

EXHIBIT 5

Text of the Proposed Rule Change

(additions are underlined; deletions are [bracketed])

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**C2 Options Exchange, Incorporated
Rules**

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Rule 6.13. Complex Order Execution

(a) – (c) No change.

... Interpretations and Polices:

.01 - .03 No change.

.04 Price Check Parameters: On a class-by-class basis, the Exchange may determine (and announce via Regulatory Circular) which of the following price check parameters will apply to eligible complex orders. Paragraphs (b), (c), (e) and (g) will not be applicable to stock-option orders. To the extent a price check parameter is applicable, the Exchange [that COB] will not automatically execute an eligible complex order that is:

(a) Market Width Parameters: An order that is marketable if (i) the width between the Exchange’s best bid and best offer in any individual series leg is not within an acceptable price range or (ii) the width between the Exchange’s best net priced bid and best net priced offer in the individual series legs comprising the complex order is not within an acceptable price range. For purpose of this paragraph (a):

(1) An “acceptable price range” (“APR”) shall be determined by the Exchange (and announced to via Regulatory Circular) on a series-by-series basis for market orders and/or marketable limit orders for each series comprising the complex order (or, in the case of subparagraph (a)(ii), based on the sum of each individual series leg of a complex order) and be no less than 0.375 for each option contract for which the bid is less than \$2, \$0.60 for each option contract for which the bid is at least \$2 but does not exceed \$5, \$0.75 for each option contract for which the bid is at least \$5 but does not exceed \$10, \$1.20 for each option contract for which the bid is at least \$10 but does not exceed \$20, and \$1.50 for each option contract for which the bid is more than \$20; and

(2) The Help Desk may grant intra-day relief by widening the APR [acceptable price range].

(3) A market order under this paragraph (a) will be cancelled. A marketable limit order under this paragraph (a) will be held in the system, displayed in the COB if applicable, and not be eligible for automatic execution until the market width condition is resolved.

(4) Notwithstanding paragraph (a) above, if part of a marketable order may be executed within an APR [acceptable price range], that part of the order will be executed automatically and the part of the order that would execute at a price outside the APR [acceptable price range] will be cancelled.

(5) The Exchange may also determine on a class-by-class basis to make the price check parameter in paragraph (a)(i) above available for stock-option orders. Such a stock-option order will be subject to the processing described in this paragraph (a).

(b) – (e) No change.

(f) Stock-Option Derived Net Market Parameters: A stock-option order that is marketable if, following COA, the execution would not be within the acceptable derived net market for the strategy that existed at the start of COA.

(1) An “acceptable derived net market” for a strategy will be calculated using the Exchange’s best bid or offer in the individual option series leg(s) and the NBBO in the stock leg plus/minus an acceptable tick distance. An “acceptable tick distance” (“ATD”) will be determined by the Exchange on a class-by-class and premium basis.

(2) Such a stock-option order will be cancelled.

(3) To the extent that any non-marketable order resting at the top of the COB is priced within the [acceptable tick distance] ATD of the derived net market, the full order will be subject to COA (and the processing described in this paragraph (f)). The Exchange may also determine on a class-by-class and strategy basis to limit the frequency of COAs initiated for non-marketable stock-option orders resting in COB.

In classes where this price check parameter is available, it will also be available for COA responses under Rule 6.13(c), AIM and Solicitation Auction Mechanism stock-option orders and responses under Rule 6.51 and 6.52, and customer-to-customer immediate cross stock-option orders under Rule 6.51.08. Such paired stock-option orders and responses under these provisions will not be accepted except that, to the extent that only a paired contra-side order subject to an auction under Rule 6.51 or 6.52 exceeds this price check parameter, the contra-side order will not be accepted and the paired original Agency Order will not be accepted or, at the order entry firm’s discretion, continue processing as an unpaired stock-

option order. To the extent that a contra-side order or response is marketable, its price will be capped at the price inside the acceptable derived net market.

(g) Limit Order Price Parameters: The Exchange will not accept for execution eligible limit orders if:

(1) prior to the opening (including before a series is opened following a halt), the order is priced at a net debit that is more than an ATD above the derived net market using the Exchange's previous day's close in the individual option series legs comprising the complex order or the order is priced at a net credit that is more than an ATD below the derived net market using the Exchange's previous day's close in the individual series legs comprising the complex order (as determined by the Exchange on a class by class and net premium basis); or

(2) once a series has opened, the order is priced at a net debit that is more than an ATD above the opposite side derived net market using the Exchange's best bid or offer in the individual option series legs comprising the complex order or the order is priced at a net credit that is more than an ATD below the opposite side derived net market using the Exchange's best bid or offer in the individual option series legs comprising the complex order (as determined by the Exchange on a class by class and net premium basis).

Paragraph (g)(1) is not applicable to limit orders of Exchange Market-Makers or away Market-Makers or Intermarket Sweep Orders ("ISOs") as ISOs cannot be entered prior to the opening on the System. Paragraph (g)(2) is applicable to ISOs for all classes where the limit order price parameter is activated. The Exchange may determine on a class by class basis and announce via Regulatory Circular whether to apply paragraphs (g)(1) and/or (g)(2) to immediate-or-cancel complex orders if doing so would be necessary or appropriate in furtherance of the interests of investors and the promotion of fair and orderly markets. The Exchange may determine to widen or narrow the ATDs with respect to particular order types, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, as announced via Regulatory Circular.

