Proposed Rule Change by Philadelphia Stock Exchange

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

<table>
<thead>
<tr>
<th>Initial</th>
<th>Amendment</th>
<th>Withdrawal</th>
<th>Section 19(b)(2)</th>
<th>Section 19(b)(3)(A)</th>
<th>Section 19(b)(3)(B)</th>
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</tr>
</tbody>
</table>

Pilot Extension of Time Period for Commission Action

Date Expires

Provide a brief description of the proposed rule change (limit 250 characters).

Description

Contact Information

Provide the name, telephone number and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the proposed rule change.

First Name: Angela
Title: Director
E-mail: Angela.dunn@phlx.com
Telephone: (215) 496-5692
Fax: (215) 496-6729

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date: 11/14/2006
By: Cynthia Hoekstra
(Name)
Vice President

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.
The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

### Exhibit 1 - Notice of Proposed Rule Change

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3).

### Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

### Exhibit 3 - Form, Report, or Questionnaire

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

### Exhibit 4 - Marked Copies

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

### Exhibit 5 - Proposed Rule Text

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be a part of the proposed rule change.

### Partial Amendment

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission’s permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e., partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.
1. **Text of the Proposed Rule Change**

   The Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\) and Rule 19b-4 thereunder,\(^2\) proposes to amend Option Order and Decorum Regulation 2, *Food, Liquids and Beverages*; Regulation 4, *Order*; Regulation 5, *Visitors and Applicants*; and Regulation 6, *Dress*, pursuant to Exchange Rule 60. The amendments intend to: (i) add clarifying language to Regulations 4 and 5; (ii) amend Regulation 2 language concerning food, liquids and beverages; (iii) add new language to address trash, litter and vandalism to Regulation 2; (iv) increase fine amounts as specified in proposed Regulations 2 and 6; (v) delete the language of Regulation 6 and adopt a revised dress code; and (vi) add clarifying language to Regulations 2, 4, 5 and 6 regarding fines to members, member organizations, participants, participant organizations and their associated persons.\(^3\)

   A notice of the proposed rule change for publication in the *Federal Register* is attached hereto as Exhibit 1. The amended text indicating any additions to and deletions from the immediately preceding filing is attached hereto as Exhibit 4. The text of the amended Exchange Rules are attached hereto as Exhibit 5.

2. **Procedures of the Self-Regulatory Organization**

   The Board of Governors approved the proposal for filing with the Securities and Exchange Commission ("SEC" or "Commission") on September 6, 2006.

   Questions and comments on the proposed rule change may be directed to Scott

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\(^3\) Amendment No. 1 replaces the original proposed rule change in its entirety and clarifies certain aspects of the Exchange’s proposal.
Donnini, First Vice President and Associate General Counsel, at (215) 496-5358 or Angela Saccomandi Dunn, Director and Counsel, at (215) 496-5692.

3. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

   a. **Purpose**

   The purpose of the proposed rule change is to amend various Option Order and Decorum Regulations, adopted pursuant to Exchange Rule 60, to ensure the efficient, undisrupted conduct of business on the Exchange and provide a trading floor environment free from conduct that could distract or interfere with market activity. Further, the Exchange seeks to delineate specific guidelines concerning the conduct and personal appearance of persons on the trading floor to prohibit any act or omission, which could interfere with the personal safety of other persons on the trading floor.

   **Regulation 2**

   The Exchange no longer has a cafeteria for members on the premises and therefore, for purposes of convenience, the Exchange proposes to amend Regulation 2 to allow members, member organizations, participants, participant organizations and their associated persons to consume foods, liquids and beverages while on the trading floor, provided this does not unreasonably interfere with the business of the trading floor. The Exchange proposes to increase the fines associated with a violation of this Regulation to create a deterrent for members who are not compliant with the new policy.

   Additionally, new language is proposed to address trash, litter and vandalism on the trading floor. The Exchange desires to promote a professional environment and to create a physical workplace that is free of trash and litter. The Exchange proposes to add
certain fines for violating the trash, litter and vandalism Regulations. Also, the Exchange proposes language to address vandalism. In an effort to maintain a businesslike atmosphere, the abuse, destruction and theft of property will not be tolerated. Due to the addition of these sections, the Exchange proposes changing the title of Regulation 2 from “Food, Liquids and Beverages” to “Food, Liquids and Beverages, Trash, Litter and Vandalism” to reflect the additions to this Regulation.

