

**EXHIBIT 5**

*New text is underlined; deleted text is in brackets.*

**Nasdaq PHLX LLC Rules**

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**Options Rules**

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**Options 8 Floor Trading**

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**Section 26. Trading Halts, Business Continuity and Disaster Recovery**

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(g) **Business Continuity and Disaster Recovery.** The Exchange may activate its business continuity and disaster recovery plans to maintain fair and orderly markets in the event of a System failure, disaster, or other unusual circumstance that may threaten the ability to conduct business on the Exchange. The following provisions shall apply with respect to the Exchange's Trading Floor:

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(3) Virtual Trading Crowd. The Exchange may elect to permit open outcry trading to take place in a Virtual Trading Crowd if the Trading Floor becomes unavailable, the Back-Up Trading Floor becomes inoperable or the Exchange otherwise determines not to operate its Back-Up Trading Floor.

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(F) Trading Rules. If a Virtual Trading Crowd is enacted the Options 8 Rules shall apply to the extent not amended by the below rules.

(1) The following open outcry requirements shall apply:

- a. Prior to speaking on remote conferencing, each member must announce themselves each time.
- b. If a member experiences a technical issue accessing the remote conferencing, the Exchange will not be responsible for unexecuted trades.
- c. Floor Market Maker quotes will be considered firm in the event the Floor Market Maker is disconnected from the Virtual Trading Crowd

and the parties have a Meeting of the Minds with respect to the terms of the transaction. A “Meeting of the Minds” means the contra-side(s) verbally confirmed participation in the trade. In the event that a Floor Market Maker is disconnected from the Virtual Trading Crowd, a Floor Market Maker quote would not be considered firm if the quote were provided and the parties did not have a Meeting of the Minds with respect to the terms of the transaction.

[d. FLEX Trade tickets must be sent by email to the Phlx Correction Post.]

[e]d. A break-out room may be utilized to declare a dispute or otherwise notify an Options Floor Official of any required notifications.

[f]e. Disruptive or unnecessary conversations or comments in the remote conferencing or on chat will not be permitted and will be subject to disciplinary action.

[g]f. A member may not permit any other unauthorized person to gain audio or video access to the Virtual Trading Crowd. A member shall not record any trading sessions

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## **Section 28. Responsibilities of Floor Brokers**

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(f) Floor Brokers or their employees shall enter the required information (as described in paragraph (e) above) for FLEX options[, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity and index options and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs].

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## **Section 29. Use of Floor Based Management System by Floor Market Makers and Lead Market Makers**

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(d) Execution. FBMS is designed to execute orders entered by Floor Market Makers or Lead Market Makers, including multi-leg orders up to 15 legs, after negotiation in the trading crowd. When a Floor Market Maker or Lead Market Maker submits an order for execution through FBMS, the order will be executed based on market conditions at the

time of execution and in accordance with Exchange rules. FBMS execution functionality will assist the [Registered Options trader] Market Maker or Lead Market Maker in clearing the Exchange book, consistent with Exchange priority rules. If the order cannot be executed, the System will attempt to execute the order a number of times for a period of no more than one second, which period shall be established by the Exchange and announced in an Options Trader Alert, after which it will be returned to the Floor Market Maker or Lead Market Maker on the FBMS. The Floor Market Maker or Lead Market Maker may resubmit the order for execution, as long as the quotes that comprise the order have not been withdrawn. Floor Market Makers and Lead Market Makers are responsible for handling all FBMS orders in accordance with Exchange priority and trade-through rules, including Options 5, Section 2, Options 8, Section 27, and Options 8, Section 33.

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(f) Floor Market Makers, Lead Market Makers or their employees shall enter the required information (as described in paragraph (a) above) for FLEX options[, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity and index options and U.S. dollar-settled foreign currency options. Floor Market Makers, Lead Market Makers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs].

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### **Section 30. Crossing, Facilitation and Solicited Orders**

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(d) *Anticipatory Hedging*. No member organization or person associated with a member or member organization who has knowledge of the material terms and conditions of a solicited order, an order being facilitated, or orders being crossed, the execution of which are imminent, shall enter, based on such knowledge, an order to buy or sell an option for the same underlying security; an order to buy or sell the security underlying such class; or an order to buy or sell any related instrument until ([i]1) or ([ii]2) occur:

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### **Section 32. Types of Floor-Based (Non-System) Orders**

The Exchange may determine to make certain order types and time-in-force, respectively, available on a class or System basis.

