



April 17, 2013

VIA ELECTRONIC MAIL

Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2013-802 Rule Certification

Dear Ms. Jurgens:

Enclosed is a copy of the above-referenced rule filing, which The Options Clearing Corporation (“OCC” or “Corporation”) is submitting pursuant to the self-certification procedures of Commodity Futures Trading Commission (the “CFTC” or “Commission”) Regulation 40.6. The date of implementation of the rule is the later of 10 business days following receipt of the rule filing by the CFTC hereof or the date the proposed rule is approved by the Securities and Exchange Commission (the “SEC”) or otherwise becomes effective under the Securities Exchange Act of 1934 (the “Exchange Act”). This rule filing has been, or is concurrently being, submitted to the SEC under the Exchange Act.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

The purpose of this proposed rule change is to change the expiration date for standard expiration contracts to the third Friday of the expiration month. Most option contracts (“standard expiration contracts”) currently expire at the “expiration time” (11:59 pm Eastern Time) on the Saturday following the third Friday of the specified expiration month (the “expiration date”). The change would apply only to standard expiration contracts expiring after February 1, 2015, and OCC does not propose to change the expiration date for any outstanding option contract. The change will apply only to series of option contracts opened for trading after the effective date of this proposed rule change and having expiration dates later than February 1, 2015. Option

contracts having non-standard expiration dates (“non-standard expiration contracts”) will be unaffected by this proposed rule change.

In order to provide a smooth transition to the Friday expiration, OCC would, beginning June 21, 2013, move the expiration exercise procedures to Friday for all standard expiration contracts even though the contracts would continue to expire on Saturday. After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of this rule change, and a limited number of options that may be listed prior to necessary systems changes of the options exchanges, which are expected to be completed in August 2013. The exchanges have agreed that once these systems changes are made they will not open for trading any new series of option contracts with Saturday expiration dates falling after February 1, 2015.

Background

Saturday was established as the standard expiration date for OCC-cleared options primarily in order to allow sufficient time for processing of option exercises, including correction of errors, while the markets were closed and positions remained fixed. However, improvements in technology and a great deal of experience have rendered Saturday expiration processing inefficient, and Saturday processing also poses unnecessary operational risk upon OCC and its clearing members. Therefore, it has been a long-term goal of OCC and its clearing members to move the expiration process for all standard expiration option contracts from Saturday to Friday night.

Eliminating Saturday expirations will allow OCC to streamline the expiration process between standard and non-standard options expirations, which will increase operational efficiencies and reduce operational risk for OCC and its clearing members. After the standard options expiration process is moved to Friday night, expiration processing for standard options, quarterly options and weekly options will all occur on the same day and will be a single, and inherently more efficient, operational process. The move to Friday night processing will also align expiration processing schedules for United States markets with expiration processing schedules for European markets and will allow affected clearing members to run a single, consistent and efficient operational process for all U.S. equity/index options regardless of where such options are exercised. Moreover, the move to Friday night processing will also eliminate the operational risk presented by scheduling an expiration process to run on one Saturday per month when it is otherwise run weekly on Friday night. Saturdays are typically reserved for system maintenance and installs of system enhancements so Saturday expiration processes force such maintenance and installs to be rescheduled and sometimes delayed.

From a risk management perspective, the proposed rule change will compress the operational timeframe for processing option expirations such that clearing members will be required to reconcile options trades on trade date. Trade date reconciliation is a better risk management practice and will facilitate and promote the use of intra-day risk management systems by clearing members as well as move clearing members toward adopting real-time trade date reconciliation and position balancing systems.

Industry groups, clearing members and the exchanges have been active participants in planning for the transition to the Friday expiration. In March, 2012, OCC began to discuss moving standard expiration contracts to Friday expiration dates with industry groups, including two Securities Industry and Financial Markets Association (“SIFMA”) committees, the Operations and Technology Steering Committee and the Options Committee, and at two major industry conferences, the SIFMA Operations Conference and the Options Industry Conference. OCC also discussed the project with the Intermarket Surveillance Group and at an OCC Operations Roundtable. In each case, OCC received broad support for the initiative. Also, OCC surveyed all of its clearing members as well as its service bureaus and learned that a significant majority of those surveyed are currently ready to move to Friday night expiration processing. OCC has worked with the other clearing members and service bureaus so that all affected parties experience a smooth transition to Friday night expiration processing. OCC has obtained assurances from all options industry participants that they will be ready to move to Friday night expiration processing by June 2013.

Friday night expiration processing is also consistent with the long-standing rules and procedures of the options exchanges and the Financial Industry Regulatory Authority (“FINRA”), which generally provide that exercise decisions with respect to expiring standard exercise contracts must be made by, and exercise instructions may not be accepted from customers after, 5:30 p.m. Eastern Time on the business day preceding expiration (usually Friday). Brokerage firms may set earlier cutoff times for customers submitting exercise notices. Clearing members are permitted to submit exercise instructions after the cutoff time (“supplementary exercises”) only in case of errors or other unusual situations, and may be subject to fines or disciplinary actions. OCC believes that the extended period between cutoff time and expiration of options is no longer necessary given modern technology.

Transition Period

Based on significant dialogue between OCC and clearing members regarding the move to Friday expiration, OCC believes that the adoption of Friday expiration for standard expiration contracts is best accomplished through an appropriate transition period during which processing activity for all options, whether expiring on Friday or Saturday, would move to Friday, followed by a change in the expiration day for new series of options. In May 2012, OCC and its clearing members determined that Friday,

June 21, 2013, would be an appropriate date on which to move expiration processing from Saturday to Friday night. Accordingly, OCC proposes that, beginning June 21, 2013, Friday expiration processing will be in effect for all expiring standard expiration contracts, regardless of whether the contract's actual expiration date is Friday or Saturday. However, for contracts having a Saturday expiration date, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed so long as they are submitted in accordance with OCC's procedures governing such requests. After the transition period and the expiration of all existing Saturday-expiring options, expiration processing will be a single operational process and will run on Friday night for all standard expiration options.

Friday Expiration Processing Schedule

Currently, expiration processing for standard expiration contracts begins on Saturday morning at 6:00 a.m. Central Time and is completed at approximately noon Central Time when margin and settlement reports are available. The window for submission of instructions in accordance with OCC's exercise-by-exception procedures under Rule 805(d) is open from 6:00 a.m. to 9:00 a.m. Central Time on Saturday morning. OCC proposes that the window for submission of exercise-by-exception instructions be open from 6:00 p.m. to 9:15 p.m. Central Time on Friday evening. Friday expiration processing for standard expiration contracts would therefore begin at 6:00 p.m. Central Time on Friday evening and end at approximately 2:00 a.m. Central Time on Saturday morning when margin and settlement reports will be available.

Exercises for standard expiration contracts with Saturday expirations must be allowed under the terms of the contracts. However, in order to accommodate the proposed new expiration schedule, OCC also proposes to shorten the period of time in which clearing members may submit a supplementary exercise notice under Rule 805(b). In addition, Rule 801 would be amended to eliminate the ability of clearing members to revoke or modify exercise notices submitted to OCC. This change, along with the change in the processing timeline discussed above, will more closely align OCC's expiration processing procedures with exchange rules, under which exchange members must submit exercise instructions by 5:30 p.m. Central Time on Friday and may not accept exercise instructions from customers after 4:30 p.m. Central Time on Friday. Accordingly, this change will not represent a departure from current practices for clearing members or their customers.

In connection with moving from Saturday to Friday night processing and expiration, OCC reviewed other aspects of its business to confirm that there would be no unintended consequences, and concluded that there would be none. For example, the proposed changes do not affect OCC's liquidity forecasting procedures, nor do they impact OCC's liquidity needs, since OCC's liquidity forecasts and liquidity needs are

driven by settlement obligations, which occur on the same day (T+3) irrespective of the move to Friday night processing and expiration dates.

Grandfathering of Certain Options Series

Certain option contracts have already been listed on exchanges with expiration dates as distant as December 2016. Such options have Saturday expiration dates and OCC cannot change the terms of existing option contracts. In addition, clearing members have expressed a clear preference to not have open interest in any particular month with different expiration dates. Therefore, OCC will designate certain expiration dates as “grandfathered,” and any option contract that is listed, or listed in the future, that expires on a grandfathered date will have a Saturday expiration date even if such expiration date is after February 1, 2015. Further, certain FLEX options that have already been accepted for clearance and have expiration dates beyond February 1, 2015, will also be designated as grandfathered. The Friday night expiration transition period processing schedule, as described above, will be in effect for any grandfathered Saturday expiration contract. In order to minimize the number of grandfathered expiration dates, exchanges have already agreed that, if there is not already a previously listed standard expiration option contract with an expiration in a particular month that is after February 1, 2015, they will not open for trading any new series of standard expiration option contracts with Saturday expiration dates in such month.

Proposed Amendments to By-Laws and Rules

In order to implement the change to Friday expiration processing and eventual transition to Friday expiration for all standard expiration contracts, OCC proposes to amend the definition of “expiration date” in Article I and certain other articles of the By-Laws. As amended, the applicability of the definition would not be limited to stock options, and the definition of “expiration date” in certain articles of the By-Laws therefore can be deleted in reliance on the Article I definition. OCC also proposes to amend Rule 805, and all rules supplementing or replacing Rule 805, to allow for Friday expiration processing during the transition to Friday expiration. Section 18 of Article VI of the By-Laws would also be amended to align procedures for delays in producing Expiration Exercise Reports and submission of exercise instructions with the amended expiration exercise procedures in Rule 805. Rule 801 would be amended to modify the prohibition against exercising an American option contract on the business day prior to its expiration date because this prohibition is necessary only for options expiring on a Saturday. The prohibition can be removed altogether when there are no longer any options expiring on a Saturday.

Rule 801 is also being amended to remove clearing members’ ability to revoke or modify exercise notices in order to accommodate the proposed compressed Friday expiration processing expiration schedule. Finally, Rules 801 and 805 would be amended

to allow certain determinations to be made by high-level officers of OCC, rather than the Board of Directors, in order to provide OCC with greater operational flexibility in processing exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time, and to replace various references to the expiration date of options with reference to the procedures of Rule 805.

Under the proposed rule change, OCC would preserve the ability of the options exchanges to designate (or, in the case of flexibly structured options, permit clearing members to designate) non-standard expiration dates for options, or classes or series of options, so long as the designated expiration date is not a date OCC has specified as ineligible to be an expiration date.

