EXHIBIT 5

New text is underlined and deleted text is in brackets.

NASDAQ PHLX Rules

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Rule 1000. Applicability, Definitions and References

(a) No change.

(b) **Definitions.** The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

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38. [Reserved.] *Order Entry Firm or "OEF".* An Order Entry Firm or "OEF" is a member organization that submits orders, as agent or principal, on the Exchange.

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40. [Reserved.] *Away Best Bid or Offer or ABBO.* The term "Away Best Bid or Offer" or "ABBO" shall mean the displayed National Best Bid or Offer not including the Exchange's Best Bid or Offer.

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[(49) The term "Agency Order" shall mean any order entered on behalf of a public customer (which includes an order entered on behalf of a professional), and does not include any order entered for the account of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest.]

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Rule 1014. Obligations of Market Makers

(a) No change.

([i]b) Each ROT electing to engage in Exchange options transactions shall be assigned by the Exchange one or more classes of options, and Exchange options transactions initiated by such ROT on the Floor for any account in which he had an interest shall to the extent prescribed by the Exchange be in such assigned classes. The obligations of an ROT with respect to those classes of options to which he is assigned shall take precedence over his other ROT activities.

([A]1) The off-floor orders for which an ROT receives specialist margin treatment shall be subject to the obligations of Rule 1014(a) and, in general, be effected for the purpose of hedging, reducing risk of, or rebalancing positions of the ROT. An ROT is responsible for evidencing compliance with these provisions. The Exchange may exempt one or more classes of options.

([ii]2) An RSQT may only submit quotations electronically from off the floor of the Exchange. An RSQT shall not submit option quotations in eligible options to which such RSQT is assigned to the extent that the RSQT is also approved as a Remote Specialist in the same options. An RSQT may only trade in a market making capacity in classes of options in which he is assigned or approved as a Remote Specialist.

([iii]3) The Exchange shall assign SQTs and RSQTs in accordance with Rule 507 and allocate one or more options to Remote Specialists in accordance with Rule 501. An SQT or RSQT may be assigned to and a Remote Specialist may be allocated (and thus submit quotes electronically in) any option for which they are approved by the Exchange.

([iv]4) An RSQT shall be required to maintain information barriers that are reasonably designed to prevent the misuse of material, non-public information with any affiliates that may conduct a brokerage business in options assigned to the RSQT or act as a specialist or market maker in any security underlying options assigned to the RSQT, and otherwise comply with the requirements of Rule 1020 regarding restrictions on the flow of privileged information between the affiliate and the specialist organization.

([v]5) An RSQT electing to engage in Exchange options transactions is designated as a specialist on the Exchange for all purposes under the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to options transactions initiated and effected by him in his capacity as an ROT.

(c) and (d) No change.

(e) [Reserved.]**Market Maker Orders.** ROTs and Specialists may enter all order types defined in Rule 1080(b) in the options classes to which they are appointed and non-appointed, except for Market Orders as provided in Rule 1080(b)(1), Stop Orders as provided in Rule 1080(b)(4), All-or-None Orders as provided in Rule 1080(b)(5), Directed Orders as provided for in Rule 1068, and public customer-to-public customer cross orders subject to Rule 1087(a) and (f). The total number of contracts executed during a quarter by a ROT or Specialist in options series to which it is not appointed may not exceed twenty-five percent (25%) of the total number of contracts executed by the ROT or Specialist in options series.

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

[.01 The Exchange has determined for purposes of paragraph (c) of this Rule that, except for unusual circumstances, at least 50% of the trading activity in any quarter (measured in terms of contract volume) of an ROT (other than an RSQT) shall ordinarily be in classes of options to which he is assigned. Temporarily undertaking the obligations of paragraph (c) at the request of a member of the Exchange in non assigned classes of options shall not be deemed trading in non assigned option contracts.

The Exchange may, in computing the percentage specified herein, assign a weighting factor based upon relative inactivity to one or more classes or series of option contracts.]

.0[2]1 A Specialist acting in the course of his specializing function, as agent or principal, on the Exchange is prohibited from charging a commission or fee for the execution of an order. A Specialist shall also not charge a commission or fee for the handling, execution or processing of an order delivered through the Exchange's System, whether the Specialist is acting as principal or agent for the order.

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Rule 1017. Openings In Options
(a) No change.

(b) Eligible interest during the Opening Process includes Valid Width Quotes, Opening Sweeps and orders. Quotes other than Valid Width Quotes will not be included in the Opening Process. Non-SQT Registered Options Traders ("ROTs") may submit orders. All-or-[n]None interest that can be satisfied is considered for execution and in determining the Opening Price throughout the Opening Process.

(i) Opening Sweep. An Opening Sweep is [a one-sided electronic quotation submitted for execution against eligible interest in the system during the Opening Process]defined at Rule 1080(b)(6).

