EXHIBIT 5

The text of the proposed rule change is below. Proposed new language is underlined; deletions are bracketed.

Rule 3307. [Book] Processing <u>of Orders</u>

System orders shall be executed <u>in accordance with one of two execution algorithms: Price/Time or Pro Rata. Securities that are subject to the Pro Rata algorithm may also be subject to the variation for Price-Setting Orders described in Rule 3307(b)(2)(B). The algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) will be selected by the President of the Exchange or another officer of the Exchange designated by the President for this purpose, and will be listed on a publicly available website. The Exchange will notify member organizations of changes in the algorithm applicable to a particular security (including the applicability of the variation for Price-Setting Orders) through a notice that is widely disseminated at least one month in advance of the change. In selecting the applicable algorithm (including the applicability of the variation for Price-Setting Orders), the Exchange will conduct ongoing assessments of the depth of liquidity made available by member organizations in particular stocks, with the goal of maximizing the displayed size, minimizing the quoted spread, and increasing the extent of PSX's time at the national best bid and best offer. Factors to be considered for each security would include the size of member organizations' quotes, the amount of time that PSX is at the national best bid and best offer, PSX's market share, and observed changes in volume, average execution size, and average order size.</u> [through the PSX Book Process set forth below:]

(a) [Execution Algorithm -] <u>Price/Time Execution Algorithm—Under the Price/Time execution algorithm,</u> [T]<u>t</u>he System shall execute [equally priced or better priced] trading interest within the System in [price/time priority in] the following order:

    <u>(1) Price—Better priced trading interest will be executed ahead of inferior-priced trading interest.</u>

    [(1)] <u>(2) Display</u>—Displayed <u>Quotes/Orders at a particular price will be executed in time priority among such interest.</u>[; and]

    [(2)] <u>(3) Non-Displayed Interest</u>—Non-Displayed Orders and the reserve portion of Quotes and Reserve Orders <u>(collectively, "Non-Displayed Interest") at a particular price will be executed in time priority</u>[, in price/time priority] among such interest.

(b) <u>Pro Rata Execution Algorithm—Under the Pro Rata Execution Algorithm, the System shall execute trading interest within the System in the following order:</u>

    <u>(1) Price—Better priced trading interest will be executed ahead of inferior-priced trading interest.</u>

(2) Display—Displayed Orders at a particular price with a size of at least one round lot will be executed ahead of Displayed Orders with a size of less than one round lot, Non-Displayed Interest with a size of at least one round lot, Minimum Quantity Orders, and Non-Displayed Interest with a size of less than one round lot at the same price.

(A) Allocation to Displayed Orders with a Size of One Round Lot or More—As among equally priced Displayed Orders with a size of at least one round lot, the System will allocate round lot portions of incoming executable orders to displayed trading interest within the System pro rata based on the size of the Displayed Orders, rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be allocated for execution against available displayed trading interest, one round lot at a time, in the order of the displayed size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. Incoming orders with a size of less than one round lot will be allocated against available displayed trading interest in the order of the size of displayed trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

Example 1:
Displayed Orders to sell at $10.00 reside on the PSX book with sizes of 600 shares (Order 1), 400 shares (Order 2), and 300 shares (Order 3).
An incoming order to buy 1,200 shares at $10.00 is entered.
The System allocates the incoming order as follows:
- 500 shares to Order 1 ((600 ÷ 1,300) x 1,200, rounded down to the nearest round lot)
- 300 shares to Order 2 ((400 ÷ 1,300) x 1,200, rounded down to the nearest round lot)
- 200 shares to Order 3 ((300 ÷ 1,300) x 1,200, rounded down to the nearest round lot)
- 100 shares to Order 1 (order with the largest displayed size at the beginning of the pro rata allocation)
- 100 shares to Order 2 (order with the next largest displayed size at the beginning of the pro rata allocation)

Example 2:
Displayed Orders to sell at $10.00 reside on the PSX book with sizes of 600 shares (Order 1), 400 shares (Order 2), and 300 shares (Order 3).
An incoming order to buy 80 shares at $10.00 is entered.
The System allocates the incoming order as follows:
- 80 shares to Order 1 (resting order with the largest displayed size)

(B) Variation for Price-Setting Orders. The Exchange may designate a security for the variation of the Pro Rata algorithm for Price-Setting Orders. For such a security, a Displayed Order with a size of at least one round lot that establishes the best price in PSX when it is entered will be a "Price-Setting Order" if such order is executed; provided, however, that a better priced order will become the Price-Setting Order if it is executed. The allocation to the Price-Setting Order will be the greater of 40% (the "Guaranteed Percentage") or the percentage that the order would otherwise be allocated under the Pro Rata algorithm. If the Price-Setting Order receives an allocation greater than the Guaranteed Percentage, the remainder of the order will be allocated to other displayed trading interest in the manner provided in Rule 3307(b)(2)(A). If the Price-Setting Order receives the Guaranteed Percentage, the System will then allocate round lot portions of the incoming order that are not allocated to the Price-Setting Order to other displayed trading interest within the System pro rata based on the size of such Displayed Orders (excluding the Price-Setting Order), rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be allocated for execution against available displayed trading interest (excluding the Price-Setting Order), one round lot at a time, in the order of the displayed size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. In the case of incoming orders with a size of less than one round lot, the Price-Setting Order will receive the Guaranteed Percentage of the order, and the remainder of the order will be allocated to available displayed trading interest in the order of the size of displayed trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

