

EXHIBIT 5

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

NASDAQ PHLX Rules**Rules of the Exchange**

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Options Rules

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Rule 1017. Openings in Options

(a) [Specialists, SQTs, RSQTs, and non-SQT ROTs who are required to submit continuous two-sided electronic quotations pursuant to Rule 1014(b)(ii)(E) are collectively, for purposes of this Rule 1017, “Phlx XL participants”.] Definitions. The Exchange conducts an electronic opening for all option series traded on Phlx using its trading system (“system”).

(i) The Opening Process is described herein in section (d).

(ii) The Opening Price is described herein in sections (i) and (k).

(iii) Potential Opening Price is described herein in section (h).

(iv) The ABBO is the Away Best Bid or Offer.

(v) The market for the underlying security is either the primary listing market or the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), as determined by the Exchange by underlying and announced to the membership on the Exchange’s web site.

(vi) A Phlx Electronic Market Maker is a Specialist, Streaming Quote Trader (“SQT”) or Remote SQT (“RSQT”) who is required to submit continuous two-sided electronic quotations pursuant to Rule 1014(b)(ii)(D).

(vii) The Pre-Market BBO is the highest bid and the lowest offer among Valid Width Quotes.

(viii) A Quality Opening Market is a bid/ask differential applicable to the best bid and offer from all Valid Width Quotes defined in a table to be determined by the Exchange and published on the Exchange’s web site.

(ix) A Valid Width Quote is a two-sided electronic quotation submitted by a Phlx Electronic Market Maker that consists of a bid/ask differential that is compliant with Rule 1014(c)(i)(A)(1)(a).

(x) A Zero Bid Market is where the best bid for an options series is zero.

(b) [RESERVED]Eligible interest during the Opening Process includes Valid Width Quotes, Opening Sweeps and orders. Phlx Electronic Market Makers may submit quotes, Opening Sweeps and orders but quotes other than Valid Width Quotes will not be included in the Opening Process. Non-SQT Registered Options Traders (“ROTs”) may submit orders. All-or-none interest that can be satisfied is considered for execution and in determining the Opening Price throughout the Opening Process.

(i) Opening Sweep. An Opening Sweep is a one-sided electronic quotation submitted for execution against eligible interest in the system during the Opening Process.

(A) A Phlx Electronic Market Maker assigned in a particular option may only submit an Opening Sweep if, at the time of entry of the Opening Sweep, that Phlx Electronic Market Maker has already submitted and maintained a Valid Width Quote. All Opening Sweeps in the affected series entered by a Phlx Electronic Market Maker will be cancelled immediately if that Phlx Electronic Market Maker fails to maintain a continuous quote with a Valid Width Quote in the affected series.

(B) Opening Sweeps may be entered at any price with a minimum price variation applicable to the affected series, on either side of the market, at single or multiple price level(s), and may be cancelled and re-entered. A single Phlx Electronic Market Maker may enter multiple Opening Sweeps, with each Opening Sweep at a different price level. If a Phlx Electronic Market Maker submits multiple Opening Sweeps, the system will consider only the most recent Opening Sweep at each price level submitted by such Phlx Electronic Market Maker in determining the Opening Price. Unexecuted Opening Sweeps will be cancelled once the affected series is open.

(ii) The system will aggregate the size of all eligible interest for a particular participant category at a particular price level for trade allocation purposes.

(c) Orders Represented by Floor Brokers. To be considered in the [determination of the o]Opening [price]Process[and to participate in the opening trade], orders represented by Floor Brokers must be entered [onto the book]electronically.

(d) [Reserved.]Phlx Electronic Market Maker Valid Width Quotes and Opening Sweeps received starting at 9:25 AM are included in the Opening Process. Orders entered at any time before an option series opens are included in the Opening Process.

(i) The Opening Process for an option series will be conducted pursuant to paragraphs (f) – (k) below on or after 9:30 AM if: the ABBO, if any, is not crossed; and the system has received, within two minutes (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site) of the opening trade or quote on the market for the underlying security in the case of equity options or, in the case of index options, within two minutes of the receipt of the Opening Price in the underlying index (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site), or within two minutes of market opening in the case of U.S. dollar-settled FCO (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site) either:

(A) the Specialist's Valid Width Quote;

(B) the Valid Width Quotes of at least two Phlx Electronic Market Makers other than the Specialist; or

(C) if neither the Specialist's Valid Width Quote nor the Valid Width Quotes of two Phlx Electronic Market Makers have been submitted within such timeframe, one Phlx Electronic Market Maker has submitted a Valid Width Quote.

