



December 27, 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-2013-23 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 the proposed rule change is to amend OCC's By-Laws to provide OCC with authority in emergency circumstances, subject to certain conditions, to extend, waive or suspend the operation of its By-Laws, Rules, policies and procedures, or any other rules issued by OCC (collectively, the "Rules"). The proposed rule change is patterned on, although not identical to, the existing rule of a registered clearing agency that was previously approved by the Commission.¹

¹ In connection with an order approving the ability of the Mortgage-Backed Securities Division of Fixed Income Clearing Corporation ("FICC MBS") to perform guaranteed settlement and central counterparty services, the Commission approved FICC MBS Rule 33, which provides authority to extend, waive and suspend rules in emergency circumstances subject to certain conditions. Securities Exchange Act Release No. 34-66550 (March 9, 2012), 77 FR 15155, 15160 (March 14, 2012) (SR-FICC-2008-01), FICC's Government Securities Division (FICC GSD Rule 42) and other registered

From time-to-time, OCC has faced situations in which its ability to help facilitate the national system for the prompt and accurate clearance and settlement of securities transactions has involved a need to temporarily extend, waive or suspend certain of its Rules. In one instance, a temporary waiver was necessary so that OCC could facilitate the transfer, assignment, and assumption of the securities correspondent clearing business from one of its clearing members to another. Through the issuance of a No-Action Letter, the staff of the Commission's Division of Trading and Markets facilitated OCC's ability to temporarily waive certain of its Rules, which was appropriate to accommodate underlying transactions involved with restructuring a clearing member's business.²

OCC's ability to more immediately and effectively address emergency situations would be enhanced by the proposed rule change, which would allow OCC to extend, waive or suspend its Rules to address emergency circumstances. The proposed rule change would also bring OCC's Rules in line with the existing capabilities of other registered clearing agencies to extend, waive or suspend their rules in like circumstances.

Under the proposed rule change, OCC's Board of Directors, Chairman, Management Vice Chairman or President would be authorized to extend, waive or suspend the Rules if, in his, her, or their judgment, an emergency or force majeure condition exists and extension, waiver or suspension is necessary or advisable for the protection of OCC or would otherwise be in the public interest in order for OCC to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If a determination were to be made other than by the Board of Directors, notice to the Board of Directors would be required as soon as practicable.

The proposed By-Law provision states that OCC would be required to notify the SEC and CFTC within two hours of any such emergency extension, waiver or suspension and that as soon as practicable, but not later than three calendar days after the date of the determination to effect the extension, waiver or suspension, OCC would provide the SEC and CFTC with a report of the material aspects of the extension, waiver or suspension and the reasons that it was deemed necessary or advisable. Any such emergency action would be permitted to continue at OCC's discretion for up to thirty calendar days, provided that the SEC or CFTC, as applicable, does not notify OCC it objects in writing. OCC would file a corresponding proposed rule change with the SEC and/or CFTC, as applicable, during the thirty day period if it wishes to continue the extension, waiver, or suspension beyond the thirty day period. In that case, the extension, waiver or suspension would continue while the proposed rule change is under review by each agency, but if either the SEC and/or the CFTC staff, as applicable, notifies OCC in writing that it objects

clearing agencies, National Securities Clearing Corporation (NSCC Rule 22) and The Depository Trust Company (DTC Rule 18), maintain similar rules.

² The Options Clearing Corporation, SEC No-Action Letter, (June 4, 2012).

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to the proposed rule change the operation of the extension, waiver or suspension would be discontinued.

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 by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities with respect to risk management, as set forth in the DCO Core Principles. OCC's adoption of an emergency rule waiver provision will provide it with the appropriate tools and procedures to manage the risks to which it is exposed.

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,



Scott M. Kalish
Assistant Secretary

Enclosure

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

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 as set forth below. The purpose of the proposed rule change is to provide OCC with authority in emergency circumstances, subject to certain conditions, to extend, waive or suspend the operation of its By-Laws, Rules, policies and procedures, or any other rules issued by OCC. The proposed rule change is patterned on, although not identical to, the existing rule of another registered clearing agency that also performs guaranteed settlement and central counterparty services. Material proposed to be added to OCC’s By-Laws as currently in effect is marked by underlining and material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION

BY-LAWS

* * *

**ARTICLE IX
General Provisions**

* * *

SECTION 1. – 13. [No change]

Suspension of Rules in Emergency Circumstances

SECTION 14. (a) The Corporation’s By-Laws, Rules, policies and procedures, or any other rules issued by the Corporation, including any time fixed thereby, may be extended, waived or suspended by the Board of Directors, the Chairman, Management Vice Chairman, or the President whenever, in his, her, or their judgment (i) an emergency or force majeure condition exists and (ii) such suspension, waiver or extension is necessary or advisable for the protection of the Corporation or otherwise in the public interest in order for the Corporation to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If such determination is made other than by the Board of Directors, then notice must be given to the Board of Directors as soon as practicable.