OCC reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Commodity Exchange Act. During this review, OCC identified the following Core Principle as potentially being impacted:

Risk Management. OCC believes that the proposed Friday night expiration schedule will allow OCC to streamline the expiration process for all standard expiration contracts and increase operational efficiencies for OCC and its clearing members. It will also compress the operational timeframe for processing the options expirations so that clearing members will be required to reconcile options trades on the trade date. This will enable intra-day risk management of cleared trades by the clearing member and promote real-time trade date reconciliation and position balancing by clearing members.

Settlement Procedures. The proposed Friday night expiration schedule will allow expiration processing for standard options, quarterly options and weekly options all occur on the same day and will be a single and inherently more efficient process. The move will also align expiration processing schedules in the United States markets with expiration processing schedules for European markets.

Additions are indicated by underlining and deletions are bracketed.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC’s website concurrently with the filing of this submission.

Melissa Jurgens
April 17, 2013
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Certification

OCC hereby certifies that the attached rule filing complies with the Act and the CFTC's regulations thereunder.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephen Szarmack". The signature is written in a cursive style with a large, prominent "S" at the beginning.

Stephen Szarmack

Enclosure
OCC-2013-802 CFTC



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Required fields are shown with yellow backgrounds and asterisks.

Filing by Options Clearing Corporation
 Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input checked="" type="checkbox"/>	Section 19(b)(3)(A) * <input type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule		
			<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) <input type="checkbox"/>	Section 3C(b)(2) <input type="checkbox"/>
Section 806(e)(2) <input type="checkbox"/>	

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description

Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

The purpose of this rule change and advance notice is to amend OCC's By-Laws and Rules to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

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 action.

First Name * Stephen Last Name * Szarmack
 Title * Vice President and Associate General Counsel
 E-mail * sszarmack@theocc.com
 Telephone * (312) 322-4802 Fax (312) 322-6280

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934,
 I have duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date 04/17/2013
 By Stephen Szarmack
 Vice President and Associate General Counsel
 (Title *)
 Stephen Szarmack,
 (Name *)

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.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

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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 *

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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 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies

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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, security-based swap submission, or advance notice 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

Add Remove View

Exhibit Sent As Paper Document

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

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Exhibit Sent As Paper Document

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

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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

Add Remove View

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 considered part of the proposed rule change.

Partial Amendment

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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.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change and Advance Notice

by

THE OPTIONS CLEARING CORPORATION

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

Item 1. Text of the Proposed Rule Change

This proposed rule change and advance notice is filed by The Options Clearing Corporation (“OCC” or the “Corporation”) in order to amend its By-Laws and Rules to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday. During a transition period beginning on June 21, 2013, expiration processing would be conducted on Friday, although supplementary exercises could still be submitted prior to the Saturday expiration time. Saturday expirations would be eliminated for all standard option contracts expiring on or after February 1, 2015, with a limited exception for certain “grandfathered” contracts. Material proposed to be added to OCC’s By-Laws and Rules as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION**BY-LAWS**

* * *

ARTICLE I**DEFINITIONS**

* * *

Definitions

SECTION 1. Unless the context requires otherwise (or except as otherwise specified in the By-Laws or Rules), the terms defined herein shall, for all purposes of these By-Laws and the Rules of the Corporation, have the meanings herein specified.

A. – D. [no change]

E.

(1) – (18) [no change]

Expiration Date

(19) Unless separately defined elsewhere in these By-Laws with regard to a particular option contract, [T]the term “expiration date” as used in respect of an [stock]option contract, other than a flexibly structured option, futures option, commodity option, a short term option, a quarterly option, a monthly option, a weekly option, or a BOUND, means: (i) in the case of such an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract[.]; and (ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business; unless, in either case, expiration is accelerated pursuant to Rule 807. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that the Corporation has designated as grandfathered, the term “expiration date” shall mean the Saturday immediately following the third Friday of the expiration month.

Expiration Exercise Report

(20) The term “Expiration Exercise Report” shall mean information made available online by the Corporation to a Clearing Member [on] with respect to an expiration date identifying, by account, each expiring option contract in each of the Clearing Member’s accounts with the Corporation. Such term shall also include updated versions of any such information made available to a Clearing Member prior to such time [on] with respect to the expiration date as the Corporation shall from time to time specify.

(21) – (22) [no change]

F.

(1) – (3) [no change]

Flexibly Structured Future

(4) The [T]term “flexibly structured future” means a future having a maturity date and (in the case of an index future) and an index value determinant and an index multiplier that are selected by the buyer and seller of such future within a permissible range of values or alternatives for such terms that is set by the Exchange and that do not correspond to the terms of any regularly listed series of futures; provided that the maturity date is not a date specified by the Corporation as ineligible to be a maturity date.

Flexibly Structured Option

(5) The term “flexibly structured option” means an option having variable terms that are negotiated between the parties to [an Exchange transaction] a confirmed trade pursuant to Exchange Rules and that do not correspond to the variable terms of any series of non-flexibly structured options previously opened for trading on the Exchange (other than a series of quarterly options or short term options). Once a series of non-flexibly structured options (other than a

series of quarterly options or short term options) is opened for trading on an Exchange, any existing flexibly structured option contracts that have identical variable terms shall be fully fungible with options in such series, and shall cease to be flexibly structured options.

(6) – (12) [no change]

G. – Z. [no change]

* * *

ARTICLE VI

CLEARANCE OF CONFIRMED TRADES

* * *

Terms of Cleared Contracts

SECTION 10. (a) [no change]

(b) Except to the extent provided otherwise in the next sentence with respect to delayed start options and except to the extent provided otherwise in the By-Laws and Rules with respect to transactions in flexibly structured options or OTC options, the expiration date and exercise price and, (i) in the case of capped option contracts, the cap interval (as defined, in the case of capped cash-settled option contracts, in Article XVII of the By-Laws), and (ii) in the case of packaged spread options, the base exercise price and spread interval (as defined in Article XXVI of the By-Laws), of option contracts of each series of options shall be determined by each Exchange at the time such series of options is first opened for trading on that Exchange, provided that the expiration date is not a date specified by the Corporation as ineligible to be an expiration date. In the case of delayed start options, the exercise price setting date and the exercise price setting formula of option contracts of each series shall be determined by the Exchange at or before the time such series of options is first opened for trading on that Exchange. The unit of trading of option contracts of each series of options shall be designated by the Corporation prior to the time such series of options is first opened for trading, and in the absence of such designation for a series of options in which the underlying security is a common stock, the unit of trading shall be 100 shares. The unit of trading and exercise price established for an option contract are subject to adjustment in accordance with the By-Laws.

(c) The variable terms of each series of BOUNDS shall be determined by each Exchange at the time such series is first opened for trading on that Exchange, provided that the expiration date is not a date specified by the Corporation as ineligible to be an expiration date. The unit of trading of BOUNDS of each series shall be designated by the Corporation prior to the time such series of BOUNDS is first opened for trading, and in the absence of such designation for a series of BOUNDS in which the underlying security is a common stock, the unit of trading shall be 100 shares. The unit of trading and exercise price initially established for a BOUND are subject to adjustment in accordance with Section 4 of Article XXIV of the By-Laws.

(d) Except to the extent provided otherwise in the By-Laws and Rules with respect to transactions in flexibly structured futures, the variable terms of each series of futures shall be determined by each Exchange at the time such series is first opened for trading on that Exchange, provided that the maturity date is not a date specified by the Corporation as ineligible to be a maturity date. The unit of trading of each series of stock futures shall be designated by the Corporation prior to the time such series of stock futures is first opened for trading. In the absence of such designation for a series of stock futures, the unit of trading shall be 100 shares. The multiplier for each series of index futures and variance futures shall be determined by each Exchange at the time such series is first opened for trading on such Exchange.

(e) Except to the extent provided otherwise in the By-Laws and Rules with respect to transactions in binary options, the expiration date, exercise price (if any) and exercise settlement amount(s) of each series of binary options shall be determined by the Exchange that first introduces such series of options for trading at the time such series is opened for trading, provided that the expiration date is not a date specified by the Corporation as ineligible to be an expiration date. The exercise price (if any) and exercise settlement amount (including each component exercise settlement amount for a credit default basket option as defined in Article XIV of the By-Laws) for a binary option are subject to adjustment in accordance with applicable provisions of Article XIV of the By-Laws.

(f) Except to the extent provided otherwise in the By-Laws and Rules with respect to transactions in range options, the variable terms of each series of range options shall be determined by the Exchange that first introduces such series of options for trading at the time such series is opened for trading, provided that the expiration date is not a date specified by the Corporation as ineligible to be an expiration date. Certain variable terms established for a series of range options are subject to adjustment in accordance with applicable provisions of Article XIV of the By-Laws.

(g) [no change]

* * *

Certain Delays

SECTION 18. (a) Anything in these By-Laws or the Rules notwithstanding, in the event that the Corporation is unable for any reason (i) to make available, pursuant to Chapter VIII of the Rules, any Expiration Exercise Report, or (ii) to receive properly submitted exercise instructions from Clearing Members, prior to the time specified by the Corporation pursuant to Rule 805(a) or any rule supplementing or replacing Rule 805(a) [5:00 P.M. Central Time (6:00 P.M. Eastern Time) on any expiration date that is immediately followed by a day that is not a business day], the Corporation shall make available the delayed report or accept such exercise instructions as soon as practicable thereafter, provided that the Corporation may, in its discretion, defer making the delayed report available or accepting such instructions until [7:00 A.M. Central Time (8:00 A.M. Eastern Time) or as soon as practicable thereafter on the non-business day immediately following such expiration date, or, if such expiration date is followed by more than one consecutive non-business day, on such of those days as the Corporation shall specify] such other time and day (including a non-business day) as the Corporation shall determine (the

“anticipated report time”), in which case the Corporation shall further specify a time and day representing the latest time and day at which the Corporation may make the delayed report available or accept such instructions (in the event the Corporation is not able to take such action by the anticipated report time) (the “cutoff time”). In any such event, Clearing Members shall submit exercise instructions to the Corporation on such [non-business] day within such times and in such manner as the Corporation shall prescribe. Exercise instructions submitted by a Clearing Member to the Corporation within time limits fixed pursuant to this subsection shall be deemed to have been duly given prior to the expiration of the option contracts to which they relate. [Notwithstanding the foregoing, no Expiration Exercise Report shall under any circumstances be made available by the Corporation, nor shall any exercise instructions be accepted by the Corporation, after 11:00 P.M. Central time (12:00 midnight Eastern Time) on the last consecutive non-business day immediately following the expiration date.]