(ii) The underlying security, including indexes, must be open on the primary market for a certain time period for all options as determined by the Exchange. The time period shall be no less than 100 milliseconds and no more than 5 seconds.

(iii) The Specialist assigned in a particular equity option must enter a Valid Width Quote not later than one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the Opening Price in the underlying index. The Specialist assigned in a particular U.S. dollar-settled FCO must enter a Valid Width Quote not later than 30 seconds after the announced market opening.

(iv) A Phlx Electronic Market Maker other than a Specialist that submits a quote pursuant to Rule 1017 in any option series when the Specialist's quote has not been submitted shall be required to submit continuous, two-sided quotes in such option series until such time as the Specialist submits his/her quote, after which the Phlx Electronic Market Maker that submitted such quote shall be obligated to submit quotations pursuant to Rule 1014(b)(ii)(D). The Opening Process will stop and an option series will not open if the ABBO becomes crossed or when the requisite number of Valid Width Quotes pursuant to Rule 1017(d)(i) are no longer present. Once each of these conditions no longer exist, the Opening Process in the affected option series will start again pursuant to paragraphs (f) – (k) below.

- (e) [Reserved.]Reopening After a Trading Halt. The procedure described in Rule 1017 will be used to reopen an option series after a trading halt. If there is a trading halt or pause in the underlying security, the Opening Process will start again irrespective of the specific times listed in paragraph (d).
- (f) [Reserved.]Opening with a PBBO (No Trade). If there are no opening quotes or orders that lock or cross each other and no routable orders crossing the ABBO, the system will open with an opening quote by disseminating the Exchange's best bid and offer among quotes and orders ("PBBO") that exist in the system at that time, unless the following three conditions exist: (i) a Zero Bid Market; (ii) no ABBO; and (iii) no Quality Opening Market. If all of these conditions exist, the Exchange will calculate an Opening Quote Range pursuant to paragraph (j) and conduct the Price Discovery Mechanism pursuant to paragraph (k) below.
- (g) [Reserved.]Pre-Market BBO Calculation. If there are opening Valid Width Quotes or orders that lock or cross each other, the system will calculate the Pre-Market BBO.
- (h) [Respecting options traded on Phlx XL II, the procedure described in this Rule may be used to reopen an option after a trading halt.]Potential Opening Price. To calculate the Potential Opening Price, the system will take into consideration all Valid Width Quotes, Opening Sweeps and orders, except all-or-none interest that cannot be satisfied, for the option series and identify the price at which the maximum number of contracts can trade ("maximum quantity criterion").
- (A) More Than One Potential Opening Price. When two or more Potential Opening Prices would satisfy the maximum quantity criterion and leave no contracts unexecuted, the system takes the highest and lowest of those prices and takes the mid-point; if such mid-point is not expressed as a permitted minimum price variation, it will be rounded to the minimum price variation that is closest to the closing price for the affected series from the immediately prior trading session. If there is no closing price from the immediately prior trading session, the system will round up to the minimum price variation to determine the Opening Price.
- (B) If two or more Potential Opening Prices for the affected series would satisfy the maximum quantity criterion and leave contracts unexecuted, the Opening Price will be either the lowest executable bid or highest executable offer of the largest sized side.
- (C) The Potential Opening Price is limited by the away market price that may not be satisfied with the Exchange routable interest.
- (i) [Respecting options traded on Phlx XL II, in connection with an opening, a limit order to buy which is at a higher price than the price at which the option is to be opened and a limit order to sell which is at a lower price than the price at which the option is to be opened, shall be treated as market orders.]Opening with Trade. (A) The Exchange will

open the option series for trading at the following Opening Price if any of these conditions occur: (i) the Potential Opening Price is at or within the best of the Pre-Market BBO and the ABBO; (ii) the Potential Opening Price is at or within the non-zero bid ABBO if the Pre-Market BBO is crossed; or (iii) where there is no ABBO, the Potential Opening Price is at or within the Pre-Market BBO which is also a Quality Opening Market.

