



February 26, 2014

**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-2014-03 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**

OCC is proposing to modify its rules to allow it to comply with new CFTC requirements imposed on depositories that accept deposits of futures customer funds from FCMs. Recent amendments to CFTC Regulation §1.20<sup>1</sup> require that futures commission merchants (“FCMs”) only deposit futures customer funds with depositories that agree to grant the CFTC’s Division of Swap Dealer and Intermediary Oversight (“DSIO”) and the CFTC’s Division of Clearing and Risk, as well as representatives of the FCM’s designated self-regulatory organization, certain access and examination rights (“CFTC Access and Examination Rights”).<sup>2</sup> OCC, as a CFTC-

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<sup>1</sup> 17 CFR 1.20.

<sup>2</sup> CFTC Regulation §1.20(d)(3) (17 CFR 1.20(d)(3)) also provides that FCMs may only deposit futures customer funds with depositories that agree to provide the director of the DSIO with “direct, read-only electronic access to transaction and account balance information” for the futures customer accounts. Based on discussions with staff from the CFTC’s Division of Clearing and Risk on December 16, 2013 and subsequently confirmed via e-mail, it is OCC’s understanding that, as a DCO that serves as a depository with respect to deposits of futures customer funds by its clearing members that are FCMs, it will not be required to provide this direct electronic access, because the

registered derivatives clearing organization (“DCOs”), functions as a depository with respect to any futures customer funds deposited by clearing members that are FCMs. Consequently, for these FCM clearing members to continue to use OCC as their DCO, OCC must agree to comply with the CFTC Access and Examination Rights. Pursuant to CFTC Regulation §1.20(d)(1),<sup>3</sup> OCC and the clearing member may make this agreement either by providing a written acknowledgment letter to the clearing member with respect to each segregated futures account and segregated futures professional account containing futures customer funds or by adopting rules that provide for the segregation of futures customer funds in accordance with the Act and all relevant CFTC regulations and orders promulgated thereunder.

In Sections 3(f) and 3(j) of Article VI of OCC’s By-Laws, OCC already states that it agrees to comply with applicable regulations of the CFTC pertaining to the holding of segregated funds by clearing organizations of contract markets with respect to its segregated futures accounts and segregated futures professional accounts. OCC proposes to amend the language in both provisions to incorporate OCC’s agreement to comply with the Act itself and all applicable CFTC orders, and to more precisely conform to the exact language requirements of CFTC Regulation §1.20(d)(1). In order to provide certainty to its clearing members that are FCMs, OCC is proposing to add Interpretation and Policy .10 to Section 3 of Article VI of OCC’s By-Laws,<sup>4</sup> so that OCC also explicitly agrees to comply with the CFTC Access and Examination Rights set forth in newly adopted CFTC Regulation §1.20(d)(5) and (6) with respect to all segregated futures accounts and segregated futures professional accounts.<sup>5</sup> Additionally, Interpretation and Policy .10 will provide that all clearing members that open segregated futures accounts or segregated futures professional accounts have authorized and directed OCC’s compliance with the CFTC Access and Examination Rights without further notice or consent. To this same end, OCC also proposes to amend Interpretation and Policy .11 to OCC Rule 604 to clarify that any cash deposited as margin in a segregated futures professional account will be handled in the same manner as OCC currently handles cash deposited as margin in a segregated futures account – *i.e.*, if such funds are invested, they will be invested in accordance with CFTC Regulations §§ 1.25, 1.26 and 1.27 and any other CFTC rules pertaining to a DCO’s investment of futures customer funds. Not previously mentioning “segregated futures professional accounts” alongside “segregated futures accounts” in this Interpretation and Policy was an unintentional oversight, and OCC proposes to make this change in the interest of completeness – it does not reflect a change in policy regarding its handling of futures customer funds deposited in segregated futures professional accounts.