Regulation 4

The Exchange proposes adding language to section (a) of this Regulation to clarify that the use of profanity is a violation of this Regulation. While the use of profanity is currently a violation of Regulation 4, the Exchange seeks to further define the scope of prohibited conduct by specifically indicating that members, member organizations, participants, participant organizations and their associated persons will be disciplined for the use of profanity.

Regulation 5

The Exchange proposes amending this Regulation to authorize an Exchange or Floor Official to permit visitors on the trading floor. It is more practicable for Exchange and Floor Officials to determine whether to permit visitors to the trading floor instead of requiring a floor committee to meet and make such determinations. The decision to permit visitors on the trading floor is a day-to-day business function, which is better served by allowing Exchange and Floor Officials the authority to make these decisions.

Regulation 6

The Exchange proposes amending its current dress code to adopt a business casual dress code and clarify what business attire is deemed acceptable on the trading
floor. By issuing guidelines on acceptable apparel while on the trading floor, the Exchange intends to promote all members, member organizations, participants, participant organizations and their associated persons to adhere to the proper dress code in order to be admitted to the trading floor. In addition, the Exchange intends to issue citations to members, member organizations, participants, participant organizations and their associated persons that do not comply with the dress code requirements of Regulation 6. The Exchange also proposes to increase sanctions.

Other Changes

In addition, the Exchange proposes to further amend Regulations 2, 4, 5 and 6 to add language to indicate, pursuant to Exchange Rule 60, that Exchange Staff may impose fines for breaches of order, decorum, health, safety and welfare on the members, member organizations, participants, participant organizations and their associated persons. This language is intended to clarify the responsibility of members and their associated persons for compliance with Regulations.

b. Statutory Basis

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^4\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^5\) in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, because the proposal should facilitate prompt, appropriate, and effective discipline for violations of Exchange Rule 60

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and the regulations thereunder designed to maintain order on the Exchange. In addition, the Exchange believes that the proposed rule is consistent with Section 6(b)(6) of the Act\(^6\) which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, by imposing increased fine amounts for breaches of order and decorum to better reflect the severity of the violation and provide an appropriate form of deterrence for violation of Exchange Rule 60 and the regulations thereunder.

4. **Self-Regulatory Organization's Statement on Burden on Competition**

The Phlx does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

5. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

No written comments were either solicited or received.

6. **Extension of Time Period for Commission Action**

The Exchange does not consent to an extension of the time period for Commission action.

7. **Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Not applicable.

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8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission

The proposed rule change is based on the rules of the Chicago Board Options Exchange, Inc. (“CBOE”)\(^7\) and the American Stock Exchange, LLC (“AMEX”).\(^8\)

9. Exhibits

1. Notice of proposed rule for publication in the Federal Register.

4. Amended text showing any additions or deletions from the previous filing.

5. Text of the proposed rule change.

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\(^7\) See CBOE Regulatory Circular No. 00-50 (April 1, 2000) (the CBOE issued a circular which included the dress code effective March 1, 1999.)

\(^8\) See Securities Exchange Act Release No. 234-42409 (February 10, 2000), 65 FR 8217 (February 17, 2000)(SR-AMEX-00-01)(the American Stock Exchange, LLC filed a proposed rule change to revise its Floor Decorum policy.)
SECURITIES AND EXCHANGE COMMISSION
(Release No.                  ; File No. SR-Phlx-2006-61)

Self-Regulatory Organizations; Notice of Filing of Proposed Rule Change by the Philadelphia Stock Exchange, Inc. Relating to Order and Decorum Regulations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")\(^1\), and Rule 19b-4\(^2\) thereunder, notice is hereby given that on ______________________ 2006, the Philadelphia Stock Exchange, Inc. ("Phlx" or "Exchange") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III, below, which Items have been prepared by the Phlx. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The Phlx, pursuant to Section 19(b)(1) of the Act\(^3\) and Rule 19b-4 thereunder,\(^4\) proposes to amend Option Order and Decorum Regulation 2, Food, Liquids and Beverages; Regulation 4, Order; Regulation 5, Visitors and Applicants; and Regulation 6, Dress, pursuant to Exchange Rule 60. The amendments intend to: (i) add clarifying language to Regulations 4 and 5; (ii) amend Regulation 2 language concerning food, liquids and beverages; (iii) add new language to address trash, litter and vandalism to


