RFQ Remains Open—Once the BBO is established and no trade has occurred, the RFQ remains open during that trading day, such that a member may re-quote the market with respect to the open RFQ, as opposed to submitting an additional RFQ. An assigned ROT or assigned Specialist who responded to the open RFQ during the response time or BBO Improvement Interval may immediately join the re-quoted market, thus matching for parity purposes. The original Requesting Member is not given the first opportunity to trade on the re-quoted market, nor is the re-quoting member. If a trade occurs, that RFQ is no longer open and a new RFQ is required.

(B) FLEX Book—The Specialist in the listed non-FLEX equity, index or U.S. dollar-settled foreign currency option, whether or not assigned in FLEX options, must accept FLEX orders on the FLEX book after completion of the RFQ process. Only customer day limit orders may be placed on the FLEX index, equity or U.S. dollar-settled foreign currency option book. Booked orders expire at the end of each trading day. The limit price and size must be written on the RFQ ticket and submitted for dissemination. In order to trade with the book, an executing member must quote the market and announce the trade.

(C) Acceptance of a bid/offer creates a binding contract under Exchange Rules.

(6) **Crossing.** Whenever a Requesting Member intends to cross, after the BBO is determined, with or without a BBO Improvement Interval, the Requesting Member, having announced an intention to cross, must bid and offer at or better than the BBO.

(A) **At the BBO.** If the Requesting Member's bid/offer is at the BBO, the Requesting Member may execute 25% or a fair split, whichever is greater, of the contra-side of the order that is the subject of the RFQ. The remainder of the contra-side is split in accordance with the parity/priority provision of subparagraph (3) above.

(B) **Improves the BBO.** If the Requesting Member's bid/offer improves the existing BBO, an assigned ROT or assigned Specialist who responded with a market during the response time or BBO Improvement Interval, may immediately join the Requesting Member's improved bid or offer, thus matching for parity purposes. However, the Requesting Member may execute 25% or a fair split, whichever is greater, of the contra-side of the order that is the subject of the RFQ. The remainder of the contra-side is split in accordance with the parity/priority provision of sub-paragraph (3) above.

(C) Broker-dealer crosses and solicited orders, as defined in Rule 1064, are not eligible for the split afforded by sub-paragraphs (A) and (B) above, and instead, are, after the announcement of an intention to cross, executable in accordance with sub-paragraph (5) above.

(7) **Reporting Requirements.** RFQs, responsive quotes and completed trades will be promptly reported to OPRA and disseminated as an administrative text message.

(8) **Trading Rotations.** There will be no trading rotations in FLEX options, either at the opening or at the close of trading.

(9) **Hours of Trading.** FLEX options trading must be effected during the hours established by the Exchange. Such hours shall be within regular Exchange trading hours (for the non-

FLEX option) on each business day, except that the Exchange in its discretion may determine at any time to narrow or expand FLEX trading hours to encompass, but not exceed, the trading hours of the non-FLEX option.

(c) Who May Trade FLEX Options.

(1) **Assigned ROTs and Assigned Specialists.** An ROT or Specialist may apply on a form prescribed by the Exchange to be assigned in FLEX options. At least two members shall be assigned to each FLEX option. Only the Specialist in the non-FLEX option may be the assigned Specialist in that FLEX option. The provisions of Rule 1014(c) regarding market making obligations shall be applicable to assigned ROTs and assigned Specialists, such that a market must be provided in any FLEX option when requested by an Options Exchange Official.

(2) **Financial Requirements.** An assigned ROT in FLEX index options shall be required to maintain a minimum of $100,000 in net liquid assets. An assigned Specialist in FLEX index options shall be required to maintain a minimum of $1,000,000 in net capital. Floor Brokers shall be required to maintain a minimum of $50,000 in net capital to qualify to trade FLEX options. Each such assigned ROT, assigned Specialist or Floor Broker shall immediately inform the Exchange upon failure to be in compliance with such requirements. The Exchange may waive the financial requirements of this Rule in unusual circumstances.

(3) **Letters of Guarantee.** No ROT or Specialist shall effect any FLEX option unless a Letter of Guarantee has been issued by a clearing member organization and filed with the Exchange pursuant to Rule 703 specifically accepting financial responsibility for all FLEX option transactions made by such person and such letter has not been revoked.

(d) **Position Limits.**

(1) FLEX index options shall be subject to a separate position limit of 200,000 contracts on the same side of the market respecting market index options; 36,000, 48,000, or 60,000 contracts respecting industry index options, depending on the position limit tier determined pursuant to Rule 1001A(b)(i); and the same number of contracts respecting Alpha Index options that would apply to such Alpha Index options if they were not FLEX. Reduced value or mini-size FLEX index option contracts shall be aggregated with full value or full-size FLEX index option contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract). Positions in P.M.-settled FLEX index options shall be aggregated with positions in quarterly expiring options listed pursuant to Rule 1101A(b)(iv) on the same underlying index, if the FLEX index option expires at the close of trading on or within two business days of the last day of trading in each calendar quarter. However, except as provided in subsection (4) of this section (d), positions in FLEX index options shall otherwise not be taken into account when calculating position limits for non-FLEX index options. There shall be no position limits for full value options on the Russell 2000® Index ("Full Value Russell 2000® Options") and for one tenth (1/10th) value options on the

Russell 2000® Index ("Reduced Value Russell 2000® Options"). There shall be no position limits for full value options on the Nasdaq 100 Index ("Full Value Nasdaq 100 Options") and for the reduced value options on the Nasdaq 100 Index ("Reduced Value Nasdaq 100 Options"). Options on the Full Value and Reduced Value Russell Indexes for the following products (collectively "Russell U.S. Indexes"): Russell 3000® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 2500 ™ Index, Russell 2500 ™ Value Index, Russell 2500™ Growth Index, Russell 2000® Value Index, Russell 2000® Growth Index, Russell 1000® Index, Russell 1000® Value Index, Russell 1000® Growth Index, Russell Top 200® Index, Russell Top 200® Value Index, Russell Top 200® Growth Index, Russell MidCap® Index, Russell MidCap® Value Index, Russell MidCap® Growth Index, Russell Small Cap Completeness® Index, Russell Small Cap Completeness® Value Index and Russell Small Cap Completeness® Growth Index, are subject to an aggregate position limit of 50,000 contracts on the same side of the market, provided that no more than 30,000 of such contracts are in the nearest expiration month series.

