

Exhibit 5

Text of the Proposed Rule Change

Underlining indicates additions; [brackets] indicate deletions.

Rule 413. Exemptions from Position Limits

(a) *Equity Hedge Exemption.* The following qualified hedging transactions and positions described in paragraphs (1) through (5) and (7) below shall be exempt from established position limits as prescribed under Rule 412(d). Hedge transactions and positions established pursuant to paragraphs six (6) and eight (8) below are subject to a position limit equal to five (5) times the standard limit established under Rule 412(d). The equity hedge exemption is in addition to the standard limit and other exemptions available under Exchange Rules.

(1) – (6) No Change.

(7) An equity option position is delta neutral, subject to the following:

(A) The term “delta neutral” refers to an equity options position that is hedged, in accordance with a permitted pricing model as defined in paragraph (C) below, by a position in the underlying security or one or more instruments relating to the underlying security, for the purpose of offsetting the risk that the value of the options position will change with incremental changes in the price of the security underlying the option position.

In the case of an equity option position for which the underlying security is an ETF that is based on the same index as an index option, the equity option position and any position in the underlying ETF may be combined with such an index option position and/or correlated instruments, as defined in Rule 2006(c)(1), in accordance with Rule 2006(c) – Delta-Based Index Hedge Exemption, for calculation of the delta-based equity hedge exemption.

(B) An equity options position of a member or non-member affiliate of a member that is delta neutral shall be exempt from established position limits. An equity options position that is not delta neutral shall be subject to position limits in accordance with Rule 412 (subject to the availability of other position limit exemptions). Only the option contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The “options contract equivalent of the net delta” is the net delta divided by the number of shares [underlying the options contract] that equate to one option contract on a delta basis. The term “net delta” means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an equity option position will change with incremental changes in the

price of the security underlying the option position, as determined in accordance with a permitted pricing model.

(C) – (E) No Change

(F) Reporting

Each member (other than an Exchange market-maker using the OCC Model) that holds or carries an account that relies on this exemption shall report, in accordance with Rule 415, all equity option positions (including those that are delta neutral) that are reportable thereunder. Each such member on its own behalf or on behalf of a designated aggregation unit pursuant to Rule 4.13 (c)(D) shall also report, in accordance with Rule 415, for each such account that holds an equity option position subject to this exemption in excess of the levels specified in this Rule 413, the net delta and the options contract equivalent of the net delta of such position.

(G) No Change.

(8) – (10) No Change.

(b) – (c) No Change.

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Rule 2006. Exemptions from Position Limits

(a) - (b) No Change.

(c) Delta-Based Index hedge Exemption. The Delta-Based Index Hedge Exemption is in addition to the standard limit and other exemptions available under Exchange rules. An index option position of a member or non-member affiliate of a member that is delta neutral shall be exempt from established position limits as prescribed under Rules 2004 and 2005, subject to the following:

(i) The term “delta neutral” refers to an index option position that is hedged, in accordance with a permitted pricing model, by a position in one or more correlated instruments, for the purpose of offsetting the risk that the value of the option position will change with incremental changes in the value of the underlying index. The term “correlated instruments” means securities and/or other instruments that track the performance of or are based on the same

underlying index as the index underlying the option position (but not including baskets of securities).

(ii) An index option position that is not delta neutral shall be subject to position limits in accordance with Rules 2004 and 2005 (subject to the availability of other position limit exemptions). Only the options contract equivalent of the net delta of such position shall be subject to the appropriate position limit. The “options contract equivalent of the net delta” is the net delta divided by units of trade that equate to one option contract on a delta basis. The term “net delta” means, at any time, the number of shares and/or other units of trade (either long or short) required to offset the risk that the value of an index option position will change with incremental changes in the value of the underlying index, as determined in accordance with a permitted pricing model.

(iii) A “permitted pricing model” shall have the meaning as defined in Rule 413(a)(7)(C).

(iv) Effect on Aggregation of Accounts

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

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

(A) the entity demonstrates to the Exchange’s satisfaction that no control relationship, as defined in Rule 412(f), exists between such affiliates or trading units*;
and

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

(3) Notwithstanding subparagraph (iv)(1) or (iv)(2), a member or non-member affiliate who relies on this exemption shall designate, by prior written notice to the Exchange (to be obtained and provided by the member carrying the account as applicable), each trading unit or entity whose option positions are required under Exchange Rules to

be aggregated with the option positions of such member or non-member affiliate that is relying on this exemption for purposes of compliance with Exchange position limits or exercise limits. In any such case:

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

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

(v) Obligations of Members

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

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

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

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

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

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

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

(a) is relying on this exemption;

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

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

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

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

(4) Reporting.

Each member (other than an Exchange market maker using the OCC Model) that holds or carries an account that relies on this exemption shall report, in accordance with Rule 415, all index option positions (including those that are delta neutral) that are reportable thereunder. Each such member on its own behalf or on behalf of a designated aggregation unit pursuant to Rule 2006(c)(iv) shall also report, in accordance with Exchange Rule 415 for each such account that holds an index option position subject to this exemption in excess of the levels specified in Rules 2004 and 2005, the net delta and the options contract equivalent of the net delta of such position.

(5) Records.

Each member relying on this exemption shall: (i) retain, and undertake reasonable efforts to ensure that any non-member affiliate of the member relying on this exemption retains, a list of the options,

securities and other instruments underlying each option position net delta calculation reported to the Exchange hereunder, and (ii) produce such information to the Exchange upon request.

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