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Rule 1078. Reserved. [All-or-None Orders

An All-or-None Order is a limit order or market order that is to be executed in its entirety or not at all. An All-or None Order may only be submitted by a public customer. All-or-None Orders are non-displayed and non-routable. All-or-None Orders are executed in price-time priority among all public customer orders if the size contingency can be met. The Acceptable Trade Range protection in Rule 1099(a) is not applied to All-Or-None Orders.]

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Rule 1080. Electronic Acceptance of Quotes and Orders

(a) No change.

(b) [**Eligible Orders**

> (i) The following types of orders are eligible for entry into AUTOM:
> (A) Agency orders may be entered. The following types of agency orders are eligible for AUTOM: day, GTC, Immediate or Cancel ("IOC"), Intermarket Sweep Order ("ISO"), market, limit, stop, stop-limit, all or none, or better, simple cancel, simple cancel to

reduce size (cancel leaves), cancel to change price, cancel with replacement order, opening-only-market order, limit on opening order, and possible duplicate orders. For purposes of Exchange options trading, an agency order is any order entered on behalf of a public customer, and does not include any order entered for the account of a broker-dealer, or any account in which a broker-dealer or an associated person of a broker-dealer has any direct or indirect interest. Respecting Phlx XL II, the following order types are also permitted: DNR order, SRCH order, and FIND order; see Rule 1093.

(B) Orders for the proprietary account(s) of SQTs, RSQTs and non-SQT ROTs and specialists via electronic interface with AUTOM may be entered, subject to the restrictions on order entry set forth in Commentary .04 of this Rule.

(1) The following types of orders for the proprietary account(s) of non-SQT ROTs and specialists with a size of 10 contracts or greater are eligible for entry via electronic interface with AUTOM: GTC, day limit, IOC, ISO, limit on opening and simple cancel. Orders for the proprietary account(s) of non-SQT ROTs and specialists with a size of less than 10 contracts shall be submitted as IOC only.

(2) The following types of orders for the proprietary account(s) of SQTs and RSQTs are eligible for entry via electronic interface with AUTOM: limit on opening, IOC, ISO, and day limit. Respecting Phlx XL II, the following order types are also permitted: DNR order, SRCH order, and FIND order; see Rule 1093.

(C) Off-floor broker-dealer limit orders, subject to the restrictions on order entry set forth in Commentary .05 of this Rule, may be entered. The following types of broker-dealer limit orders are eligible for AUTOM: day, GTC, IOC, ISO, stop, stop-limit, simple cancel, simple cancel to reduce size (cancel leaves), cancel to change price, cancel with replacement order, limit on opening order. Respecting Phlx XL II, the following order types are also permitted: DNR order, SRCH order, and FIND order; see Rule 1093. For purposes of this Rule 1080, the term "off-floor broker-dealer order" means an order delivered from off the floor of the Exchange by or on behalf of a broker-dealer for the proprietary account(s) of such broker-dealer, including an order for a market maker located on an exchange or trading floor other than the Exchange's trading floor delivered via AUTOM for the proprietary account(s) of such market maker.]

Order Types. The following order types may be submitted to the System:

(1) **Market Order**. A Market Order is an order to buy or sell a stated number of options contracts that is to be executed at the best price obtainable when the order reaches the Exchange. Specialists, ROTs and Off-Floor Broker-Dealers may not submit Market Orders.

(2) **Limit Order.** A Limit Order is an order to buy or sell a stated number of options contracts at a specified price or better.

(3) **Intermarket Sweep Order.** An Intermarket Sweep Order (ISO) is a Limit Order that meets the requirements of Rule 1083. Orders submitted to the Exchange as ISO are not routable and will ignore the ABBO and trade at allowable prices on the Exchange. ISOs may be entered on the regular order book or into the Price Improvement XL Mechanism ("PIXL") pursuant to Rule 1087(b)(11). ISO Orders may not be submitted during the Opening Process pursuant to Rule 1017.

(4) **Stop Order.** A Stop Order is a Limit Order or Market Order to buy or sell at a limit price when interest on the Exchange for a particular option contract reaches a specified price. A Stop Order shall be cancelled if it is immediately electable upon receipt. A Stop Order shall not be elected by a trade that is reported late or out of sequence or by a Complex Order trading with another Complex Order. Specialists and ROTs may not submit a Stop Order. Off-Floor Broker-Dealers may not enter a Stop Market Order.

> (A) A Stop-Limit Order to buy becomes a Limit Order executable at the limit price or better when the option contract trades or is bid on the Exchange at or above the stop-limit price. A Stop-Limit Order to sell becomes a Limit Order executable at the limit price or better when the option contract trades or is offered on the Exchange at or below the stop-limit price.

> (B) A Stop Market Order is similar to a stop-limit except it becomes a Market Order when the option contract reaches a specified price.

(5) **All-or-None Order**. An All-or-None Order is a limit order or market order that is to be executed in its entirety or not at all. An All-or None Order may only be submitted by a Public Customer. All-or-None Orders are non-displayed and non-routable. All-or-None Orders are executed in price-time priority among all Public Customer orders if the size contingency can be met. The Acceptable Trade Range protection in Rule 1099(a) is not applied to All-Or-None Orders.

