



December 6, 2013

**VIA ELECTRONIC MAIL**

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

**Re: Rule Filing SR-OCC-2013-22 Rule Certification**

Dear Secretary Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission Regulation (“CFTC”) 40.6, enclosed is a copy of the above-referenced rule filing submitted by The Options Clearing Corporation (“OCC”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the CFTC 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 make a non-material “housekeeping” change to OCC’s membership standards so that such standards better reflect current operational practices. Prior to electronic trading, clearing members were required to have the operational capacity to manually compare trades and reconcile unconfirmed and advisory trades, in accordance with applicable exchange rules and procedures, on a timely and efficient basis so that financial markets, and specifically clearing operations, functioned in a prompt and accurate manner. Accordingly, Article V, Section 1, Interpretations and Policies .02(b) of OCC’s By-Laws required clearing member applicants to have such operational capacity as a condition to admission as a clearing member. However, due to industry-wide implementation of electronic systems and processes, manual trade comparison and reconciliation by clearing members no longer occurs. Accordingly, OCC’s membership requirement mandating that clearing members have the capacity to manually compare and reconcile trades is no longer required. Also, OCC only receives matched trades from exchanges and exchange rules and procedures regarding manual trade comparison and reconciliation are obsolete. Therefore, OCC proposes to remove its membership requirement concerning a clearing members’ operational capacity to manually

compare trades and reconcile unconfirmed and advisory trades on a timely and efficient basis as it is no longer applicable.

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:

**Participant and Product Eligibility.** OCC believes that by implementing the proposed rule change it will be better able to discharge its responsibilities with respect to participant and product eligibility, as set forth in the DCO Core Principles. By making the housekeeping changes to its By-Laws described above, OCC will have less restrictive and more accurate membership standard without materially increasing risk to OCC or its clearing members.

#### 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.

#### Certification

OCC hereby certifies that the rule set forth at Item 1 of the enclosed 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,



Stephen Szarmack  
Vice President & Associate General Counsel

Enclosure

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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Form 19b-4

Proposed Rule Change  
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**

The Options Clearing Corporation (“OCC”) proposes to amend its By-Laws to make a non-material “housekeeping” rule change so that OCC’s membership qualifications accurately reflect current operational practices. Material proposed to be added to OCC’s By-Laws as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

**THE OPTIONS CLEARING CORPORATION**

**BY-LAWS**

\* \* \*

**ARTICLE V**

**CLEARING MEMBERS**

\* \* \*

**Qualifications**

SECTION 1. [no change]

***...Interpretations and Policies:***

.01 [no change]

.02 Operational Capability

The Membership/Risk Committee will not recommend the approval of any application for clearing membership unless:

(a) [no change]

(b) [the applicant, if an Exchange member or otherwise authorized to compare trades executed on an Exchange, has demonstrated the ability to reconcile unconfirmed and advisory trades on a timely and efficient basis, in accordance with applicable Exchange rules and procedures;]

(c)-(d) [re-lettered at (b)-(c), otherwise no change]

.03-.11 [no change]

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**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 December 3, 2013.

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**

The purpose of this proposed rule change is to make a non-material "housekeeping" change to OCC's membership standards so that such standards better reflect current operational practices. Prior to electronic trading, clearing members were required to have the operational capacity to manually compare trades and reconcile unconfirmed and advisory trades, in accordance with applicable exchange rules and procedures, on a timely and efficient basis so that financial markets, and specifically clearing operations, functioned in a prompt and accurate manner. Accordingly, Article V, Section 1, Interpretations and Policies .02(b) of OCC's By-Laws required clearing member applicants to have such operational capacity as a condition to admission as a clearing member. However, due to industry-wide implementation of electronic systems and processes, manual trade comparison and reconciliation by clearing members no longer occurs. Accordingly, OCC's membership requirement mandating that clearing members have the capacity to manually compare and reconcile trades is no longer required. Also, OCC only receives matched trades from exchanges and exchange

rules and procedures regarding manual trade comparison and reconciliation are obsolete. Therefore, OCC proposes to remove its membership requirement concerning a clearing members' operational capacity to manually compare trades and reconcile unconfirmed and advisory trades on a timely and efficient basis as it is no longer applicable.