(b) In the event that the Corporation (i) fails to make Expiration Exercise Reports available to Clearing Members, or is unable to receive properly submitted exercise instructions from Clearing Members in response to such reports [,] prior to [11:00 P.M. Central Time (12:00 midnight Eastern Time) on the last consecutive non-business day immediately following the expiration date] the cutoff time (in cases to which subsection (a) applies) or on the expiration date (in all other cases), and (ii) has failed to prescribe alternative procedures for exercising expiring options pursuant to Rule 805, or determines in its discretion, and so advises Clearing Members, that procedures so prescribed were inadequate, then each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation, on a timely basis, an exercise notice with respect to:

(1) every expiring option contract in each of the Clearing Member's accounts which [is deemed to have been exercised pursuant to] meets the “exercise by exception” threshold for such contracts for purposes of Rule 805(d)(2) as supplemented, in the case of options contracts other than stock options, by the Rules in the Chapter applicable to such other option contracts, except to the extent that the Clearing Member has given the Corporation written instructions, prior to [11:00 P.M. Central Time (12:00 midnight Eastern Time) on the last consecutive non-business day immediately following the expiration date] the cutoff time (in cases to which subsection (a) applies) or on the expiration date (in all other cases) to exercise none, or fewer than all, of the option contracts in such series carried in such account; and

(2) every other expiring option contract in any of the Clearing Member's accounts which the Clearing Member has given the Corporation written instructions to exercise prior to [11:00 P.M. Central Time (12:00 midnight Eastern Time) on the last consecutive non-business day immediately following the expiration date] the cutoff time (in cases to which subsection (a) applies) or on the expiration date (in all other cases).

Exercise notices deemed to have been tendered pursuant to this subsection shall be deemed to have been duly filed prior to the expiration of the option contracts to which they relate. No exercise notice shall be deemed to have been tendered to the Corporation in respect of any non-equity securities option contract pursuant to subsection (b)(1) above if the Corporation has not established price intervals applicable to such option contract for the purposes of Rule 805(d)(2).

(c) - (e) [no change]

* * *

Clearance of International Transactions

SECTION 20. [no change]

...Interpretations and Policies

.01 Pursuant to an international market agreement among American Stock Exchange, Inc. ("AMEX"), the European Options Exchange ("EOE") and the Corporation, options on the Major Market Index ("XMI options") traded on AMEX and XMI options traded on EOE are international options, and all [Exchange transactions] confirmed trades in such international options are international transactions.

* * *

ARTICLE XIII

TREASURY SECURITIES OPTIONS

* * *

Definitions

SECTION 1.

(a) – (d) [no change]

[Expiration Date

(e) The expiration date for Treasury securities options shall be the Saturday following the third Friday of the expiration month.]

Premium

[(f)] (e) The “premium” in the case of [an Exchange transaction] a confirmed trade in Treasury securities options means the premium per unit of trading (expressed as a percentage) multiplied by the unit of trading and by the number of contracts subject to the transaction.

(g) – (h) [relettered as (f) – (g); otherwise no change]

* * *

ARTICLE XIV**BINARY OPTIONS; RANGE OPTIONS**

* * *

Definitions**SECTION 1.****A. - D.** [no change]**E.**

(1) – (5) [no change]

Expiration Date

(6) The term “expiration date” when used in respect of a series of binary options other than event options means the last day on which the options may be automatically exercised. In the case of a series of event options (other than credit default options or credit default basket options) that are to be automatically exercised prior to their expiration date upon receipt by the Corporation of an event confirmation, the expiration date is the date specified by the listing Exchange; provided, however, that when an event confirmation is deemed to have been received by the Corporation with respect to such series of options, the expiration date will be accelerated to the date on which such event confirmation is deemed to have been received by the Corporation or such later date as the Corporation may specify. In the case of a series of credit default options or credit default basket options, the expiration date is the fourth business day after the last trading day for such series as such trading day is specified by the Exchange on which the series of options is listed; provided, however, that when an event confirmation is deemed to have been received by the Corporation with respect to a series of credit default options or single payout credit default basket options prior to the last trading day for such series, the expiration date for options of that series will be accelerated to the second business day following the day on which such event confirmation is deemed to have been received by the Corporation. [When used in respect of a series of range options,] “E[e]xpiration date” means, in respect of a series of range options expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such series, and, in respect of a series of range options expiring on or after February 1, 2015 means the third Friday of the expiration month of such series, or if such Friday is a day on which the Exchange on which such series is listed is not open for business, the preceding day on which such Exchange is open for business.

F. – Z. [no change]

* * *

Unavailability or Inaccuracy of Final Underlying Interest Value

SECTION 5. (a) – (b) [no change]

(c) If a panel acting pursuant to subsection (a) above delays fixing the underlying interest value for an affected series of options past the last trading day before expiration of that series, the expiration [date] exercise procedures of (i) in the case of range options, Rules 805 and 1501A, or (ii) in the case of binary options, Rule 1501, shall not apply to expiring options of the affected series. The exercise settlement date for such options shall be postponed until the business day following the day on which the Corporation announces the underlying interest value. Each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation prior to the expiration time an exercise notice with respect to each expiring range option contract of an affected series carried in a long position in each account of the Clearing Member if, and only if, the underlying interest value announced by the Corporation results in an exercise settlement amount of \$1.00 or more for such contract or such other amount as the Corporation may establish on not less than 30 days prior notice to all Clearing Members. Range option contracts of an affected series for which the underlying interest value announced by the Corporation results in an exercise settlement amount of less than \$1.00 per contract (or such other amount, if applicable) shall be deemed to have expired unexercised. Expiring series of binary options for which the underlying interest value announced by the Corporation meets the criteria for automatic exercise shall be deemed to have been exercised automatically immediately prior to the expiration time on the expiration date. All other expiring series of binary options on the underlying interest shall be deemed to have expired unexercised.

* * *

ARTICLE XVI**YIELD-BASED TREASURY OPTIONS**

* * *

Definitions

SECTION 1.

(a) – (l) [no change]

[Expiration Date

(m) The term “expiration date” in respect of yield-based Treasury options means the Saturday following the third Friday of the expiration month.]

(n) [relettered as (m); otherwise no change]

* * *

Unavailability or Inaccuracy of Settlement Value of Underlying Yield

SECTION 4. (a) [no change]

(1) – (2) [no change]

(3) If an adjustment panel acting pursuant to subsection (2) above delays fixing an exercise settlement amount for a series of options past the last trading day before expiration of that series, the expiration [date] exercise procedures of Rules 805 and 1704 shall not apply to expiring options of the affected series, and each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation prior to the Expiration Time an exercise notice with respect to each expiring contract of the affected series carried in a long position in each account of the Clearing Member if, and only if, the exercise settlement amount fixed by the panel for options of that series is \$1.00 or more. The exercise settlement date for such options shall be postponed until the business day next following the day on which the exercise settlement amount is fixed. Options for which the exercise settlement amount fixed by the panel is less than \$1.00 shall be deemed to have expired unexercised.

(b) [no change]

* * *

ARTICLE XVII**INDEX OPTIONS AND CERTAIN OTHER CASH-SETTLED OPTIONS**

* * *

Definitions

SECTION 1.

A. – D. [no change]

E.

(1) – (2) [no change]

Expiration Date

(3) The term “expiration date” in respect of cash-settled options expiring prior to February 1, 2015, other than flexibly structured options or OTC index options, means the Saturday following the third Friday of the expiration month, and in respect of cash-settled options expiring on or after February 1, 2015, other than flexibly structured options or OTC index options, means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which

such Exchange is open for business, except that in respect of [an]a class or series of option contracts that is identified by an Exchange as having an expiration date that is a business day other than[different from the Saturday following] the third Friday of the expiration month, the term “expiration date” shall mean such date as identified by the Exchange at or prior to the time of inception of trading of the class or series provided that such date is not a date specified by the Corporation as ineligible to be an expiration date[, as applicable]. The expiration date of an OTC index option shall be determined as set forth in Section 6 of this Article.

F. – Z. [no change]

* * *

Unavailability or Inaccuracy of Current Underlying Interest Value

SECTION 4. (a) [no change]

(1) – (2) [no change]

(3) If the Corporation or an adjustment panel acting pursuant to subsection (2) above delays fixing an exercise settlement amount for a series of options past the last trading day before expiration of that series, the expiration [date] exercise procedures of Rules 805 and 1804 shall not apply to expiring cash-settled options of the affected series, and each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation prior to the Expiration Time an exercise notice with respect to each expiring cash-settled option contract of the affected series carried in a long position in each account of the Clearing Member if, and only if, the exercise settlement amount fixed for options of that series is \$1.00 or more. The exercise settlement date for such options shall be postponed until the business day next following the day on which the exercise settlement amount is fixed. Options for which the exercise settlement amount is fixed at less than \$1.00 shall be deemed to have expired unexercised.

(b) [no change]

* * *

OTC Index Options

THE BY-LAWS IN THIS SECTION (OTC INDEX OPTIONS) ARE INOPERATIVE UNTIL FURTHER NOTICE BY THE CORPORATION

SECTION 6. (a) [no change]

(b) *General Limitations on Variable Terms.* In respect of an OTC index option contract: (i) the type of option may be either a put or a call; (ii) the style of option may be either American-style or European-style; (iii) the underlying index may be any index identified by the Corporation as a permissible underlying index; (iv) the expiration date shall be a business day that is, at the maximum, no more than fifteen years from the trade date of the contract series provided that such date is not a date specified by the Corporation as ineligible to be an expiration

date; (v) the exercise price shall be stated in U.S. dollars and cents; and (vi) the current index value at expiration may be determined based on either the opening index value or closing index value.

(c) – (g) [no change]

* * *

ARTICLE XXII

CASH-SETTLED FOREIGN CURRENCY OPTIONS

* * *

Definitions

SECTION 1.

A. – D. [no change]

E.

(1) – (2) [no change]

Expiration Date

(3) The term “expiration date” in respect of any series of cash-settled foreign currency options expiring prior to February 1, 2015, means the Saturday following the third Friday of the expiration month, and in respect of cash-settled foreign currency options expiring on or after February 1, 2015, means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business, or such other date as may be identified by the Exchange at or prior to the time trading is initiated in the series, provided that if such other date is not a business day or is [an Exchange designated bank holiday] a day on which the Exchange on which such option is listed is not open for business, the expiration day shall be the following business day, provided further, that such date is not a date specified by the Corporation as ineligible to be an expiration date.