(b) The Corporation shall notify the SEC and the CFTC within two hours of its determination to extend, waive or suspend the By-Laws, Rules, policies and procedures, or any other rules issued by the Corporation. A written report of any such extension, waiver or suspension, stating the pertinent facts, the identity of the person or persons who authorized such extension, waiver or suspension, the nature of the emergency, and the reason such extension, waiver or suspension was deemed necessary or advisable for the protection of the Corporation or otherwise in the public interest in order for the Corporation to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner, shall be submitted as soon as practicable to the SEC and CFTC (but no later than three calendar days after the Corporation's determination to effect such extension, waiver or suspension), shall be retained in the Corporation's records, and shall be available for inspection by any Clearing Member during the Corporation's regular business hours on business days.

(c) Any such extension, waiver or suspension may continue in effect for no more than thirty calendar days from the date the determination was made to effect such extension, waiver or suspension, unless the Corporation shall have submitted a proposed rule change with the SEC and/or the CFTC, as applicable, seeking approval of such extension, waiver or suspension, in which case the extension, waiver or suspension may continue in effect until the SEC and/or CFTC, as applicable, approves or disapproves the proposed rule change filed by the Corporation. Notwithstanding the foregoing, in no event shall the extension, waiver or suspension continue in effect if after the Corporation notifies the SEC and CFTC of such action, the SEC and/or CFTC staff, as applicable, notifies the Corporation in writing it objects to such extension, waiver or suspension.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of OCC at a meeting held on July 24, 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

The purpose of the proposed rule change is to amend OCC's By-Laws to provide OCC with authority in emergency circumstances, subject to certain conditions, to extend, waive or suspend the operation of its By-Laws, Rules, policies and procedures, or any other rules issued by OCC (collectively, the "Rules"). The proposed rule change is patterned on, although not

identical to, the existing rule of a registered clearing agency that was previously approved by the Commission.¹

From time-to-time, OCC has faced situations in which its ability to help facilitate the national system for the prompt and accurate clearance and settlement of securities transactions has involved a need to temporarily extend, waive or suspend certain of its Rules. In one instance, a temporary waiver was necessary so that OCC could facilitate the transfer, assignment, and assumption of the securities correspondent clearing business from one of its clearing members to another. Through the issuance of a No-Action Letter, the staff of the Commission's Division of Trading and Markets facilitated OCC's ability to temporarily waive certain of its Rules, which was appropriate to accommodate underlying transactions involved with restructuring a clearing member's business.²

OCC's ability to more immediately and effectively address emergency situations would be enhanced by the proposed rule change, which would allow OCC to extend, waive or suspend its Rules to address emergency circumstances. The proposed rule change would also bring OCC's Rules in line with the existing capabilities of other registered clearing agencies to extend, waive or suspend their rules in like circumstances.

¹ In connection with an order approving the ability of the Mortgage-Backed Securities Division of Fixed Income Clearing Corporation ("FICC MBSD") to perform guaranteed settlement and central counterparty services, the Commission approved FICC MBSD Rule 33, which provides authority to extend, waive and suspend rules in emergency circumstances subject to certain conditions. Securities Exchange Act Release No. 34-66550 (March 9, 2012), 77 FR 15155, 15160 (March 14, 2012) (SR-FICC-2008-01). FICC's Government Securities Division (FICC GSD Rule 42) and other registered clearing agencies, National Securities Clearing Corporation (NSCC Rule 22) and The Depository Trust Company (DTC Rule 18), maintain similar rules.

² The Options Clearing Corporation, SEC No-Action Letter, (June 4, 2012).

