

EXHIBIT 5

Proposed new text is underlined. Proposed deletions are enclosed in brackets.

Rules of the Exchange

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Options Rules

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Rule 1000. Applicability, Definitions and References

(a) No change.

(b) **Definitions.** The following terms as used in the Rules shall, unless the context otherwise indicates, have the meanings herein specified:

1. - .30 No change.

31. *Primary Market*—The term "primary market" [in respect of an underlying stock or Exchange-Traded Fund Share means the principal market in which the underlying stock or Exchange-Traded Fund Share is traded] means, in the case of securities listed on The Nasdaq Stock Market, the market that is identified as the listing market pursuant to Section X(d) of the approved national market system plan governing the trading of Nasdaq-listed securities, and, in the case of securities listed on another national securities exchange, the market that is identified as the listing market pursuant to Section XI of the Consolidated Tape Association Plan.

.32 - .44 No change.

(c) - (g) No change.

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Rule 1047. Trading [Rotations,] Halts [and Suspensions]

(a) [Trading rotations for each class of option contracts that has been approved for trading on the Exchange shall be employed at the opening pursuant to Rule 1017 daily, and at the close of trading on the last trading day with respect to expiring equity option contracts. An automated opening conducted pursuant to Rule 1017 shall be considered a "trading rotation" for purposes of these Rules.] Automated Trading Halts. Trading will automatically be halted by the System in an option when:

i. trading in the underlying stock or Exchange-Traded Fund Share has been halted or suspended in the primary market or is subject to a regulatory halt on the primary market;

ii. the opening of such underlying stock or Exchange-Traded Fund Share has been delayed because of unusual circumstances; or

iii. trading in the underlying stock or Exchange-Traded Fund Share has been paused by the primary market.

(b) Manual Trading Halt. Trading on the Exchange in any class of option contracts shall be halted [or suspended] whenever an Options Exchange Official deems such action appropriate in the interests of a fair and orderly market and to protect investors. Among the factors that may be considered are that:

[(i) trading in the underlying stock or Exchange-Traded Fund Share has been halted or suspended in the primary market;

(ii) the opening of such underlying stock or Exchange-Traded Fund Share in the primary market has been delayed because of unusual circumstances;

(iii) the Exchange has been advised that the issuer of the underlying stock or Exchange-Traded Fund Share is about to make an important announcement affecting such issuer;]

(i) occurrence of an act of God or other event outside the Exchange's control;

(i[v]i) a Trading System (for purposes of this Rule, "Trading System" or "System" is defined as [Phlx XL II,] the Exchange's current automated trading system or any other Exchange quotation, transaction reporting, execution, order routing or other systems for trading options) technical failure or failures including, but not limited to, the failure of a part of the central processing system, a number of member or member organization trading applications, or the electrical power supply to the system itself or any related system; or[;]

(iii[v]) other unusual conditions or circumstances are present. [Trading in a class of options that has been the subject of a halt or suspension may be resumed upon a determination by an Options Exchange Official that the conditions that led to the halt or suspension are no longer present and that the interest of a fair and orderly market are best served by a resumption of trading.]

[(c)] Manual Authority. An Options Exchange Official shall have the authority, respecting a particular class or series of options, to delay the opening, to halt and reopen after a halt, to open where the underlying stock or Exchange-Traded Fund Share has not opened or current quotations are unavailable for any foreign currency, and to conduct a closing rotation on the business day of expiration, or, in the case of an option contract

expiring on a day that is not a business day, on the trading day prior to expiration where the underlying stock or Exchange-Traded Fund Share did not open or was halted, whenever such action is deemed necessary in the interests of maintaining a fair and orderly market in such class or series of options and to protect investors.

[(d) In the event that trading is halted in the underlying security on the primary market for such security, the specialist may halt trading in the option overlying such security, subject to the approval of an Options Exchange Official within five minutes of the halt in trading in the option.

(e) Trading Pauses. Trading on the Exchange in any option contract shall be halted whenever trading in the underlying security has been paused by the primary listing market.

(i) Trading in such options contracts may be resumed upon a determination by the Exchange that the conditions that led to the pause are no longer present and that the interests of a fair and orderly market are best served by a resumption of trading, which in no circumstances will be before the Exchange has received notification that the underlying security has resumed trading on at least one exchange. If, however, trading has not been resumed on the primary listing market for the underlying security after ten minutes have passed since the underlying security was paused by the primary listing market, trading in such options contracts may be resumed by the Exchange if the underlying security has resumed trading on at least one exchange.