(2) FLEX equity options shall not be subject to a separate FLEX position limit. Except as provided in subsection (4) of this section (d), positions in FLEX equity options shall not be taken into account when calculating position limits for non-FLEX equity options, or FLEX or non-FLEX index options.

However, each member or member organization (other than a Specialist or ROT) that maintains a position on the same side of the market in excess of the standard limit under Rule 1001 for non-FLEX equity options of the same class on behalf of its own account or for the account of a customer shall report information on the FLEX equity option position, positions in any related instrument, the purpose or strategy for the position and the collateral used by the account. This report shall be in the form and manner prescribed by the Exchange. In addition, whenever the Exchange determines that a higher margin requirement is necessary in light of the risks associated with a FLEX equity option position in excess of the standard limit for non-FLEX equity options of the same class, the Exchange may consider imposing additional margin upon the account maintaining such under-hedged position. Additionally, it should be noted that the clearing firm carrying the account will be subject to capital charges under SEC rule 15c3-1 to the extent of any margin deficiency resulting from the higher margin requirement.

(3) Positions in FLEX currency options will be aggregated with positions in non-FLEX U.S. dollar-settled foreign currency option contracts for purposes of determining compliance with the position limits established by Rule 1001.

(4) As long as the options positions remain open, positions in FLEX index options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX index options on the same underlying security ("comparable non-FLEX index options"), positions in FLEX equity options that expire on a third Friday-of-the-month shall be aggregated with positions in non-FLEX equity options on the same underlying security ("comparable non-FLEX equity options"), and shall be subject to the position and exercise limits set forth in this Rule 1079, and 1001, 1002, 1001A, and 1002A, as applicable.

(e) Exercise Limits. In determining compliance with Rules 1002 and 1002A, exercise limits for FLEX options shall be equivalent to position limits established in this Rule. Positions in FLEX options shall not be taken into account when calculating exercise limits for non-FLEX options, except as provided in paragraph (d) above. The minimum exercise size shall be the lesser of $1 million underlying equivalent value for FLEX index options, and 25 contracts for FLEX equity and currency options, or the remaining size of the position.

(f) FLEX equity and currency options shall be subject to the exercise-by-exception procedure of Rule 805 of the Options Clearing Corporation.

• • • *Commentary:* ------------------

> **.01** Notwithstanding subparagraphs (a)(8)(A)(i) and (a)(8)(A)(ii) above, for a pilot period ending March 30, 2012, there shall be no minimum value size requirements for FLEX options.

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Rules Applicable to Trading of Options on Indices (Rules 1000A—1107A)

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Rule 1001A. Position Limits

(a) Except as otherwise indicated, the position limit for a broad-based (market) index option shall be 25,000 contracts on the same side of the market. All other broad-based (market) index options contracts shall be subject to a contract limitation fixed by the Exchange, which shall not be larger than the limits provided in this section (a), except certain positions must be aggregated in accordance with paragraph (d) or (e) below:

(i) Respecting the Full Value Russell 2000® Options and the Reduced Value Russell 2000® Options, there shall be no position limits.

(ii) Respecting the Full Value Nasdaq 100 Options and the Reduced Value Nasdaq 100 Options, there shall be no position limits.

(iii) Respecting the Full Value and Reduced Value Russell Indexes for the following products (collectively “Russell U.S. Indexes”): Russell 3000® Index, Russell 3000® Value Index, Russell 3000® Growth Index, Russell 2500 ™ Index, Russell 2500 ™ Value Index, Russell 2500™ Growth Index, Russell 2000® Value Index, Russell 2000® Growth Index, Russell 1000® Index, Russell 1000® Value Index, Russell 1000® Growth Index, Russell Top 200® Index, Russell Top 200® Value Index, Russell Top 200® Growth Index, Russell MidCap® Index, Russell MidCap® Value Index, Russell MidCap® Growth Index, Russell Small Cap Completeness® Index, Russell Small Cap Completeness® Value Index and Russell Small Cap Completeness® Growth Index, are subject to an aggregate position limit of 50,000 contracts on the same side of the market, provided that no more than 30,000 of such contracts are in the nearest expiration month series.

(b)(i) In determining compliance with Rule 1001, option contracts on a narrow-based (industry) index shall, subject to the procedures specified in subparagraph (iii) of this rule, be subject to the following position limits:

— 18,000 contracts (or 54,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, SIG Energy MLP Index, SIG Oil Exploration & Production Index and the NASDAQ China Index) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 30% or more of the index value during the 30-day period immediately preceding the review; or

— 24,000 contracts (or 72,000 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, SIG Energy MLP Index, SIG Oil Exploration & Production Index and the NASDAQ China Index) if the Exchange determines, at the time of a review conducted pursuant to subparagraph (ii) of this paragraph (b), that any single underlying stock accounted, on average, for 20% or more of the index value or that any five underlying stocks together accounted, on average, for more than 50% of the index value, but that no single stock in the group accounted, on average, for 30% or more of the index value, during the 30-day period immediately preceding the review; or

— 31,500 contracts (or 94,500 contracts for options on the PHLX Oil Service Sector, PHLX Semiconductor Sector, PHLX Utility Sector, PHLX Gold/Silver Sector, PHLX Housing Sector, SIG Energy MLP Index, SIG Oil Exploration & Production Index and the NASDAQ China Index)) if the Exchange determines that the conditions specified above which would require the establishment of a lower limit have not occurred, or

— 44,000 contracts total with respect to the KBW Bank Index.

