Exhibit 5
Text of Proposed Rule Change
Underlining indicates additions; [brackets] indicate deletions.

Rule 701. Trading Rotations

(a) *General Rules.* A "trading rotation" is a process by which the Primary Market Maker initiates trading in a specified options class pursuant to the process contained in Supplementary Material .01 hereto.

(1) The Exchange may direct that one or more trading rotations be employed on any business day to aid in producing a fair and orderly market.

(2) For each rotation so employed, except as the Exchange may direct, rotations shall be conducted in the order **[**and manner**]** the Primary Market Maker determines to be appropriate under the circumstances.

[(3) The Primary Market Maker, with the approval of the Exchange, shall have the authority to determine the rotation order and manner or deviate from the rotation procedures. Such authority may be exercised before and during a trading rotation.

(4) Two (2) or more trading rotations may be employed simultaneously, if the Primary Market Maker, with the approval of the Exchange, so determines.**]**

(b) *Opening Rotations*. Trading rotations shall be employed at the opening of the Exchange each business day and during the reopening of the market after a trading halt.

[(1) For each class of options contracts that has been approved for trading, the opening rotation shall be conducted by the Primary Market Maker appointed to such class of options.**]**

[(2)**]** (1) The opening rotation in each class of options shall be held promptly following the opening of the market for the underlying security. 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.

[(3)] (2) [In the event the underlying security has not opened within a reasonable time after 9:30 a.m. Eastern time, the Primary Market Maker shall report the delay to the Exchange and an inquiry shall be made to determine the cause of the delay.] The opening rotation for options contracts in an underlying [such] security shall be delayed until the market for the underlying security has opened unless the Exchange determines that the interests of a fair and orderly market are best served by opening trading in the options contracts. The rotation process can be initiated in the following two ways:

(i) A Primary Market Maker can initiate the rotation process by either sending a rotation request through the trading system or by selecting an auto-open setting in the trading system for each class.

(A) A Primary Market Maker can initiate the rotation process by sending a rotation request after the underlying market has opened. A Primary Market Maker can also authorize the exchange to auto-open a class by selecting the auto-open setting in the trading system. Once an underlying security has opened, the trading system checks to see whether a Primary Market Maker has selected to auto-open the related options class. If the class is set to auto-open, the trading system starts the rotation process.

(B) To initiate the rotation process, a Primary Market Maker must have a quote present. If a Primary Market Maker quote is not present, the rotation process for that class will not start.

(ii) If a Primary Market Maker does not initiate the rotation process, the Exchange will initiate the rotation process using the rapid opening mechanism after the underlying security has opened. In order for the Exchange to use the rapid opening mechanism for an options class, the following conditions must be met:

(A) At least one market maker quote must be present;

(B) If there is more than one market maker quote present, the best quoted market maker bid must not be greater than the best quoted market maker offer;

(C) If a class is traded on an another exchange, at least one other exchange must have opened that class and a NBBO is published.

(D) The best quoted market maker bid and best quoted market maker offer must not cross the NBBO by an established margin.

(iii) In the event any of the conditions described in sub-paragraph (ii) above are not met, the trading system will repeat the rapid opening mechanism until all the conditions are met.

(iv) After a rotation process has been performed and the option class cannot be opened due to an imbalance condition, an imbalance broadcast is sent to members. The Primary Market Maker in that option class can re-initiate the rotation process as described in subparagraph (i) above. If the Primary Market Maker in that option class does not re-initiate the rotation process, the Exchange will re-initiate the rotation process using the rapid opening mechanism as described in sub-paragraph (ii)(A) – (D) above. This rotation process will repeat until the class is opened.

[(4)**]** (3) The Exchange may delay the commencement of the opening rotation in any class of options in the interests of a fair and orderly market.

(c) no change.

Supplementary Material to Rule 701

.01 Opening Rotation Process. Once the Primary Market Maker initiates a rotation in an options class or the Exchange initiates the rotation process using the rapid opening mechanism, the trading system automatically processes quotes and orders in each series as follows:

(a) No Executable Interest: If there are no quotes or orders that lock or cross each other, the trading system opens a series by disseminating the Exchange's best bid and offer among quotes and orders. Any Public Customer Orders that would lock or cross a bid or an offer from another exchange are not included in the Exchange's disseminated best bid and offer and are processed in accordance with Supplementary Material .02 to Rule 1901. If there are any Non-Customer Orders that would lock or cross a bid or an offer from another exchange by more than two ticks, such orders are canceled. If there are any Non-Customer Orders that would lock or cross a bid or offer from another exchange by two ticks or less, such orders will be included in the Exchange's disseminated best bid and offer. Any quote that would lock or cross a bid or an offer from another exchange will also be included in the Exchange's disseminated best bid and offer.