(i) **Non-Displayed Contingency Orders.** A Non-Displayed Contingency Order shall be defined to include the following non-displayed order types: (1) Stop Orders; and (2) All-or-None Orders.

(6) **Opening Sweep**. An Opening Sweep is a one-sided order entered by a Specialist or ROT through SQF for execution against eligible interest in the System during the Opening Process. This order type is not subject to any protections listed in Rule 1099, except for Automated Quotation Adjustments. The Opening Sweep will only participate in the Opening Process pursuant to Rule 1017 and will be cancelled upon the open if not executed.

(7) **Cancel-Replacement Order**. A Cancel-Replacement Order is a single message for the immediate cancellation of a previously received order and the replacement of that order with a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety, the replacement order is automatically canceled or reduced by the number of contracts that were executed. The replacement order will result in a loss of priority.

(8) **Qualified Contingent Cross Order** or **QCC Order**. A QCC Order is as that term is defined in Rule 1088.

(9) **PIXL Order.** A PIXL Order is as described in Rule 1087.

(10) **Legging Order.** A Legging Order is an as the term is specified in Rule 1098(f)(iii)(C).

(11) **Directed Orders**. A Directed Order is as described in Rule 1068.

(c) **Time in Force** or **"TIF."** The term "Time in Force" shall mean the period of time that the System will hold an order for potential execution, and shall include:

(1) **Day**. If not executed, an order entered with a TIF of "Day" expires at the end of the day on which it was entered. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX.

(2) **Immediate-or-Cancel**. An Immediate-or-Cancel ("IOC") Order entered with a TIF of "IOC" is a Market Order or Limit Order to be executed in whole or in part upon receipt. Any portion not so executed is cancelled.

(A) Orders entered with a TIF of IOC are not eligible for routing.

(B) IOC orders may be entered through FIX or SQF, provided that an IOC Order entered by a ROT or Specialist through SQF is not subject to the Order Price Protection or the Market Order Spread Protection in Rule 1099(a).

(C) Orders entered into the Price Improvement XL ("PIXL") Mechanism and Qualified Contingent Cross ("QCC") Mechanism are considered to have a TIF of IOC. By their terms, these orders will be: (1) executed either on entry or after an exposure period, or (2) cancelled.

(3) **Opening Only**. An Opening Only ("OPG") order is entered with a TIF of "OPG". This order can only be executed in the Opening Process pursuant to Rule 1017. This order type is not subject to any protections listed in Rule 1099, except for Automated Quotation Adjustments. Any portion of the order that is not executed during the Opening Process is cancelled.

(4) **Good Til Cancelled**. A Good Til Cancelled ("GTC") Order entered with a TIF of GTC, if not fully executed, will remain available for potential display and/or execution unless cancelled by the entering party, or until the option expires, whichever comes first. GTC Orders shall be available for entry from the time prior to market open specified by the Exchange until market close.

(d) Routing Strategies. Orders may be entered on the Exchange with a routing strategy of FIND, SRCH or Do-Not-Route ("DNR") as provided in Rule 1093 through FIX only.

(e) **Off-Floor Broker-Dealer Order**. An off-floor broker-dealer order may be entered for a minimum size of one contract. Off-floor broker-dealers may enter all order types defined in Rule 1080(b) except for All-or-None Orders, Market Orders, Stop Market Orders, and public customer-to-public customer cross orders subject to Rule 1087(a) and (f).

[(ii) The Exchange may determine to accept additional types of orders as well as to discontinue accepting certain types of orders.

(iii)]

(f) Orders may not be unbundled [for the purposes of eligibility for AUTOM and AUTO-X], nor may a firm solicit a customer to unbundle an order for this purpose.

[(c) Phlx XL automatically executes eligible orders using the Exchange disseminated quotation (except if executed pursuant to the NBBO Feature in sub-paragraph (i) below) and then automatically routes execution reports to the originating member organization. AUTOM orders not eligible for AUTO-X are executed manually in accordance with Exchange rules. Manual execution may also occur when AUTO-X is not engaged, such as pursuant to sub-paragraph (iv) below. An order may also be executed partially by AUTO-X and partially manually. The terms "Book Match" and "Book Sweep" are subsumed under the term "AUTO-X" for purposes of these rules.

In Phlx XL II, respecting situations in which the Quote Exhaust feature is engaged, the system will automatically execute transactions as set forth in Rule 1082.

The Exchange may for any period restrict the use of AUTO-X on the Exchange in any option or series provided that the effectiveness of any such restriction shall be conditioned upon its having been approved by the Securities and Exchange Commission pursuant to Section 19(b) of the Securities Exchange Act of 1934 and the rules and regulations thereunder. Any such restriction on the use of AUTO-X approved by the Exchange will be clearly communicated to Exchange membership and AUTOM users on the Exchange's web site. Such restriction would not take effect until after such communication has been made

The Exchange shall provide automatic executions for eligible customer and broker-dealer orders up to the Exchange's disseminated size as defined in Exchange Rule 1082 except with respect to orders eligible for "Book Match."