(ii) The Exchange shall make the determinations required by subparagraph (i) of this paragraph (b) with respect to options on each industry index at the commencement of trading of such options on the Exchange and thereafter review the determination semi-annually on January 1 and July 1.

(iii) If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index is lower than the maximum position limit permitted by the criteria set forth in subparagraph (i) of this paragraph (b), the Exchange may effect an appropriate position limit increase immediately. If the Exchange determines, at the time of a semi-annual review, that the position limit in effect with respect to options on a particular industry index exceeds the maximum position limit permitted by the criteria set forth in subparagraph (i) of this paragraph (b), the Exchange shall reduce the position limit applicable to such options to a level consistent with such criteria; provided, however, that such a reduction shall not become effective until after the expiration date of the most distantly expiring option series relating to such particular industry index, which is open for trading on the date of the review; and provided further that such a reduction shall not become effective if the Exchange determines, at the next succeeding semi-annual review, that the existing position limit applicable to such options is consistent with the criteria set forth in subparagraph (i) of this paragraph (b).

(c) *Reporting Requirements for Options on Market Indexes.*—Each member or member organization that maintains a position on the same side of the market in excess of 100,000 contracts for its own account or for the account of a customer in the Full Value Russell 2000® Options, RUT; or in excess of 100,000 contracts for its own account or for the account of a customer in the Full Value Nasdaq 100 Options, NDX must file a report with the Exchange that includes, but is not limited to, data related to the option position, whether such position is hedged and if applicable, a description of the hedge and information concerning collateral used to carry the position. Registered Options Traders are exempt from this reporting requirement. For positions exceeding the position limit in paragraph (a), Commentary .01 contains the requirements for qualifying for the Index Hedge Exemption under this Rule.

(d) Except as provided in section (f) below with respect to options on Alpha Indexes, index option contracts shall not be aggregated with option contracts on any stocks whose prices are the basis for calculation of the index.

(e) *Aggregation*—Full value, reduced value, long term and quarterly expiring options based on the same index shall be aggregated. Reduced value or mini-size contracts shall be aggregated with full value or full-size contracts and counted by the amount by which they equal a full value contract (e.g. ten (10) one tenth (1/10th) value contracts equal one (1) full value contract).

Positions in Short Term Options Series and Quarterly Options Series shall be aggregated with positions in options contracts of the same index.

(f) The position limit for an option on an Alpha Index shall be 60,000 contracts on the same side of the market. Positions in Alpha Index options will be aggregated with positions in equity options on the underlying securities for purposes of determining compliance with position limits.

• • • *Commentary:* ------------------

.01 Index Hedge Exemption.

(a) Index option positions may be exempt from established position limits for each option contract "hedged" by an equivalent dollar amount of the underlying component securities or securities convertible into such components; provided that, in applying such hedge, each option position to be exempted is hedged by a position in at least: (i) respecting industry index options, 75% of the number of component securities underlying the index, (ii) respecting market index options, 20 stocks in four industry groups comprising the index, of which no one component security accounts for more than 15% of the value of the portfolio hedging the index option position, or (iii) respecting Alpha Index options, each of the component securities underlying the index. In addition, the underlying value of the option position may not exceed the value of the underlying portfolio.

(b) The value of the underlying portfolio is:

(1) the total market value of the net stock position; less

(2) the value of:

(A) any offsetting calls and puts in the respective index option; and

(B) any offsetting positions in related stock index futures or options; and

(C) any economically equivalent positions.

The portfolio must be previously established and the options must be carried in an account with an Exchange member. Securities used as a hedge pursuant to this provision may not be used to hedge other option positions.

(c) Prior Exchange approval on the appropriate form designated by the Exchange is required. In no event may position limits for any hedged industry index option exceed two times above the limits established under Rule 1001A(b)(i), in addition to that limit. In certain instances, the Exchange may determine to permit positions less than two times above the existing limits. An increase in the maximum number of contracts exempt from position limits may be requested periodically, as dollar values may warrant. This exemption is in addition to the position limit and any other exemptions available under Exchange rules.

(d) This exemption requires that both the options and stock positions be initiated and liquidated in an orderly manner. Specifically, a reduction of the options position must occur at or before the corresponding reduction in the stock portfolio position. Initiating or liquidating positions should not be conducted in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes or with a view toward taking advantage of any differential in price between a group of securities and an overlying stock position. The Exchange's Regulatory staff must be notified in writing for approval in advance of liquidating or initiating any such position as well as of any material change in the portfolio or futures positions which materially effects the unhedged value of the qualified portfolio, as defined above.

(e) The Exchange's Regulatory staff will monitor daily that each option contract is hedged by the equivalent dollar amount of component securities. In addition, the hedge exemption form must be kept current, with information updated as warranted. Any information concerning the dollar value and composition of the stock portfolio, or its equivalent, the current hedged and aggregate option positions, any stock index futures positions must be promptly provided to the Exchange.

(f) If any member or member organization carrying an account which has received an exemption pursuant to this Rule has reason to believe that as a result of an opening transaction, the position telescoping provisions of this Rule, or the execution of CMTA transactions, that its customer, acting alone or in concert with others, directly or indirectly, violates this position limit exemption, then the member or member organization has violated this Rule. Violations of any of these provisions, absent reasonable justification or excuse, shall result in withdrawal of the hedge exemption and subsequent denial of an application for a hedge exemption thereunder.

