

OneChicago ✕

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September 8, 2010

C.F.T.C.
OFFICE OF THE SECRETARIAT
2010 SEP 9 PM 3 56

Mr. David Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: Security Futures Products Rule Submission and Rule Certification
Amendment No. 1 to OCX-OCC Clearing Agreement

Dear Mr. Stawick:

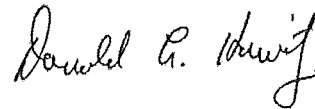
Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the "Act"), and section 41.24 of the regulations promulgated by the Commission under the Act, submitted herewith is proposed Amendment No. 1 to the Security Futures Agreement For Clearing and Settlement Services between OneChicago, LLC ("OneChicago" or "OCX") and The Options Clearing Corporation ("OCC") (hereinafter "Amendment No.1"). This Amendment No. 1 is related to the Rule Change certified to the Commission simultaneously with this submission relating to OCX **Rule 902 (i) Contract Adjustments** ("Rule Change 902"). Rule Change 902 was required to make it clear that OneChicago may designate a class of security futures contracts that will be adjusted, pursuant to the rule of the Clearing Corporation, for cash dividends or distributions. Currently OneChicago products are not, ordinarily, adjusted for such routine dividends or distributions. This filing is an amendment to the present Security Futures Agreement For Clearing and Settlement Services in that it codifies the procedures in the Agreement.

OCC has filed a Rule change with the Securities and Exchange Commission (SR-OCC-2010-13) (with a copy to the Commission) to accommodate contract adjustments for this product. Additionally, both the National Futures Association and FINRA have filed Rules changes with both the CFTC and the Securities and Exchange Commission amending the Securities Futures Disclosure Document to reflect the contract adjustments for the OCX.NoDiv™ product. OneChicago intends to offer its OCX.NoDiv product upon approval of the OCC Rule change by the SEC.¹ OneChicago will file a new product listing with the Commission prior to offering any OCX.NoDiv products.

¹ See Federal Register, Vol. 75, No. 172, September 7, 2010.

The proposed Amendment No. 1 is included as Attachment A. Deleted text is shown by a strikethrough (---) and new text is underlined (___). This Amendment will become effective upon approval of OCC's filing with the SEC.

On behalf of OneChicago, I hereby certify that the amendment complies with the Act and the regulations promulgated thereunder.



Donald L. Horwitz
Managing Director and
General Counsel
OneChicago, LLC

Encl: Attachments A

AMENDMENT NO. 1 TO THE SECURITY FUTURES AGREEMENT FOR CLEARING AND SETTLEMENT SERVICES

This Amendment No. 1 to the Security Futures Agreement for Clearing and Settlement Services, dated April 1, 2002 (the "Agreement") is entered into this [] day of [MONTH], 2010, by The Options Clearing Corporation (the "Corporation") and OneChicago, LLC (the "Market").

WHEREAS, the Agreement provides for the engagement of the Corporation by the Market to provide clearing and settlement services for the security futures that are traded on the Market;

WHEREAS, the parties desire to amend the Agreement to provide for the clearing of securities futures contracts that are adjusted to reflect ordinary cash dividends or distributions or ordinary stock dividends or distributions issued for the security underlying such contract, and to provide for the indemnification by the Market of the Corporation in the making of such adjustments;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties agree as follows:

1. Section 5 of the Agreement is hereby deleted and, in lieu thereof, the following is substituted:
 - (a) Matched Trade Reports. The Market agrees that on each business day it will compile a matched trade report of all security futures transactions and all "exchange-for-physical" transactions effected by its members on that business day, and will furnish such report to the Corporation by such time or times, or on a real-time basis upon the implementation of a real-time reporting facility between the Market and the Corporation, as the Corporation may reasonably prescribe, taking into consideration the ability of the Market to provide such information within such time frames on a cost-effective basis. In no event will the Market be required to furnish such reports to the Corporation earlier than the time by which Options Exchanges are required to furnish reports of security options transactions.