\(^4\) 17 CFR 240.19b-4
Regulation 2; (iv) increase fine amounts as specified in proposed Regulations 2 and 6; (v) delete the language of Regulation 6 and adopt a revised dress code; and (vi) add clarifying language to Regulations 2, 4, 5 and 6 regarding fines to members, member organizations, participants, participant organizations and their associated persons.\(^5\)

The text of the proposed rule change is available on the Phlx website at [http://www.phlx.com](http://www.phlx.com).

II. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In its filing with the Commission, the Phlx included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Phlx has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. **Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

1. **Purpose**

The purpose of the proposed rule change is to amend various Option Order and Decorum Regulations, adopted pursuant to Exchange Rule 60, to ensure the efficient, undisrupted conduct of business on the Exchange and provide a trading floor environment free from conduct that could distract or interfere with market activity. Further, the Exchange seeks to delineate specific guidelines concerning the conduct and personal appearance of persons on the trading floor to prohibit any act or omission, which could interfere with the personal safety of other persons on the trading floor.

\(^5\) Amendment No. 1 replaces the original proposed rule change in its entirety and clarifies certain aspects of the Exchange’s proposal.
Regulation 2

The Exchange no longer has a cafeteria for members on the premises and therefore, for purposes of convenience, the Exchange proposes to amend Regulation 2 to allow members, member organizations, participants, participant organizations and their associated persons to consume foods, liquids and beverages while on the trading floor, provided this does not unreasonably interfere with the business of the trading floor. The Exchange proposes to increase the fines associated with a violation of this Regulation to create a deterrent for members who are not compliant with the new policy.

Additionally, new language is proposed to address trash, litter and vandalism on the trading floor. The Exchange desires to promote a professional environment and to create a physical workplace that is free of trash and litter. The Exchange proposes to add certain fines for violating the trash, litter and vandalism Regulations. Also, the Exchange proposes language to address vandalism. In an effort to maintain a businesslike atmosphere, the abuse, destruction and theft of property will not be tolerated. Due to the addition of these sections, the Exchange proposes changing the title of Regulation 2 from “Food, Liquids and Beverages” to “Food, Liquids and Beverages, Trash, Litter and Vandalism” to reflect the additions to this Regulation.

Regulation 4

The Exchange proposes adding language to section (a) of this Regulation to clarify that the use of profanity is a violation of this Regulation. While the use of profanity is currently a violation of Regulation 4, the Exchange seeks to further define the scope of prohibited conduct by specifically indicating that members, member
organizations, participants, participant organizations and their associated persons will be disciplined for the use of profanity.

*Regulation 5*

The Exchange proposes amending this Regulation to authorize an Exchange or Floor Official to permit visitors on the trading floor. It is more practicable for Exchange and Floor Officials to determine whether to permit visitors to the trading floor instead of requiring a floor committee to meet and make such determinations. The decision to permit visitors on the trading floor is a day-to-day business function, which is better served by allowing Exchange and Floor Officials the authority to make these decisions.

*Regulation 6*

The Exchange proposes amending its current dress code to adopt a business casual dress code and clarify what business attire is deemed acceptable on the trading floor. By issuing guidelines on acceptable apparel while on the trading floor, the Exchange intends to promote all members, member organizations, participants, participant organizations and their associated persons to adhere to the proper dress code in order to be admitted to the trading floor. In addition, the Exchange intends to issue citations to members, member organizations, participants, participant organizations and their associated persons that do not comply with the dress code requirements of Regulation 6. The Exchange also proposes to increase sanctions.

*Other Changes*

In addition, the Exchange proposes to further amend Regulations 2, 4, 5 and 6 to add language to indicate, pursuant to Exchange Rule 60, that Exchange Staff may impose fines for breaches of order, decorum, health, safety and welfare on the members, member
organizations, participants, participant organizations and their associated persons. This language is intended to clarify the responsibility of members and their associated persons for compliance with Regulations.