.02 *Firm Facilitation Exemption*—A member organization may be exempt from established position limits for index option positions held in its proprietary account where such position will facilitate an order for a customer of that member organization, provided that such position satisfies the following:

(a) *Maximum limit*: the facilitating position may exceed the applicable position limit by two times that limit, in addition to the allowable amount. For example, where the position limit is 25,000 contracts, a firm facilitation exemption is available for an additional 50,000 contracts. This exemption is in addition to any other exemptions available under Exchange rules.

(b) *Approval Procedure*: prior approval from an Options Exchange Official and the submission of a complete Firm Facilitation Form, which must be kept current, are required. Approval may be granted on the basis of verbal representations, in which case the member organization shall submit to the Exchange's Regulatory staff a completed form respecting such approval within two business days or the time specified when approval is granted. A member organization may request an exemption based on interest expressed by its customer, prior to obtaining an order. This exemption is not available where either the customer or facilitation order are all or none or fill or kill orders.

The facilitation firm shall promptly provide the Exchange with information or documents requested concerning the exempted and hedging positions. A copy of all applicable order tickets must be provided to the Exchange's Regulatory staff on the day of execution.

The facilitation firm shall establish and liquidate its own as well as its customer's option and stock positions in an orderly fashion, and not in a manner calculated to cause unreasonable price fluctuations or unwarranted price changes nor with a view toward taking advantage of any differential in price between a group of securities and an overlying stock index option. The facilitation firm shall notify the Exchange of any material change in the exempted option position or hedge. The facilitation firm shall not increase the exempt option position once it is liquidated unless prior approval is again received pursuant to this Rule.

(c) *Facilitation Procedure*: compliance with the facilitation procedures of Rule 1064(b) is required, such that the terms of the order are disclosed and the market quoted, with bidding/offering by the facilitation firm providing an opportunity for the trading crowd to participate.

(d) *Hedge*: to remain qualified, the facilitation firm must hedge all exempt option positions within five business days after the execution of the order and furnish the Exchange's Regulatory staff with documentation reflecting the resulting hedged positions.

(e) Violations of these requirements, absent reasonable justification or excuse, shall result, in addition to any disciplinary action, in withdrawal of the exemption and may form the basis for subsequent denial of an application for an exemption hereunder.

.03 *Exemptions Granted by Other Options Exchanges* - A member may rely upon any available exemptions from applicable position limits granted from time to time by another options exchange for any options contract traded on the Exchange provided that such member:

(a) provides the Exchange with a copy of any written exemption issued by another options exchange or a written description of any exemption issued by another options exchange other than in writing containing sufficient detail for Exchange Regulatory staff to verify the validity of that exemption with the issuing options exchange, and

(b) fulfills all conditions precedent for such exemption and complies at all times with the requirements of such exemption with respect to the member's trading on the Exchange.

.04 Delta-Based Index Hedge Exemption

The Delta-Based Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules. An index option position of a member or, non-member affiliate of a member that is delta neutral shall be exempt from established position limits as prescribed under this Rule 1001A, subject to the following:

(A) The term "delta neutral" refers to an index option position that is hedged, in accordance with a permitted pricing model, by a position in one or more correlated instruments, for the purpose of offsetting the risk that the value of the option position will change with incremental changes in the value of the underlying index. The term "correlated instruments" means securities and/or other instruments that track the performance of or are based on the same underlying index as the index underlying the option position (but not including baskets of securities).

(B) An index option position that is not delta neutral shall be subject to position limits in accordance with this Rule 1001A (subject to the availability of other position limit exemptions). Only the options contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The "options contract equivalent of the net delta" is the net delta divided by units of trade that equate to one option contract on a delta basis. The term "net delta" means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an index option position will change with incremental changes in the value of the underlying index, as determined in accordance with a permitted pricing model.

(C) A "permitted pricing model" shall have the meaning as defined in Commentary .09(c)(3), Exchange Rule 1001.

(D) Effect on Aggregation of Accounts

(1) Members and non-member affiliates who rely on this exemption must ensure that the permitted pricing model is applied to all positions in correlated instruments that are owned or controlled by such member or non-member affiliate.

(2) Notwithstanding subparagraph (D)(1), the net delta of an option position held by an entity entitled to rely on this exemption, or by a separate and distinct trading unit of such entity, may be calculated without regard to positions in correlated instruments held by an affiliated entity or by another trading unit within the same entity, provided that:

(i) the entity demonstrates to the Exchange's satisfaction that no control relationship, as defined in Commentary .06 to Exchange Rule 1001, exists between such affiliates or trading units*; and

(ii) the entity has provided (by the member carrying the account as applicable) the Exchange written notice in advance that it intends to be considered separate and distinct from any affiliate or, as applicable, which trading units within the entity are to be considered separate and distinct from each other for purposes of this exemption.

(3) Notwithstanding subparagraph (D)(1) or (D)(2), a member or non-member affiliate who relies on this exemption shall designate, by prior written notice to the Exchange (to be obtained and provided by the member carrying the account as applicable), each trading unit or entity whose option positions are required under Exchange Rules to be aggregated with the option positions of such member or non-member affiliate that is relying on this exemption for purposes of compliance with Exchange position limits or exercise limits. In any such case:

(i) the permitted pricing model shall be applied, for purposes of calculating such member's or affiliate's or net delta, only to the positions in correlated instruments owned and controlled by those entities and trading units who are relying on this exemption; and

(ii) the net delta of the positions owned or controlled by the entities and trading units who are relying on this exemption shall be aggregated with the non-exempt option positions of all other entities and trading units whose options positions are required under Exchange Rules to be aggregated with the option positions of such member or affiliate .

(E) Obligations of Members

(1) A member that relies on this exemption for a proprietary index options position:

(i) must provide a written certification to the Exchange that it is using a permitted pricing model pursuant to subparagraph (C) above; and

(ii) by such reliance authorizes any other person carrying for such member an account including, or with whom such member has entered into, a position in a correlated instrument to provide to the Exchange or the Options Clearing Corporation such information regarding such account or position as the Exchange or Options Clearing Corporation may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption.

