

Exhibit 5

Text of Proposed Rule Change

Underlining indicates additions; [brackets] indicate deletions.

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Rule 705. Limitation of Liability

(a) – (c) no change.

(d) Notwithstanding paragraph (a) above, and subject to the express limits set forth below, the Exchange may compensate Members for losses resulting directly from the malfunction of the Exchange's physical equipment, devices and/or programming.

(1) For the aggregate of all claims made by all market participants related to the use of the Exchange on a single trading day, the Exchange's payments shall not exceed \$250,000.

(2) In the event that all of the claims arising out of the use of the Exchange cannot be fully satisfied because in the aggregate they exceed the limitations provided for in this Rule, then the maximum permitted amount will be proportionally allocated among all such claims arising on a single trading day.

(3) All claims for compensation pursuant to this Rule shall be in writing and must be submitted no later than the opening of trading on the next business day following the day on which the use of the Exchange gave rise to such claims. Once in receipt of a claim, the Exchange will verify that: (i) a valid order was accepted into the Exchange's systems; and (ii) an Exchange system failure occurred during the execution or handling of that order.

(4) The limits on compensation in this Rule 705(d) shall not apply to Members to the extent that such Members are acting as Linkage Handlers, as defined in Supplementary Material .03 to Rule 1901.

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Rule 714. Automatic Execution of Orders

(a) Incoming orders that are executable against orders and quotes in the System will be executed automatically by the System; provided that such orders will not be automatically executed by the System at prices inferior to the NBBO (as defined in Rule 1900(j)). [Public Customer] Orders that are not automatically executed will be handled as provided in Supplementary Material .02 to Rule 1901 [by the Primary Market Maker pursuant to Rule 803(c) and Supplementary Material .02 to Rule 803. Non-

Customer Orders that are not automatically executed will be handled pursuant to Supplementary Material .02 to Rule 803]; provided that Members may specify that a Non-Customer order should instead be rejected automatically by the System at the time of receipt.

(b) no change.

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Rule 803. Obligations of Market Makers

(a) and (b) no change.

(c) Primary Market Makers. In addition to the obligations contained in the Rule for market makers generally, for options classes to which a market maker is the appointed Primary Market Maker, it shall have the responsibility to initiate trading in each series pursuant to Rule 701. [:]

[(1) Reserved.

(2) As soon as practical, address Public Customer Orders that are not automatically executed because there is a displayed bid or offer on another exchange trading the same options contract that is better than the best bid or offer on the Exchange, either (i) by executing the Public Customer Order at a price that at least matches the best price displayed or (ii) by sending ISO(s) as agent for the Public Customer Order to any other exchange(s) displaying a superior price and, with respect to any remaining portion of the Public Customer Order, either (a) releasing such remaining portion of the order for execution in the Exchange's auction market or (b) executing such remaining portion of the order at a price superior to the best price in the Exchange's auction market.

(3) Initiate trading in each series pursuant to Rule 701.]

(d) no change.

Supplementary Material to Rule 803

.01 no change.

.02 Reserved. [Before the Primary Market Maker sends an Intermarket Sweep Order (as defined in Rule 1900(h)) to another exchange on behalf of a Public Customer Order to comply with Rule 714 and paragraph (c)(2)(ii) of this Rule, or a Non-Customer Order is rejected pursuant to Rule 714, the order shall be exposed at the current NBBO price to all Exchange Members for a time period established by the Exchange not to exceed one (1) second. During the exposure period, Exchange Members may enter responses up to the size of the order being exposed in the regular trading increment applicable to the option.

(a) If at the end of the exposure period, the order is executable at the then-current NBBO and the ISE is not at the then-current NBBO, responses that equal or better the NBBO will be executed in price priority, and at the same price, allocated pro-rata based on size (i.e., the percentage of the total number of contracts available at the same price that is represented by the size of a Member's response).

(b) If during the exposure period, the order becomes executable on the ISE at the prevailing NBBO, the exposure period is terminated, and the order is executed against orders and quotes on the book and responses received during the exposure period. Such interest will be executed in price priority. At the same price, Priority Customer Orders will be executed first in time priority and then all other interest (orders, quotes and responses) will be allocated pro-rata based on size.