2. **Statutory Basis**

The Exchange believes that its proposal is consistent with Section 6(b) of the Act\(^6\) in general, and furthers the objectives of Section 6(b)(5) of the Act\(^7\) in particular, in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest, because the proposal should facilitate prompt, appropriate, and effective discipline for violations of Exchange Rule 60 and the regulations thereunder designed to maintain order on the Exchange. In addition, the Exchange believes that the proposed rule is consistent with Section 6(b)(6) of the Act\(^8\) which requires the rules of an exchange provide that its members be appropriately disciplined for violations of the Act as well as the rules and regulations thereunder, by imposing increased fine amounts for breaches of order and decorum to better reflect the severity of the violation and provide an appropriate form of deterrence for violation of Exchange Rule 60 and the regulations thereunder.

B. **Self-Regulatory Organization's Statement on Burden on Competition**

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act.

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C. **Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

No written comments were either solicited or received.

III. **Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Within 35 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which Phlx consents, the Commission shall: (a) by order approve such proposed rule change, or (b) institute proceedings to determine whether the proposed rule change should be disapproved.

IV. **Solicitation of Comments**

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

**Electronic comments:**

- Use the Commission’s Internet comment form ([http://www.sec.gov/rules/sro.shtml](http://www.sec.gov/rules/sro.shtml)); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-Phlx-2006-61 on the subject line.

**Paper comments:**

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.
All submissions should refer to File Number SR-Phlx-2006-61. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission’s Internet Web site (http://www.sec.gov/rules/sro.shtml). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission’s Public Reference Room. Copies of the filing also will be available for inspection and copying at the principal office of the Phlx. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-Phlx-2006-61 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.\(^9\)


Margaret H. McFarland
Deputy Secretary
Exhibit 4

Among other things that were changed, the text related to supervision was amended to conform to the language of Exchange Rule 60 and the language of Regulation 5 was revised to indicate that all visitors must receive permission and be accompanied on the trading floor.

Brackets indicate deletions; underlining indicates new text. **Additions to and deletions from the previous submitted filing are in bold.**

Options Order and Decorum Regulations

**Regulation 2 - Food, Liquids and Beverages, Trash, Litter and Vandalism**

(a) Food, Liquids and Beverages

Food, liquids and beverages [are prohibited on the trading floor and the lower level areas adjacent to the trading floor except for the lunchrooms] while allowed on the trading floor, should be kept and consumed in a way that does not **unreasonably** interfere with others. All drinks should be in cans or covered containers. Food and drink may not be consumed while in transit on the trading floor.

[Any provision of this rule may be waived for a specified period of time by the chairperson of the appropriate floor standing committee or his designee.]

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>[Official Warning] $100.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>[$100.00] $200.00</td>
</tr>
<tr>
<td>3rd Occurrence</td>
<td>[$200.00] $300.00</td>
</tr>
<tr>
<td>4th Occurrence and Thereafter</td>
<td>Sanction is discretionary with Business Conduct Committee</td>
</tr>
</tbody>
</table>

(b) Trash and Litter

All debris resulting from the consumption of food and drink, and other non-business trash, must be properly disposed of. Throwing or dropping objects on the trading floor, including food or drink, is strictly prohibited. All trading posts/booths must be free of debris, trash or litter at the end of each trading day.

[While paper of business nature may be affixed to appropriate wall fixtures on the trading floor, tape and other adhesive material may not be used to do so.]

The following fine schedule will apply to a violation of this section:

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$250.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$500.00</td>
</tr>
</tbody>
</table>
3rd Occurrence and Thereafter $1000.00

(c) Vandalism

The abuse, destruction, or theft (“Vandalism”) of any property on the Exchange’s premises, whether or not owned by the Exchange, is a serious offense and will be dealt with appropriately, including prompt disciplinary action.

[All permanent equipment on the trading floor must be registered with the Exchange.]

[The following fine schedule will apply to any violation of this Regulation:]

The following fine schedule will apply to a violation of this section:

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$250.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$500.00</td>
</tr>
<tr>
<td>3rd Occurrence and Thereafter</td>
<td>$1000.00</td>
</tr>
</tbody>
</table>

Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the [individual,] members, member organizations, participants, participant organizations and their [or person] associated persons, [with the member, member organization or participant organization. Additionally, the member, member organization or participant organization may be fined for failure to supervise.]