(2) The index option positions of a non-member relying on this exemption must be carried by a member with which it is affiliated.

(3) A member carrying an account that includes an index option position for a non-member affiliate that intends to rely on this exemption must obtain from such non-member affiliate and must provide to the Exchange.

(i) a written certification to the Exchange that the non-member affiliate is using a permitted pricing model pursuant to subparagraph (C) above; and

(ii) a written statement confirming that such non-member affiliate:

(a) is relying on this exemption;

(b) will use only a permitted pricing model for purposes of calculating the net delta of its option positions for purposes of this exemption;

(c) will promptly notify the member if it ceases to rely on this exemption;

(d) authorizes the member to provide to the Exchange or the Options Clearing Corporation such information regarding positions of the non-member affiliate as the Exchange or Options Clearing Corporation may request as part of the Exchange's confirmation or verification of the accuracy of any net delta calculation under this exemption; and

(e) if the non-member affiliate is using the OCC Model, has duly executed and delivered to the member such documents as the Exchange may require to be executed and delivered to the Exchange as a condition to reliance on this exemption.

(F) Reporting.

Each member (other than an Exchange market-maker using the OCC Model) that holds or carries an account that relies on this exemption shall report, in accordance with Exchange Rule 1003, all index option positions (including those that are delta neutral) that are reportable thereunder. Each such member on its own behalf or on behalf of a designated aggregation unit pursuant to Commentary .04(D) of this Exchange Rule 1001A shall also report, in accordance with Exchange Rule 1003 for each such account that holds an index option position subject to this exemption in excess of the levels specified in this Exchange Rule 1001A, the net delta and the options contract equivalent of the net delta of such position.

(G) Records.

Each member relying on this exemption shall: (i) retain, and undertake reasonable efforts to ensure that any non-member affiliate of the member relying on this exemption retains, a list of the options, securities and other instruments underlying each option position net delta calculation reported to the Exchange hereunder, and (ii) produce such information to the Exchange upon request.

* * * * * *

Rule 1101A. Terms of Option Contracts

(a) The Exchange shall determine fixed point intervals of exercise prices for index options (options on indexes). Generally, except as provided in Commentary .04 below, the exercise (strike) price intervals will be no less than $5, provided that the Exchange may determine to list strike prices at no less than $2.50 intervals for options on the following indexes (which may also be known as sector indexes):

(i) PHLX Computer Box Maker Index, if the strike price is less than $200,

(ii) PHLX Defense Index, if the strike price is less than $200,

(iii) PHLX Drug Index, if the strike price is less than $200,

(iv) PHLX Europe Index, if the strike price is less than $200,

(v) PHLX Gold/Silver Index, if the strike price is less than $200,

(vi) PHLX Housing Index, if the strike price is less than $200,

(vii) PHLX Oil Service Index, if the strike price is less than $200,

(viii) PHLX Semiconductor Index, if the strike price is less than $200,

(ix) PHLX Utility Index, if the strike price is less than $200,

(x) PHLX World Energy Index, if the strike price is less than $200,

(xi) SIG Investment Managers Index™, if the strike price is less than $200,

(xii) SIG Cable, Media & Entertainment Index™, if the strike price is less than $200,

(xiii) SIG Casino Gaming Index™, if the strike price is less than $200,

(xiv) SIG Semiconductor Equipment Index™, if the strike price is less than $200,

(xv) SIG Semiconductor Device Index™, if the strike price is less than $200,

(xvi) SIG Specialty Retail Index™, if the strike price is less than $200,

(xvii) SIG Steel Producers Index™, if the strike price is less than $200,

(xviii) SIG Footwear & Athletic Index™, if the strike price is less than $200,

(xix) SIG Education Index™, if the strike price is less than $200,

(xx) SIG Restaurant Index™, if the strike price is less than $200,

(xxi) SIG Coal Producers Index™, if the strike price is less than $200,

(xxii) SIG Oil Exploration & Production Index™, if the strike price is less than $200,

(xxiii) PHLX/KBW Bank Index, if the strike price is less than $200,

(xxiv) KBW Capital Markets Index, if the strike price is less than $200,

(xxv) KBW Insurance Index, if the strike price is less than $200,

(xxvi) KBW Mortgage Finance Index, if the strike price is less than $200,

(xxvii) KBW Regional Banking Index, if the strike price is less than $200,

(xxviii) TheStreet.com Internet Sector, if the strike price is less than $200,

(xxix) Wellspring Bioclinical Trials Index™, if the strike price is less than $200,

(xxx) Hapoalim American Israeli Index or Hapoalim Index, if the strike price is less than $200,

(xxxi) Russell 2000® Index, if the strike price is less than $200,

(xxxii) Reduced Value Russell 2000® Index, if the strike price is less than $200, (xxxiii) NASDAQ China Index℠, if the strike price is less than $200,

(xxxiv) SIG Energy MLP Index™, if the strike price is less than $200,

(xxxv) SIG KCI Coal Index (SCP)™, if the strike price is less than $200,

(xxxvi) NASDAQ Internet Index℠ (QNET) if the strike price is less than $200,

(xxxvii) Reduced Value Nasdaq 100® Index (Reduced Value Nasdaq 100® Options), [and]

(xxxviii) Reduced value long term options, also known as LEAPS[.];

(xxxix) Russell 3000® Index, if the strike price is less than $200;

(xxxx) Russell 3000® Value Index, if the strike price is less than $200;

(xxxxi) Russell 3000® Growth Index, if the strike price is less than $200;

(xxxxii) Russell 2500 ™ Index, if the strike price is less than $200;

(xxxxiii) Russell 2500 ™ Value Index, if the strike price is less than $200;