(B) If there is more than one Potential Opening Price which meets the conditions set forth in (A) above where:

(1) no contracts would be left unexecuted and

(2) any value used for the mid-point calculation (which is described in subparagraph (h) above) that crosses either:

(a) the Pre-Market BBO, or

(b) the ABBO,

then the Exchange will open the option series for trading with an execution and use the best price which the Potential Opening Price crosses as a boundary price for the purposes of the mid-point calculation.

(j) [For purposes of this Rule, "market for the underlying security" shall be either the primary listing market, the primary volume market (defined as the market with the most liquidity in that underlying security for the previous two calendar months), or the first market to open the underlying security, as determined by the Exchange on an issue-by-issue basis and announced to the membership on the Exchange's web site.]The system will calculate an Opening Quote Range ("OQR") for a particular option series that will be utilized in the Price Discovery Mechanism described below.

(1) Except as provided in sub-paragraphs (3) and (4) below, to determine the minimum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be subtracted from the highest quote bid among Valid Width Quotes on the Exchange and on the away market(s), if any.

(2) Except as provided in sub-paragraphs (3) and (4) below, to determine the maximum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be added to the lowest quote offer among Valid Width Quotes on the Exchange and on the away market(s), if any.

(3) If one or more away markets have disseminated opening quotes that are not crossed, and there are Valid Width Quotes on the Exchange that cross each other or that cross away market quotes:

(a) The minimum value for the OQR will be the highest quote bid among quotes on away market(s).

(b) The maximum value for the OQR will be the lowest quote offer among quotes on away market(s).

(4) If there are opening quotes on the Exchange that cross each other, and there is no away market in the affected option series:

(a) The minimum value for the OQR will be the lowest quote bid among Valid Width Quotes on the Exchange.

(b) The maximum value for the OQR will be the highest quote offer among Valid Width Quotes on the Exchange.

(5) If there is more than one Potential Opening Price possible where no contracts would be left unexecuted, any price used for the mid-point calculation (which is described in subparagraph (h) above) that is through the OQR will be restricted to the OQR price on that side of the market for the purposes of this calculation.

(6) If there is more than one Potential Opening Price possible where no contracts would be left unexecuted and any price used for the mid-point calculation (which is described in subparagraph (h) above) is an away market price when contracts will be routed, the system will use the away market price as the Potential Opening Price.

(7) If non-routable interest can be maximum executable against Exchange interest after routable interest has been determined by the system to satisfy the away market, then the Potential Opening Price is the price at which the maximum volume, excluding the volume which will be routed to an away market, may be executed on the Exchange as described in paragraph (h) above. The system will consider routable Customer interest in price/time priority to satisfy the away market.

[(k) Respecting options traded on Phlx XL II, the automated opening process can only begin when either (A) the specialist's quote has been submitted; (B) the quotes of at least two Phlx XL II participants have been submitted within two minutes (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site) of the opening trade or quote on the market for the underlying security in the case of equity options or, in the case of index options, within two minutes of the receipt of the opening price in the underlying index (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site), or within two minutes of market opening in the case of U.S. dollar-settled FCO (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site); or (C) if neither the specialist's quote nor the quotes of two Phlx XL II participants have been submitted within two minutes (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site) of the opening trade or quote on the market for the underlying security in the case of equity options or, in the case of index options, within two minutes of the receipt of the opening price in the

underlying index (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site), or within two minutes of market opening in the case of U.S. dollar-settled FCO (or such shorter time as determined by the Exchange and disseminated to membership on the Exchange's web site), one Phlx XL II participant has submitted their quote.

The specialist assigned in a particular equity option must enter opening quotes not later than one minute following the dissemination of a quote or trade by the market for the underlying security or, in the case of index options, following the receipt of the opening price in the underlying index. The specialist assigned in a particular U.S. dollar-settled FCO must enter opening quotes not later than 30 seconds after the announced market opening.