Regulation 4 - Order

(a) Members, participants and their associated persons shall not conduct themselves in a disorderly manner on the trading floor or on the premises immediately adjacent to the trading floor. Further, members, participants and their associated persons shall not conduct themselves in an indecorous manner that is disruptive to the conduct of business on the trading floor, including but not limited to the use of profanity.

The fines to be imposed for such violations shall be as follows:

<table>
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</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$250.00</td>
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<td>2nd Occurrence</td>
<td>$500.00</td>
</tr>
<tr>
<td>3rd Occurrence</td>
<td>$1000.00</td>
</tr>
<tr>
<td>4th Occurrence and thereafter</td>
<td>Sanction is discretionary with Business Conduct Committee</td>
</tr>
</tbody>
</table>

(b) – (d) No Change
(e) Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the [individual, members, member organizations, participants, participant organizations and their [or person] associated persons. [with the member, member organization or participant organization. Additionally, the member, member organization or participant organization may be fined for failure to supervise.]

Regulation 5 – [Guests] Visitors and Applicants

Non-member [guests] visitors will be permitted on the trading floor at the discretion of [the respective floor committee (Options or FCO)] an Exchange official or Floor Official. All [guests] visitors must be signed in by a member or Exchange official and accompanied at all times by a member, associated person of a member or an Exchange official.

[As a visitor, the applicant must be escorted by a representative of a member firm at all times while on the trading floor, and failure to do so shall result in a violation of this regulation by such member firm.

Once an applicant has filed an application with the Office of the Secretary pursuant to By-Law Article XII, Section 12-4, the Examinations Department and the Office of the Secretary shall conduct clearance procedures to verify personal data and financial viability. The applicant may be admitted as a visitor for ten business days, after which the applicant must submit an Applicant Access Card/Floor Badge application which is subject to approval by the Exchange pursuant to satisfactory completion of personal and financial data verification. Twenty-one days after the Access Card is issued, it will automatically expire; an applicant may apply to the Chairman of the Admissions Committee or his designee for a twenty-one day extension.

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Fines or Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>Official Warning</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$50.00</td>
</tr>
<tr>
<td>3rd Occurrence</td>
<td>$100.00</td>
</tr>
<tr>
<td>4th Occurrence</td>
<td>$200.00</td>
</tr>
<tr>
<td>5th and Thereafter</td>
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Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the [individual, members, member organizations, participants, participant organizations and their [or person] associated persons. [with the member, member organization or participant organization. Additionally, the member, member organization or participant organization may be fined for failure to supervise.]
Regulation 6 - Dress

[All members have a choice of wearing their suit jacket or a color coded firm jacket. All clerks are required to wear a color coded firm jacket. No hats of any type may be worn except for visors. Any type of clothing that draws excessive attention and detracts from a professional atmosphere, including words or pictures on clothing, is prohibited.

The appropriate floor standing committee shall determine whether males must wear dress shirts with collars and neckties or bowties. If required, neckties must be properly knotted and clip-on bowties must be connected to both sides of the collar. The following are not permitted: Bluejeans, dungarees, golf, polo or T-shirts, shorts, sweats, sandals, any shoes or garments that are dirty frayed, faded or torn. This rule shall be in effect on regular business days for any floor open for trading.

Any provision of this rule may be waived for a specific period of time by the chairperson of the appropriate floor standing committee or his designee.

<table>
<thead>
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<tr>
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<td>$ 50.00</td>
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<td>$200.00</td>
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<td>5th and Thereafter</td>
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</tr>
</tbody>
</table>

The Dress Code must be complied with at the point of entry to the trading floor. The Dress Code is in effect on the trading floor before, during and after trading hours.

Acceptable Business Casual Dress (Men):

- Casual slacks (i.e. khakis, dockers, corduroy fabric).
- Ties are optional, but must be neat, clean, and properly tied. If a tie is torn or frayed, you will be asked to remove it.
- Traditional collared shirts, polo shirts, golf shirts (shirts may be long or short sleeved). Shirts must be neat and clean. All shirts must be tucked in. Shirts must be buttoned at least to the second button from the top.
- Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.
- Traditional business attire is always acceptable. Blazers may be worn in lieu of trading jackets.
• Trading jackets or blazers must be worn at all times on the trading floor.
Identification badges must be properly displayed at chest level.