(ii) During the halt, the Exchange will maintain existing orders on the book, accept orders, and process cancels.]

(c) In the event the Exchange halts trading pursuant to paragraphs (a) or (b) above, all trading in the affected option shall be halted. The Exchange shall disseminate through its trading facilities and over OPRA a symbol with respect to such option indicating that trading has been halted, and a record of the time and duration of the halt shall be made available to vendors.

No member or member organization or person associated with a member or member organization shall effect a trade on the Exchange in any option in which trading has been halted under the provisions of this Rule during the time in which the halt remains in effect.

(d[f]) This paragraph shall be in effect during a pilot period to coincide with the pilot period for the Plan to Address Extraordinary Market Volatility Pursuant to Rule 608 of Regulation NMS, as it may be amended from time to time ("LULD Plan"), except as specified in subparagraph (v) below. Capitalized terms used in this paragraph shall have the same meaning as provided for in the LULD Plan. During a Limit State and Straddle State in the Underlying NMS stock:

- (i) No change.
- (ii) After the opening, the Exchange shall reject Market Orders, as defined in Rule 1066(a) (including Complex Orders, as defined in Rule 1080.08), and shall notify Participants of the reason for such rejection. The Exchange shall cancel Complex Orders that are Market Orders residing in the [Phlx XL] System if they are about to be executed by the [Phlx XL] System.
- (iii) - (v) No change.

(e[g]) The Exchange shall halt trading in all options whenever the equities markets initiate a market-wide trading halt commonly known as a circuit breaker in response to extraordinary market conditions.

(f) During a halt, the Exchange will maintain existing orders on the book (but not existing quotes), accept orders and quotes, and process cancels, except existing quotes are cancelled.

(g) Resumption of Trading After a Halt. Trading in an option that has been the subject of a halt under this rule shall be resumed: (A) in the case of a manual halt, upon the determination by an Options Exchange Official that the conditions which led to the halt are no longer present or that the interests of a fair and orderly market are best served by a resumption of trading; or (B) in the case of an automatic trading halt, the conditions which led to the halt are no longer present, and, in either case, in no circumstances will trading be resumed before the Exchange has received notification that the underlying stock or Exchange-Traded Fund Share has resumed trading on at least one exchange. If, however, trading has not been resumed on the primary market for the underlying stock or Exchange-Traded Fund Share after ten minutes have passed since the underlying stock or Exchange-Traded Fund Share was paused by the primary market, trading in such options contracts may be resumed by the Exchange if the underlying stock or Exchange-Traded Fund Share has resumed trading on at least one exchange. Trading shall resume according to the process set forth in Rule 1017.

••• *Commentary* :------

Manual Rotations. Pursuant to the authority in paragraph (b) above and in accordance with the procedures enumerated in these commentaries, a manual trading rotation may be held on the opening in the event that the Exchange's System is not available, and a closing rotation may be held on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the trading day prior to expiration where the underlying stock or Exchange-Traded Fund Share did not open or was halted, whenever such action is deemed necessary in the interests of maintaining a fair and orderly market in such class or series of options and to protect investors.

.01 For purposes of this Rule, a trading rotation is a series of very brief time periods during each of which bids, offers and transactions in only a single,

specified option contract can be made. An Options Exchange Official may direct that one or more trading rotations be employed on any business day to aid in producing a fair and orderly market and shall specify, for each rotation so employed, the particular option contracts to be included and the sequence of such option contracts in the rotation. Trading rotations, which shall be conducted by the specialist, shall be conducted in the following manner:

(a) **Opening Rotations.** In the case of options on stocks or Exchange-Traded Fund Shares, the opening rotation in each class of options shall be held promptly following the opening of the underlying security on the primary market where it is traded. An underlying security shall be deemed to have opened on the primary market where it is traded if such market has (i) reported a transaction in the underlying security or (ii) disseminated opening quotations for the underlying security and not given an indication of a delayed opening. In the case of options on foreign currencies, the opening rotation in each option shall be held promptly following the opening of trading. In either case, respecting openings conducted manually, the specialist should proceed in the following manner: Taking each option in which he is assigned in turn, the specialist should first open the one or more series of such options having the nearest expiration, then proceed to a series of options having the next most distant expiration, and so forth, until all series have been opened. The specialist shall determine which type of option should open first (i.e., put or call options), and may alternate the opening of put series and call series or may open all series of one type before opening any series of the other type, depending on current market conditions, except as provided below.