\* \* \* \* \*

(g) *FLEX Option*. A FLEX Option is as described in Options 8, Section 34. [FLEX Options are not eligible for entry by a member for execution through FBMS.]

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### **Section 33. Accommodation Transactions**

(a) A "cabinet order" is a closing limit order at a price of \$1 per option contract for the account of a Public Customer, firm, Lead Market Maker or ROT. An opening order is not a "cabinet order" but may in certain cases be matched with a cabinet order pursuant to subsection (a)(iii) below. Only Floor Brokers may represent cabinet orders. Cabinet trading shall be available for each series of options open for trading on the Exchange under the following terms and conditions:

(1) Trading shall be conducted in accordance with other Exchange Rules except as otherwise provided herein or unless the context otherwise requires.

(2) Cabinet orders may be submitted to Floor Brokers and represented by them in the designated trading crowd of the option class. Floor Brokers shall enter cabinet orders into The Options Floor Based Management System pursuant to Options 3, Section 29.[Floor Brokers must use the designated cabinet transaction forms provided by the Exchange to document receipt of a cabinet order and the execution of a cabinet transaction. Options 8, Section 29(e)(i) shall not apply to cabinet orders.]

(3) (A) *Floor Broker Holds the Cabinet Order Only*. If a Floor Broker holds a cabinet order but does not hold contra-side interest, [he]the Floor Broker shall follow the procedures set forth in this subsection (3)(A). In the trading crowd, and in the presence of at least one market maker and Nasdaq Market Regulation Floor Surveillance, the Floor Broker shall announce the terms of the cabinet order to the trading crowd to solicit interest to participate on the closing position. All matching cabinet orders shall be assigned priority based upon the sequence in which such orders are received by the Floor Broker. If there is no matching cabinet order, the Floor Broker may match the cabinet order with a matching opening buy or sell limit order priced at \$1 per option contract. If there is no matching cabinet order or opening order, the Floor Broker may seek matching bids or offers for accounts of Lead Market Makers and Floor Market Makers. Lead Market Makers and Floor Market Makers can only participate after all other orders have been matched.

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(4) Once the cabinet order has been either crossed or matched, the Floor Broker shall submit the cabinet order for execution into The Options Floor Based Management System pursuant to Options 3, Section 29 [submit the designated cabinet form to the Nasdaq Market Operations staff for clearance and reporting at the close of the business day].

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(d) **Limit Orders Priced Below \$1:** Limit orders with a price of at least \$0 but less than \$1 per option contract may trade under the terms and conditions in Options 8, Section 33 above in each series of option contracts open for trading on the Exchange, except that:

- (1) Bids and offers for opening transactions are only permitted to accommodate closing transactions.
- (2) These procedures are available for trading in all options classes trading on the Exchange, including options classes participating in the Penny Interval.
- [(3) Transactions shall be reported for clearing utilizing forms, formats and procedures established by the Exchange.]

(e) Pursuant to Options 8, Section 34([h]k(2)), open FLEX option positions are eligible to be closed in accordance with this Options 8, Section 33 at the minimum increments specified herein. The FLEX option cabinet order may be executed against contra-side interest which closes a FLEX option position or, to the extent permitted under Options 8, Section 33(a)(iii), against contra-side interest which opens a FLEX option position. Section[s (b) and (c)](f) of Options 8, Section 34 shall not apply to FLEX option transactions executed pursuant to Options 8, Section 34([h]k(2)), and Options 8, Section 33. However, Sections [(d) - (h)](g), (i) and (j) of Options 8, Section 34 shall apply to any FLEX option position opened pursuant to [Options 8, Section 33]this rule.

#### **Section 34. FLEX [Index, Equity, and Currency Options]Trading**

(a) A Requesting Member shall obtain quotes and execute trades in certain non-listed FLEX options at the 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.

