



U.S. COMMODITY FUTURES TRADING COMMISSION

Three Lafayette Centre
1155 21st Street, NW, Washington, DC 20581
Telephone: (202) 418-5000
Facsimile: (202) 418-5521
www.cftc.gov

Division of Clearing and Risk

CFTC Letter No. 12-73
No-Action
June 4, 2012
Division of Clearing and Risk

Mr. James E. Brown
Executive Vice President and General Counsel
The Options Clearing Corporation
One North Wacker Drive, Suite 500
Chicago, IL 60606

Re: Request for No-Action Relief with Regard to a Limited Waiver of
By-Laws and Rules

Dear Mr. Brown:

This is in response to your letter dated June 1, 2012 (“Letter”), to the Division of Clearing and Risk (“Division”) of the Commodity Futures Trading Commission (“Commission”). In the Letter you request that the Division confirm, on an expedited basis, that it will not recommend that the Commission take enforcement action against The Options Clearing Corporation (“OCC”) under Section 5b(c)(2)(H) of the Commodity Exchange Act (the “CEA”)¹ or Commission Regulation 39.17(a),² if OCC waives the applicability of certain of its By-Laws and Rules, as identified in the Letter, and permits Broadridge Securities Processing Solutions, LLC (“BSPS”) to act as a Managing Clearing Member³ of OCC for a limited period and under terms as set forth in the Letter.

Based on the facts presented and the representations you have made, and without necessarily concurring in your conclusion, the Division will not recommend that the Commission take enforcement action against OCC under Core Principle H or Commission Regulation

¹ Section 5b(c)(2)(H) of the CEA (“Core Principle H”) states in relevant part that “Each derivatives clearing organization shall—(i) maintain adequate arrangements and resources for—(I) the effective monitoring and enforcement of compliance with the rules of the derivatives clearing organization . . . [and] (ii) have the authority and ability to discipline, limit, suspend, or terminate the activities of a member or participant due to a violation by the member or participant of any rule of the derivatives clearing organization”

² Commission Regulation 39.17(a), which is substantially the same as Core Principle H, requires that a derivatives clearing organization “(1) Maintain adequate arrangements and resources for the effective monitoring and enforcement of compliance with the rules of the derivatives clearing organization . . . [and] (2) Have the authority and ability to discipline, limit, suspend, or terminate the activities of a clearing member due to a violation by the clearing member of any rule of the derivatives clearing organization”

³ Capitalized terms used in this letter but not otherwise defined have the same meaning as in the Letter.

39.17(a) if OCC waives the applicability of certain of its By-Laws and Rules, as identified in the Letter, and permits BSPS to act as a Managing Clearing Member with respect to Managed Clearing Members for the period ending on the earlier of (a) the 90th calendar day following the date BSPS is permitted to commence activity as a Managing Clearing Member or such later date as to which OCC may consent, but in any event not later than the 180th calendar day following the date BSPS is permitted to commence activity as a Managing Clearing Member, or (b) the date upon which BSPS transfers its rights and obligations with respect to its activity as a Managing Clearing Member to another Managing Clearing Member. The relief provided by this letter is conditioned upon the accuracy of the representations contained in the Letter, and BSPS's compliance with the requirements and conditions set forth in the Letter. The relief is further conditioned on staff of the Securities and Exchange Commission providing comparable no-action relief under Section 19(g)(1)(C) of the Securities Exchange Act of 1934.

The position taken herein concerns enforcement action only and does not represent a legal conclusion with respect to the applicability of any provision of the CEA or the Commission's regulations. In addition, the Division's position does not necessarily reflect the views of the Commission or any other division or office of the Commission. Because this position is based upon the representations contained in the Letter, it should be noted that any materially different, changed, or omitted facts or circumstances may require a different conclusion or render this letter void. Finally, as with all no-action letters, the Division retains the authority to condition further, modify, suspend, terminate, or otherwise restrict the terms of the no-action relief provided herein, in its discretion.

Sincerely,

Ananda Radhakrishnan
Director