    (i) NBBO Calculation

       (A) Where an Options Exchange Official determines that quotes in options on the Exchange or another market or markets are subject to relief from the firm quote requirement set forth in the SEC Quote Rule, as defined in Exchange Rule 1082(a)(iii) (the "Quote Rule"), customer market orders will receive an automatic execution at the NBBO based on the best bid or offer in markets whose quotes are not subject to relief from the firm quote requirement set forth in the Quote Rule. Such determination may be made by way of notification from another market that its quotes are not firm or are unreliable; administrative message from the Option Price Reporting Authority ("OPRA"); quotes received from another market designated as "not firm" using the appropriate indicator; and/or telephonic or electronic inquiry to, and verification from, another market that its quotes are not firm. AUTOM customers will be duly notified via electronic message from AUTOM that such quotes are excluded from the calculation of NBBO. The Exchange may determine to exclude quotes from its calculation of NBBO on a series-by-series basis or issue-by-issue basis, or may determine to exclude all options quotes from an exchange, where appropriate, under the conditions set forth above. The Exchange shall maintain a record of each instance in which another exchange's quotes are excluded from the Exchange's calculation of NBBO, and shall notify such other exchange that its quotes have been so excluded. Such documentation shall include: identification of the option(s) affected by such action; the date and time such action was taken and concluded; identification of the other exchange(s) whose quotes were excluded from the Exchange's calculation of NBBO; identification of the Options Exchange Official who approved such action; the reasons for which such action was taken; and identification of the specialist and the specialist unit. The Exchange will maintain these documents pursuant to the record retention requirements of the Securities Exchange Act of 1934 and the rule and regulations thereunder.

       (B) Where an Options Exchange Official determines that quotes in options on the Exchange or another market or markets previously subject to relief from

the firm quote requirement set forth in the Quote Rule are no longer subject to such relief, such quotations will be included in the calculation of NBBO for such options. Such determination may be made by way of notification from another market that its quotes are firm; administrative message from the Option Price Reporting Authority ("OPRA"); and/or telephonic or electronic inquiry to, and verification from, another market that its quotes are firm. AUTOM customers will be duly notified via electronic message from AUTOM that such quotes are again included in the calculation of NBBO.

(ii) **Order Entry Firms and Users**

  (A) Definitions

   (1) The term "Order Entry Firm" means a member organization of the Exchange that is able to route orders to AUTOM.

   (2) The term "User" means any person or firm that obtains access to AUTO-X through an Order Entry Firm.

  (B) Obligations of Order Entry Firms. Order Entry Firms shall:

   (1) Comply with all applicable Exchange options trading rules and procedures;

   (2) Provide written notice to all Users regarding the proper use of AUTO-X.

(iii) **Quotations Interacting With Limit Orders on the Book.**

  (A) Respecting options traded on the Phlx XL system, when the bid or offer generated by the Exchange's Auto-Quote system, SQF (as defined in Commentary .01(b)(i) of this Rule), or by an SQT or RSQT (as defined in Rule 1014(b)(ii)) matches or crosses the Exchange's best bid or offer in a particular order book in that series will be automatically executed and automatically allocated in accordance with Exchange rules. If Book Sweep is not engaged at the time the Auto-Quote, SQF, RSQT or SQT bid or offer matches or crosses the Exchange's best bid or offer represented by a limit order on the book, the specialist, RSQT, or SQT may manually initiate the Book Sweep feature.

  (B) Respecting options traded on the Phlx XL II system, Market Sweep will replace Book Sweep order processing. A Market Sweep is composed of one or more single-sided quotes submitted by a Phlx XL II participant to automatically execute at multiple order price levels and a single quote price level. A Market Sweep will execute against both quotes and orders, but when a quote level is exhausted, the system will cancel the balance of the Market Sweep back to the entering party to allow quotes to be updated. Market Sweeps are processed on an immediate-or-cancel basis, may not be routed,

may be entered only at a single price, and may not trade through away markets.

(iv) Except as otherwise provided in this Rule, in the following circumstances, an order otherwise eligible for automatic execution will instead be manually handled by the specialist:

(A) RESERVED;

(B) Respecting options traded on Phlx XL, the AUTOM System is not open for trading when the order is received (which is known as a pre-market order);

(C) Respecting options traded on Phlx XL, the disseminated market is produced during an opening or other rotation;

(D) Respecting options traded on Phlx XL, when the Exchange's best bid or offer is represented by a limit order on the book (except with respect to orders eligible for "Book Sweep" as described in Rule 1080(c)(iii) above, and "Book Match" as described in Rule 1080(g)(ii) below);

(E) Respecting options traded on Phlx XL, if the Exchange's bid or offer is not the NBBO; and

(F) Reserved.

(G) Respecting options traded on the Phlx XL II system, no orders will be executed manually.

The Exchange's systems are designed and programmed to identify the conditions that cause inbound orders to be ineligible for automatic execution. Once it is established that inbound orders are ineligible for automatic execution, Exchange staff has the ability to determine which of the above conditions occurred.