• Sweaters worn over a collared shirt, turtlenecks worn under a collared shirt.

**Acceptable Business Casual Dress (Women):**

• Dresses or casual slacks *(i.e. khakis, dockers, corduroy fabric)*.

• Shirts, sweaters, shells, turtlenecks, blouses, polo shirts, golf shirts (long or short sleeved).

• Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.

**Inappropriate Casual Dress (Men & Women):**

• Denim clothing of any kind *(i.e. pants, skirts, dresses, shirts, vests, blouses)*.

• Sweat shirts, sweat pants, other sweat apparel of any kind and sport jerseys.

• Shorts, gym shorts, skorts, culottes, beach wear, workout attire or miniskirts.

• T-shirts of any kind.

• Stirrup pants or other excessively tight or revealing clothing *(i.e. bike shorts, leggings, sheer blouses, stretch pants)*.

• Tank tops, halter tops, tube tops, tops with spaghetti straps, backless tops, crop tops (note: no bare midriffs).

• Clothing with any inappropriate [] and oversized [or visible] logos (cartoon logos, oversized sports logos or inappropriately suggestive logos).

• Slippers, sandals of any kind or open toed shoes.

• Military fatigues, cargo pants, surgical scrubs, bib overalls.

• Clothing which is torn, soiled or in need of repair.

• Clothing and/or accessories which disrupt business operations or which draw excessive attention to an employee are inappropriate in the workplace.

• Hats or headgear unless worn for religious purposes.
Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the individual, members, member organizations, participants, participant organizations and their [or person] associated persons. [with the member, member organization or participant organization. Additionally, the member, member organization or participant organization may be fined for failure to supervise.]

The following is the fine schedule for dress code violations:

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$100.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$250.00</td>
</tr>
<tr>
<td>3rd Occurrence and Thereafter</td>
<td>$500.00</td>
</tr>
</tbody>
</table>
Exhibit 5

New text underlined; deleted text bracketed.

Options Order and Decorum Regulations

Regulation 2 - Food, Liquids and Beverages, Trash, Litter and Vandalism

(a) Food, Liquids and Beverages

Food, liquids and beverages [are prohibited on the trading floor and the lower level areas adjacent to the trading floor except for the lunchrooms] while allowed on the trading floor, should be kept and consumed in a way that does not unreasonably interfere with others. All drinks should be in cans or covered containers. Food and drink may not be consumed while in transit on the trading floor.

[Any provision of this rule may be waived for a specified period of time by the chairperson of the appropriate floor standing committee or his designee.]

1st Occurrence [Official Warning] $100.00
2nd Occurrence [$100.00] $200.00
3rd Occurrence [$200.00] $300.00
4th Occurrence and Thereafter Sanction is discretionary with Business Conduct Committee

(b) Trash and Litter

All debris resulting from the consumption of food and drink, and other non-business trash, must be properly disposed of. Throwing or dropping objects on the trading floor, including food or drink, is strictly prohibited. All trading posts/booths must be free of debris, trash or litter at the end of each trading day.

The following fine schedule will apply to a violation of this section:

1st Occurrence $250.00
2nd Occurrence $500.00
3rd Occurrence and Thereafter $1000.00

(c) Vandalism

The abuse, destruction, or theft (“Vandalism”) of any property on the Exchange’s premises, whether or not owned by the Exchange, is a serious offense and will be dealt with appropriately, including prompt disciplinary action.
The following fine schedule will apply to a violation of this section:

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$250.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$500.00</td>
</tr>
<tr>
<td>3rd Occurrence and Thereafter</td>
<td>$1000.00</td>
</tr>
</tbody>
</table>

Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

**Regulation 4 - Order**

(a) Members, participants and their associated persons shall not conduct themselves in a disorderly manner on the trading floor or on the premises immediately adjacent to the trading floor. Further, members, participants and their associated persons shall not conduct themselves in an indecorous manner that is disruptive to the conduct of business on the trading floor, including but not limited to the use of profanity.