(xxxxiv) Russell 2500™ Growth Index, if the strike price is less than $200;

(xxxxv) Russell 2000® Value Index, if the strike price is less than $200;

(xxxxvi) Russell 2000® Growth Index, if the strike price is less than $200;

(xxxxvii) Russell 1000® Index , if the strike price is less than $200;

(xxxxviii) Russell 1000® Value Index , if the strike price is less than $200;

(xxxxix)Russell 1000® Growth Index, if the strike price is less than $200;

(xxxxx) Russell Top 200® Index , if the strike price is less than $200;

(xxxxxi) Russell Top 200® Value Index , if the strike price is less than $200;

(xxxxxii) Russell Top 200® Growth Index , if the strike price is less than $200;

(xxxxxiii) Russell MidCap® Index , if the strike price is less than $200;

(xxxxxiv) Russell MidCap® Value Index , if the strike price is less than $200;

(xxxxxv) Russell MidCap® Growth Index, if the strike price is less than $200;

(xxxxxvi) Russell Small Cap Completeness® Index , if the strike price is less than $200;

(xxxxxvii) Russell Small Cap Completeness® Value Index, if the strike price is less than $200;

(xxxxxviii) Russell Small Cap Completeness® Growth Index, if the strike price is less than $200;

(xxxxxix) Reduced Value Russell 3000® Index, if the strike price is less than $200;

(xxxxxx) Reduced Value Russell 3000® Value Index, if the strike price is less than $200;

(xxxxxxi) Reduced Value Russell 3000® Growth Index, if the strike price is less than $200;

(xxxxxxii) Reduced Value Russell 2500 ™ Index, if the strike price is less than $200;

(xxxxxxiii) Reduced Value Russell 2500 ™ Value Index, if the strike price is less than $200;

(xxxxxxiv) Reduced Value Russell 2500™ Growth Index, if the strike price is less than $200;

(xxxxxxv) Reduced Value Russell 2000® Value Index, if the strike price is less than $200;

(xxxxxxvi) Reduced Value Russell 2000® Growth Index, if the strike price is less than $200;

(xxxxxxvii) Reduced Value Russell 1000® Index , if the strike price is less than $200;

(xxxxxxviii) Reduced Value Russell 1000® Value Index , if the strike price is less than $200;

(xxxxxxix) Reduced Value Russell 1000® Growth Index, if the strike price is less than $200;

(xxxxxxxx) Reduced Value Russell Top 200® Index , if the strike price is less than $200;

(xxxxxxxi) Reduced Value Russell Top 200® Value Index , if the strike price is less than $200;

(xxxxxxxii) Reduced Value Russell Top 200® Growth Index , if the strike price is less than $200;

(xxxxxxxiii) Reduced Value Russell MidCap® Index , if the strike price is less than $200;

(xxxxxxxiv) Reduced Value Russell MidCap® Value Index , if the strike price is less than $200;

(xxxxxxxv) Reduced Value Russell MidCap® Growth Index, if the strike price is less than $200;

(xxxxxxxvi) Reduced Value Russell Small Cap Completeness® Index , if the strike price is less than $200;

(xxxxxxxvii) Reduced Value Russell Small Cap Completeness® Value Index, if the strike price is less than $200; and

(xxxxxxxviii) Reduced Value Russell Small Cap Completeness® Growth Index, if the strike price is less than $200.

The Exchange may also determine to list strike prices at no less than $2.50 intervals for options on indexes delineated in this rule in response to demonstrated customer interest or specialist request. For purposes of this paragraph, demonstrated customer interest includes institutional (firm) corporate or customer interest expressed directly to the Exchange or through the customer's floor brokerage unit, but not interest expressed by an ROT with respect to trading for the ROT's own account.

(b) After a particular class of stock index options has been approved for listing and trading on the Exchange, the Exchange shall from time to time open for trading series of options therein. Within each approved class of stock index options, the Exchange may open for trading series of options expiring in consecutive calendar months ("consecutive month series"), as provided in subparagraph (i) of this paragraph (b), series of options expiring at three-month intervals ("cycle month series"), as provided in subparagraph (ii) of this paragraph (b) and/or series of options having up to thirty-six months to expiration ("long-term options series") of this paragraph (b). Prior to the opening of trading in any series of stock index options, the Exchange shall fix the expiration month and exercise price of option contracts included in each such series.

(i) **Consecutive Month Series**

With respect to each class of stock index options, series of options having up to four consecutive expiration months may be opened for trading simultaneously, with the shortest-term series initially having no more than two months to expiration. Additional consecutive month series of the same class may be opened for trading on the Exchange at or about the time a prior consecutive month series expires, and the expiration month of each such new series shall normally be the month immediately succeeding the expiration month of the then outstanding consecutive month series of the same class of options having the longest remaining time to expiration.

(ii) **Cycle Month Series**

The Exchange may designate one expiration cycle for each class of stock index options. An expiration cycle shall consist of four calendar months ("cycle months") occurring at three-month intervals.

With respect to any particular class of stock index options, series of options expiring in up to three of the four cycle months designated by the Exchange for that class may be opened for trading simultaneously, with the shortest-term series initially having approximately three months to expiration. Additional cycle month series of the same class may be opened for trading on the Exchange at or about the time a prior cycle month series expires, and the expiration month of each such new series shall normally be approximately three months after the expiration month of the then outstanding cycle month series of the same class of options having the longest remaining time to expiration.

(iii) **Long-term Option Series**

The Exchange may list, with respect to any class of stock index options, series of options having up to 60 months to expiration, adding up to ten expiration months to the expiration cycle, as defined in this Rule. Such series of options may be opened for trading simultaneously with series of options trading consecutive month series (as provided in subparagraph (i)) and/or with series of options trading on the cycle month series (as provided in subparagraph (ii)).