Under the proposed rule change, OCC's Board of Directors, Chairman, Management Vice Chairman or President would be authorized to extend, waive or suspend the Rules if, in his, her, or their judgment, an emergency or force majeure condition exists and extension, waiver or suspension is necessary or advisable for the protection of OCC or would otherwise be in the public interest in order for OCC to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If a determination were to be made other than by the Board of Directors, notice to the Board of Directors would be required as soon as practicable.

The proposed By-Law provision states that OCC would be required to notify the SEC and CFTC within two hours of any such emergency extension, waiver or suspension and that as soon as practicable, but not later than three calendar days after the date of the determination to effect the extension, waiver or suspension, OCC would provide the SEC and CFTC with a report of the material aspects of the extension, waiver or suspension and the reasons that it was deemed necessary or advisable. Any such emergency action would be permitted to continue at OCC's discretion for up to thirty calendar days, provided that the SEC or CFTC, as applicable, does not notify OCC it objects in writing. OCC would file a corresponding proposed rule change with the SEC and/or CFTC, as applicable, during the thirty day period if it wishes to continue the extension, waiver, or suspension beyond the thirty day period. In that case, the extension, waiver or suspension would continue while the proposed rule change is under review by each agency, but if either the SEC and/or the CFTC staff, as applicable, notifies OCC in writing that it objects to the proposed rule change the operation of the extension, waiver or suspension would be discontinued.

* * *

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (“Exchange Act”),³ and the rules and regulations thereunder because by enhancing OCC’s ability to more immediately and effectively address emergency situations through extension, waiver or suspension of its Rules in a manner consistent with the capabilities of other registered clearing agencies that perform comparable services it would help ensure that OCC’s rules are designed to promote the prompt and accurate clearance and settlement of securities transactions and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. In addition, OCC believes that the proposed rule change is consistent with Rules 17Ad-22(d)(1)⁴ because including these emergency capabilities in OCC’s By-Laws would help ensure that OCC maintains a well-founded, transparent, and enforceable legal framework. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules 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 impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Exchange Act.⁵ With respect to any burden on competition among clearing agencies, OCC is the only registered clearing agency that performs central counterparty services for the equity options markets.

³ 15 U.S.C. 78q-1(b)(3)(F).

⁴ 17 CFR 240.17Ad-22(d)(1).

⁵ 15 U.S.C. 78q-1(b)(3)(I).

Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency and the markets that the clearing agency serves. This proposed rule change primarily affects clearing members with respect to their obligation to abide by all provisions of OCC's By-Laws and Rules and all procedures adopted pursuant thereto⁶ in that OCC would have authority in an emergency or force majeure situation to extend, waive or suspend such provisions if it is necessary or advisable for the protection of OCC or would otherwise be in the public interest in order for OCC to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. OCC believes that the proposed authority would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because the authority would apply equally to all of OCC's Rules and clearing members. While any actual emergency extension, waiver or suspension could ultimately result in certain advantages or disadvantages for a particular subset of clearing members, OCC's authority in this regard could only be exercised where OCC believes it is necessary or advisable for the protection of OCC or is otherwise in the public interest in order for OCC to facilitate prompt and accurate clearance and settlement or for the safety and soundness of its clearing functions.

Predicating OCC's emergency authority on these conditions directly serves the purposes of the Exchange Act relevant to OCC because it would help ensure that any emergency action taken by OCC would be consistent with Congress' finding in Section 17A of the Exchange Act that promoting prompt and accurate clearance and settlement of securities transactions, including the transfer of record ownership and the safeguarding of securities and funds related thereto, is necessary for the protection of investors and persons facilitating

⁶ OCC Article V, Section 3.

transactions by and acting on behalf of investors.⁷ In this way, OCC's proposed framework for any such emergency action would be designed to promote the national system for clearance and settlement and serve the larger interest of all clearing members in OCC's continuing ability to operate in a safe and sound manner. With respect to any burden on competition that might result from a particular extension, waiver or suspension in an emergency circumstance, the proposed framework would also facilitate ongoing regulatory oversight of any emergency action by limiting the initial effectiveness to thirty days and requiring OCC to provide prompt notice to regulators of material aspects of the emergency action together with the reasons therefore. In addition, the SEC and/or CFTC staff, as applicable, would have the ability to immediately discontinue the effectiveness of any emergency action through delivery of a written objection to OCC.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Exchange Act applicable to clearing agencies, and would not impose a burden on competition that is unnecessary or inappropriate in furtherance of the purposes of the Exchange Act.

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

Not applicable.

⁷ 15 U.S.C. 78q-1(a)(1)(A).

