

EXHIBIT 5

Below is the proposed rule text. Proposed new language is underlined>.

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1000. MEMBER APPLICATION AND ASSOCIATED PERSON REGISTRATION

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1200. REGISTRATION AND QUALIFICATION

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1220. Registration Categories

(a) Definition of Principal and Principal Registration Categories

(1) through (3) No Change.

(4) Financial and Operations Principal and Introducing Broker-Dealer Financial and Operations Principal

(A) Requirement

Each member that is operating pursuant to the provisions of SEA Rules 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate a Financial and Operations Principal. Each member subject to the requirements of SEA Rule 15c3-1, other than a member operating pursuant to SEA Rules 15c3-1(a)(1)(ii), (a)(2)(i) or (a)(8), shall designate either a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal.

A Financial and Operations Principal and an Introducing Broker-Dealer Financial and Operations Principal shall be responsible for performing the following duties:

(i) final approval and responsibility for the accuracy of financial reports submitted to any duly established securities industry regulatory body;

(ii) final preparation of such reports;

(iii) supervision of individuals who assist in the preparation of such reports;

(iv) supervision of and responsibility for individuals who are involved in the actual maintenance of the member's books and records from which such reports are derived;

(v) supervision and performance of the member's responsibilities under all financial responsibility rules promulgated pursuant to the provisions of the Exchange Act;

(vi) overall supervision of and responsibility for the individuals who are involved in the administration and maintenance of the member's back office operations; and

(vii) any other matter involving the financial and operational management of the member.

The requirements of paragraph (a)(4)(A) of this Rule shall not apply to a member that is exempt from the requirement to designate a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal.

(B) Designation of Principal Financial Officer and Principal Operations Officer

Each member shall designate a:

(i) Principal Financial Officer with primary responsibility for financial filings and those books and records related to such filings; and

(ii) Principal Operations Officer with primary responsibility for the day-to-day operations of the member's business, including overseeing the receipt and delivery of securities and funds, safeguarding customer and member assets, calculation and collection of margin from customers and processing dividend receivables and payables and reorganization redemptions and those books and records related to such activities.

Each member that self-clears, or that clears for other members, shall be required to designate separate persons to function as Principal Financial Officer and Principal Operations Officer. Such persons may also carry out the other responsibilities of a Financial and Operations Principal and an Introducing Broker-Dealer Financial and Operations Principal as specified in paragraph (a)(4)(A) of this Rule. If such member is limited in size and resources, it may, pursuant to the Rule 9600 Series, request a waiver of the requirement to designate separate persons to function as Principal Financial Officer and Principal Operations Officer.

Each member that is an introducing member may designate the same person to function as Financial and Operations Principal (or

Introducing Broker-Dealer Financial and Operations Principal), Principal Financial Officer and Principal Operations Officer.

Each person designated as a Principal Financial Officer or Principal Operations Officer, other than a person associated with a member that is exempt from the requirement to designate a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal, shall be required to register as a Financial and Operations Principal or an Introducing Broker-Dealer Financial and Operations Principal pursuant to paragraph (a)(4)(A) of this Rule.

(C) No Change.

(5) through (14) No Change.

(b) No Change.

••• **Supplementary Material:** -----

.01 through .06 No Change.

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