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CFTC did not intend for the requirement set forth in §1.20(d)(3) to apply to a DCO that has submitted to the CFTC rules that provide for the segregation of customer funds in accordance with all relevant provisions of the Commodity Exchange Act and the rules and orders promulgated thereunder. Consequently, OCC is not including this direct electronic access requirement among the other CFTC Access and Examination Rights addressed in this Rule Change.

<sup>3</sup> 17 CFR 1.20(d)(1).

<sup>4</sup> OCC intends to publish an Information Memo to inform its clearing members of the filing of this rule change.

<sup>5</sup> 17 CFR 1.20(d)(5)-(6).

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

**Treatment of Funds.** OCC believes that by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities as set forth in the DCO Core Principles. OCC’s adoption of the proposed rule change will facilitate its establishment of standards and procedures that are designed to protect and ensure the safety of funds and assets belonging to futures clearing members and their customers. OCC will also be better positioned to comply with the applicable CFTC segregation requirements when the proposed rule change is implemented.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

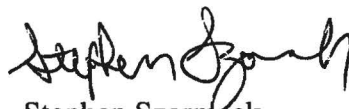
OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC’s website concurrently with the filing of this submission.

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**

This proposed rule change by The Options Clearing Corporation (“OCC”) would amend OCC’s By-Laws and Rules to allow OCC to comply with recently adopted Commodity Futures Trading Commission (“CFTC”) requirements for derivatives clearing organizations (“DCOs”), such as OCC, that accept deposits of futures customer funds from futures commission merchants (“FCMs”). Material proposed to be added to OCC’s By-Laws and Rules 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 VI**

**Clearance of Confirmed Trades**

\* \* \*

**Maintenance of Accounts**

SECTION 3. Every Clearing Member may establish and maintain with the Corporation one or more of the following accounts:

(a) – (e) [No change]

(f) Every Clearing Member conducting a public business in which it effects confirmed trades for futures customers shall also establish and maintain a segregated futures account, which shall be confined to the confirmed trades in futures, futures options and commodity options of

such Clearing Member's futures customers. Notwithstanding the preceding sentence, in the case of those futures customers for which a Clearing Member effects transactions that are futures professionals, the Clearing Member is not required to maintain a segregated futures account under this paragraph (f), but instead may maintain a segregated futures professional account, as provided in paragraph (j) below. The Clearing Member, on behalf of itself and each futures customer on whose behalf positions may be maintained in the segregated futures account, agrees that the Corporation shall have a restricted lien on all positions, margin and other funds and property in such account as security for the Clearing Member's obligations to the Corporation for the positions in that account and in any segregated futures professional account maintained by the Clearing Member pursuant to paragraph (j) below. The Corporation shall comply with applicable provisions of the CEA and applicable regulations and orders of the Commodity Futures Trading Commission pertaining to the holding of segregated funds by clearing organizations of contract markets.

(g) – (i) [No change]

(j) A segregated futures professional account, which shall be confined to the confirmed trades in futures, futures options and commodity options of the Clearing Member's futures customers who are futures professionals. The Clearing Member, on behalf of itself and each futures professional on whose behalf positions may be maintained in the segregated futures professional account, agrees that the Corporation shall have a restricted lien on all positions, margin and other funds in such account as security for the Clearing Member's obligations to the Corporation arising from that account and any segregated futures account maintained by the Clearing Member pursuant to paragraph (f) above and that the Corporation may close out the positions in the account and apply the proceeds thereof at any time without prior notice to the Clearing Member or any futures professional. The Corporation shall comply with applicable provisions of the CEA and applicable regulations and orders of the Commodity Futures Trading Commission pertaining to the holding of segregated funds by clearing organizations of contract markets.