(c) If during the exposure period the Exchange receives an unrelated order on the opposite side of the market from the exposed order that could trade against the exposed order at the prevailing NBBO price, the exposure period will be terminated and the orders will be executed pursuant to (b) above.

(d) If after a Public Customer Order is exposed, the order cannot be executed in full on the Exchange at the then-current NBBO or better (i) the Primary Market Maker will proceed to take action to comply with Rule 803(c)(2)(ii) if it is marketable against the then-current NBBO, or (ii) the balance of the order will be placed on the ISE book if it is not marketable against the then-current NBBO.

(e) If after a Non-Customer Order is exposed, the order cannot be executed in full on the Exchange at the then-current NBBO or better (i) the balance of the order will be placed on the ISE book if it is not marketable against the then-current NBBO, or (ii) the balance of the order will be rejected.

(f) A pattern or practice of submitting unrelated orders that cause an exposure period to conclude early will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 400 and other Exchange Rules.]

.03 through .05 no change.

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Rule 1901. Order Protection

(a) and (b) no change.

Supplementary Material to Rule 1901

.01 no change.

.02 When the automatic execution of an incoming order would result in an impermissible Trade Through, such order shall be exposed at the current NBBO to all Exchange Members for a time period established by the Exchange not to exceed one (1) second. During the exposure period, Exchange Members may enter responses up to the size of the order being exposed in the regular trading increment applicable to the option.

(a) If at the end of the exposure period, the order is executable at the then-current NBBO and the ISE is not at the then-current NBBO, responses that equal or better the NBBO will be executed in price priority, and at the same price, allocated pro-rata based on size (i.e., the percentage of the total number of contracts available at the same price that is represented by the size of a Member's response).

(b) If during the exposure period, the order becomes executable on the ISE at the prevailing NBBO, the exposure period will be terminated, and the order will be executed against orders and quotes on the book and responses received during the exposure period. Such interest will be executed in price priority. At the same price, Priority Customer Orders will be executed first in time priority and then all other interest (orders, quotes and responses) will be allocated pro-rata based on size.

(c) If during the exposure period the Exchange receives an unrelated order on the opposite side of the market from the exposed order that could trade against the exposed order at the prevailing NBBO price, the exposure period will be terminated and the orders will be executed pursuant to (b) above.

(d) If after a Public Customer Order is exposed, the order cannot be executed in full on the Exchange at the then-current NBBO or better, and it is marketable, the lesser of the full displayed size of the Protected Bid(s) or Protected Offer(s) that are priced better than the ISE's quote or the balance of the order will be sent to the Linkage Handler (as defined in .03 below) and any additional balance of the order will be executed on the ISE if it is marketable. Any additional balance of the order that is not marketable against the then-current NBBO will be placed on the ISE book.

(e) If after a Non-Customer Order is exposed, the order cannot be executed in full on the Exchange at the then-current NBBO or better (i) the balance of the order will be placed on the ISE book if it is not marketable against the then-current NBBO, or (ii) the balance of the order will be canceled.

(f) A pattern or practice of submitting unrelated orders that cause an exposure period to conclude early will be deemed conduct inconsistent with just and equitable principles of trade and a violation of Rule 400 and other Exchange Rules.

.03 A Linkage Handler is a broker that is unaffiliated with the Exchange with

which the Exchange has contracted to provide Routing Services, as that term is defined in Rule 1903, by routing ISO(s) to other exchange(s) as agent on behalf of Public Customer Orders according to the requirements of Rule 1901 (prohibition on trade-throughs) and Rule 1902 (prohibition on locked and crossed markets).

Rule 1902. Locked and Crossed Markets

(a) and (b) no change.

Supplementary Material to Rule 1902

.01 When the price of an incoming limit order that is not executable upon entry would lock or cross a Protected Quotation, such order shall be exposed at its limit price pursuant to the provisions of Supplementary Material .02 to Rule 1901.

Rule 1903. Order Routing to Other Exchanges

The Exchange may automatically route ISOs to other exchanges under certain circumstances, including pursuant to Supplemental Material.02 and .03 to Rule 1901 ("Routing Services"). In connection with such services, the following shall apply:

(a) Routing Services will be provided by one or more Linkage Handlers, as defined in Supplementary Material .03 to Rule 1901, that are not affiliated with the Exchange. For each Linkage Handler used by the Exchange, an agreement will be in place between the Exchange and the Linkage Handler that will, among other things, restrict the use of any confidential and proprietary information that the Linkage Handler receives to legitimate business purposes necessary for routing orders at the direction of the Exchange.