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)

The proposed rule change is filed for accelerated effectiveness pursuant to Section 19(b)(2)(C)(iii) of the Exchange Act.⁸ The Commission may approve a proposed rule change on an accelerated basis earlier than thirty days after the date of publication if it finds that the proposed rule change is consistent with the applicable requirements of the Exchange Act and regulations thereunder and also finds good cause for accelerated effectiveness and publishes the reason therefore.⁹

OCC believes the proposed rule change is consistent with the Exchange Act as described in Item 3 above and that good cause exists for accelerated effectiveness because the proposed modifications would expedite OCC's ability to more immediately and effectively address emergency situations through extension, waiver or suspension of Rules to protect the safe and sound operation of OCC and its ability to continue to facilitate prompt and accurate clearance and settlement of contracts for which it is responsible. In addition, the proposed rule change would further promote the national system for clearance and settlement by fostering OCC's ability to closely collaborate with other registered clearing agencies in developing coordinated, industry-wide responses to emergency situations as may be necessary. Moreover, OCC believes this proposed rule change does not pose significant policy considerations because it is patterned on the existing rule of another registered clearing agency that was approved by the Commission and would bring OCC's emergency authority more in line with the existing capabilities of other registered clearing agencies that are similarly situated.

⁸ 15 U.S.C. 78s(b)(2)(C)(iii).

⁹ 15 U.S.C. 78s(b)(2)(C)(i), (iii).

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 Proposed Rule Change 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: 

Scott M. Kalish
Assistant Secretary

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-[_____]; File No. SR-OCC-2013-23)

December 27, 2013

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change to Provide OCC With Authority in Emergency Circumstances to Extend, Waive or Suspend the Operation of its By-Laws, Rules, Policies and Procedures, or any Other Rules Issued by OCC

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 December 27, 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 the proposed rule change is to provide OCC with authority in emergency circumstances, subject to certain conditions, to extend, waive or suspend the operation of its By-Laws, Rules, policies and procedures, or any other rules issued by OCC.

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

¹ 15 U.S.C. 78s(b)(1).

² 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 the proposed rule change is to amend OCC's By-Laws to provide OCC with authority in emergency circumstances, subject to certain conditions, to extend, waive or suspend the operation of its By-Laws, Rules, policies and procedures, or any other rules issued by OCC (collectively, the "Rules"). The proposed rule change is patterned on, although not identical to, the existing rule of a registered clearing agency that was previously approved by the Commission.³

From time-to-time, OCC has faced situations in which its ability to help facilitate the national system for the prompt and accurate clearance and settlement of securities transactions has involved a need to temporarily extend, waive or suspend certain of its Rules. In one instance, a temporary waiver was necessary so that OCC could facilitate the transfer, assignment, and assumption of the securities correspondent clearing business from one of its clearing members to another. Through the issuance of a No-Action Letter, the staff of the Commission's Division of Trading and Markets facilitated OCC's ability to temporarily waive

³ In connection with an order approving the ability of the Mortgage-Backed Securities Division of Fixed Income Clearing Corporation ("FICC MBSD") to perform guaranteed settlement and central counterparty services, the Commission approved FICC MBSD Rule 33, which provides authority to extend, waive and suspend rules in emergency circumstances subject to certain conditions. Securities Exchange Act Release No. 34-66550 (March 9, 2012), 77 FR 15155, 15160 (March 14, 2012) (SR-FICC-2008-01). FICC's Government Securities Division (FICC GSD Rule 42) and other registered clearing agencies, National Securities Clearing Corporation (NSCC Rule 22) and The Depository Trust Company (DTC Rule 18), maintain similar rules.

certain of its Rules, which was appropriate to accommodate underlying transactions involved with restructuring a clearing member's business.⁴

OCC's ability to more immediately and effectively address emergency situations would be enhanced by the proposed rule change, which would allow OCC to extend, waive or suspend its Rules to address emergency circumstances. The proposed rule change would also bring OCC's Rules in line with the existing capabilities of other registered clearing agencies to extend, waive or suspend their rules in like circumstances.

Under the proposed rule change, OCC's Board of Directors, Chairman, Management Vice Chairman or President would be authorized to extend, waive or suspend the Rules if, in his, her, or their judgment, an emergency or force majeure condition exists and extension, waiver or suspension is necessary or advisable for the protection of OCC or would otherwise be in the public interest in order for OCC to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If a determination were to be made other than by the Board of Directors, notice to the Board of Directors would be required as soon as practicable.