\* \* \*

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (the "Act")<sup>1</sup> because it helps foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions as well as removes impediments to and perfects the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. The proposed change will update OCC's By-Laws to better reflect the current operational and technological environment of OCC and its clearing members by removing a legacy membership requirement. The proposed rule change is not inconsistent with any rules of OCC, including those proposed to be amended.

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

OCC does not believe that the proposed rule change would impact, or impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.<sup>2</sup> The proposed change, which will apply to all clearing members, is housekeeping in nature and will better align OCC's membership requirements with both its own as well as its clearing members' current operational practices. Accordingly, the proposed change will reduce unnecessary administrative burdens on its clearing members, including any such burdens that may impact competition.

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<sup>1</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>2</sup> 15 U.S.C. 78q-1(b)(3)(I).

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

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.<sup>3</sup>

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

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**

Not applicable.

**Item 11. Exhibits**

Exhibit 1A. Completed notice of the proposed rule change for publication in the Federal Register.

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<sup>3</sup> 15 U.S.C. 78s(b)(2).

**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**  
**Vice President and Associate General Counsel**



EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-[\_\_\_\_\_]; File No. SR-OCC-2013-22)

December 6, 2013

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change to Make a Non-Material Housekeeping Rule Change so that OCC's Membership Qualifications Accurately Reflect Current Operational Practices

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on December 6, 2013, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The purpose of this proposed rule change is to make a non-material "housekeeping" change to OCC's membership standards so that such standards better reflect current operational practices.

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

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

rule change. 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

The purpose of this proposed rule change is to make a non-material “housekeeping” change to OCC’s membership standards so that such standards better reflect current operational practices. Prior to electronic trading, clearing members were required to have the operational capacity to manually compare trades and reconcile unconfirmed and advisory trades, in accordance with applicable exchange rules and procedures, on a timely and efficient basis so that financial markets, and specifically clearing operations, functioned in a prompt and accurate manner. Accordingly, Article V, Section 1, Interpretations and Policies .02(b) of OCC’s By-Laws required clearing member applicants to have such operational capacity as a condition to admission as a clearing member. However, due to industry-wide implementation of electronic systems and processes, manual trade comparison and reconciliation by clearing members no longer occurs. Accordingly, OCC’s membership requirement mandating that clearing members have the capacity to manually compare and reconcile trades is no longer required. Also, OCC only receives matched trades from exchanges and exchange rules and procedures regarding manual trade comparison and reconciliation are obsolete. Therefore, OCC proposes to remove its membership requirement concerning a clearing members’ operational capacity to manually compare trades and reconcile unconfirmed and advisory trades on a timely and efficient basis as it is no longer applicable.

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 (the “Act”)<sup>3</sup> because it helps foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions as well as removes impediments to and perfects the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions. The proposed change will update OCC’s By-Laws to better reflect the current operational and technological environment of OCC and its clearing members by removing a legacy membership requirement. The proposed rule change is not inconsistent with any rules of OCC, including those proposed to be amended.

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

OCC does not believe that the proposed rule change would impact, or impose a burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.<sup>4</sup> The proposed change, which will apply to all clearing members, is housekeeping in nature and will better align OCC’s membership requirements with both its own as well as its clearing members’ current operational practices. Accordingly, the proposed change will reduce unnecessary administrative burdens on its clearing members, including any such burdens that may impact competition.

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

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<sup>3</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(I).

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commissions Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2013-22 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-2013-22. 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 that are 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 the principal office of OCC and on OCC's website 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-2013-22 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated Authority.<sup>5</sup>

Kevin M. O'Neill  
Deputy Secretary

Action as set forth recommended herein  
APPROVED pursuant to authority delegated by  
the Commission under Public Law 87-592.  
For: Division of Trading and Markets

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

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<sup>5</sup> 17 CFR 200.30-3(a)(12).