(3) For purposes of this paragraph (g):

(i) An ATD shall be no less than 5 minimum net price increment ticks (where the "minimum net price increment" is the minimum increment for net priced bids and offers for the given complex order strategy).

(ii) The senior official in the Help Desk may grant intra-day relief by widening or inactivating one or more of the applicable ATD parameter settings for complex orders in the interest of a fair and orderly market.

(A) Notification of intra-day relief will be announced via electronic message to Trading Permit Holders that request to

receive such messages. Such intra-day relief will not extend beyond the trade day on which it is granted, unless a determination to extend such relief is announced to Trading Permit Holders via Regulatory Circular. The Exchange will make and keep records to document all determinations to grant intra-day relief under this Rule, and shall maintain those records in accordance with Rule 17a-1 under the Exchange Act.

(B) The Exchange will periodically review determinations to grant intra-day relief for consistency with the interest of a fair and orderly market.

If a limit order is not accepted for execution because the limit order price ATD has not been met, the order will be returned to the order entry firm. The limit order price parameter will take precedence over another price check parameter to the extent that both are applicable to an incoming limit order.

.05 - .07 No change.

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Rule 6.17. Price Check Parameters

(a) Market Width and Drill Through Parameters: The Exchange will not automatically execute eligible orders that are marketable if:

(1) Market-Width Parameters: T[t]he width between the national best bid and national best offer is not within an acceptable price range (as determined by the Exchange on a series by series and premium basis for market orders and/or marketable limit orders and announced to the Trading Permit Holders via Regulatory Circular), or

(2) Drill-Through Parameter: T[t]he execution would follow an initial partial execution on the Exchange and would be at a subsequent price that is not within an acceptable tick distance from the initial execution (as determined by the Exchange on a series by series and premium basis for market orders and/or marketable limit orders and announced to the Trading Permit Holders via Regulatory Circular).

(b) Limit Order Price Parameters: The Exchange will not accept for execution eligible limit orders if:

(1) prior to the opening (including before a series is opened following a halt), the order is to buy at more than an acceptable tick distance above the Exchange's previous day's close or the order is to sell at more than an acceptable tick distance below the Exchange's previous day's close (as determined by the Exchange on a

series by series and premium basis and announced to the Trading Permit Holders via Regulatory Circular); or

(2) once a series has opened, the order is to buy at more than an acceptable tick distance above the disseminated Exchange offer or the order is to sell at more than an acceptable tick distance below the disseminated Exchange bid (as determined by the Exchange on a series by series and premium basis and announced to the Trading Permit Holders via Regulatory Circular).

Paragraph (b)(1) is not applicable to limit orders of Exchange Market-Makers or away Market-Makers or Intermarket Sweep Orders (“ISOs”) as ISOs cannot be entered prior to the opening on the System. Paragraph (b)(2) is applicable to ISOs for all classes where the limit order price parameter is activated. The Exchange may determine on a class by class basis and announce via Regulatory Circular whether to apply paragraph (b)(1) and/or (b)(2) to immediate-or-cancel orders if doing so would be necessary or appropriate in furtherance of the interests of investors and the promotion of fair and orderly markets. The Exchange may determine to widen or narrow the ATDs with respect to particular order types, in the interests of fair and orderly markets or, in furtherance of the objectives of the Options Order Protection and Locked/Crossed Market Plan, as announced via Regulatory Circular.

(c) For purposes of this [subparagraph] Rule:

([A] 1) An “acceptable price range” (“APR”) shall be determined by the Exchange on a [class] series [-]by[-class] series and premium basis and shall be no less than: \$0.375 between the bid and offer for each option contract for which the bid is less than \$2, \$0.60 where the bid is at least \$2 but does not exceed \$5, \$0.75 where the bid is more than \$5 but does not exceed \$10, \$1.20 where the bid is more than \$10 but does not exceed \$20, and \$1.50 where the bid is more than \$20. An “acceptable tick distance” (“ATD”) for the drill through price parameter shall be no less than 2 minimum increment ticks. An ATD for the limit order price parameter shall be no less than 5 minimum increment ticks.

([B] 2) The senior official in the Help Desk may grant intra-day relief by widening or inactivating one or more of the applicable APR and/or ATD parameter settings [for one or more option series] in the interest of a fair and orderly market.

(A) Notification of intra-day relief will be announced via electronic message to Trading Permit Holders that request to receive such messages. Such intra-day relief will not extend beyond the trade day on which it is granted, unless a determination to extend such relief is announced to Trading Permit Holders via Regulatory Circular. The Exchange will make and keep records to document all determinations to grant intra-day relief under this Rule, and shall maintain those records in accordance with Rule 17a-1 under the Exchange Act.

(B) The Exchange will periodically review determinations to grant intra-day relief for consistency with the interest of a fair and orderly market.

If an execution is suspended because the market width APR has not been met, the order will be cancelled.

If an execution is suspended because executing the remaining portion of an order would exceed the drill through ATD, then such remaining portion will be cancelled.

If a limit order is not accepted for execution because the limit order price ATD has not been met, the order will be returned to the order entry firm. The limit order price parameter will take precedence over another price check parameter to the extent that both are applicable to an incoming limit order.

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