The proposed By-Law provision states that OCC would be required to notify the SEC and CFTC within two hours of any such emergency extension, waiver or suspension and that as soon as practicable, but not later than three calendar days after the date of the determination to effect the extension, waiver or suspension, OCC would provide the SEC and CFTC with a report of the material aspects of the extension, waiver or suspension and the reasons that it was deemed necessary or advisable. Any such emergency action would be

⁴ The Options Clearing Corporation, SEC No-Action Letter, (June 4, 2012).

permitted to continue at OCC's discretion for up to thirty calendar days, provided that the SEC or CFTC, as applicable, does not notify OCC it objects in writing. OCC would file a corresponding proposed rule change with the SEC and/or CFTC, as applicable, during the thirty day period if it wishes to continue the extension, waiver, or suspension beyond the thirty day period. In that case, the extension, waiver or suspension would continue while the proposed rule change is under review by each agency, but if either the SEC and/or the CFTC staff, as applicable, notifies OCC in writing that it objects to the proposed rule change the operation of the extension, waiver or suspension would be discontinued.

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,⁵ and the rules and regulations thereunder because by enhancing OCC's ability to more immediately and effectively address emergency situations through extension, waiver or suspension of its Rules in a manner consistent with the capabilities of other registered clearing agencies that perform comparable services it would help ensure that OCC's rules are designed to promote the prompt and accurate clearance and settlement of securities transactions and foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions. In addition, OCC believes that the proposed rule change is consistent with Rules 17Ad-22(d)(1)⁶ because including these emergency capabilities in OCC's By-Laws would help ensure that OCC maintains a well-founded, transparent, and enforceable legal framework. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 17 CFR 240.17Ad-22(d)(1).

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

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.⁷ With respect to any burden on competition among clearing agencies, OCC is the only registered clearing agency that performs central counterparty services for the equity options markets.

Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency and the markets that the clearing agency serves. This proposed rule change primarily affects clearing members with respect to their obligation to abide by all provisions of OCC's By-Laws and Rules and all procedures adopted pursuant thereto⁸ in that OCC would have authority in an emergency or force majeure situation to extend, waive or suspend such provisions if it is necessary or advisable for the protection of OCC or would otherwise be in the public interest in order for OCC to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. OCC believes that the proposed authority would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because the authority would apply equally to all of OCC's Rules and clearing members. While any actual emergency extension, waiver or suspension could ultimately result in certain advantages or disadvantages for a particular subset of clearing members, OCC's authority in this regard could only be exercised where OCC believes it is necessary or advisable for the protection

⁷ 15 U.S.C. 78q-1(b)(3)(I).

⁸ OCC Article V, Section 3.

of OCC or is otherwise in the public interest in order for OCC to facilitate prompt and accurate clearance and settlement or for the safety and soundness of its clearing functions.

Predicating OCC's emergency authority on these conditions directly serves the purposes of the Act relevant to OCC because it would help ensure that any emergency action taken by OCC would be consistent with Congress' finding in Section 17A of the Act that promoting prompt and accurate clearance and settlement of securities transactions, including the transfer of record ownership and the safeguarding of securities and funds related thereto, is necessary for the protection of investors and persons facilitating transactions by and acting on behalf of investors.⁹ In this way, OCC's proposed framework for any such emergency action would be designed to promote the national system for clearance and settlement and serve the larger interest of all clearing members in OCC's continuing ability to operate in a safe and sound manner. With respect to any burden on competition that might result from a particular extension, waiver or suspension in an emergency circumstance, the proposed framework would also facilitate ongoing regulatory oversight of any emergency action by limiting the initial effectiveness to thirty days and requiring OCC to provide prompt notice to regulators of material aspects of the emergency action together with the reasons therefore. In addition, the SEC and/or CFTC staff, as applicable, would have the ability to immediately discontinue the effectiveness of any emergency action through delivery of a written objection to OCC.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing

⁹ 15 U.S.C. 78q-1(a)(1)(A).

agencies, and would not impose a burden on competition that is unnecessary or inappropriate in furtherance of the purposes of the Act.

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

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 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-2013-23 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-2013-23. 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-2013-23 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.¹⁰

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: _____

¹⁰ 17 CFR 200.30-3(a)(12).