(v) Respecting options traded on Phlx XL, in situations in which the Exchange receives a market order that is not eligible for automatic execution because of any of the conditions described in Rule 1080(c)(iv), such market order, if not already executed manually by the specialist, will nonetheless be executed automatically when: (A) a limit order resting on the limit order book or a quotation that was not priced at the NBBO at the time such market order was received, becomes priced at the NBBO; or (B) an inbound limit order or quotation priced at or better than the NBBO is received before the specialist has manually executed such market order. In each case, the AUTOM System will automatically execute the market order against such resting limit order or quotation, or against such inbound limit order or quotation, at or better than the NBBO price.

(vi) RESERVED

(d) **Hours**—The AUTOM System accepts orders beginning at a time specified by the Exchange and communicated on the Exchange's web site. Orders received by the close of trading, as determined electronically by the AUTOM System, are eligible for execution. Orders received after such time will be rejected and returned to the order entry firm.

(e) **Extraordinary Circumstances**—Respecting options traded on the Phlx XL system, in the event extraordinary circumstances with respect to a particular class of options exist, an Options Exchange Official may determine to disengage AUTO-X with respect to that option, in accordance with Exchange procedures. Five minutes subsequent to the disengagement of AUTO-X for extraordinary circumstances (and every 15 minutes thereafter as long as AUTO-X is disengaged), the requesting specialist or his/her designee, an Options Exchange Official, and a designated regulatory staff person, shall re-evaluate the circumstances to determine if the extraordinary circumstances still exist. AUTO-X will be re-engaged when either: (i) the specialist or his/her designee determines that the conditions supporting the extraordinary circumstances no longer exist, at which time the specialist or his/her designee shall inform the regulatory staff that the extraordinary circumstances no longer exist and that the specialist is re-engaging AUTO-X; or (ii) when an Options Exchange Official and the designated regulatory staff person determine that the conditions supporting the extraordinary circumstances no longer exist. In the event extraordinary conditions exist floor-wide, an Options Exchange Official may determine to disengage the AUTO-X feature floor-wide. Five minutes subsequent to a floor-wide disengagement of AUTO-X for extraordinary circumstances (and every 15 minutes thereafter as long as AUTO-X is disengaged), an Options Exchange Official and a designated regulatory staff person shall re-evaluate the circumstances to determine if the extraordinary circumstances still exist. AUTO-X will be re-engaged when either: (1) the specialist determines that the conditions supporting the extraordinary circumstances no longer exist for their particular class of options at which time the specialist or his/her designee will inform regulatory staff that the extraordinary circumstances no longer exist for their particular class of options and that the specialist is re-engaging AUTO-X; or (2) when an Options Exchange Official and the designated regulatory staff person determine that the extraordinary circumstances no longer exist. The NBBO Feature is always disengaged when AUTO-X is disengaged.

Extraordinary circumstances include market occurrences and system malfunctions that impact a specialist's ability to accurately price and disseminate option quotations in a timely manner. Such occurrences include fast market conditions such as volatility, order imbalances, volume surges or significant price variances in the underlying security in the case of equity options or in the underlying currency in the case of U.S. dollar-settled foreign currency options; internal system malfunctions including the Exchange's Auto-Quote system; or malfunctions of external systems such as specialized quote feed, or delays in the dissemination of quotes from the Option Price Reporting Authority; or other similar occurrences.

The Exchange shall document any action taken to disengage AUTO-X pursuant to this Rule 1080(e), and shall notify all AUTOM Users of each instance in which AUTO-X is disengaged due to extraordinary circumstances. Such documentation shall include:

identification of the option(s) affected by such action (except in a case of floor-wide disengagement); the date and time such action was taken and concluded; identification of the Options Exchange Official who approved such action, the reasons for which such action was taken; identification of the specialist and the specialist Unit (or in the case of floor-wide disengagement, identification of the Exchange designee); and identification of the regulatory staff person monitoring the situation. The Exchange will maintain these documents pursuant to the record retention requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(i) The Exchange's Emergency Committee, pursuant to Rule 98, may take other action respecting AUTOM in extraordinary circumstances.

(f) **Specialist Obligations**—Respecting options traded on Phlx XL, a specialist must accept eligible orders delivered through AUTOM. A specialist must comply with the obligations of Rule 1014, as well as other Exchange rules, in the handling of AUTOM orders.

> (i) RESERVED.

> (ii) A specialist must respond promptly to all messages communicated through AUTOM, including order entry, execution and cancellation and replacement of orders as well as administrative messages.

> (iii) A specialist is responsible for the remainder of an AUTOM order where a partial execution occurred.

> (iv) A specialist is responsible for the visibility to the trading crowd of both the screens displaying incoming AUTO-X orders as well as bids/offers for the at-the-money strike prices in displayed options.