**(b) Order Types.** The Exchange may determine to make the order types and Time-in-Force, respectively, within Options 8, Section 32 submitted in FLEX Options (“FLEX Orders”) available on a class or System basis. With respect to complex orders, complex FLEX Orders may have up to the maximum number of legs permitted pursuant to Exchange rules for standard trading. Each leg of a complex FLEX Order:

- (1) must be for a FLEX Option series authorized for FLEX trading with the same underlying equity security or index;
- (2) must have the same exercise style (American or European); and
- (3) for a FLEX Index Option, may have a different settlement type (a.m.-settled or p.m.- settled), except each leg must have the same settlement type.

(c) **Trading Hours.** 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.

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

(e) **Permissible Series.** The Exchange may authorize for trading a FLEX Option class on any equity security or index it may authorize for trading a non-FLEX Option class on that equity security or index pursuant to Options 4, Section 3 and Options 4A, Section 3, respectively, even if the Exchange does not list that non-FLEX Option class for trading. FLEX Option series are not pre-established. A FLEX Option series is eligible for trading on the Exchange upon submission to the System of a FLEX Order for that series pursuant to this Rule, subject to the following:

(1) The Exchange only permits trading in a put or call FLEX Option series that does not have the same exercise style, same expiration date, and same exercise price as a non-FLEX Option series on the same underlying security or index that is already available for trading. This includes permitting trading in a FLEX Option series before a series with identical terms is listed for trading as a non-FLEX Option series. If the Exchange lists for trading a non-FLEX Option series with identical terms as a FLEX Option series, the FLEX Option series will become fungible with the non-FLEX Option series. The System does not accept a FLEX Order for a put or call FLEX Option series if a non-FLEX Option series on the same underlying security or index with the same expiration date, exercise price, and exercise style is already listed for trading.

(2) A FLEX Order for a FLEX Option series may be submitted on any trading day prior to the expiration date. 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.

(f) **Terms.** When submitting a FLEX Order for a FLEX Option series to the Options Floor Based Management System, one of each of the following terms within subparagraph (f)(1) must be included. All other terms of a FLEX Option series are the same as those that apply to non-FLEX Options, except that a FLEX Index Option with an index multiplier of one may not be the same type (put or call) and may not have the same exercise style, expiration date, settlement type, and exercise price as a non-FLEX Index Option overlying the same index listed for trading (regardless of the index multiplier of the non-FLEX Index Option).

(1)[(b)] **Characteristics[: (1)]of Underlying [i]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 Options 4, Section 3; or

(C) any foreign currency which is options-eligible pursuant to Options 4, Section 3 and which underlies non-FLEX U.S. dollar-settled foreign currency options that are trading on the Exchange.

(2) **Type:**[-]

(A) A put, call or hedge order (as defined in Options 8, Section 32).

(3) **Exercise Price:**[-]The Exchange may determine the smallest increment for exercise prices of FLEX Options not to exceed two decimal places.

[(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 Options 3, Section 3, 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 Options 3, Section 3(a).]

(4)[(5)] **Exercise [s]**Style:[-]

(A) 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[;].

(5)[(6)] Expiration [d]Date:[-]

(A) any month, business day and year no more than 15 years from the date on which an executed FLEX equity and index option is submitted to the System and no more than 3 years from the date on which an executed FLEX currency option is submitted to the System, 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.

[(B) 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 option 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 (c) 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) One contract in the case of FLEX market index options, and one contract in the case of FLEX industry index options;
  - (ii) One contract in the case of 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 Lead Market Maker, is (includes non-assigned Floor Market Makers and a non-assigned Lead Market Maker):
- (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 Lead Market Maker 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 Lead Market Maker 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 Lead Market Maker 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.]

**(6)[(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); and (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 (d) of this Rule who initiates an RFQ for a FLEX option.

(11) Request for Quotes—the term "Request for Quotes" means the initial request supplied by a Requesting Member to initiate FLEX bidding and offering.

(12) Request Response Time—the term "Request Response Time" means the minimum period of time established by the Exchange, during which Exchange members participating in FLEX options may provide FLEX Quotes in response to a Request for Quotes.

(13) FLEX Quote - the term "FLEX Quote" means (i) FLEX bids and offers entered by Lead Market Makers and Floor Market Makers and (ii) orders to purchase and orders to sell FLEX Options entered by Floor Brokers, in each case in response to a Request for Quotes.

(14) BBO—the term "BBO" means the best bid or offer, or both, as applicable, entered in response to a Request for Quotes.

