

EXHIBIT 5

Proposed new text is underlined. Deleted text is [bracketed].

PHLX Option Rules

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Rule 501. Specialist Appointment

(a) – (e) No Change.

(f) A Remote Streaming Quote Trader (“RSQT”), as defined in Rule 1014, may submit an application as described above to be an approved specialist unit for certain option allocations.

(i) Upon application by a qualified RSQT, the Exchange will approve such organization as an approved remote specialist unit (“Remote Specialist”). A Remote Specialist may function as a specialist unit in one or more options if the Exchange determines that it cannot allocate such options to a non-remote specialist (that is, a floor based specialist). A Remote Specialist may not have a physical presence on an Exchange floor and does not need to meet the assistant specialist staffing requirement pursuant to paragraph (d) or the back-up specialist unit requirement pursuant to paragraph (b) of this rule.

(ii) A Remote Specialist shall be accessible to Exchange staff and members during all trading hours for the product(s) allocated to such specialist and shall provide Exchange staff and members with telephonic and/or electronic communication access to such specialist and/or associated staff at all times during trading hours.

(iii) A Remote Specialist has all the rights and obligations of a specialist, unless Exchange rules provide otherwise.

••• Commentary: -----

.01 No Change.

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Rule 506. Allocation Application

(a) No Change.

(b) An allocation application shall be submitted in writing to the Exchange's designated staff and shall include, at a minimum, the name and background of the head specialist and assistant specialist(s) (except that a Remote Specialist need not include an assistant specialist), the unit's experience and capitalization demonstrating an ability to trade the particular options class sought, and any other reasons why the unit believes it should be assigned or allocated the security. In addition, the Exchange may also require that the application include other information such as system acceptance/execution levels and guarantees. The Exchange may re-solicit applications for any reason, including if it determines that its initial solicitation resulted in an insufficient number of applicants.

(c) Allocation decisions and automatic allocations shall be communicated in writing to [floor]Exchange members.

(d) – (e) No Change.

••• *Supplementary Material:* -----

.01 - .02 No Change.

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Rule 507. Application for Approval as an SQT or RSQT and Assignment in Options

(a) – (e) No Change.

(f) Nothing in this Rule 507 shall be construed to automatically qualify an RSQT to be a Remote Specialist on the Exchange.

••• *Commentary:* -----

.01 - .05 No Change.

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Rule 1014. Obligations and Restrictions Applicable to Specialists and Registered Options Traders

(a) No Change

(b) *ROT.* (i) No Change.

(ii) (A) No Change.

(B) *Remote Streaming Quote Trader ("RSQT")*. An RSQT is an ROT that is a member or member organization with no physical trading floor presence who has received permission from the Exchange to generate and submit option quotations electronically in options to which such RSQT has been assigned. A qualified RSQT may function as a Remote Specialist upon Exchange approval.

Notwithstanding the provisions of sub-paragraph (b)(i) above, an RSQT may only submit such 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. No person who is either directly or indirectly affiliated with an RSQT shall submit quotations as a specialist, SQT, RSQT or non- SQT ROT in options in which such affiliated RSQT is assigned. 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.

(C) No Change.

(D) *Market Making Obligations*

- (1) In addition to the other requirements for ROTs set forth in this Rule 1014, except as provided in sub-paragraph (4) below, and except as provided in sub-paragraph (2) below when an RSQT functions as a Remote Specialist in particular options, an SQT and an RSQT shall be responsible to quote two-sided markets in not less than 60% of the series in which such SQT or RSQT is assigned, provided that, on any given day, a Directed SQT ("DSQT") or a Directed RSQT ("DRSQT") (as defined in Rule 1080(1)(i)(C)) shall be responsible to quote two-sided markets in the lesser of 99% of the series listed on the Exchange or 100% of the series listed on the Exchange minus one call-put pair, in each case in at least 60% of the options in which such DSQT or DRSQT is assigned. Whenever a DSQT or DRSQT enters a quotation in an option in which such DSQT or DRSQT is assigned, such DSQT or DRSQT must maintain until the close of that trading day quotations for the lesser of 99% of the series of the option listed on the Exchange or 100% of the series of the option listed on the Exchange minus one call-put pair. To satisfy the applicable requirements of this subparagraph (D)(1) with respect to quoting a series, an SQT, RSQT, DSQT, or DRSQT must quote such series 90% of the trading day (as a percentage of the total number of minutes in such trading day) or such higher percentage as the Exchange may announce in advance. The Exchange may consider exceptions to the requirement to quote 90% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances.
- (2) The specialist (including the RSQT functioning as a Remote Specialist in particular options) shall be responsible to quote two-sided markets in the lesser of 99% of the series or 100% of the series minus one call-put pair in each option in which such specialist is assigned. To satisfy the requirement of this subparagraph (D)(2) with respect to quoting a series, the specialist must quote such series 90%