> (v) To ensure proper notification to AUTOM users, a specialist must promptly notify the Surveillance Post of any AUTOM-related Options Exchange Official approval in order for such approval to be valid

(g) **Contra-Party Participation—**Respecting options traded on the Phlx XL system:

> (A) Book Match—For purposes of this sub-paragraph, the contra-side to automatically executed inbound marketable orders shall be a limit order on the book or specialist, RSQT and/or SQT electronic quotes ("electronic quotes") at the disseminated price where: (1) the Exchange's disseminated size includes limit orders on the book and/or electronic quotes at the disseminated price; and (2) the disseminated price is the National Best Bid or Offer. This feature is called Book Match. However, respecting options trading on the Phlx XL II system, the contra-side to automatically executed inbound marketable orders can also be a sweep, pursuant to Rule 1082.

(h) **Responsibility for AUTOM Orders**—Respecting options traded on Phlx XL, a member organization who initiates the transmission of an order message to the floor (the "initiating member") through AUTOM is responsible for that order message up to the point that a legible and properly formatted copy of the order message is received on the trading floor by the specialist unit. Thereafter, the specialist who is registered in the option specified in the order message is responsible for the contents of the order message received and is responsible for the order until one of the following occurs: (i) an execution report for the entire amount of the order is properly sent; (ii) a cancellation acknowledgement is properly sent; or (iii) an order properly expires.

For the convenience of members using AUTOM, the Exchange provides an AUTOM Service Desk to assist on the trading floor in the operation of AUTOM. In accordance with Exchange By-Law Article VI, Section 6-3, the Exchange shall not be liable for any loss, expenses or damage resulting from or claimed to have resulted from the acts, errors or omissions of its agents, employees or members in connection with AUTOM, or the AUTOM System.

(i) Reserved.

Such orders will be automatically placed on the limit order book in price-time priority.

(m) Reserved

(n) Reserved

••• *Commentary:* ------------------

      .01 Reserved.

      (b) If options trading systems throttle quotations for at least three minutes, the Chairperson of the Board of Directors or his designee may, for capacity management purposes, mandate that the specialized quote feed be set to update quotations based on a certain minimum movement in the underlying security or the underlying foreign currency for: (i) all options; (ii) index options only; or (iii) certain specified options, taking into account certain factors that may include, but are not limited to, the price of the underlying security, volatility in the underlying security or the underlying foreign currency, or whether there has been any trading volume over the last two trading days. Such mandated minimum setting may continue for a period of 15 minutes, and may be continued every 15 minutes thereafter, provided that the Exchange's options trading systems are throttling quotations at the end of each such 15-minute period.

.02 The Electronic Order Book is the Exchange's automated limit order book, which automatically routes all unexecuted AUTOM orders to the book and displays orders real-time in order of price/time priority.

(a) (i) Except as provided in sub-paragraph (a)(ii) below, the AUTOM System will immediately display the full price and size of any limit order that establishes the Exchange's disseminated price or increases the size of the Exchange's disseminated bid or offer.

(ii) The AUTOM System will not display:

(A) An order executed upon receipt;

(B) An order where the customer who placed it requests that it not be displayed, and upon representation of such order in the trading crowd the Floor Broker announces in public outcry the information concerning the order that would be displayed if the order were subject to being displayed;

(C) A customer limit order for which, immediately upon receipt, a related order for the principal account of the specialist, reflecting the terms of the customer order, is routed to another options exchange;

(D) Orders received before or during a trading rotation, however, such limit orders will be displayed immediately upon conclusion of the applicable rotation if they represent the Exchange's best bid or offer;

(E) The following order types as defined in Rule 1066: Contingency Orders; One-Cancels-the-Other Orders; Hedge Orders (e.g., spreads, straddles, combination orders); Synthetic Options;

(F) Immediate or Cancel ("IOC") orders.

(b) Limit orders may only be placed on the limit order book by: (i) An ROT via electronic interface with AUTOM pursuant to Rule 1014, Commentary .18; (ii) a Floor Broker using the Options Floor Broker Management System (as described in Commentary .06 below); or (iii) the AUTOM System for eligible customer and off-floor broker-dealer limit orders.

(c) A limit order to be executed manually by the specialist pursuant to Rule 1080(c)(iv) will be displayed automatically by the AUTOM System until such limit order is executed or cancelled. If such limit order is partially executed, the AUTOM System will automatically display the actual number of contracts remaining in such limit order.

.03 "Intermarket Sweep Order" or "ISO" is a limit order that is designated as an ISO in the manner prescribed by the Exchange and is executed within the

system by Participants at multiple price levels without respect to Protected Quotations of other Eligible Exchanges as defined in Rule 1083. ISOs are immediately executable within the Phlx XL II system or cancelled, and shall not be eligible for routing as set out in Rule 1080.

Simultaneously with the routing of an ISO to the Phlx XL II system, one or more additional limit orders, as necessary, are routed by the entering party to execute against the full displayed size of any Protected Bid or Offer (as defined in Rule 1083(n)) in the case of a limit order to sell or buy with a price that is superior to the limit price of the limit order identified as an ISO. These additional routed orders must be identified as ISOs.