(15) BBO Improvement Interval—the term "BBO Improvement Interval" means the minimum period of time, to be established by the Exchange, during which members

may submit FLEX Quotes to meet or improve the BBO established during the Request Response Time.

**(c) 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(a) of the Securities Exchange Act of 1934 and the rules promulgated thereunder, which may include yielding priority to Public Customer orders.

- (1) Requesting Quotations.** The Requesting Member may initiate a Request-for-Quote ("RFQ") 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 the 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 Lead Market Maker or the Requesting Member shall cause the terms of the RFQ to be disseminated as an administrative message through the Options Price Reporting Authority ("OPRA").
- (2) Responses.** Members may enter at the Market Operations post FLEX Quotes responsive to each Request for Quotes. FLEX Quotes must be entered during the Request Response Time. Each FLEX Quote shall refer to a reference indicator as the Exchange determines appropriate from time to time. All FLEX Quotes may be entered, modified or withdrawn at any point during the request response time. At the expiration of the Request Response Time, the BBO shall be identified in accordance with the price and time priority principles set forth by the Exchange.
- (3) Formation of Contracts Following the Process of Initial Quotes.** At the expiration of the Request Response Time, the assigned Lead Market Maker, or if none, the Requesting Member shall determine the BBO and the BBO shall be displayed on such market data systems as are available. If the Requesting Member has not indicated an intention to cross or act as principal with respect to any part of the FLEX trade, the member shall promptly accept or reject the displayed BBO: provided, however, that if such a Requesting Member either rejects the BBO or is given a BBO for less than the entire size requested, all FLEX participating members other than the Requesting Member will have an opportunity during the BBO Improvement Interval in which to match, or improve, (as applicable), the BBO. At the expiration of any such BBO Improvement Interval, the Requesting Member must promptly accept or reject the BBO(s). If the Requesting Member has indicated an intention to cross or act as principal with respect to any part of the FLEX trade, acceptance of the displayed BBO shall be automatically delayed until the expiration of the BBO Improvement Interval. Prior to the BBO Improvement Interval, the Requesting Member must indicate at the post the price at which the member expects

to trade. In these circumstances, the Requesting Member may participate with all other FLEX-participating members in attempting to improve or match the BBO during the BBO Improvement Interval. At expiration of the BBO Improvement Interval, the Requesting Member must promptly accept or reject the BBO(s). The Requesting Member has no obligation to accept any FLEX bid or offer. Whenever, following the completion of FLEX bidding and offering responsive to a given RFQs, the Requesting Member rejects the BBO or the BBO size exceeds the FLEX transaction size indicated in the RFQs, members may accept the entire order or the unfilled balance of the BBO.

- (4) **Priority.** The highest bid shall have priority, but where the two or more best bids are submitted at the same price, the bid(s) submitted first in time will have priority. The lowest offer shall have priority, but where the two or more best offers are submitted at the same price, the offer(s) submitted first in time will have priority.
- (5) **BBO Improvement Interval.** In the case of FLEX equity options only and notwithstanding paragraph (c)(4), whenever the Requesting Member has indicated an intention to cross or act as principal on the trade and has matched or improved the BBO during the BBO Improvement Interval, the Requesting Member will be permitted to execute the contra side of the trade that is the subject of the RFQs, to the extent of at least 40% of the trade, provided the order is a Public Customer order or an order respecting the Requesting Member's firm proprietary account. Notwithstanding the foregoing, all market participants may effect crossing transactions.
- (6) **Reporting Requirements.** RFQs, responsive quotes and completed trades will be promptly reported to OPRA and disseminated as an administrative message.
- (7) **Trading Rotations.** There will be no trading rotations in FLEX options, either at the opening or at the close of trading.
- (8) **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.]

(g)[(d)] **Who May Trade FLEX Options.**

(1) **Assigned Floor Market Makers and Assigned Lead Market Maker.** A[n ROT]Market Maker or Lead Market Maker 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 Lead Market Maker in the non-FLEX option may be the assigned Specialist in that FLEX option (“FLEX Lead Market Maker”). The provisions of Options 8, Section 27(c) regarding market making obligations shall be applicable to assigned Floor Market Makers and assigned Lead Market Makers, such

that a market must be provided in any FLEX option when requested by an Options Exchange Official.