A Phlx XL II participant that submits a quote pursuant to this Rule 1017 in any series when the specialist's quote has not been submitted shall be required to submit continuous, two-sided quotes in such series until such time as the specialist submits his/her quote, after which the Phlx XL II participant that submitted such quote shall be obligated to submit quotations pursuant to Rule 1014(b)(ii)(D).

Any order volume that is routed to away markets pursuant to this Rule 1017 will be marked as an ISO.]

[(1) Opening Process

- (i) If there are no opening quotes or orders that lock or cross each other, the system will open by disseminating the Exchange's best bid and offer among quotes and orders that exist in the Phlx XL II system at that time (because if no quotes or orders lock/cross each other, nothing matches and there is no trade).
- (ii) If there are opening quotes or orders that lock or cross each other, the Phlx XL II system will take the highest bid and the lowest offer among quotations received that have a bid/ask differential that is compliant with Rule 1014(c)(i)(A)(1)(a) ("valid width quotes"), to determine the highest quote bid and lowest quote offer. To calculate the opening price, the Phlx XL II system will take into consideration all valid width Exchange quotes, sweeps (defined below) and orders together with other exchanges' markets for the series and identify the price at which the maximum number of contracts can trade. If that price is within the highest quote bid and lowest quote offer and leaves no imbalance, the Exchange will open at that price, executing marketable trading interest, as long as the opening price includes only Exchange interest.
 - (A) An "imbalance" occurs where there is unexecutable trading interest at a certain price.
 - (B) When two or more prices within the range of the lowest quote bid and highest quote offer for the affected series would satisfy the maximum quantity criterion,

- the Phlx XL II system takes the highest and lowest of those prices and takes the mid-point for the opening price; if such mid-point is not expressed as a permitted minimum price variation, it will be rounded to the minimum price variation that is closest to the closing price for the affected series from the immediately prior trading session to determine the opening price. If there is no closing price from the immediately prior trading session, the Phlx XL II system will round up to the minimum price variation to determine the opening price.
- (C) If the opening price included interest other than solely Exchange interest, the system will initiate a "Route Timer," not to exceed one second. If no new interest is received during the Route Timer, the Phlx XL II system will route to other markets disseminating prices better than Exchange's opening price, execute marketable interest at the opening price on the Exchange, and route to other markets disseminating prices equal to the Exchange opening price if necessary.
- (1) Orders that are routed and executed may receive executions at multiple prices.
 - (2) Orders will be routed as IOC orders with a limit price equal to or better than the Exchange's opening price.
- (D) If interest is received during the Route Timer, the Phlx XL II system will recalculate the opening price taking such new interest into account. Then, if there is no imbalance, the Phlx XL II system will execute marketable interest at the opening price on the Exchange and route the remainder to other markets.
- (E) A different opening price will not require the Phlx XL II system to repeat the entire opening process
- (iii) Where there is an imbalance at the price at which the maximum number of contracts can trade that is also at or within the highest quote bid and lowest quote offer and one or more away markets have disseminated opening quotes in the affected series:
- (A) the Phlx XL II system will calculate an Opening Quote Range ("OQR") for a particular series.
- (1) Except as provided in sub-paragraph (3) below, to determine the minimum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be subtracted from the highest quote bid among valid width quotes on the Exchange and on the away market(s).
 - (2) Except as provided in sub-paragraph (3) below, to determine the maximum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be added to the lowest quote offer among valid width quotes on the Exchange and on the away market(s).