F. – Z. [no change]

* * *

Unavailability or Inaccuracy of Spot Price

SECTION 4. (a) [no change]

(1) – (2) [no change]

(3) If an adjustment panel acting pursuant to subsection (2) above delays fixing an exercise settlement amount for a series of options past the last trading day before expiration of that series, the expiration [date] exercise procedures of Rules 805 and 2302 shall not apply to expiring cash-settled foreign currency options of the affected series, and each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation prior to the Expiration Time an exercise notice with respect to each expiring cash-settled foreign currency option contract of the affected series carried in a long position in each account of the Clearing Member if, and only if, the exercise settlement amount fixed by the panel for options of that series is \$1.00 or more. The exercise settlement date for such options shall be postponed until the business day next following the day on which the exercise settlement amount is fixed. Options for which the exercise settlement amount fix.

(b) [no change]

* * *

ARTICLE XXIII

FLEXIBLY STRUCTURED INDEX OPTIONS DENOMINATED IN A FOREIGN CURRENCY

* * *

Definitions

SECTION 1.

A. – D. [no change]

E.

(1) – (2) [no change]

Expiration Date

(3) The term “expiration date” in respect of a series of FX Index Options shall mean such business day as the Exchange shall specify to the Corporation as the expiration date for options of that series at or prior to the inception of trading therein, provided that such date is not a date specified by the Corporation as ineligible to be an expiration date.

E. (4) – Z. [no change]

* * *

ARTICLE XXVI

PACKAGED SPREAD OPTIONS

* * *

Definitions

SECTION 1.

A. – D. [no change]

E.

(1) [no change]

Expiration Date

(2) The term “expiration date” in respect of a series of packaged spread options expiring prior to February 1, 2015 means the Saturday following the third Friday of the month specified as the expiration month by the Exchange on which such series is listed at the time such series is opened for trading, and in respect of a series of packaged spread options expiring on or after February 1, 2015 means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such series is listed is not open for business, the preceding day on which such Exchange is open for business.

F. – Z. [no change]

* * *

RULES

* * *

CHAPTER II

MISCELLANEOUS REQUIREMENTS

* * *

Designation of Clearing Offices

RULE 204. Every Clearing Member shall designate the office of the Corporation through which it shall clear its [Exchange transactions] confirmed trades and otherwise conduct business with the Corporation, and each Clearing Member shall clear all of its confirmed trades (no matter on which Exchange such transaction was effected) and otherwise conduct all of its business with the Corporation through the office of the Corporation it so designates. Notwithstanding the

foregoing, the Corporation may from time to time permit one or more Clearing Members to utilize services of the Corporation through more than one office of the Corporation and Clearing Members may designate a different office as the one through which they will file exercise notices, receive assignments of exercise notices, deliver or receive certificates for underlying securities, or any one or more of the foregoing.

* * *

Financial and Operations Personnel

RULE 214. (a) – (b) [no change]

(c) Each Clearing Member shall ensure that it has an appropriate number of clearing operations personnel with the requisite capability, experience, and competency to reasonably ensure that the Clearing Member is able to clear and settle [Exchange transactions] confirmed trades in Cleared Contracts, Stock Loans, and Market Loans, as applicable, and account types for which it is approved, and to meet all other requirements of membership in the Corporation. Each Clearing Member shall submit to the Corporation a list of such personnel in such form as is acceptable to the Corporation, including, without limitation, the names, titles, primary offices, email addresses, and business phone numbers for all such personnel.

(d) [no change]

* * *

CHAPTER VI

MARGINS

* * *

Customer Level Margin Requirement

RULE 602. (a) [no change]

(b) Each Clearing Member shall ensure that no futures customer of such Clearing Member withdraws funds from its customer account with such Clearing Member unless the net liquidating value plus margin deposits remaining in such account after giving effect to the withdrawal are sufficient to meet the customer initial margin requirement with respect to all [Exchange transactions] confirmed trades cleared for such account.

* * *

CHAPTER VIII**EXERCISE AND ASSIGNMENT**

* * *

Exercise of Options

RULE 801. Issued and unexpired option contracts may, subject to Exchange Rules and the By-Laws, be exercised as follows:

(a) A Clearing Member desiring to exercise an American option contract on [a]ny business day other than [the business day prior to] its expiration date shall submit exercise notices to the Corporation on such business day through electronic means prescribed by the Corporation for that purpose within such timeframe as the Corporation shall prescribe, provided that a different timeframe may be prescribed for the submission of exercise notices on such business day with respect to an American option contracts cleared through ICS ; provided that no option contract expiring on a day that is not a business day may be exercised on the business day immediately preceding its expiration date. The Corporation may change such timeframes upon not less than thirty days' prior written notice to affected Clearing Members. Every submission of an exercise notice in accordance herewith shall become irrevocable at the applicable deadline specified by the Corporation on the date of submission [, unless previously revoked or modified in accordance with such procedures as the Corporation shall prescribe]. No Clearing Member shall revoke or modify any exercise notice [unless its filing was attributable to a bona fide error on the part of the Clearing Member or a customer] after the applicable deadline. Each Clearing Member that [revokes or modifies] files an exercise notice after the applicable deadline shall prepare and preserve, for not less than three years, a memorandum describing in reasonable detail the error that gave rise to [the revocation or modification] late filing. Notwithstanding the foregoing, an XMI index option contract may not be exercised on any day prior to its expiration date that is not a trading day on the New York Stock Exchange.

(b) Any expiring American option contract may be exercised on its expiration date in accordance with Rule 805. Any capped or European option contract may be exercised (other than automatically exercised in the case of a capped option) only on its expiration date in accordance with Rule 805. Any binary options that meet the exercise parameters set forth in Rule 1501 will be automatically exercised in accordance with that rule. Notwithstanding the foregoing, any expiring flexibly structured index option contract, quarterly index option contract, monthly index option contract, weekly index option contract, short term index option contract or OTC index option contract that meets the exercise parameters set forth in Rule 1804(c) will be automatically exercised on its expiration date in accordance with that [rule] Rule. [No expiring option contract, other than an American style flexibly structured option contract, a foreign currency option contract, a short term option contract, a quarterly option contract, a monthly option contract, a weekly option contract, a cross-rate foreign currency option contract, an OTC index option contract or a futures option contract may be exercised on the business day immediately preceding

its expiration date.] No option contract expiring on a day that is not a business day may be exercised on the business day immediately preceding its expiration date.

(c) [no change]

(d) Notwithstanding the foregoing provisions of this Rule, and except as otherwise provided in this paragraph (d), the Chairman, the Management Vice Chairman, or the President of the Corporation, or any delegate of such officer, may in the sole discretion of such person permit a Clearing Member to file [, revoke, or modify] any exercise notice after an applicable deadline prescribed pursuant to paragraph (a) of this Rule, solely for the purpose of correcting a bona fide error on the part of the Clearing Member or a customer, subject to the following conditions:

(1) The Clearing Member shall request permission to file[, revoke, or modify] such exercise notice at a time early enough, in the judgment of the authorized individual acting on the request, to allow the Corporation to complete its nightly processing in a reasonably timely manner notwithstanding any delay resulting from the granting of the request.

(2) The Clearing Member shall be liable to the Corporation for a late filing fee of \$75,000 per line item listed on any exercise notice accepted for filing after the start of critical processing, and shall be informed of such fee at the time a request to file any exercise notice subject to such fee is submitted to the Corporation. Fifty percent of any late filing fee shall be distributed to the assigned Clearing Member or pro-rata to the assigned Clearing Members.

The Corporation will not accept any late exercise request received after 6:30 A.M. Central Time (7:30 A.M. Eastern Time). Clearing Members that have been assigned a late exercise notice shall be notified of the assignment by 8:00 A.M. Central Time (9:00 A.M. Eastern Time). Notwithstanding any other provision of the Rules or By-Laws, the Corporation will not accept any request to revoke or modify a previously submitted exercise notice [received by it after the start of critical processing].

(3) The Clearing Member shall deliver to the Corporation [and to each Exchange on which the affected option is traded], within two business days after submitting a filing[, revocation, or modification] pursuant to this paragraph (d), a memorandum describing in reasonable detail the error that gave rise to such action [(which, in the case of a revocation or modification, may be the memorandum prepared by the Clearing Member in connection therewith pursuant to paragraph (a) of this Rule)]. Every memorandum shall be reviewed by the [Chairman of the Board or his delegate] President or any other officer of the Corporation designated by the President, and, in his or her sole discretion [he] such officer shall make a submission for remission of any late filing fee pursuant to subparagraph (d)(5).

(4) The filing[, revocation, or modification] of an exercise notice pursuant to this paragraph (d) may be deemed a violation of the procedures of the Corporation, and may be subject to disciplinary action pursuant to Chapter XII of the Rules.

(5) The Corporation [Board of Directors] may remit, in whole or in part, any late filing fee imposed pursuant to subparagraph (d)(2), if [it] the Chairman, Management Vice Chairman or the President finds that the filing[, revocation or modification] giving rise to the fee was necessitated by circumstances beyond the reasonable control of the Clearing Member and its customer, or that remission is otherwise equitable in the circumstances.

(6) [no change]

Filing [, revocation or modification] of exercise notices after the applicable deadline specified by the Corporation shall not be permitted under any circumstances in respect of (i) futures options of such classes, or traded on such futures market(s), as may be designated by the Corporation and specified in its procedures; (ii) options contracts cleared through ICS, or (iii) any exercise notice that the Corporation [Board of Directors] has determined not to be eligible for late processing.

* * *

Expiration [Date] Exercise Procedure

RULE 805. (a) At or before such time and date as the Corporation shall from time to time specify [on] with respect to each expiration date, the Corporation shall make available to each Clearing Member an Expiration Exercise Report.

(b) Upon retrieving an Expiration Exercise Report, each Clearing Member may submit exercise instructions in response to such report through electronic means prescribed by the Corporation for that purpose. Such instructions shall indicate, with respect to each series of options listed for each of the Clearing Member's accounts, the number of option contracts of that series, if any, to be exercised for that account. If no option contracts of a particular series are to be exercised for a particular account, the Clearing Member may so indicate opposite the title of that series. Each Clearing Member desiring to submit instructions in accordance with the preceding provisions of this subparagraph (b) shall submit such instructions to the Corporation before such time and date as the Corporation shall from time to time specify with respect to an [on the] expiration date. Instructions to exercise given pursuant to this subparagraph (b) shall become irrevocable at such time and date [on the] with respect to each expiration date as the Corporation shall from time to time specify.