(b) Daily Settlement Prices. The Market shall each business day, at such time and in such manner as the parties may agree, notify the Corporation of the settlement price of each security futures contract. The Corporation shall adopt such settlement price as the basis for determining the official settlement price for the business day, except in the case of manifest error or inconsistency with its By-Laws and Rules or in any other case in which the Corporation reasonably believes such settlement price does not reasonably reflect the value or price of the contract, in which case the Corporation, using its best efforts to consult with the Market, shall determine the official settlement price for such day; provided, however, that in the case of fungible contracts traded on more than one exchange or market, the daily settlement price will be determined by a method mutually agreed among the Corporation and all such exchanges, and in the absence of such agreement, as specified by the Corporation. In any case in which the Corporation fixes a daily settlement price other than (i) a price supplied by the Market or (ii) a price determined by a method mutually agreed among the Corporation and all exchanges trading a fungible contract, the Corporation will promptly notify the Market and any associate clearinghouses thereof. ~~The Market shall indemnify the Corporation, and its directors, officers, committee members and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement based on the Corporation's use of a settlement price supplied by the Market in determining the official settlement price; provided, however, that no such indemnification obligation shall exist in the event the Corporation has not adopted the settlement price supplied by the Market; and provided further that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula. The provisions of Section 17 hereof shall apply to such indemnity as if such indemnity were provided under Section 17(b)(ii) hereof.~~¹

(c) Final Settlement Price. The Corporation shall determine the final settlement price in respect of a series of security futures in accordance with its By-Laws and Rules. If the Corporation determines that the primary market(s) (as determined by the Corporation) for the underlying security in respect of a maturing stock future, or one or more component securities of the

¹ Indemnification provisions have been relocated to new paragraph (e).

underlying index in respect of a maturing narrow-based index future, did not open or remain open for trading at or before the time when the settlement price for such futures would ordinarily be determined, or that the price or other value used to determine the final settlement price is unreported or otherwise unavailable, or is clearly erroneous, then the Corporation shall notify any associate clearinghouses of its determination and, using its best efforts to consult with the Market, shall determine the final settlement price in conformity with the By-Laws and Rules of the Corporation and shall promptly notify the Market and any associate clearinghouses of its action.

(d) Adjustments. The Market may designate, by written notice to the Corporation in such form as the Corporation shall prescribe, certain security futures contracts to be adjusted by the Corporation, pursuant to the Corporation's By-Laws and Rules, to reflect, as the case may be, all cash dividends or distributions or all stock dividends or distributions issued with respect to the security underlying such contract. For security futures contracts so designated by the Market, the Market shall provide all relevant information (as determined by the Corporation) regarding each cash dividend or distribution or stock dividend or distribution necessary in order for the Corporation to make such adjustments, including without limitation the amount of such dividend or distribution (or any corrections thereto), to the Corporation regarding such adjustments by the cut-off time (as periodically designated by the Corporation), on the trading day before the "ex-date" in respect of the relevant dividend or distribution, and the Corporation shall make such adjustments to the settlement price of each affected contract in accordance with the Corporation's By-Laws and Rules. If the Market fails to provide such information to the Corporation prior to the cut-off time on the day before the relevant ex-date or has provided the Corporation with incorrect information, the Market may provide such information or corrected information to the Corporation on the ex-date. In the event the Market has issued to the Corporation any matched trade reports of transactions in the security futures affected by such adjustment, the Market shall promptly instruct the Corporation whether such transactions shall be cleared or disregarded as provided for in the Corporation's By-Laws and Rules. Notwithstanding the foregoing, the Market agrees to implement commercially reasonable measures and procedures in order to provide the Corporation with all necessary information by the Corporation's cut-off time on the day prior to the ex-date in order to limit the possibility of disruption to

the Corporation's operations and processing timeframes on the ex-date itself.²

- (e) Indemnification. The Market shall indemnify the Corporation, and its directors, officers, committee members and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement based on (i) the Corporation's use of a settlement price supplied by the Market in determining the official settlement price; provided, however, that no such indemnification obligation shall exist in the event the Corporation has not adopted the settlement price supplied by the Market; and provided further that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula; or (ii) the Corporation's adjustment of any security futures contract in accordance with the information received from the Market pursuant to Section 5(d), or the failure to make such an adjustment because of the failure of the Market to provide OCC with the required information in a timely manner, or for which the Market has reported incorrect information regarding adjustments to be made pursuant to Section 5(d) without making a timely subsequent correction. The provisions of Section 17 hereof shall apply to such indemnity as if such indemnity were provided under Section 17(b)(ii) hereof.³

² Newly added to address OneChicago's adjustment proposal.

³ Relocated indemnity provisions plus newly added language to address OneChicago's adjustment proposal.

2. This Amendment No. 1 to the Agreement shall be effective on the execution hereof by all parties. Except as specifically amended herein, the Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. The parties agree that this Amendment No. 1 may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Agreed to:

The Options Clearing Corporation

OneChicago, LLC

By: _____

By: _____

Its: _____

Its: _____