(b) The Exchange shall establish and maintain procedures and internal controls reasonably designed to adequately restrict the flow of confidential and proprietary information between the Exchange and the Linkage Handler, and any other entity, including any affiliate of the Linkage Handler, and, if the Linkage Handler or any of its affiliates engages in any other business activities other than providing Routing Services to the Exchange, between the segment of the Linkage Handler or affiliate that provides the other business activities and the segment of the Linkage Handler that provides the Routing Services.

(c) The Exchange will provide its Routing Services in compliance with the provisions of the Act and the rules thereunder, including, but not limited to, the requirements in Section 6(b)(4) and (5) of the Act that the rules of a national securities exchange provide for the equitable allocation of reasonable dues, fees, and other charges among its Members and other persons using its facilities, and not be designed to permit unfair discrimination between customers, issuers, brokers, or dealers.

(d) For all Routing Services, the Exchange will determine the logic that provides when, how, and where orders are routed away to other exchanges.

(e) The Linkage Handler will receive routing instructions from the Exchange, to route orders to other exchanges and report such executions back to the Exchange. The Linkage Handler cannot change the terms of an order or the routing instructions, nor does the Linkage Handler have any discretion about where to route an order.

(f) Any bid or offer entered on the Exchange routed to another exchange via a Linkage Handler that results in an execution shall be binding on the Member that entered such bid/offer.

Supplementary Material to Rule 1903

.01 Rule 1903 does not prohibit a Linkage Handler from designating a preferred market-maker at the other exchange to which the order is being routed pursuant to Rule 1903.

.02 In the event that there are no operable Linkage Handlers to provide Routing Services, the Exchange will cancel orders that, if processed by the Exchange, would violate Rules 1901 (prohibition on trade-throughs) or 1902 (prohibition on locked and crossed markets).

Rule 1904. Order Cancellation/Release

(a) The Exchange may cancel orders as it deems to be necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, a Linkage Handler in connection with the Routing Service provided under Rule 1903, or another exchange to which an Exchange order has been routed. A Linkage Handler may only cancel orders being routed to another exchange based on the Exchange's standing or specific instructions or as otherwise provided in the Exchange Rules. The Exchange shall provide notice of the cancellation of the Members' original order to affected Members as soon as practicable.

(b) The Exchange may release orders being held on the Exchange awaiting an away exchange execution as it deems necessary to maintain fair and orderly markets if a technical or systems issue occurs at the Exchange, a Linkage Handler, or another exchange to which an Exchange order has been routed.

Rule 1905. Routing Service Error Accounts

Each Linkage Handler shall maintain, in the name of the Linkage Handler, one or more accounts for the purpose of liquidating unmatched trade positions that may occur in connection with the Routing Service provided under Rule 1903 ("error positions").

For the purposes of this Rule:

(a) Errors to which this Rule applies include any action or omission by the Exchange, a Linkage Handler, or another exchange to which an Exchange order has been routed, that results in an unmatched trade position due to the execution of an order that is subject to the away market Routing Service and for which there is no corresponding order to pair with the execution (each a "routing error"). Such routing errors would include,

without limitation, positions resulting from determinations by the Exchange to cancel or release an order pursuant to Rule 1904.

(b) An error position will be liquidated in a Linkage Handler's error account.

(c) A Linkage Handler utilizing its own account to liquidate error positions, shall liquidate the error positions as soon as practicable. The Linkage Handler shall:

(i) establish and enforce policies and procedures reasonable designed to (1) adequately restrict the flow of confidential and proprietary information associated with the liquidation of the error positions in accordance with Rule 1903, and (2) prevent the use of information associated with other orders subject to the Routing Services when making determinations regarding the liquidation of error positions; and

(ii) make and keep records associated with the liquidation of such Linkage Handler error positions and shall maintain such records in accordance with Rule 17a-4 under the Exchange Act.

(d) The Exchange shall make and keep records to document all determinations to treat positions as error positions under this Rule and shall maintain such records in accordance with Rule 17a-1 under the Exchange Act.

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