- (3) If one or more away markets have disseminated opening quotes that are not crossed, and there are valid width quotes on the Exchange that cross each other or that cross away market quotes:
- (a) The minimum value for the OQR will be the highest quote bid among quotes on away market(s).
 - (b) The maximum value for the OQR will be the lowest quote offer among quotes on away market(s).
- (iv) Where there is an imbalance at the price at which the maximum number of contracts can trade that is also at or within the highest quote bid and lowest quote offer and no away markets have disseminated opening quotes in the affected series:
- (A) the Phlx XL II system will calculate an Opening Quote Range ("OQR") for a particular series.
- (1) Except as provided in sub-paragraph (3) below, to determine the minimum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be subtracted from the highest quote bid among valid width quotes on the Exchange.
 - (2) Except as provided in sub-paragraph (3) below, to determine the maximum value for the OQR, an amount, as defined in a table to be determined by the Exchange, will be added to the lowest quote offer among valid width quotes on the Exchange.
 - (3) If there are opening quotes on the Exchange that cross each other, and there is no away market in the affected series
 - (a) The minimum value for the OQR will be the lowest quote bid among valid width quotes on the Exchange.
 - (b) The maximum value for the OQR will be the highest quote offer among valid width quotes on the Exchange.
- (B) If there is sufficient size on the Exchange and on away markets on the opposite side of the market from the imbalance to execute all opening marketable interest at a price that is at or within the established OQR and the Away Best Bid or Offer ("ABBO") without leaving an imbalance, the Phlx XL II system will open the affected series for trading at that price by executing opening marketable interest on the Phlx XL II system, as long as the system does not trade through the ABBO. If it would trade through the ABBO, the Phlx XL II system will initiate a "Route Timer," not to exceed one second. If no new interest is received during the Route Timer, the Phlx XL II system will then route to other markets disseminating prices better than the Exchange's opening price, execute marketable interest at the

opening price on the Exchange, and route to other markets disseminating prices equal to the Exchange opening price if necessary.

(v) (A) If there is an imbalance, or

(B) if there is no imbalance, and (1) no other U.S. options exchange has opened the affected series for trading, and (2) there is not a "quality opening market" (as defined in a table to be determined by the Exchange and published on the Exchange's web site), present on the Exchange in such option series, the PHLX XL system will begin the imbalance process.

(vi) Imbalance Process. If all opening marketable size cannot be completely executed at or within the OQR without trading through the ABBO, the Phlx XL II system will automatically institute the following imbalance process:]

(k) Price Discovery Mechanism. If the Exchange has not opened pursuant to paragraphs (f) or (i) above, after the OQR calculation in paragraph (j), the Exchange will conduct the following Price Discovery Mechanism.

(A) First, the [Phlx XL II]system will broadcast an Imbalance Message (which includes the symbol, side of the [market]imbalance (unmatched contracts), size of matched contracts, size of the imbalance, and price of the affected series which must be within the Pre-Market BBO) to [Phlx XL II]participants, and begin an "Imbalance Timer," not to exceed three seconds. The Imbalance Timer will be for the same number of seconds for all options traded on the Exchange. [Phlx XL II participants may enter opening quotes, Opening Sweeps (as defined below) and orders during the Imbalance Timer.]

(B) Any new interest received by the system will update the Potential Opening Price. If during or at the end of the Imbalance Timer, the Opening Price is at or within the OQR[If opening quotes, Opening Sweeps and orders submitted during the Imbalance Timer, or other changes to the ABBO, would allow the entire imbalance amount to trade at the Exchange at or within the OQR without trading through the ABBO], the Imbalance Timer will end and the [Phlx XL II]system will execute at the [appropriate]O[o]pening P[p]rice if the executions consist of Exchange interest only without trading through the ABBO and without trading through the limit price(s) of interest within OQR which is unable to be fully executed at the Opening Price. If no new interest comes in during the Imbalance Timer and the Opening Price is at or within OQR, the Exchange will open at the end of the Imbalance Timer.

(C) Next, provided the option series has not opened pursuant to (k)(B) above, [If opening quotes, Opening Sweeps and orders submitted during the Imbalance Timer, or other changes to the ABBO, would not allow the entire imbalance amount to trade at the Exchange at or within the OQR without trading through the ABBO,]the [Phlx XL II]system will:

- (1) send a [new]second Imbalance Message with a Potential Opening Price that is bounded by the OQR (without trading through the limit price(s) of interest within OQR which is unable to be fully executed at the Opening Price) and includes away market volume in the size of the imbalance to [Phlx XL II]participants; and concurrently
- (2) initiate a Route Timer, not to exceed one second. The Route Timer operates as a pause before an order is routed to an away market. If during the Route Timer, interest is received by the [Phlx XL II]system which would allow the Opening Price to be within OQR[all interest to trade on the Phlx XL II system (i.e., there is no longer an imbalance) at the opening price]without trading through other markets and without trading through the limit price(s) of interest within OQR which is unable to be fully executed at the Opening Price, the [Phlx XL II]system will trade and the Route Timer will end. The [Phlx XL II]system will monitor quotes received during the Route Timer period and make ongoing corresponding changes to the permitted OQR to reflect them.
- (3) [If]When the Route Timer expires, if the Potential Opening Price is within OQR (without trading through the limit price(s) of interest within OQR that is unable to be fully executed at the Opening Price),[the End of Route Timer Process will ensue. Under the End of Route Timer Process,]the [Phlx XL II]system will determine if the total number of contracts displayed at better prices than the Exchange’s P[p]otential O[o]pening P[p]rice on away markets (“better priced away contracts”) would satisfy the number of marketable contracts available on the Exchange. The Exchange will open the option by routing and/or trading on the Exchange, pursuant to (i)-(iii) below.
- (i) If [so]the total number of contracts displayed at better prices than the Exchange’s Potential Opening Price on away markets (“better priced away contracts”) would satisfy the number of marketable contracts available on the Exchange on either the buy or sell side, the [Phlx XL II]system will route all marketable contracts on the Exchange to such better priced away markets as an Intermarket Sweep Order (“ISO”) designated as an Immediate-or-Cancel (“IOC”) order(s), and determine an opening Phlx Best Bid/Offer (“PBBO”) that reflects the interest remaining on the Exchange. The [Phlx XL II]system will price any contracts routed away to other markets at the Exchange’s Opening Price[better away market price.]; or
- ([4]ii) If the total number of better priced away contracts would not satisfy the number of marketable contracts the Exchange has, the [Phlx XL II]system will determine how many contracts it has available at the Exchange O[o]pening P[p]rice. If the total number of better priced away contracts plus the number of contracts available at the Exchange O[o]pening P[p]rice would satisfy the number of marketable contracts on

the Exchange on either the buy or sell side, the [Phlx XL II]system will contemporaneously route a number of contracts that will satisfy interest at other markets at prices better than the Phlx Opening Price and trade available contracts on the Exchange at the Exchange O[o]pening P[p]rice. The [Phlx XL II]system will price any contracts routed to other markets at the better of the Exchange Opening Price or the order's limit price pursuant to this sub-paragraph at the Exchange O[o]pening P[p]rice [.]; or

([5]iii) If the total number of better priced away contracts plus the number of contracts available at the Exchange O[o]pening P[p]rice plus the contracts available at other markets at the Exchange Opening Price would [not]satisfy the number of marketable contracts the Exchange has on either the buy or sell side, the [Phlx XL II]system will [determine how many contracts are available at other markets at the Exchange opening price. If the total number of better priced away contracts plus the number of contracts available at the Exchange opening price plus the contracts available at other markets at the Exchange opening price would satisfy the number of marketable contracts the Exchange has, the Phlx XL II system will] contemporaneously route a number of contracts that will satisfy interest at other markets at prices better than the Exchange O[o]pening P[p]rice (pricing any [such] contracts routed to other markets at the better of the Exchange O[o]pening P[p]rice or the order's limit price), trade available contracts on the Exchange at the Exchange O[o]pening P[p]rice, and route a number of contracts that will satisfy interest at other markets at prices equal to the Exchange O[o]pening P[p]rice.

([6]4) [If the total number of better priced away contracts plus the number of contracts available at the Exchange opening price plus the contracts available at other markets at the Exchange opening price would not satisfy the number of marketable contracts the Exchange has, t]The [Phlx XL II]system may send up to two additional Imbalance Messages (which may occur while the Route Timer is operating) bounded by OQR and reflecting away market interest in the volume[will repeat the Imbalance Process. The Phlx XL II system may repeat the Imbalance Process up to three times (as established by the Exchange)]. After the Route Timer has expired, the processes in subparagraph (3) will repeat (except no new Route Timer will be initiated).