(2) **Financial Requirements.** An assigned [ROT]Market Maker in FLEX index options shall be required to maintain a minimum of \$100,000 in net liquid assets. An assigned Lead Market Maker 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]Market Maker, assigned Lead Market Maker 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 Market Maker[ROT] or Lead Market Maker 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 Options 6D, Section 1 specifically accepting financial responsibility for all FLEX option transactions made by such person and such letter has not been revoked.

**(h) FLEX Trading.** Trading of FLEX Options is subject to all other Options 8 Rules applicable to the trading of options on the Exchange, unless otherwise provided in this Rule. A FLEX Option series is only eligible for trading if the FLEX Order is represented in open outcry. With respect to FLEX Options, floor participants have a reasonable amount of time (which amount of time must be between three seconds and five minutes) from the time a FLEX Trader requests a quote in a FLEX Option series or represents a FLEX Order (including announcing a crossing transaction pursuant to Options 8, Section 30(a)) to respond with bids or offers.

(1) Simple FLEX Order. A FLEX Order for a FLEX Option series submitted to the System must include all terms for a FLEX Option series set forth in subparagraphs (e) and (f) (including that a non-FLEX Option series with identical terms is not listed for trading), size, side of the market, and a bid or offer price, subject to the order entry requirements set forth in Options 8, Section 32.

(2) Complex FLEX Order. A FLEX Order for a FLEX Option complex strategy submitted to the System must satisfy the criteria for a complex FLEX Order set forth in subparagraph (b) and include size, side of the market, and a net debit or credit price. Additionally, each leg of the FLEX Option complex strategy must include all terms for a FLEX Option series set forth in subparagraphs (e) and (f) (including that a non-FLEX Option series with identical terms is not listed for trading), subject to the order entry requirements set forth in subparagraph (a).

**(i)[(e)] 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 Options 4A, Section 6(b)(i). FLEX index options shall otherwise be subject to the same position limits governing index options as provided for within Options 4A, Section 6.

(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 Lead Market Maker or [ROT]Market Maker) that maintains a position on the same side of the market in excess of the standard limit under Options 9, Section 13 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 Options 9, Section 13.

(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, and Options 9, Section 13, 15 and Options 4A, Sections 6 and 19, as applicable.

**(j)[(f)] Exercise Limits.**

(1) In determining compliance with Options 9, Section 15 and Options 4A[m], Section 19, 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.

**(k) Miscellaneous.**

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

(2)[(h)] Notwithstanding Rule (c)(4) of this rule regarding FLEX Index, Equity and Currency Options minimum increments, open FLEX option positions are eligible to be closed in accordance with Options 8, Section 33, Accommodation Transactions, at the minimum increments specified therein. The FLEX option cabinet order may be executed against contra\_side interest to close a FLEX option position or, to the extent permitted under Options 8, Section 33(a)(3)(B), against contra\_side interest which opens a FLEX option position. Sections (a) and [(b)](f) of this rule shall not apply to FLEX option transactions executed pursuant to this paragraph and Options 8, Section 33. Sections [(d) - (h)](g), (i) and (j) of this rule shall apply to any FLEX option position opened pursuant to Options 8, Section 33.

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

**A. Lead Market Makers**

**A-1 Options Floor Based Management System**

\* \* \* \* \*

Lead Market Makers or their employees shall enter the required information (as described above) for FLEX options[, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Lead Market Makers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.]

\* \* \* \* \*

**B. [REGISTERED OPTIONS TRADERS]Market Makers**

\* \* \* \* \*

**B-7 Options Floor Based Management System**

\* \* \* \* \*

Floor Market Makers or their employees shall enter the required information (as described above) for FLEX options[, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Floor Market Makers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs.]

\* \* \* \* \*

### **C-2 Options Floor Based Management System**

\* \* \* \* \*

Floor Brokers or their employees shall enter the required information (as described above) for FLEX options[, or ensure that such information is entered, into the Exchange's electronic audit trail in the same electronic format as the required information for equity, equity index and U.S. dollar-settled foreign currency options. Floor Brokers or their employees shall enter the required information for FLEX options into the electronic audit trail on the same business day that a specific event surrounding the lifecycle of an order in FLEX options (including, without limitation, orders, price or size changes, execution or cancellation) occurs].

\* \* \* \* \*