(c) – (e) [no change]

(f) [On] With respect to any expiration date, the Corporation may in its discretion extend any or all of the times and dates prescribed pursuant to subparagraphs (a) and (b). If unusual or unforeseen conditions (including but not limited to power failures or equipment malfunctions) prevent the Corporation from making Expiration Exercise Reports available to Clearing Members on a timely basis, or Clearing Members from submitting on-line responses to such reports, prior to any applicable deadline, the Corporation, in its discretion, may prescribe such alternative procedures for exercising expiring options period as the Corporation deems reasonable, practicable and equitable under the circumstances. Notwithstanding the foregoing, in no event shall the deadline for submitting exercise instructions be extended beyond the

expiration time for such option contracts except pursuant to Article VI, Section 18 of the By-Laws.

(g) In the event that a Clearing Member tenders an exercise notice pursuant to subparagraph (c) (a “supplementary exercise notice”) after the deadline prescribed pursuant to subparagraph (b) for the submission of exercise instructions in response to Expiration Exercise Reports, such Clearing Member shall be liable to the Corporation for a late filing fee of \$75,000 per line item or any supplementary exercise notice tendered after the commencement of critical expiration processing and shall be informed of such fee at the time the supplementary exercise notice is tendered.

(h) [no change]

(i) The Corporation [Board of Directors] may remit, in whole or in part, any filing fee imposed pursuant to subparagraph (g), if the Chairman, Management Vice Chairman or President [Board of Directors] finds that the tendering of the supplementary exercise notice giving rise to the fee was necessitated by circumstances beyond the reasonable control of the Clearing Member or its customer, or that remission is otherwise equitable under the circumstances.

(j) [no change]

* * *

CHAPTER XIII

FUTURES, FUTURES OPTIONS AND COMMODITY OPTIONS

* * *

Exercise Procedures for Options on Futures

RULE 1305. (a) [no change]

(b) The expiration [date] exercise procedures set forth in Rule 805 shall apply to options on futures contracts except for paragraphs (d) and (j) thereof. The provisions of Rule 805 shall be supplemented by paragraphs (b) and (c) of this Rule.

(c) [no change]

* * *

CHAPTER XIV**TREASURY SECURITIES OPTIONS**

* * *

Expiration [Date] Exercise Procedure for Treasury Securities Options

RULE 1401. The expiration [date] exercise procedures set forth in Rule 805 shall be applicable to European-style Treasury securities options, except paragraph (j) thereof. For purposes of this Rule 1401, the term “closing price” as used with respect to an underlying security in Rule 805 means the price provided by the Exchange to the Corporation. Notwithstanding the foregoing, if the Exchange does not furnish a closing price or if two or more Exchanges trade Treasury securities options on the same underlying security and provide different prices for such security, the Corporation may, in its discretion, (i) fix a closing price on such basis as it deems appropriate in the circumstances or (ii) suspend the application of Rule 805(d)(2) to options contracts for which that security is the underlying security. During the term of any such suspension, Clearing Members may exercise such contracts only by giving affirmative exercise instructions in accordance with Rules 805(b) or (c).

* * *

Exercise Settlement of Treasury Securities Options

RULE 1403. (a) [no change]

(b) Prior to the time specified by the Corporation [on] with respect to each expiration date for Treasury securities options, the Corporation shall determine, as to each account of each Treasury Securities Clearing Member, the number of exercised and assigned option contracts of each series of Treasury securities options expiring on such date and make available to each such Treasury Securities Clearing Member an Exercise Settlement Report reflecting the quantity of each issue of Treasury securities to be delivered by, or received from, such Clearing Member, the Clearing Member to which the Clearing Member must deliver such issue or make payment, as applicable, and the amount payable against delivery of the underlying Treasury security, which shall be the aggregate exercise price increased by the amount of accrued interest (if any) up to but not including the exercise settlement date (regardless of the date on which settlement is made) and multiplied by the number of contracts to be settled. Such Exercise Settlement Reports shall include the name of the representative designated by the Treasury Securities Clearing Member pursuant to Rule 1403(a), if applicable, and shall serve in lieu of the Delivery Advices otherwise required to be made available under the Rules.

(c) - (d) [no change]

* * *

CHAPTER XV**BINARY OPTIONS; RANGE OPTIONS**

* * *

Expiration [Date] Exercise Procedures for Range Options

RULE 1501A. (a) The expiration [date] exercise procedures set forth in Rule 805 shall apply to range option contracts except as provided in paragraph (b) of this Rule.

(b) - (c) [no change]

* * *

CHAPTER XVI**FOREIGN CURRENCY OPTIONS**

* * *

Expiration [Date] Exercise Procedure for Foreign Currency Options

RULE 1603. The expiration [date] exercise procedures set forth in Rule 805 shall be utilized in connection with foreign currency option contracts, except that:

(a) - (b) [no change]

* * *

CHAPTER XVII**YIELD-BASED TREASURY OPTIONS**

* * *

Expiration [Date] Exercise Procedure for Yield-Based Treasury Options

RULE 1702. Yield-based Treasury option contracts are European-style options and may therefore be exercised only on the expiration date. The expiration [date] exercise procedures set forth in Rule 805 shall apply to such contracts except that the provisions of subparagraph (d)(2) of Rule 805 shall not apply to such options, and each Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation, immediately prior to the [Expiration Time] expiration time on the expiration date, an exercise notice with respect to each option contract for which the aggregate exercise price is below (in the case of a call) or exceeds (in the case of a put) the aggregate settlement value of the underlying yield by at least \$1 per yield-based Treasury option contract.

* * *

CHAPTER XVIII**INDEX OPTIONS AND OTHER CERTAIN CASH-SETTLED OPTIONS**

* * *

Exercise of Cash-Settled Options Other than on Expiration Date

RULE 1802. (a) [no change]

(b) In the event that the current underlying interest value of the index or other interest underlying any series of capped cash-settled options equals or exceeds the cap price (in the case of a series of calls) or equals or is less than the cap price (in the case of a series of puts) on any trading day prior to the expiration date of such series (such day being referred to hereinafter as the “cap price day”), the Exchange on which such series of capped options was traded shall cause all trading in such series to cease after the close of trading on the cap price day and shall notify the Corporation, prior to such time on the following business day (or, if the cap price day is the business day prior to the expiration date, on the expiration date) as the Corporation may from time to time specify, that the current underlying interest value in respect of such series equaled, exceeded or became less than the cap price of such series, as applicable, on the cap price day and that trading in the series has ceased. All contracts (including contracts created in opening purchase transactions on the cap price day, but excluding contracts that were subject to closing writing transactions on the cap price day) in the series referred to in the notice shall automatically be exercised on the business day following the cap price day (or, if the cap price day is the business day prior to the expiration date, on the expiration date). The Corporation shall accept such exercises on the day on which the exercises are effected.

* * *

Expiration [Date] Exercise Procedure for Cash-Settled Options

RULE 1804. (a) The expiration [date] exercise procedures set forth in Rule 805 shall apply to cash-settled option contracts except as provided in paragraphs (b) and (c) of this Rule.

(b) [no change]

(c) A Clearing Member shall be automatically deemed to have exercised, immediately prior to the [Expiration Time] expiration time on each expiration date, every expiring OTC index option contract, flexibly structured index option contract, quarterly index option contract, monthly index option contract, weekly index option contract, and short term index option contract identified in the Clearing Member’s Expiration Exercise Report that has an exercise settlement amount of \$0.01 or more per contract in the case of OTC index option contracts and \$1.00 or more per contract in the case of all other types of index option contracts, or such other amount as the Corporation may from time to time establish on not less than 30 days prior notice to all Index Clearing Members.

(d) [no change]

...Interpretations and Policies

.01 [no change]

.02 The foregoing expiration [date] exercise procedures are modified by the provisions of Article XVII, Section 4 of the By-Laws under the special circumstances referred to therein relating to the unavailability or inaccuracy of the current value for an underlying interest.

* * *

CHAPTER XXI

CROSS-RATE FOREIGN CURRENCY OPTIONS

* * *

Expiration [Date] Exercise Procedure for Cross-Rate Foreign Currency Options

RULE 2103. The expiration [date] exercise procedures set forth in Rule 805 shall be utilized in connection with cross-rate foreign currency option contracts, except that:

(a) – (b) [no change]

* * *

CHAPTER XXIII

CASH-SETTLED FOREIGN CURRENCY OPTIONS

* * *

Exercise Procedure

RULE 2302. (a) The expiration [date] exercise procedures set forth in Rule 805 shall apply to cash-settled foreign currency option contracts except as provided in paragraph (b) of this Rule.

(b) - (c) [no change]

...Interpretations and Policies

.01 [no change]

.02 The foregoing expiration [date] exercise procedures are modified by the provisions of Article XXII, Section 4 of the By-Laws under the special circumstances referred to therein relating to the unavailability or inaccuracy of the spot price for the currency underlying any cash-settled foreign currency options.

* * *

CHAPTER XXIV

FLEXIBLY STRUCTURED INDEX OPTIONS DENOMINATED IN A FOREIGN CURRENCY

* * *

Exercise of FX Index Options Other than on Expiration Date

RULE 2401. (a) [no change]

(b) In the event that the current index value of the index underlying any series of capped FX Index Options equals or exceeds the cap price (in the case of a series of calls) or equals or is less than the cap price (in the case of a series of puts) on any trading day prior to the expiration date of such series (such day being referred to hereinafter as the “cap price day”), the Exchange on which such series of capped options was traded shall cause all trading in such series to cease after the close of trading on the cap price day and shall notify the Corporation, prior to such time on the following business day (or, if the cap price day is the business day prior to the expiration date, on the expiration date) as the Corporation may from time to time specify, that the current index value in respect of such series equaled, exceeded or became less than the cap price of such series, as applicable, on the cap price day and that trading in the series has ceased. All contracts (including contracts created in opening purchase transactions on the cap price day, but excluding contracts that were subject to closing writing transactions on the cap price day) in the series referred to in the notice shall automatically be exercised on the business day following the cap price day (or, if the cap price day is the business day prior to the expiration date, on the expiration date). The Corporation shall accept such exercises on the day on which the exercises are effected.