.04 *ROT Limit Orders.* Orders for the proprietary accounts of SQTs, RSQTs and non-SQT ROTs may be entered for delivery through AUTOM, through the use of Exchange approved proprietary systems to interface with AUTOM ("interface"). Such orders shall be for a minimum of one (1) contract. Orders for the proprietary account(s) of SQTs, RSQTs, and non-SQT ROTs with a size of less than 10 contracts shall be submitted as IOC only.

.05 Off-floor broker-dealer orders delivered via AUTOM shall be for a minimum size of one (1) contract. Off-floor broker-dealer limit orders are subject to the following other provisions:

> (i) The restrictions and prohibitions concerning off-floor market makers set forth in Rule 1080(j).

> (ii) Off-floor broker-dealer limit orders entered via AUTOM establishing a bid or offer may establish priority, and the specialist and crowd may match such a bid or offer and be at parity, except as provided in Exchange Rule 1014(g)(i)(A).]

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Rule 1098. Complex Orders on the System

(a) No change.

(b) Complex orders may be entered in increments of $0.01 with certain "time in force" designations and as certain order types with certain contingencies as follows:

> (i) Public Customers and Professionals and non-market_maker off-floor broker-dealers may enter the Complex Orders listed in paragraph (a) above as Day, Good Til Cancelled ("GTC") or Immediate or Cancel ("IOC") as those terms are defined in Rule 1080(c).

> (ii) – (iv) No change.

(v) Complex Orders may be submitted as: <u>All-or-None Orders, Cancel-Replacement Orders, Directed Orders, Limit Orders or Market Orders as those terms are defined in Rule 1080(b).</u>

[All-or-none orders - to be executed in its entirety or not at all. These orders can only be submitted for Public Customers.

Cancel-replacement orders - require the immediate cancellation of a previously received order prior to the replacement of a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety the replacement order is automatically canceled or reduced by such number.

Limit orders - to be executed at a specified price or better.

Market orders - to be executed at the best price available at the time of execution.]

(c) No change.

(d) Complex Order Opening Process ("COOP").

(i) No change.

(ii) No change.

(A) No change.

(B) Responses. In response to a Complex Order Opening Auction Notification, participants may bid and/or offer on either or both side(s) of the market during the COOP Timer by submitting one or more Complex Orders in increments of $0.01 ("Complex Order Response").

Phlx electronic market makers may also bid and/or offer on either or both side(s) of the market during the COOP Timer by submitting one or more bids and/or offers known as COOP Sweeps. A COOP Sweep is a one-sided electronic [quotation]<u>order (IOC) entered by a Specialist or ROT through SQF </u>at a particular price submitted for execution against opening trading interest in a particular Complex Order Strategy.

(1) – (3) No change.

(C) No change.

(e) Process for Complex Order Live Auction ("COLA"). Complex Orders on the Complex Order Book ("CBOOK," as defined below) may be subject to an automated auction process.

(i) – (iii) No change.

(iv) Bidding and Offering in Response to a COLA. Participants may bid and/or offer on either or both side(s) of the market during the COLA Timer by submitting one or more Complex Orders in increments of $0.01. Electronic market makers may also bid and/or offer on either or both side(s) of the market during the COLA Timer by submitting one or more bids or offers, known as a "COLA Sweep." A COLA Sweep is a one-sided electronic [quotation]order (IOC) entered by a Specialist or ROT through SQF submitted for execution against other trading interest in a particular Complex Order Strategy. Any COLA Sweeps which remain unexecuted at the end of the COLA Timer once all executions are complete will expire.

(A) – (D) No change.

(v) – (ix) No change.

(f) Complex Limit Order Book ("CBOOK")

(i) No change.

(ii) Phlx electronic market makers may submit one or more bids and/or offers known as Sweeps. A Sweep is a one-sided electronic [quotation]order (IOC) entered by a Specialist or ROT through SQF at a particular price submitted for execution against existing interest in a particular Complex Order Strategy, including against interest on the CBOOK ("CBOOK Sweep"). Any CBOOK Sweeps which do not execute immediately will expire.

(iii) No change.

(g) – (j) No change.

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Nasdaq PHLX LLC Rules

General Equity and Options Rules

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Options Rules

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Options 8 Floor Trading

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Section 32. Certain Types of Floor-Based (Non-System) Orders Defined

(a) These order types are eligible for entry by a member for execution through the Options Floor Based Management System ("FBMS").

([a]1) *Market Order.* A market order is an order to buy or sell a stated number of option contracts and is to be executed at the best price obtainable when the order reaches the post.

([b]2) *Limit Order.* A limit order is an order to buy or sell a stated number of option contracts at a specified price, or better.

([c]b) *Contingency Order.* A contingency order is a limit or market order to buy or sell that is contingent upon a condition being satisfied while the order is at the post.