(b) Executable Interest. If there are quotes or orders that lock or cross each other, the trading system will initiate a first iteration as follows:

(i) The trading system calculates the highest bid price and the lowest offer price on ISE at or within which orders and quotes may be executed (the "Boundary Prices"). The Boundary Prices are the Primary Market Maker's best bid and offer. If the Primary Market Maker is not present on either side then the best bid and offer from Competitive Market Makers in that options class is used on the corresponding side. If there is no Primary Market Maker or Competitive Market Maker quote on the bid side, the lowest minimum trading increment for the option class is used on the bid side. If there is no Primary Market Maker or Competitive Market Maker quote on the offer side, the option class will not open.

(ii) If the option is open on another exchange, the Boundary Prices are: (1) the higher of the ISE Market Maker's bid (as calculated in subparagraph (b)(i)) and the national best bid; and (2) the lower of the ISE Market Maker's offer (as calculated in subparagraph (b)(i)) and the national best offer.

(iii) The trading system then determines the price at which the maximum number of contracts can trade at or within the Boundary Prices (the "execution price").

(A) At the execution price, market orders are given priority before limit orders and quotes, and limit orders and quotes are given priority by price.

(B) With respect to limit orders and quotes with the same price, Priority Customer Orders are given priority over Professional Orders and quotes.

(C) Priority Customer Orders with the same limit price are executed in random order. Professional Orders and quotes with the same limit price are executed pro-rata based on size.

(iv) If the Boundary Prices in subparagraph (b)(ii) are calculated using the national best bid and/or offer, any remaining Public Customer Orders after this iteration that would lock or cross a bid or offer from another exchange are processed in accordance with Supplementary Material .02 to Rule 1901. Any remaining Non-Customer Orders that would lock or cross a bid or offer from another exchange may trade outside the Boundary Prices as described in subparagraph (d).

(c) If after the first iteration, there remain unexecuted quotes and orders that lock or cross each other, the trading system will initiate a second iteration as follows:

(i) The trading system calculates the Boundary Prices using either the ISE Market Maker's quotes or the national best bid and offer, whichever was not used to calculate the Boundary Prices in the first iteration. For example, if the ISE Market Maker quotes were used in the first iteration, the second iteration will use national best bid and offer prices, and vice versa. If there was no national best bid and offer for consideration for the first iteration then the second iteration does not occur and the trading system will initiate the third iteration, as described in subparagraph (d).

(ii) The trading system then determines the price at which the maximum number of contracts can trade at or within the widened Boundary Prices.

(A) At the execution price following the second iteration, market orders are given priority before limit orders and quotes, and limit orders and quotes are given priority by price.

(B) With respect to limit orders and quotes with the same price, Priority Customer Orders are given priority over Professional Orders and quotes.

(C) Priority Customer Orders with the same limit price are executed in random order. Professional Orders and quotes with the same limit price are executed pro-rata based on size.

(iii) If the Boundary Prices in subparagraph (c)(i) are calculated using the national best bid and/or offer, any remaining Public Customer Orders after this iteration that would lock or cross a bid or offer from another exchange are processed in accordance with Supplementary Material .02 to Rule 1901. Any remaining Non-Customer Orders that would lock or cross a bid or offer from another exchange may trade outside the Boundary Prices as described in subparagraph (d).

(d) If after the second iteration, there remain unexecuted quotes and orders that lock or cross each other, the trading system will initiate a third iteration as follows:

(i) The trading system calculates the Boundary Prices, i.e., the price used in the second iteration, and in the case where the second iteration does not occur, the price used in the first iteration, by widening it by two trading increments.

(ii) The trading system then determines the price at which the maximum number of contracts can trade at or within the widened Boundary Prices.

(A) At the execution price following the third iteration, market orders are given priority before limit orders and quotes, and limit orders and quotes are given priority by price.

(B) With respect to limit orders and quotes with the same price, Priority Customer Orders are given priority over Professional Orders and quotes.

(C) Priority Customer Orders with the same limit price are executed in random order. Professional Orders and quotes with the same limit price are executed pro-rata based on size.

(iii) Any unexecuted Priority Customer Orders that lock or cross the Boundary Prices are handled by the Primary Market Maker pursuant to Rule 803(c) and any unexecuted Professional Orders and Non-Customer Orders that lock or cross the Boundary Prices are cancelled.

(e) If after the third iteration, there remain unexecuted orders and quotes that lock or cross each other, the trading system will initiate a fourth and final iteration as follows:

(i) The trading system does not calculate new Boundary Prices and will trade any remaining interest.

(f) At the end of the iterative process, the trading system opens the options series by disseminating the Exchange's best bid and offer derived from the remaining orders and quotes.

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