(b) **Modified Rotations**—(i) Modified rotations include reverse and shotgun rotations. A reverse rotation is an opening rotation where the Specialist should first open the one or more series of options of a given class having the most distant expiration, then proceed to the next nearest expiration, and so forth, ending with the nearest expiration, until all series have been opened. A shotgun rotation is an opening rotation in which each option series opens in the same manner and sequence as during a regular trading rotation stated above in paragraph (a), but is permitted to freely trade once all option series with the same expiration month have been opened.

(ii) A reverse trading rotation must be employed in connection with openings and reopenings involving a heavy influx of orders, unless exempted by an Options Exchange Official.

A second rotation requires the approval of an Options Exchange Official. In addition, a modified rotation may be employed in connection with delayed openings, halts or suspensions of options trading or other unusual market conditions, but in a different manner and sequence of trading than described above provided an Options Exchange Official determines that such procedure should be implemented.

(iii) This Commentary .01(b) shall apply only to manual openings conducted in accordance with the Commentary to Rule 1017.

(c) **Closing Rotations at Expiration**—On the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the last trading day prior to expiration with respect to expiring stock option contracts a closing rotation in each series of expiring options shall be commenced at 4:00 p.m., or 4:15 p.m. for options on Exchange-Traded Fund Shares where the underlying Fund Shares themselves cease trading at 4:15 p.m., or after a closing price of the stock or Exchange-Traded Fund Share in its primary market is established, whichever is later. Except as otherwise provided by an Options Exchange Official, the specialist may determine which type of expiring options series should close first, and may alternate the close of put series and call series or may close all series of one type before closing any series of the other type, depending on current market conditions. In any instance where an Options Exchange Official, determines to conduct a closing rotation on the business day of expiration, or, in the case of an option contract expiring on a day that is not a business day, on the trading day prior to expiration in any equity option for which the underlying did not trade, or for which trading was halted as of the normal close of trading in its primary market on that day, the rotation shall commence as immediately as practicable following the time at which the option normally ceases free trading, or at any earlier time.

(d) **Quarterly Rotations**—On the last day of each calendar quarter, a closing rotation for some equity option series may be commenced at 4:00 p.m. or after the closing price of the stock in its primary market is established, whichever is later. Orders will not be accepted at or after 4:00 p.m. Prior notice will be provided to the trading floor regarding which options series will be subject to a closing rotation.

[(e) **Automated Trading Halts.** The Phlx XL II system will automatically halt trading in an equity option when the underlying security is subject to a regulatory halt on the primary market for such underlying security.]

.02 In the event that trading in an underlying stock or Exchange-Traded Fund Share has not opened in the primary market for such stock or Exchange-Traded Fund Share within a reasonable time after the opening of business, or, in the event that current quotations for any underlying foreign currency are for any reason unavailable, the specialist shall report such delay or unavailability to the Regulatory staff and the appropriate steps will be taken to determine the cause for such delay or unavailability. The opening of trading in such option shall be delayed until the underlying stock has opened or until current quotations for the underlying foreign currency become available, as the case may be, unless an Options Exchange Official, determines that the interests of a fair and orderly market are best served by opening trading in such options.

.03 Stock or Exchange-Traded Fund Share Options Trading after 4:00 p.m. With the prior approval of an Options Exchange Official a trading rotation in any class of stock option contracts may be effected even though employment of the rotation will result in the transaction on the Exchange after 4:00 p.m.,

or 4:15 p.m. for options on Exchange-Traded Fund Shares where the underlying Fund Shares themselves cease trading at 4:15 p.m., provided:

- (a) Promptly after trading in the underlying security opens or re-opens, an opening or re-opening rotation in the corresponding options class is commenced; or
- (b) Such rotation was initiated due to unusual market conditions pursuant to this Rule, notice of such rotation is disseminated to the trading floor and the rotation does not commence until five minutes after the notice is disseminated.
- (c) If prior to 4:00 p.m. a trading rotation is in progress and an Options Exchange Official determines that a final trading rotation is needed to assure a fair and orderly market, the rotation in progress shall be halted and such final rotation begun as promptly as possible after 4:00 p.m.