The fines to be imposed for such violations shall be as follows:

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Fine</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Occurrence</td>
<td>$250.00</td>
</tr>
<tr>
<td>2nd Occurrence</td>
<td>$500.00</td>
</tr>
<tr>
<td>3rd Occurrence</td>
<td>$1000.00</td>
</tr>
<tr>
<td>4th Occurrence and thereafter</td>
<td>Sanction is discretionary with Business Conduct Committee</td>
</tr>
</tbody>
</table>

(b) – (d) No Change

(e) Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

**Regulation 5 – [Guests] Visitors and Applicants**

Non-member [guests] visitors will be permitted on the trading floor at the discretion of [the respective floor committee (Options or FCO)] an Exchange official or Floor Official. All [guests] visitors must be signed in by a member or Exchange official and accompanied at all times by a member, associated person of a member or an Exchange official.
Each Floor Manager, Post Supervisor, or Firm Representative will be responsible for monitoring staff compliance with this Regulation. A violation of this Regulation may result in fines to the members, member organizations, participants, participant organizations and their associated persons.

**Regulation 6 - Dress**

[All members have a choice of wearing their suit jacket or a color coded firm jacket. All clerks are required to wear a color coded firm jacket. No hats of any type may be worn except for visors. Any type of clothing that draws excessive attention and detracts from a professional atmosphere, including words or pictures on clothing, is prohibited.

The appropriate floor standing committee shall determine whether males must wear dress shirts with collars and neckties or bowties. If required, neckties must be properly knotted and clip-on bowties must be connected to both sides of the collar. The following are not permitted: Bluejeans, dungarees, golf, polo or T-shirts, shorts, sweats, sandals, any shoes or garments that are dirty frayed, faded or torn. This rule shall be in effect on regular business days for any floor open for trading.

Any provision of this rule may be waived for a specific period of time by the chairperson of the appropriate floor standing committee or his designee.

<table>
<thead>
<tr>
<th>Occurrence</th>
<th>Sanction</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Official Warning</td>
</tr>
<tr>
<td>2nd</td>
<td>$50.00</td>
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<tr>
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<tr>
<td>4th</td>
<td>$200.00</td>
</tr>
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<td>5th and Thereafter</td>
<td>Sanction is discretionary with Business Conduct Committee</td>
</tr>
</tbody>
</table>

The Dress Code must be complied with at the point of entry to the trading floor. The Dress Code is in effect on the trading floor before, during and after trading hours.

**Acceptable Business Casual Dress (Men):**

- Casual slacks (*i.e.* khakis, dockers, corduroy fabric).
• Ties are optional, but must be neat, clean, and properly tied. If a tie is torn or frayed, you will be asked to remove it.

• Traditional collared shirts, polo shirts, golf shirts (shirts may be long or short sleeved). Shirts must be neat and clean. All shirts must be tucked in. Shirts must be buttoned at least to the second button from the top.

• Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.

• Traditional business attire is always acceptable. Blazers may be worn in lieu of trading jackets.

• Trading jackets or blazers must be worn at all times on the trading floor. Identification badges must be properly displayed at chest level.

• Sweaters worn over a collared shirt, turtlenecks worn under a collared shirt.

Acceptable Business Casual Dress (Women):

• Dresses or casual slacks (i.e. khakis, dockers, corduroy fabric).

• Shirts, sweaters, shells, turtlenecks, blouses, polo shirts, golf shirts (long or short sleeved).

• Dress shoes, casual shoes, loafers, athletic shoes and boots (note: pant legs may not be tucked into boots). All shoes must be neat and clean.

Inappropriate Casual Dress (Men & Women):

• Denim clothing of any kind (i.e. pants, skirts, dresses, shirts, vests, blouses).

• Sweat shirts, sweat pants, other sweat apparel of any kind and sport jerseys.

• Shorts, gym shorts, skorts, culottes, beach wear, workout attire or miniskirts.

• T-shirts of any kind.

• Stirrup pants or other excessively tight or revealing clothing (i.e. bike shorts, leggings, sheer blouses, stretch pants).

• Tank tops, halter tops, tube tops, tops with spaghetti straps, backless tops, crop tops (note: no bare midriffs).
• Clothing with any inappropriate and oversized logos (cartoon logos, oversized sports logos or inappropriately suggestive logos).

• Slippers, sandals of any kind or open toed shoes.

• Military fatigues, cargo pants, surgical scrubs, bib overalls.

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The following is the fine schedule for dress code violations:

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