(iv) **Quarterly Expiring Index Options**

The Exchange may list quarterly expiring options on the following indexes: the Gold and Silver Index (XAU), the Utility Index (UTY), the National Over-the-Counter Index (XOC), the Value Line Composite Index (VLE), the Philadelphia Stock Exchange/Keefe, Bruyette & Woods, Inc. Bank Index (BKX) and the Phone Index (PNX) which expires on the first business day of the month following the end of the calendar quarter. For each of these options, the Exchange may list up to eight quarterly expiration cycles. Except as otherwise provided, all Exchange rules applicable to stock index options on the XAU, UTY, XOC, VLE, BKX and PNX will also be applicable to quarterly expiring index options listed pursuant to this section.

(v) **Quarterly Options Series Program**

The Exchange may list and trade options series that expire at the close of business on the last business day of a calendar quarter ("Quarterly Options Series"). The Exchange may list Quarterly Options Series for up to five (5) currently listed options classes that are either Index Options or options on Exchange Traded Funds. In addition, the Exchange may also list Quarterly Options Series on any options classes that are selected by other securities exchanges that employ a similar program under their respective rules.

(A) The Exchange may list series that expire at the end of the next consecutive four (4) calendar quarters as well as the fourth quarter of the next calendar year.

(B) Reserved.

(C) Quarterly Options Series shall be P.M. settled.

(D) The strike price of each Quarterly Options Series will be fixed at a price per share, with at least two, but not more than five, strike prices above and two, but not more than five, strike prices below the value of the underlying security at about the time that a Quarterly Options Series is opened for trading on the Exchange. The Exchange may open for trading additional Quarterly Options Series of the same class if the Exchange deems it necessary to maintain an orderly market, to meet customer demand or the current index value of the underlying index moves substantially from the exercise price of those Quarterly Options Series that already have been opened for trading on the Exchange. The exercise price of each Quarterly Options Series opened for trading on the Exchange shall be reasonably related to the current index value of the underlying index to which such series relates at or about the time such series of options is first opened for trading on the Exchange. The term "reasonably related to the current index value of the underlying index" means that the exercise price is within thirty percent (30%) of the current index value. The Exchange may also open for trading additional Quarterly Options Series that are more than thirty percent (30%) away from the current index value, provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate, or individual customers or their brokers. Market-makers trading for their own account shall not be considered when determining customer interest under this provision. The Exchange may open additional strike prices of a Quarterly Options Series that are above the value of the underlying index provided that the total number of strike prices above the value of the underlying index is no greater than five. The Exchange may open additional strike prices of a Quarterly Options Series that are below the value of the underlying index provided that the total number of strike prices below the value of the underlying index is no greater than five. The opening of any new Quarterly Options Series shall not affect the series of options of the same class previously opened.

(E) The interval between strike prices on Quarterly Options Series shall be the same as the interval for strike prices for series in that same options class that expire in accordance with the normal monthly expiration cycle.

(vi) **Short Term Option Series Program**

After an index option class has been approved for listing and trading on the Exchange, the Exchange may open for trading on any Thursday or Friday that is a business day ("Short Term Option Opening Date") series of options on that class that expire on the Friday of the following business week that is a business day ("Short Term Option Expiration Date"). If the Exchange is not open for business on the respective Thursday or Friday, the Short Term Option Opening Date will be the first business day immediately prior to that respective Thursday or Friday. Similarly, if the Exchange is not open for business on the Friday of the following business week, the Short Term Option Expiration Date will be the first business day immediately prior to that Friday. Regarding Short Term Option Series:

(A) The Exchange may select up to fifteen (15) currently listed option classes on which Short Term Option Series may be opened on any Short Term Option Opening Date. In addition to the fifteen-option class restriction, the Exchange also may list Short Term Option Series on any option classes that are selected by other securities exchanges that employ a similar program under their respective rules. For each index option class eligible for participation in the Short Term Option Series Program, the Exchange may open up to twenty (20) Short Term Option Series on index options for each expiration date in that class.

(B) No Short Term Option Series on an index option class may expire in the same week during which any monthly option series on the same index class expire or, in the case of Quarterly Options Series, on an expiration that coincides with an expiration of Quarterly Option Series on the same index class.

(C) The strike price of each Short Term Option Series will be fixed at a price per share, with approximately the same number of strike prices being opened above and below the calculated value of the underlying index at about the time that the Short Term Option Series are initially opened for trading on the Exchange (e.g., if seven (7) series are initially opened, there will be at least three (3) strike prices above and three (3) strike prices below the value of the underlying security or calculated index value). Any strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index.

(D) If the Exchange has opened less than twenty (20) Short Term Option Series for a Short Term Option Expiration Date, additional series may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the current value of the underlying index moves substantially from the exercise price or prices of the series already opened. Any additional strike prices listed by the Exchange shall be within thirty percent (30%) above or below the current value of the underlying index. The Exchange may also open additional strike prices of Short Term Option Series that are more than 30% above or below the current value of the underlying index provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. The opening of the new Short Term Option Series shall not affect the series of options of the same class previously opened.

(E) The interval between strike prices on Short Term Option Series shall be the same as the strike prices for series in that same index option class that expire in accordance with the normal monthly expiration cycle.

(c) On the last trading day prior to the expiration of a particular series of index options, such option shall freely trade until 4:00 P.M., unless the Board of Directors has established different hours of trading for certain index options.