of the trading day (as a percentage of the total number of minutes in such trading day) or such higher percentage as the Exchange may announce in advance. The Exchange may consider exceptions to the requirement to quote 90% (or higher) of the trading day based on demonstrated legal or regulatory requirements or other mitigating circumstances.

(3) No Change.

(4) Notwithstanding the foregoing, SQTs, DSQTs, RSQTs and DRSQTs shall be deemed not to be assigned in any Quarterly Option Series, any adjusted option series, and any option series until the time to expiration for such series is less than nine months. Accordingly, the obligations set forth in this rule shall not apply to SQTs, DSQTs, RSQTs and DRSQTs respecting Quarterly Option Series, adjusted option series, and series with an expiration of nine months or greater.

For purposes of this subsection (4), an adjusted option series is an option series wherein one option contract in the series represents the delivery of other than 100 shares of underlying stock or Exchange-Traded Fund Shares.

This sub-section (4) does not apply to RSQTs when they are functioning as Remote Specialists in particular options.

(5) – (6) No Change.

(E) No Change.

(c) – (g) No Change.

••• *Commentary:* -----

.01 An ROT 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 on the floor in his capacity as an ROT. For purposes of this commentary, the term "transactions initiated and effected on the floor" shall not include transactions initiated by an ROT off the floor, but which are considered "on-floor" pursuant to Commentaries .07 and .08 of Rule 1014. Similarly, 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.

However, in order for an ROT (other than an RSQT or a Remote Specialist) to receive specialist margin treatment for off-floor orders in any calendar quarter, the ROT must execute the greater of 1,000 contracts or 80% of his total contracts that quarter in person (not through the use of orders) and 75% of his total contracts that quarter in assigned options. 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 from this calculation.

.02 - .04 No Change.

.05 (a) No Change.

(b) 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.

(c) *Non-Electronic Orders.*

(i) In the event that a Floor Broker or specialist presents a non-electronic order in which an RSQT is assigned or which is allocated to a Remote Specialist, and/or in which an SQT assigned in such option is not a crowd participant, such Remote Specialist, SQT and/or RSQT may not participate in trades stemming from such a non-electronic order unless such non-electronic order is executed at the price quoted by the non-crowd participant Remote Specialist, SQT and/or RSQT at the time of execution.

(ii) Notwithstanding the foregoing, respecting crossing, facilitation and solicited orders (as defined in Rule 1064) with a size of at least 500 contracts on each side that are represented and executed in open outcry, priority shall be afforded to in-crowd participants over Remote Specialists, RSQTs and out-of crowd SQTs. Such orders shall be allocated in accordance with Exchange rules.

(iii) - (iv) No Change.

.06 - .19 No Change.

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Rule 1020. Registration and Functions of Options Specialists

(a) (i) No member shall act as an options specialist (to include a Remote Specialist as defined in Rule 1020(a)(ii)) in any option unless such member is registered as an options specialist in such option by the Exchange pursuant to Rule 501 and such registration may be revoked or suspended at any time by the Exchange.

(ii) A Remote Specialist is a qualified RSQT approved by the Exchange to function as a specialist in one or more options pursuant to Rule 501. A Remote Specialist has all the rights and obligations of an options specialist, unless Exchange rules provide otherwise.

