

EXHIBIT 5

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

Phlx Rules

* * * * *

Rule 1042. Exercise Of Equity Option Contracts

(a) No Change.

(b) *Exercise-by-Exception Procedure for Expiring Options.* Special procedures apply to the exercise of equity options on the last business day before their expiration ("expiring options"). Unless waived by OCC, expiring options are subject to the Exercise-by-Exception ("Ex-by-Ex") procedure under OCC Rule 805. This rule provides that, unless contrary instructions are given, option contracts that are in-the-money by specified amounts shall be automatically exercised. In addition to OCC rules, the following Exchange requirements apply with respect to expiring options. Option holders desiring to exercise or not exercise expiring options must either:

(i) No Change.

(ii) submit a Contrary Exercise Advice ("CEA") or Advice Cancel to the Exchange by the deadline specified in paragraph ([c]d) below. [A CEA is a communication either to not exercise an option that would be automatically exercised pursuant to OCC's Ex-by-Ex procedure, or to exercise an option that would not be automatically exercised pursuant to OCC's Ex-by-Ex procedure. A CEA may be submitted by a member or member organization either by using the Exchange's CEA Form, OCC's clearing system (ENCORE), or a CEA form of any other national securities exchange of which they are a member and where the option is listed, or via such other method as the Exchange may prescribe. A CEA may be canceled or resubmitted at any time up to the exercise cut-off time specified below.]

(c) *Exercise Cut-Off Time.* Option holders have until 5:30 p.m. (EST) on the business day immediately prior to, or in the case of Quarterly Options Series on, the expiration date, to make a final decision to exercise or not exercise an expiring option. Members may not accept exercise instructions for customer or non-customer accounts after 5:30 p.m. (EST).

(d) *Submission of Contrary Exercise Advices.* A CEA is a communication either to not exercise an option that would be automatically exercised pursuant to OCC's Ex-by-Ex procedure, or to exercise an option that would not be automatically exercised pursuant to OCC's Ex-by-Ex procedure. A CEA may be submitted by a member or member organization either by using the Exchange's CEA Form, OCC's clearing system (ENCORE), or a CEA form of any other national securities exchange of which they are a

member and where the option is listed, or via such other method as the Exchange may prescribe. A CEA may be canceled or resubmitted at any time up to the exercise cut-off time specified below.

For customer accounts, members and member organizations [may not accept exercise instructions after 5:30 p.m. (EST) but]have until [6:30]7:30 p.m. (EST) to submit a CEA to the Exchange.

For non-customer accounts, members and member organizations [may not accept exercise instructions after 5:30 p.m. (EST) but]have until [6:30]7:30 p.m. (EST) to submit a CEA to the Exchange if such member or member organization employs an electronic submission procedure with an electronic time stamp (with fixed procedures to ensure security of the time stamp) to indicate the time of the submission of exercise instructions by option holders. [Consistent with Commentary .04, m]Members and member organizations are required to manually submit a CEA by 5:30 p.m. (EST) for non-customer accounts if such members and/or member organizations do not employ an electronic submission procedure with electronic time stamp for the submission of exercise instructions by option holders.

([d]e) *Waiver of Ex-by-Ex Procedure.* If OCC has waived the Ex-by-Ex procedure for an options class, members, and member organizations must either:

- (i) submit to the Exchange, a CEA, in a manner specified by the Exchange, within the time limits specified in paragraph ([c]d) above if the holder intends to exercise the option, or
- (ii) No Change.

The applicable underlying security price in such instances will be as described in OCC Rule 805(j). In cases where the Ex-by-Ex procedure has been waived, OCC rules require that members and member organizations wishing to exercise such options must submit an affirmative Exercise Notice to OCC, whether or not a CEA has been filed with the Exchange.

([e]f) *Indicating Final Exercise Decisions.* An Exchange member organization that has accepted the responsibility to indicate final exercise decisions on behalf of another member or non-member organization shall take the necessary steps to ensure that such decisions are properly indicated to the Exchange. Such member organization may establish a processing cut-off time prior to the Exchange's exercise cut-off time at which it no longer will accept final exercise decisions in expiring options from options holders for whom it indicates final exercise decisions. Each member or member organization that indicates final exercise decisions through another broker-dealer is responsible for ensuring that final exercise decisions for all of its proprietary (including market maker) and public customer account positions are timely indicated to such broker-dealer.

([f]g) *Exceptions to Submitting a CEA; Recordkeeping.* Members and member organizations may receive and submit final exercise decisions after the exercise cut-off time (but prior to expiration) without having submitted a CEA under the following circumstances:

(i) – (iii) No Change.

([g]h) *Modifying the Time for Close of Trading in Options.* In the event the Exchange provides advance notice on or before 5:30 p.m. (EST) on the business day immediately prior to the last business day before the expiration date indicating that a modified time for the close of trading in equity options on such last business day before expiration will occur, then the deadline to make a final decision to exercise or not exercise an expiring option shall be 1 hour 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. (EST) deadline found in Rule 1042 (c). However, members and member organizations [may]have until 7:30 (EST) to deliver a CEA or Advice Cancel to the Exchange [within 2 hours 30 minutes following the time announced for the close of trading in equity options on that day instead of the 6:30 p.m. (EST) deadline found in Rule 1042(c)]for: (i) customer accounts; and, (ii) non-customer accounts where such member firm employs an electronic submission procedure with an electronic time stamp (with fixed procedures to ensure security of the time stamp) to indicate the time of receipt of exercise instructions.

For non-customer accounts, members and member organizations that do not employ an electronic submission procedure with a time stamp for the submission of exercise instructions are required to deliver a CEA or Advice Cancel within 1 hour and 30 minutes following the time announced for the close of trading on that day instead of the 5:30 p.m. (EST) deadline found in Rule 1042([c]d).

([h]i) *Extending or Reducing the Cut-Off Time for Exercise Decisions.*

(i) – (ii) No Change.

••• *Commentary:* -----

.01 - .03 No Change.

.04 [Although the deadline for options holders to make a final decision to exercise or not exercise is 5:30 p.m. (EST), the deadline for the submission of the CEA in the case of non-customer accounts will depend on the manner of the decision to exercise or not exercise as set forth below.

(i) For electronic submissions of CEAs by non-customer option holders with an electronic timestamp indicating receipt of exercise instructions on or before 5:30 p.m. (EST), members and

member organizations must submit CEAs to the Exchange by 6:30 p.m. (EST).

- (ii) For non-electronic submissions of CEAs by non-customer option holders, members and member organizations must submit CEAs to the Exchange via the Contrary Exercise Advice Box by 5:30 p.m. (EST). Reserved.

.05 - .08 No Change.

* * * * *