• • • ***Commentary:*** ------------------

.01 Transactions in broad-based (market) index options traded on the Exchange, including Value Line Composite Index options, National Over-the-Counter Index options, U.S. Top 100 Index options, the OTC Industrial Average Index options, Full Value Russell 2000® Options and Reduced Value Russell 2000® Options, Full and Reduced Value Russell 3000® Index, Full and Reduced Value Russell 3000® Value Index, Full and Reduced Value Russell 3000® Growth Index, Full and Reduced Value Russell 2500 ™ Index, Full and Reduced Value Russell 2500 ™ Value Index, Full and Reduced Value Russell 2500™ Growth Index, Full and Reduced Value Russell 2000® Value Index, Full and Reduced

Value Russell 2000® Growth Index, Full and Reduced Value Russell 1000® Index, Full and Reduced Value Russell 1000® Value Index, Full and Reduced Value Russell 1000® Growth Index, Full and Reduced Value Russell Top 200® Index, Full and Reduced Value Russell Top 200® Value Index, Full and Reduced Value Russell Top 200® Growth Index, Full and Reduced Value Russell MidCap® Index, Full and Reduced Value Russell MidCap® Value Index, Full and Reduced Value Russell MidCap® Growth Index, Full and Reduced Value Russell Small Cap Completeness® Index, Full and Reduced Value Russell Small Cap Completeness® Value Index, and Full and Reduced Value Russell Small Cap Completeness® Growth Index and Full Value Nasdaq 100 Options and Reduced Value Nasdaq 100 Options may be effected on the Exchange until 4:15 P.M. each business day, through the last trading day prior to expiration. Transactions in Alpha Index options may also be effected on the Exchange until 4:15 P.M. each business day, through the last trading day prior to expiration.

.02 Notwithstanding subsection (a) to this Rule 1101A, the interval between strike prices of series of Reduced Value Nasdaq 100 Options will be $1 or greater, subject to following conditions:

(a) Initial Series. The Exchange may list series at $1 or greater strike price intervals for Reduced Value Nasdaq 100 Options, and will list at least two strike prices above and two strike prices below the current value of the Nasdaq-100 Index at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for Reduced Value Nasdaq 100 Options that are within 5 points from the closing value of the Nasdaq-100 Index on the preceding day.

(b) Additional Series. Additional series of the same class of Reduced Value Nasdaq 100 Options may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when the underlying Nasdaq-100 Index moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing value of the Nasdaq-100 Index. The Exchange may also open additional strike prices that are more than 30% above or below the current Nasdaq-100 Index value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to sixty (60) additional series per expiration month for each series in Reduced Value Nasdaq 100 Options.

(c) The Exchange shall not list LEAPS on Reduced Value Nasdaq 100 Options at intervals less than $2.50.

(d) (1) Delisting Policy. With respect to Reduced Value Nasdaq 100 Options added pursuant to the above paragraphs, the Exchange will, on a monthly basis, review series that are outside a range of five (5) strikes above and five (5) strikes below the current value of the Nasdaq-100 Index, and delist series with no open interest in both the put and the call series having a: (A) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (B) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in Reduced Value Nasdaq 100 Options series eligible for delisting shall be granted.

(3) In connection with the above referenced delisting policy, if the Exchange identifies series for delisting, the Exchange shall notify other options exchanges with similar delisting policies regarding eligible series for delisting, and shall work with such other exchanges to develop a uniform list of series to be delisted, so as to ensure uniform series delisting of multiply listed Reduced Value Nasdaq 100 Options.

.03 Notwithstanding subsection (a) to this Rule 1101A, the interval between strike prices of series of options on the PHLX Gold/Silver Index, PHLX Housing Index, PHLX Oil Service Index, SIG Oil Exploration & Production Index™, PHLX Semiconductor Index, KBW Bank Index, SIG Energy MLP Index™, and Reduced Value Russell 2000® Index (individually the "$1 Index" and together the "$1 Indexes"), which may also be known as sector indexes, will be $1 or greater, subject to following conditions:

(a) Initial Series. The Exchange may list series at $1 or greater strike price intervals for each $1 Index, and will list at least two strike prices above and two strike prices below the current value of each $1 Index at about the time a series is opened for trading on the Exchange. The Exchange shall list strike prices for each $1 Index that are within 5 points from the closing value of each $1 Index on the preceding day.

(b) Additional Series. Additional series of the same class of each $1 Index may be opened for trading on the Exchange when the Exchange deems it necessary to maintain an orderly market, to meet customer demand or when each underlying $1 Index moves substantially from the initial exercise price or prices. To the extent that any additional strike prices are listed by the Exchange, such additional strike prices shall be within thirty percent (30%) above or below the closing value of each $1 Index. The Exchange may also open additional strike prices that are more than 30% above or below each current $1 Index value provided that demonstrated customer interest exists for such series, as expressed by institutional, corporate or individual customers or their brokers. Market-Makers trading for their own account shall not be considered when determining customer interest under this provision. In addition to the initial listed series, the Exchange may list up to sixty (60) additional series per expiration month for each series in $1 Indexes.

(c) The Exchange shall not list LEAPS on $1 Indexes at intervals less than $2.50.

(d) (1) Delisting Policy. With respect to each $1 Index added pursuant to the above paragraphs, the Exchange will regularly review series that are outside a range of five (5) strikes above and five (5) strikes below the current value of each $1 Index, and in each $1

Index may delist series with no open interest in both the put and the call series having a: (A) strike higher than the highest strike price with open interest in the put and/or call series for a given expiration month; and (B) strike lower than the lowest strike price with open interest in the put and/or call series for a given expiration month.

(2) Notwithstanding the above referenced delisting policy, customer requests to add strikes and/or maintain strikes in $1 Index options eligible for delisting may be granted.

.04 Notwithstanding subsection (a) to this Rule 1101A, the interval between strike prices of series of Alpha Index options will be $1 or greater. The Exchange will list at least two strike prices above and two strike prices below the current value of each Alpha Index option at about the time a series is opened for trading on the Exchange. The Exchange may also list additional strike prices at any price point, with a minimum of a $1.00 interval between strike prices, as required to meet the needs of customers.

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