(1) *Stop-Limit Order.* A stop-limit order is a contingency order to buy or sell at a limited price when a trade or quote on the Exchange for a particular option contract reaches a specified price. A stop-limit order to buy becomes a limit order executable at the limit price or better when the option contract trades or is bid on the Exchange at or above the stop-limit price. A stop-limit order to sell becomes a limit order executable at the limit price or better when the option contract trades or is offered on the Exchange at or below the stop-limit price.

(2) *Stop (stop-loss) Order*. A stop order is a contingency order to buy or sell when a trade or quote on the Exchange for a particular option contract reaches a specified price. A stop order to buy becomes a market order when the option contract trades or is bid on the Exchange at or above the stop price. A stop order to sell becomes a market order when the option contract trades or is offered on the Exchange at or below the stop price.

Notwithstanding the foregoing, a stop or stop-limit order shall not be elected by a trade that is reported late or out of sequence.

(3) *All or None Order*. An [a]All-or-[n]None order is a market or limit order which is to be executed in its entirety or not at all. An All-or None Order may only be submitted by a Public Customer. All-or-None Orders are non-displayed and non-routable.   All-or-None Orders are executed in price-time priority among all Public Customer orders if the size contingency can be met.

(4) *Cancel-Replacement Order.* A cancel-replacement order is a contingency order consisting of two or more parts which require the immediate cancellation of a previously received order prior to the replacement of a new order with new terms and conditions. If the previously placed order is already filled partially or in its entirety the replacement order is automatically canceled or reduced by such number.

(c) **Time in Force** or **"TIF."** The term "Time in Force" shall mean the period of time that the System will hold an order for potential execution, and shall include:

([5]1) *Immediate or Cancel Order*. An immediate-or-cancel ("IOC") order is a limit order that is to be executed in whole or in part upon receipt. Any portion not so executed shall be cancelled. IOC Orders are not routable and shall not be subject to any routing process described in these Rules.

(2) **Day**. If not executed, an order entered with a TIF of "Day" expires at the end of the day on which it was entered. All orders by their terms are Day Orders unless otherwise specified. Day orders may be entered through FIX.

(3) **Good Til Cancelled**. A Good Til Cancelled ("GTC") Order entered with a TIF of GTC, if not fully executed, will remain available for potential display and/or execution unless cancelled by the entering party, or until the option expires, whichever comes first. GTC Orders shall be available for entry from the time prior to market open specified by the Exchange until market close.

(d) *Not Held Order*. A not held order is an order marked "not held", "take time" or which bears any qualifying notation giving discretion as to the price or time at which such order is to be executed.

(e) **Floor Qualified Contingent Cross Order** or **Floor QCC Order**. A Floor Qualified Contingent Cross Order is comprised of an originating order to buy or sell at least 1,000 contracts, as provided in Rule 1064(e), that is identified as being part of a qualified contingent trade, as that term is defined in subsection Rule 1064(e)(3), coupled with a contra-side order or orders totaling an equal number of contracts.

([e]f) *Multi-leg Orders*. A multi-leg order is any spread type order (including a spread, straddle and combination order) for the same account or tied hedge order as defined below:

(1) - (8) No change.

([f]g) *Routing order types*. In the System, the following order types will be available and governed by Rule [1080(m)]1093: DNR (do not route), FIND and SRCH.

([g]h) For options on foreign currencies, a multi-spread transaction consisting of spread, straddle or combination orders may be executed. A multi-spread transaction combines any two spread type orders for the same account as defined in Options 8, Section 32(e), a permissible multi-spread transaction combines any of the following: a two-way transaction with another two-way transaction of the same spread type; a three-way transaction with another three-way transaction of the same spread type; or a two-way transaction with a three-way transaction of the same spread type. In addition, a multi-spread transaction includes the combination of a spread type order with a ratio spread type order. The ratio between the spread type order and the ratio spread type order comprising the multi-spread transaction may range from one-to-one to three-to-one, which will be determined by the Exchange.

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Section 39. Option Minor Rule Violations and Order and Decorum Regulations

A. SPECIALISTS

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A-3 All-or-None Option Orders

An [a]All-or-[n]None [option o]Order is described in Rule 1080(b)(5). This rule shall apply to All-or-None Orders submitted on the trading floor. An All-or-None Order has no standing respecting executions in the trading crowd except with respect to other All-or-None Orders. When represented in the trading crowd, All-or-None Orders are not included as part of the bid or offer. [a limit order which is to be executed in its entirety, or not at all. Unlike a fill-or-kill order, an all-or-none order is not cancelled if it is not executed as soon as it is represented in the trading crowd. An all-or-none order has no standing respecting executions in the crowd except with respect to other all-or-none orders.

When represented in the crowd, all-or-none orders are not included as part of the bid or offer.

When entered electronically pursuant to Rule 1080 or into Options Floor Based Management System pursuant to Options 8, Sections 28 and 29, an all-or-none order has standing and is eligible for execution in time priority with all other customer orders and all-or-none professional orders (as specified in Rule 1000(b)(14)) at that price if the all-or-none contingency can be met.]

FINE SCHEDULE

Fine not applicable

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