* * *

Expiration [Date] Exercise Procedure for FX Index Options

RULE 2403. The expiration [date] exercise procedures set forth in Rule 805 shall apply to FX Index Option contracts whenever expiring; except that:

(a) [at or before such time as the Corporation shall prescribe on each business day that is an] With respect to each expiration date for a FX Index Option contract, at the time and date specified in Rule 805(a), the Corporation shall make available to each Clearing Member a report listing, by account, each expiring FX Index Option contract in each of the Clearing Member’s accounts with the Corporation. Each FX Index Clearing Member shall be automatically deemed to have properly and irrevocably tendered to the Corporation, immediately prior to the [Expiration Time] expiration time on the expiration date, an exercise notice with respect to each FX Index Option contract listed in the report made available to the Clearing Member that has an

aggregate exercise price below (in the case of a call) or above (in the case of a put) the aggregate current index value.

(b) [no change]

* * *

CHAPTER XXVII

PACKAGED SPREAD OPTIONS

* * *

Exercise Procedures

RULE 2702. (a) The expiration [date] exercise procedures set forth in Rule 805 shall apply to packaged spread option contracts except that (i) options deemed to have been exercised pursuant to subparagraph (d)(2) of Rule 805 shall be those packaged spread options for which the exercise settlement amount will be \$1.00 or more per option contract (regardless of the account in which the contract is carried), or such other amount as the Corporation may from time to time establish on not less than 30 days prior written notice to all Index Clearing Members, and (ii) the term “closing price” as used elsewhere in Rule 805(e) shall be deemed to mean the current index value used by the Corporation in calculating the exercise settlement amount, or the exercise settlement amount itself, as the context requires. If such value or amount is unavailable at the time a report is issued in accordance with Rule 805(a), the Corporation may determine not to fix a value or amount for purposes of such report, in which case options may be exercised only through submission of an exercise instruction in accordance with Rule 805(b). Rule 805(i) does not apply to packaged spread options.

(b) [no change]

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by OCC’s Board of Directors at a meeting held on November 26, 2012. Questions regarding the proposed rule change should be addressed to Stephen Szarmack, Vice President and Associate General Counsel, at (312) 322-4802.

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

Most option contracts (“standard expiration contracts”) currently expire at the “expiration time” (11:59 pm Eastern Time) on the *Saturday* following the third Friday of the specified expiration month (the “expiration date”).¹ The purpose of this proposed rule change and advance notice is to change the expiration date for standard expiration contracts to the third *Friday* of the expiration month. (The expiration time would continue to be 11:59 pm Eastern Time on the expiration date.) The change would apply only to standard expiration contracts expiring after February 1, 2015, and OCC does not propose to change the expiration date for any outstanding option contract. The change will apply only to series of option contracts opened for trading after the effective date of this proposed rule change and having expiration dates later than February 1, 2015. Option contracts having non-standard expiration dates (“non-standard expiration contracts”) will be unaffected by this proposed rule change.²

In order to provide a smooth transition to the Friday expiration, OCC would, beginning June 21, 2013, move the expiration exercise procedures to Friday for all standard expiration contracts even though the contracts would continue to expire on Saturday. After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of this rule change, and a limited number of options that may be listed prior to necessary systems changes of the options exchanges, which are expected to be completed in August 2013. The exchanges have agreed that

¹ See the definition of “expiration time” in Article I of OCC’s By-Laws.

² Examples of non-standard options include flex options, quarterly, monthly and weekly options, where the expiration exercise processing for such options presently occurs on a weekday.

once these systems changes are made they will not open for trading any new series of option contracts with Saturday expiration dates falling after February 1, 2015.

Background

Saturday was established as the standard expiration date for OCC-cleared options primarily in order to allow sufficient time for processing of option exercises, including correction of errors, while the markets were closed and positions remained fixed. However, improvements in technology and a great deal of experience have rendered Saturday expiration processing inefficient, and Saturday processing also poses unnecessary operational risk upon OCC and its clearing members. Therefore, it has been a long-term goal of OCC and its clearing members to move the expiration process for all standard expiration option contracts from Saturday to Friday night.

Eliminating Saturday expirations will allow OCC to streamline the expiration process between standard and non-standard options expirations, which will increase operational efficiencies and reduce operational risk for OCC and its clearing members. After the standard options expiration process is moved to Friday night, expiration processing for standard options, quarterly options and weekly options will all occur on the same day and will be a single, and inherently more efficient, operational process. The move to Friday night processing will also align expiration processing schedules for United States markets with expiration processing schedules for European markets and will allow affected clearing members to run a single, consistent and efficient operational process for all U.S. equity/index options regardless of where such options are exercised. Moreover, the move to Friday night processing will also eliminate the operational risk presented by scheduling an expiration process to run on one Saturday per month when it is otherwise run weekly on Friday night. Saturdays are typically reserved for

system maintenance and installs of system enhancements so Saturday expiration processes force such maintenance and installs to be rescheduled and sometimes delayed.

From a risk management perspective, the proposed rule change will compress the operational timeframe for processing option expirations such that clearing members will be required to reconcile options trades on trade date. Trade date reconciliation is a better risk management practice and will facilitate and promote the use of intra-day risk management systems by clearing members as well as move clearing members toward adopting real-time trade date reconciliation and position balancing systems.

Industry groups, clearing members and the exchanges have been active participants in planning for the transition to the Friday expiration. In March, 2012, OCC began to discuss moving standard expiration contracts to Friday expiration dates with industry groups, including two Securities Industry and Financial Markets Association (“SIFMA”) committees, the Operations and Technology Steering Committee and the Options Committee, and at two major industry conferences, the SIFMA Operations Conference and the Options Industry Conference. OCC also discussed the project with the Intermarket Surveillance Group and at an OCC Operations Roundtable. In each case, OCC received broad support for the initiative. Also, OCC surveyed all of its clearing members as well as its service bureaus and learned that a significant majority of those surveyed are currently ready to move to Friday night expiration processing. OCC has worked with the other clearing members and service bureaus so that all affected parties experience a smooth transition to Friday night expiration processing. OCC has obtained assurances from all options industry participants that they will be ready to move to Friday night expiration processing by June 2013.

Friday night expiration processing is also consistent with the long-standing rules and procedures of the options exchanges and the Financial Industry Regulatory Authority (“FINRA”),³ which generally provide that exercise decisions with respect to expiring standard exercise contracts must be made by, and exercise instructions may not be accepted from customers after, 5:30 p.m. Eastern Time on the business day preceding expiration (usually Friday).⁴ Brokerage firms may set earlier cutoff times for customers submitting exercise notices. Clearing members are permitted to submit exercise instructions after the cutoff time (“supplementary exercises”) only in case of errors or other unusual situations, and may be subject to fines or disciplinary actions.⁵ OCC believes that the extended period between cutoff time and expiration of options is no longer necessary given modern technology.

Transition Period

Based on significant dialogue between OCC and clearing members regarding the move to Friday expiration, OCC believes that the adoption of Friday expiration for standard expiration contracts is best accomplished through an appropriate transition period during which processing activity for all options, whether expiring on Friday or Saturday, would move to Friday, followed by a change in the expiration day for new series of options. In May 2012, OCC and its clearing members determined that Friday, June 21, 2013, would be an appropriate date on which to move expiration processing from Saturday to Friday night. Accordingly, OCC

³ OCC has contacted FINRA regarding the need to review the Contrary Exercise Advisory Rule to ensure such rule is consistent with the industry effort to move to Friday expiration dates. FINRA has determined that no changes to its current rules are needed in order to accommodate the transition of expiration processing from Saturday to Friday night. FINRA has agreed that it will work with the industry to implement coordinated and appropriate modifications to its rules in order to accommodate Friday night expiration dates, which will begin on or after February 1, 2015.

⁴ See, e.g., FINRA Rule 4210(b)(23)(A)(iii). “Option holders have until 5:30 p.m. Eastern Time (“ET”) on the business day immediately prior to the expiration date to make a final exercise decision to exercise or not exercise an expiring option. Members may not accept exercise instructions for customer or noncustomer accounts after 5:30 p.m. ET.” Member firms may specify earlier cutoff times.

⁵ See OCC Rule 805(g).

proposes that, beginning June 21, 2013, Friday expiration processing will be in effect for all expiring standard expiration contracts, regardless of whether the contract's actual expiration date is Friday or Saturday. However, for contracts having a Saturday expiration date, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed so long as they are submitted in accordance with OCC's procedures governing such requests. After the transition period and the expiration of all existing Saturday-expiring options, expiration processing will be a single operational process and will run on Friday night for all standard expiration options.

Friday Expiration Processing Schedule

Currently, expiration processing for standard expiration contracts begins on Saturday morning at 6:00 a.m. Central Time and is completed at approximately noon Central Time when margin and settlement reports are available. The window for submission of instructions in accordance with OCC's exercise-by-exception procedures under Rule 805(d) is open from 6:00 a.m. to 9:00 a.m. Central Time on Saturday morning.⁶ OCC proposes that the window for submission of exercise-by-exception instructions be open from 6:00 p.m. to 9:15 p.m. Central Time on Friday evening.⁷ Friday expiration processing for standard expiration contracts would therefore begin at 6:00 p.m. Central Time on Friday evening and end at

⁶ OCC's exercise-by-exception procedures are described in Rule 805(d), which generally provides that each clearing member will automatically be deemed to have submitted an exercise notice immediately prior to the expiration time for all in-the-money option contracts unless the clearing member has instructed OCC otherwise in a written exercise notice.

⁷ The exercise-by-exception window for weekly and quarterly expiration options is from 6:00 p.m. to 7:00 p.m. Central Time on the expiration date.

approximately 2:00 a.m. Central Time on Saturday morning when margin and settlement reports will be available.⁸

Exercises for standard expiration contracts with Saturday expirations must be allowed under the terms of the contracts. However, in order to accommodate the proposed new expiration schedule, OCC also proposes to shorten the period of time in which clearing members may submit a supplementary exercise notice under Rule 805(b). In addition, Rule 801 would be amended to eliminate the ability of clearing members to revoke or modify exercise notices submitted to OCC. This change, along with the change in the processing timeline discussed above, will more closely align OCC's expiration processing procedures with exchange rules, under which exchange members must submit exercise instructions by 5:30 p.m. Central Time on Friday and may not accept exercise instructions from customers after 4:30 p.m. Central Time on Friday. Accordingly, this change will not represent a departure from current practices for clearing members or their customers.

In connection with moving from Saturday to Friday night processing and expiration, OCC reviewed other aspects of its business to confirm that there would be no unintended consequences, and concluded that there would be none. For example, the proposed changes do not affect OCC's liquidity forecasting procedures, nor do they impact OCC's liquidity needs, since OCC's liquidity forecasts and liquidity needs are driven by settlement obligations, which occur on the same day (T+3) irrespective of the move to Friday night processing and expiration dates.