([7]5) Forced Opening. [If a]After [that number of times]all additional Imbalance Messages have occurred pursuant to (4) above, [the Phlx XL II system still cannot route and/or trade the entire imbalance amount,]the [Phlx XL II]system will open as many contracts as possible by routing to other markets at prices better than the Exchange O[o]pening P[p]rice for their disseminated size, trading available contracts on the Exchange at the Exchange O[o]pening P[p]rice bounded by OQR (without trading through the limit price(s) of interest within OQR which is unable to be fully

executed at the Opening Price), and routing contracts to other markets at prices equal to the Exchange Q[o]pening P[p]rice at their disseminated size. In this situation, the [Phlx XL II]system will price any contracts routed to other markets at the better of the Exchange Q[o]pening P[p]rice or the order's limit price. Any unexecuted contracts from the imbalance not traded or routed will be [displayed in the Exchange quote at the opening price for the remaining size for a period not to exceed ten seconds and subsequently]cancelled back to the entering participant if they remain unexecuted and priced through the Q[o]pening P[p]rice, unless the member that submitted the original order has instructed the Exchange in writing to re-enter the remaining size, in which case the remaining size will be automatically submitted as a new order. [During this display time period, the Phlx XL II system will disseminate, on the opposite side of the market from remaining unexecuted contracts: (i) a non-firm bid for the price and size of the next available bid(s) on the Exchange if the imbalance is a sell imbalance, or (ii) a non-firm offer for the price and size of the next available offer(s) on the Exchange if the imbalance is a buy imbalance.]

[(8)6] The [Phlx XL II]system will execute orders at the Q[o]pening P[p]rice that have contingencies (such as, without limitation, [A]all-or-[N]none) and non-routable orders, such as a “Do Not Route” or “DNR” Orders, to the extent possible. The [Phlx XL II]system will only route non-contingency customer orders.

(D) The [Phlx XL II]system will: (1) re-price Do Not Route orders (that would otherwise have to be routed to the exchange(s) disseminating the ABBO for an opening to occur) to a price that is one minimum trading increment inferior to the ABBO, and (2) disseminate the re-priced DNR Order as part of the new PBBO.

[(vii) Permitted responses to Imbalance Message. During the Opening Process, permitted responses to an imbalance notification are quotes, Opening Sweeps (as defined more fully below), and orders. Specialists, SQTs, and RSQTs may submit quotes, Opening Sweeps and orders in response to an Imbalance Message. Non-SQT ROTs may submit orders in response to an Imbalance Message.

(A) Opening Sweep. An Opening Sweep is a one-sided electronic quotation submitted for execution against opening trading interest in the Phlx XL II system. A Phlx XL II participant assigned in a particular option may only submit an Opening Sweep if, at the time of entry of the Opening Sweep, they have already submitted and maintained a valid opening-width quote. All Opening Sweeps in the affected series entered by a participant will be cancelled immediately if that participant fails to maintain a continuous quote with a permitted opening bid/ask differential in the affected series.

(B) Opening Sweeps may be entered at any price with a minimum price variation applicable to the affected series, on either side of the market, at single or multiple price level(s), and may be cancelled and re-entered. A single Phlx XL II participant may enter multiple Opening Sweeps, with each Opening Sweep at a different price level. If a Phlx XL II participant submits multiple Opening Sweeps, the Phlx XL II system will consider only the most recent Opening Sweep at each price level submitted by such Phlx XL II participant in determining the opening price. The Phlx XL II system will aggregate the size of all Opening Sweeps (i.e., for all Phlx XL II participants) at a particular price level for trade allocation purposes. Unexecuted Opening Sweeps will be cancelled once the affected series is open.]

[(viii)E] [The Phlx XL II] The system will give priority to market orders first in time priority [(including limit orders that are treated as market orders)], then to resting limit orders. [at the opening price.] The allocation provisions of Rule 1014(g)(vii) will apply.

(F) When the option series opens, the system disseminates the price and size of the Exchange's best bid and offer (PBBO).

[(ix) Inbound orders, Opening Sweeps and quotes will not be included in the calculation of the opening price for a brief period established by the Phlx XL II system while the Phlx XL II system is in the process of completing the opening trade. This brief period will not exceed .25 of one second. After such brief period, inbound orders, Opening Sweeps and quotes received during the period will be entered into the Phlx XL II system in order of their arrival.

(x) If at any point during the opening process the ABBO becomes crossed (e.g., 1.05 bid, 1.00 offer), the opening process will be terminated and the Exchange will not open the affected series. A new opening process for the affected series will commence at the time the ABBO is uncrossed.]

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