(b) As a condition of a member's being registered as a specialist in one or more options, it is to be understood that, in addition to the execution of [commission]orders entrusted to him in such options, a specialist is to engage in a course of dealings for his own account to assist in the maintenance insofar as reasonably practicable, of a fair and orderly market on the Exchange in such options in accordance with and when viewed in relation to the criteria set forth in paragraphs (c) and (d) of this rule and the commentary thereto. If the Exchange shall have found any substantial or continued failure by a specialist to engage in such a course of dealings, the registration of such specialist shall be subject to suspension or cancellation by the Exchange in one or more of the options in which he is registered. Nothing herein shall limit any other power of the Board of Governors under the By-Laws or any rule of the Exchange with respect to the registration of a specialist or in respect of any violation by a specialist of the provisions of this rule.

(c) – (h) No Change.

Guidelines for Exemptive Relief Under Rule 1020 for Approved Persons or Member Organizations Affiliated with a Specialist Member Organization. No Change.

••• *Commentary:* -----

.01 - .06 No Change.

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PHLX Option Floor Procedure Advices

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A-7 [Responsibility to Cancel

(a) Cancellation Orders

It is the responsibility of the Specialist to be responsive to all cancellation instructions for orders on the book promptly upon receipt.

(i) With respect to orders booked by a Floor Broker, the Specialist must promptly advise the Floor Broker or his representative that either the cancellation has been accepted or, in the alternative, that the order has been executed and therefore is too-late-to-cancel.

(ii) With respect to orders received over the Exchange's automated delivery system, the Specialist is responsible for promptly transmitting the appropriate electronic message indicating that the cancellation has been accepted or that the order was too-late-to-cancel. In the event that a Specialist is unable to transmit a cancellation electronically, the cancellation order ticket must be promptly signed by the Specialist or his representative and a report thereof forwarded to the Exchange's service desk for processing.

(b) Cancel Replace Orders

In order to effect a change in the option series of an order placed on the Specialist book, a member shall submit separate cancel and replacement orders to the Specialist. In order to effect a change in the price or volume of an order placed on the Specialist book, a member may submit the appropriate cancel and replacement ticket or tickets to the Specialist.

FINE SCHEDULE (Implemented on a two-year running calendar basis)

1st Occurrence	\$250.00
2nd Occurrence	\$500.00
3rd Occurrence	\$1,000.00
4th Occurrence and Thereafter	Sanction is discretionary with Business Conduct Committee]Reserved.

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A-10 [Specialist Trading With Book

In any instance where a Specialist wishes to participate as principal in a trade with an order placed on that Specialist's book, such Specialist must ensure that at least one ROT is present in the trading crowd and aware of the Specialist's intention to trade with the book both at the time of and immediately prior to the execution. This Floor Procedure Advice A-10 shall not apply to the Specialist in any foreign currency option if no Registered Options Trader registered in such foreign currency option is present on the Exchange's FCO trading floor at that time.

FINE SCHEDULE

Fine not applicable]Reserved.

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B-3 Trading Requirements

(a) An ROT (other than an RSQT or a Remote Specialist) is required to trade in person, and not through the use of orders, the greater of 1,000 contracts or 50% of his contract volume on the Exchange each quarter. Also, at least 50% of an ROT's trading activity in each quarter must be in assigned options. No application by an ROT to change options assignments will be approved unless such ROT is in compliance with the above requirements at the time the application for change is made.

FINE SCHEDULE No Change.

(b) For any calendar quarter, in addition to the requirements of paragraph (a) above, in order for an ROT (other than an RSQT or a Remote Specialist) to receive specialist margin treatment for off-floor orders in accordance with Rule 1014, Commentary .01, the ROT must execute the greater of 1,000 contracts or 80% of his total contracts that quarter in person (not through the use of orders) and 75% of his total contracts that quarter in assigned options. Violations of this trading requirement are subject to Business Conduct Committee review.

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E-1 Required Staffing of Options Floor

Every Options Specialist Unit, Floor Brokerage Unit, Clearing Firm, Floor Broker and ROT must have a representative available on the floor (except that a Remote Specialist must have a representative available via telephonic and/or electronic communication access) for the thirty minutes before the opening and the thirty minutes after the close of trading and one hour after the preliminary trade reports are distributed. Such representatives must be authorized to make appropriate changes and corrections to trades of or guaranteed by such Specialist Unit, Floor Brokerage Unit, Clearing Firm, Floor Broker and ROT. Additionally, on expiration such representatives must be available on the floor until the Exchange has announced the last call for adjustments in expiring options.

FINE SCHEDULE No Change.

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