⁸ The proposed expiration schedule for Friday expiration processing is similar to the expiration schedule for weekly options, which begins at 6:00 p.m. Central Time on Friday evening and ends at 11:30 p.m. Central Time on Friday evening. All timeframes would be set forth in OCC's procedures and subject to change based on OCC's experience with Friday expiration processing.

Grandfathering of Certain Options Series

Certain option contracts have already been listed on exchanges with expiration dates as distant as December 2016. Such options have Saturday expiration dates and OCC cannot change the terms of existing option contracts. In addition, clearing members have expressed a clear preference to not have open interest in any particular month with different expiration dates. Therefore, OCC will designate certain expiration dates as “grandfathered,” and any option contract that is listed, or listed in the future, that expires on a grandfathered date will have a Saturday expiration date even if such expiration date is after February 1, 2015.⁹ Further, certain FLEX options that have already been accepted for clearance and have expiration dates beyond February 1, 2015, will also be designated as grandfathered. The Friday night expiration transition period processing schedule, as described above, will be in effect for any grandfathered Saturday expiration contract. In order to minimize the number of grandfathered expiration dates, exchanges have already agreed that, if there is not already a previously listed standard expiration option contract with an expiration in a particular month that is after February 1, 2015,¹⁰ they will not open for trading any new series of standard expiration option contracts with Saturday expiration dates in such month.

Proposed Amendments to By-Laws and Rules

In order to implement the change to Friday expiration processing and eventual transition to Friday expiration for all standard expiration contracts, OCC proposes to amend the definition of “expiration date” in Article I and certain other articles of the By-Laws. As

⁹ After OCC designates an expiration date as grandfathered, the exchanges have agreed to not permit the listing of, and OCC will not accept for clearance, any newly listed standard expiration option contract with a Friday expiration in the applicable month.

¹⁰ Until exchanges complete certain systems enhancements in August 2013, it is possible that additional option contracts may be listed with Saturday expiration dates beyond February 1, 2015.

amended, the applicability of the definition would not be limited to stock options, and the definition of “expiration date” in certain articles of the By-Laws therefore can be deleted in reliance on the Article I definition. OCC also proposes to amend Rule 805, and all rules supplementing or replacing Rule 805, to allow for Friday expiration processing during the transition to Friday expiration. Section 18 of Article VI of the By-Laws would also be amended to align procedures for delays in producing Expiration Exercise Reports and submission of exercise instructions with the amended expiration exercise procedures in Rule 805. Rule 801 would be amended to modify the prohibition against exercising an American option contract on the business day prior to its expiration date because this prohibition is necessary only for options expiring on a Saturday. The prohibition can be removed altogether when there are no longer any options expiring on a Saturday.

Rule 801 is also being amended to remove clearing members’ ability to revoke or modify exercise notices in order to accommodate the proposed compressed Friday expiration processing expiration schedule. Finally, Rules 801 and 805 would be amended to allow certain determinations to be made by high-level officers of OCC, rather than the Board of Directors, in order to provide OCC with greater operational flexibility in processing exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time, and to replace various references to the expiration date of options with reference to the procedures of Rule 805.

Under the proposed rule change, OCC would preserve the ability of the options exchanges to designate (or, in the case of flexibly structured options, permit clearing members to designate) non-standard expiration dates for options, or classes or series of options, so long as

the designated expiration date is not a date OCC has specified as ineligible to be an expiration date.

* * *

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Exchange Act¹¹ because it provides for the prompt and accurate clearance and settlement of securities transactions and the protection of securities investors and the public interest¹² by improving the processing time for clearing of option contracts, standardizing the expiration day of numerous options contracts, and requiring clearing members to reconcile options transactions on the trade date, which will facilitate and promote intra-day risk management by the clearing members. The proposed rule change is not inconsistent with any existing OCC By-Laws or Rules.

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

OCC does not believe that the proposed rule change would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change, which will apply to all OCC clearing members, involves operational improvements that will allow OCC and its clearing members to become more operationally efficient and reduce operational risk. Moreover, OCC has coordinated moving to a Friday night expiration process with options industry participants and has also obtained assurance from all such participants that they are able to adhere to OCC's Friday night expiration implementation

¹¹ 15 USC § 78q-1.

¹² 15 USC § 78q-1(b)(3)(F).

schedule. Therefore, OCC does not believe the proposed rule change would impose a burden on competition.

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

While the matters discussed in this proposed rule change have been subject to extensive discussion with clearing members, including during an OCC Operations Roundtable, written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.

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

Not applicable.

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

Not applicable.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

OCC is filing this proposed rule change as an “advance notice” pursuant to Section 806(e)(2) of the Payment, Clearing, and Settlement Supervision Act of 2010 because the proposed change could be deemed to materially affect the nature or level of risks presented by OCC. OCC believes that the Rule change will enhance OCC’s ability to manage the risks presented to it. The operational processing of stock option contracts with Saturday expiration dates on the preceding Friday and the ultimate transition to a Friday expiration date for standard expiration contracts as described above will reduce the operational risk to OCC by allowing OCC to streamline the expiration process for all such options contracts and increase the operational efficiencies for OCC and its clearing members. In addition, it will compress the operational timeframe for processing the options expirations such that clearing members will be required to reconcile options trades on the trade date, which will facilitate and promote intra-day risk management of cleared trades, and promote real-time trade date reconciliation and positions balancing, by clearing members.

Item 11. Exhibits

Exhibit 1A Completed notice of the advance notice for publication in the Federal Register.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

THE OPTIONS CLEARING CORPORATION

By: Stephen Szarmack
Stephen Szarmack
Vice President and
Associate General Counsel

EXHIBIT 1A**SECURITIES AND EXCHANGE COMMISSION**
(Release No. 34-_____; File No. SR-OCC-2013-802)**April 17, 2013**

Clearing Agencies; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change and Advance Notice to Change the Expiration Date For Most Option Contracts to the Third Friday of the Expiration Month Instead of the Saturday Following the Third Friday.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on April 17, 2013, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change and advance notice as described in Items I and II below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change and advance notice from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change and Advance Notice

The proposed rule change and advance notice would allow OCC to change the expiration date for most option contracts to the third Friday of the expiration month instead of the Saturday following the third Friday.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change and Advance Notice

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

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change and Advance Notice

Most option contracts (“standard expiration contracts”) currently expire at the “expiration time” (11:59 pm Eastern Time) on the *Saturday* following the third Friday of the specified expiration month (the “expiration date”).³ The purpose of this proposed rule change and advance notice is to change the expiration date for standard expiration contracts to the third *Friday* of the expiration month. (The expiration time would continue to be 11:59 pm Eastern Time on the expiration date.) The change would apply only to standard expiration contracts expiring after February 1, 2015, and OCC does not propose to change the expiration date for any outstanding option contract. The change will apply only to series of option contracts opened for trading after the effective date of this proposed rule change and having expiration dates later than February 1, 2015. Option contracts having non-standard expiration dates (“non-standard expiration contracts”) will be unaffected by this proposed rule change.⁴

In order to provide a smooth transition to the Friday expiration, OCC would, beginning June 21, 2013, move the expiration exercise procedures to Friday for all standard

³ See the definition of “expiration time” in Article I of OCC’s By-Laws.

⁴ Examples of non-standard options include flex options, quarterly, monthly and weekly options, where the expiration exercise processing for such options presently occurs on a weekday.

expiration contracts even though the contracts would continue to expire on Saturday. After February 1, 2015, virtually all standard expiration contracts will actually expire on Friday. The only standard expiration contracts that will expire on a Saturday after February 1, 2015 are certain options that were listed prior to the effectiveness of this rule change, and a limited number of options that may be listed prior to necessary systems changes of the options exchanges, which are expected to be completed in August 2013. The exchanges have agreed that once these systems changes are made they will not open for trading any new series of option contracts with Saturday expiration dates falling after February 1, 2015.

Background

Saturday was established as the standard expiration date for OCC-cleared options primarily in order to allow sufficient time for processing of option exercises, including correction of errors, while the markets were closed and positions remained fixed. However, improvements in technology and a great deal of experience have rendered Saturday expiration processing inefficient, and Saturday processing also poses unnecessary operational risk upon OCC and its clearing members. Therefore, it has been a long-term goal of OCC and its clearing members to move the expiration process for all standard expiration option contracts from Saturday to Friday night.

Eliminating Saturday expirations will allow OCC to streamline the expiration process between standard and non-standard options expirations, which will increase operational efficiencies and reduce operational risk for OCC and its clearing members. After the standard options expiration process is moved to Friday night, expiration processing for standard options, quarterly options and weekly options will all occur on the same day and will be a single, and inherently more efficient, operational process. The move to Friday night processing will also

align expiration processing schedules for United States markets with expiration processing schedules for European markets and will allow affected clearing members to run a single, consistent and efficient operational process for all U.S. equity/index options regardless of where such options are exercised. Moreover, the move to Friday night processing will also eliminate the operational risk presented by scheduling an expiration process to run on one Saturday per month when it is otherwise run weekly on Friday night. Saturdays are typically reserved for system maintenance and installs of system enhancements so Saturday expiration processes force such maintenance and installs to be rescheduled and sometimes delayed.

From a risk management perspective, the proposed rule change will compress the operational timeframe for processing option expirations such that clearing members will be required to reconcile options trades on trade date. Trade date reconciliation is a better risk management practice and will facilitate and promote the use of intra-day risk management systems by clearing members as well as move clearing members toward adopting real-time trade date reconciliation and position balancing systems.

Industry groups, clearing members and the exchanges have been active participants in planning for the transition to the Friday expiration. In March, 2012, OCC began to discuss moving standard expiration contracts to Friday expiration dates with industry groups, including two Securities Industry and Financial Markets Association (“SIFMA”) committees, the Operations and Technology Steering Committee and the Options Committee, and at two major industry conferences, the SIFMA Operations Conference and the Options Industry Conference. OCC also discussed the project with the Intermarket Surveillance Group and at an OCC Operations Roundtable. In each case, OCC received broad support for the initiative. Also, OCC surveyed all of its clearing members as well as its service bureaus and learned that a significant

majority of those surveyed are currently ready to move to Friday night expiration processing. OCC has worked with the other clearing members and service bureaus so that all affected parties experience a smooth transition to Friday night expiration processing. OCC has obtained assurances from all options industry participants that they will be ready to move to Friday night expiration processing by June 2013.