Example 3:
A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 1,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 3,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.
An incoming order to buy 1,000 shares at $10.00 is entered.
The System allocates the incoming order as follows:
- 400 shares to Order 2 (40% allocated to the Price-Setting Order)
- 400 shares to Order 3 ((3,000 ÷ 4,000) x 600, rounded down to the nearest round lot)
- 100 shares to Order 4 ((1,000 ÷ 4,000) x 600, rounded down to the nearest round lot)
- 100 shares to Order 3 (order with the largest original displayed size)

Example 4:

A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 3,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 1,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.

An incoming order to buy 1,000 shares at $10.00 is entered.

The System allocates the incoming order as follows:

- 600 shares to Order 2 ((3,000 ÷ 5,000) x 1,000, resulting in an allocation in excess of the Guaranteed Percentage)
- 200 shares to Order 3 ((1,000 ÷ 5,000) x 1,000)
- 200 shares to Order 4 ((1,000 ÷ 5,000) x 1,000)

Example 5:

A Displayed Order to sell 1,000 shares at $10.01 resides on the PSX book (Order 1). A Displayed Order to sell 1,000 shares at $10.00 is entered and becomes the Price-Setting Order (Order 2). Additional Displayed Orders to sell at $10.00 with sizes of 3,000 shares (Order 3) and 1,000 shares (Order 4) are then entered.

An incoming order to buy 80 shares at $10.00 is entered.

The System allocates the incoming order as follows:

- 32 shares to Order 2 (40% allocated to the Price-Setting Order)
- 48 shares to Order 3 (resting order with the largest displayed size)

(3) Displayed Odd-Lot Orders—As among equally priced Displayed Orders with a size of less than one round lot, the System will allocate incoming orders against available trading interest in the order of the size of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

(4) Non-Displayed Interest with a Size of One Round Lot or More—As among equally priced Non-Displayed Interest with a size of at least one round lot (excluding Minimum Quantity Orders), the System will allocate portions of incoming executable orders to Non-Displayed Interest within the System pro rata based on the size of Non-Displayed Interest, rounding down to the nearest round lot. Next, portions of an order that would be executed in a size other than a round lot if they were allocated on a pro rata basis will be allocated for execution against available Non-Displayed Interest, one round lot at a time, in the order of the size (measured at the time when the pro rata allocation began) of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority. Incoming orders with a size of less than one round lot will be allocated against available Non-Displayed Interest in the order of the size of trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

(5) Minimum Quantity Orders—As among equally priced Minimum Quantity Orders, the System will allocate incoming executable orders to Minimum Quantity Orders within the System in the ascending order of the size of the minimum quantity conditions assigned to the orders. Thus, an order with a minimum quantity condition of 300 shares will be filled before an order with a minimum quantity condition of 400 shares. If there are two or more Minimum Quantity Orders with an equal minimum quantity condition, the System will determine the order of execution based on time priority.

(6) Non-Displayed Odd-Lot Orders—As among equally priced Non-Displayed Interest with a size of less than one round lot, the System will allocate incoming orders based on the size of the Non-Displayed Interest, in the order of the size of the trading interest at that price (largest to smallest), or, as among orders with an equal size, based on time priority.

[(3)](c) Exception: Anti-Internalization—As an exception to both algorithms, [M]market participants may direct that Quotes/Orders entered into the System not execute against Quotes/Orders entered under the same MPID. In addition, market participants using the OUCH order entry protocol may assign to orders entered through a specific order entry port a unique group identification modifier that will prevent Quotes/Orders with such modifier from executing against each other. In such a case, a market participant may elect from the following options:

(A) if the interacting Quotes/Orders are equivalent in size, both Quotes/Orders will be cancelled back to their entering parties. If the interacting Quotes/Orders are not equivalent in size, share amounts equal to the size of the smaller of the two Quotes/Orders will be cancelled back to their originating parties with the remainder of the larger Quote/Order being retained by the System for potential execution;

(B) regardless of the size of the interacting Quotes/Orders, cancelling the oldest of them in full; or

(C) regardless of the size of the interacting Quotes/Orders, cancelling the most recent of them in full.

The foregoing options may be applied to all orders entered under the same MPID, or, in the case of market participants using the OUCH order entry protocol, may be applied to all orders entered through a specific order entry port.

[(b)](d) Decrementation—Upon execution, an order shall be reduced by an amount equal to the size of that execution.

[(c)] (e) Price Improvement—Any potential price improvement resulting from an execution in the System shall accrue to the taker of liquidity.

Example:
Buy order resides on book at 10.

Incoming order to sell priced at 9 comes into the System
Order executes at 10 (seller get $1 price improvement)

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