Friday night expiration processing is also consistent with the long-standing rules and procedures of the options exchanges and the Financial Industry Regulatory Authority (“FINRA”),⁵ which generally provide that exercise decisions with respect to expiring standard exercise contracts must be made by, and exercise instructions may not be accepted from customers after, 5:30 p.m. Eastern Time on the business day preceding expiration (usually Friday).⁶ Brokerage firms may set earlier cutoff times for customers submitting exercise notices. Clearing members are permitted to submit exercise instructions after the cutoff time (“supplementary exercises”) only in case of errors or other unusual situations, and may be subject to fines or disciplinary actions.⁷ OCC believes that the extended period between cutoff time and expiration of options is no longer necessary given modern technology.

Transition Period

Based on significant dialogue between OCC and clearing members regarding the move to Friday expiration, OCC believes that the adoption of Friday expiration for standard

⁵ OCC has contacted FINRA regarding the need to review the Contrary Exercise Advisory Rule to ensure such rule is consistent with the industry effort to move to Friday expiration dates. FINRA has determined that no changes to its current rules are needed in order to accommodate the transition of expiration processing from Saturday to Friday night. FINRA has agreed that it will work with the industry to implement coordinated and appropriate modifications to its rules in order to accommodate Friday night expiration dates, which will begin on or after February 1, 2015.

⁶ See, e.g., FINRA Rule 4210(b)(23)(A)(iii). “Option holders have until 5:30 p.m. Eastern Time (“ET”) on the business day immediately prior to the expiration date to make a final exercise decision to exercise or not exercise an expiring option. Members may not accept exercise instructions for customer or noncustomer accounts after 5:30 p.m. ET.” Member firms may specify earlier cutoff times.

⁷ See OCC Rule 805(g).

expiration contracts is best accomplished through an appropriate transition period during which processing activity for all options, whether expiring on Friday or Saturday, would move to Friday, followed by a change in the expiration day for new series of options. In May 2012, OCC and its clearing members determined that Friday, June 21, 2013, would be an appropriate date on which to move expiration processing from Saturday to Friday night. Accordingly, OCC proposes that, beginning June 21, 2013, Friday expiration processing will be in effect for all expiring standard expiration contracts, regardless of whether the contract's actual expiration date is Friday or Saturday. However, for contracts having a Saturday expiration date, exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time will continue to be processed so long as they are submitted in accordance with OCC's procedures governing such requests. After the transition period and the expiration of all existing Saturday-expiring options, expiration processing will be a single operational process and will run on Friday night for all standard expiration options.

Friday Expiration Processing Schedule

Currently, expiration processing for standard expiration contracts begins on Saturday morning at 6:00 a.m. Central Time and is completed at approximately noon Central Time when margin and settlement reports are available. The window for submission of instructions in accordance with OCC's exercise-by-exception procedures under Rule 805(d) is open from 6:00 a.m. to 9:00 a.m. Central Time on Saturday morning.⁸ OCC proposes that the window for submission of exercise-by-exception instructions be open from 6:00 p.m. to 9:15

⁸ OCC's exercise-by-exception procedures are described in Rule 805(d), which generally provides that each clearing member will automatically be deemed to have submitted an exercise notice immediately prior to the expiration time for all in-the-money option contracts unless the clearing member has instructed OCC otherwise in a written exercise notice.

p.m. Central Time on Friday evening.⁹ Friday expiration processing for standard expiration contracts would therefore begin at 6:00 p.m. Central Time on Friday evening and end at approximately 2:00 a.m. Central Time on Saturday morning when margin and settlement reports will be available.¹⁰

Exercises for standard expiration contracts with Saturday expirations must be allowed under the terms of the contracts. However, in order to accommodate the proposed new expiration schedule, OCC also proposes to shorten the period of time in which clearing members may submit a supplementary exercise notice under Rule 805(b). In addition, Rule 801 would be amended to eliminate the ability of clearing members to revoke or modify exercise notices submitted to OCC. This change, along with the change in the processing timeline discussed above, will more closely align OCC's expiration processing procedures with exchange rules, under which exchange members must submit exercise instructions by 5:30 p.m. Central Time on Friday and may not accept exercise instructions from customers after 4:30 p.m. Central Time on Friday. Accordingly, this change will not represent a departure from current practices for clearing members or their customers.

In connection with moving from Saturday to Friday night processing and expiration, OCC reviewed other aspects of its business to confirm that there would be no unintended consequences, and concluded that there would be none. For example, the proposed changes do not affect OCC's liquidity forecasting procedures, nor do they impact OCC's liquidity needs, since OCC's liquidity forecasts and liquidity needs are driven by settlement

⁹ The exercise-by-exception window for weekly and quarterly expiration options is from 6:00 p.m. to 7:00 p.m. Central Time on the expiration date.

¹⁰ The proposed expiration schedule for Friday expiration processing is similar to the expiration schedule for weekly options, which begins at 6:00 p.m. Central Time on Friday evening and ends at 11:30 p.m. Central Time on Friday evening. All timeframes would be set forth in OCC's procedures and subject to change based on OCC's experience with Friday expiration processing.

obligations, which occur on the same day (T+3) irrespective of the move to Friday night processing and expiration dates.

Grandfathering of Certain Options Series

Certain option contracts have already been listed on exchanges with expiration dates as distant as December 2016. Such options have Saturday expiration dates and OCC cannot change the terms of existing option contracts. In addition, clearing members have expressed a clear preference to not have open interest in any particular month with different expiration dates. Therefore, OCC will designate certain expiration dates as “grandfathered,” and any option contract that is listed, or listed in the future, that expires on a grandfathered date will have a Saturday expiration date even if such expiration date is after February 1, 2015.¹¹ Further, certain FLEX options that have already been accepted for clearance and have expiration dates beyond February 1, 2015, will also be designated as grandfathered. The Friday night expiration transition period processing schedule, as described above, will be in effect for any grandfathered Saturday expiration contract. In order to minimize the number of grandfathered expiration dates, exchanges have already agreed that, if there is not already a previously listed standard expiration option contract with an expiration in a particular month that is after February 1, 2015,¹² they will not open for trading any new series of standard expiration option contracts with Saturday expiration dates in such month.

¹¹ After OCC designates an expiration date as grandfathered, the exchanges have agreed to not permit the listing of, and OCC will not accept for clearance, any newly listed standard expiration option contract with a Friday expiration in the applicable month.

¹² Until exchanges complete certain systems enhancements in August 2013, it is possible that additional option contracts may be listed with Saturday expiration dates beyond February 1, 2015.

Proposed Amendments to By-Laws and Rules

In order to implement the change to Friday expiration processing and eventual transition to Friday expiration for all standard expiration contracts, OCC proposes to amend the definition of “expiration date” in Article I and certain other articles of the By-Laws. As amended, the applicability of the definition would not be limited to stock options, and the definition of “expiration date” in certain articles of the By-Laws therefore can be deleted in reliance on the Article I definition. OCC also proposes to amend Rule 805, and all rules supplementing or replacing Rule 805, to allow for Friday expiration processing during the transition to Friday expiration. Section 18 of Article VI of the By-Laws would also be amended to align procedures for delays in producing Expiration Exercise Reports and submission of exercise instructions with the amended expiration exercise procedures in Rule 805. Rule 801 would be amended to modify the prohibition against exercising an American option contract on the business day prior to its expiration date because this prohibition is necessary only for options expiring on a Saturday. The prohibition can be removed altogether when there are no longer any options expiring on a Saturday.

Rule 801 is also being amended to remove clearing members’ ability to revoke or modify exercise notices in order to accommodate the proposed compressed Friday expiration processing expiration schedule. Finally, Rules 801 and 805 would be amended to allow certain determinations to be made by high-level officers of OCC, rather than the Board of Directors, in order to provide OCC with greater operational flexibility in processing exercise requests received after Friday expiration processing is complete but before the Saturday contract expiration time, and to replace various references to the expiration date of options with reference to the procedures of Rule 805.

Under the proposed rule change, OCC would preserve the ability of the options exchanges to designate (or, in the case of flexibly structured options, permit clearing members to designate) non-standard expiration dates for options, or classes or series of options, so long as the designated expiration date is not a date OCC has specified as ineligible to be an expiration date.

OCC is filing this proposed rule change as an “advance notice” pursuant to Section 806(e)(2) of the Payment, Clearing, and Settlement Supervision Act of 2010 because the proposed change could be deemed to materially affect the nature or level of risks presented by OCC. OCC believes that the Rule change will enhance OCC’s ability to manage the risks presented to it. The operational processing of stock option contracts with Saturday expiration dates on the preceding Friday and the ultimate transition to a Friday expiration date for standard expiration contracts as described above will reduce the operational risk to OCC by allowing OCC to streamline the expiration process for all such options contracts and increase the operational efficiencies for OCC and its clearing members. In addition, it will compress the operational timeframe for processing the options expirations such that clearing members will be required to reconcile options trades on the trade date, which will facilitate and promote intra-day risk management of cleared trades, and promote real-time trade date reconciliation and positions balancing, by clearing members.

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Exchange Act¹³ because it provides for the prompt and accurate clearance and settlement of securities transactions and the protection of securities investors and the public

¹³ 15 USC § 78q-1.

interest¹⁴ by improving the processing time for clearing of option contracts, standardizing the expiration day of numerous options contracts, and requiring clearing members to reconcile options transactions on the trade date, which will facilitate and promote intra-day risk management by the clearing members. The proposed rule change is not inconsistent with any existing OCC By-Laws or Rules.

(B) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act. The proposed rule change, which will apply to all OCC clearing members, involves operational improvements that will allow OCC and its clearing members to become more operationally efficient and reduce operational risk. Moreover, OCC has coordinated moving to a Friday night expiration process with options industry participants and has also obtained assurance from all such participants that they are able to adhere to OCC's Friday night expiration implementation schedule. Therefore, OCC does not believe the proposed rule change would impose a burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

While the matters discussed in this proposed rule change have been subject to extensive discussion with clearing members, including during an OCC Operations Roundtable, written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

¹⁴ 15 USC § 78q-1(b)(3)(F).

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change; or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date that the proposed change was filed with the Commission or (ii) the date that any additional information requested by the Commission is received. The clearing agency shall not implement the proposed rule change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission or the Board of Governors of the Federal Reserve System providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed. The clearing agency shall post notice on its website of proposed changes that are implemented.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing. 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>);
or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2013-802 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2013-802. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change and advance notice that is 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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at (<http://www.theocc.com/about/publications/bylaws.jsp>).

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-OCC-2013-802 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

By the Commission.

Kevin M. O'Neill
Deputy Secretary