(k) [No change]

***. . . Interpretations & Policies:***

.01 – .09 [No change]

.10 As provided in CFTC Rule 1.20(d), in its capacity as the depository of any futures customer funds deposited in a segregated futures account or segregated futures professional account by a Clearing Member, the Corporation agrees: (i) that segregated futures accounts and segregated futures professional accounts containing customer funds may be examined at any

reasonable time by the director of the CFTC's Division of Swap Dealer and Intermediary Oversight or the director of the CFTC's Division of Clearing and Risk, or any successor divisions, or such directors' designees, or an appropriate officer, agent or employee of the Clearing Member's designated self-regulatory organization; and (ii) to reply promptly and directly to any request from the director of the CFTC's Division of Swap Dealer and Intermediary Oversight or the director of the CFTC's Division of Clearing and Risk, or any successor divisions, or such directors' designees, or an appropriate officer, agent or employee of the Clearing Member's designated self-regulatory organization, for confirmation of account balances or provision of any other information regarding or related to a segregated futures account or segregated futures professional account. The Corporation is authorized and directed by each such Clearing Member to permit such examinations and to release the requested information without further notice or consent from the Clearing Member.

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## **RULES**

\* \* \*

## **CHAPTER VI**

### **Margins**

\* \* \*

### **Form of Margin Assets**

RULE 604. [No change]

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

.01 – .10 [No change]

.11 Cash deposited as margin in a segregated futures account or segregated futures professional account that is invested by the Corporation shall be invested in accordance with the requirements of Commodity Futures Trading Commission (“CFTC”) Rules 1.25, 1.26, and 1.27 and such other rules as may be adopted by the CFTC to govern the investment of such funds.

.12 – .15 [No change]

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**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 December 3, 2013.

Questions 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**

OCC is proposing to modify its rules to allow it to comply with new CFTC requirements imposed on depositories that accept deposits of futures customer funds from FCMs. Recent amendments to CFTC Regulation §1.20<sup>1</sup> require that FCMs only deposit futures customer funds with depositories that agree to grant the CFTC’s Division of Swap Dealer and Intermediary Oversight (“DSIO”) and the CFTC’s Division of Clearing and Risk, as well as representatives of the FCM’s designated self-regulatory organization, certain access and examination rights (“CFTC Access and Examination Rights”).<sup>2</sup> OCC, as a CFTC-registered

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<sup>1</sup> 17 CFR 1.20.

<sup>2</sup> CFTC Regulation §1.20(d)(3) (17 CFR 1.20(d)(3)) also provides that FCMs may only deposit futures customer funds with depositories that agree to provide the director of the DSIO with “direct, read-only electronic access to transaction and account balance information” for the futures customer accounts. Based on discussions with staff from the CFTC’s Division of Clearing and Risk on December 16, 2013 and subsequently confirmed via e-mail, it is OCC’s understanding that, as a DCO that serves as a depository with respect to deposits of futures customer funds by its clearing members that are FCMs, it will not be required to provide this direct electronic access, because the



DCO, functions as a depository with respect to any futures customer funds deposited by clearing members that are FCMs. Consequently, for these FCM clearing members to continue to use OCC as their DCO, OCC must agree to comply with the CFTC Access and Examination Rights. Pursuant to CFTC Regulation §1.20(d)(1),<sup>3</sup> OCC and the clearing member may make this agreement either by providing a written acknowledgment letter to the clearing member with respect to each segregated futures account and segregated futures professional account containing futures customer funds or by adopting rules that provide for the segregation of futures customer funds in accordance with the Commodity Exchange Act and all relevant CFTC regulations and orders promulgated thereunder.

In Sections 3(f) and 3(j) of Article VI of OCC's By-Laws, OCC already states that it agrees to comply with applicable regulations of the CFTC pertaining to the holding of segregated funds by clearing organizations of contract markets with respect to its segregated futures accounts and segregated futures professional accounts. OCC proposes to amend the language in both provisions to incorporate OCC's agreement to comply with the Commodity Exchange Act itself and all applicable CFTC orders, and to more precisely conform to the exact language requirements of CFTC Regulation §1.20(d)(1). In order to provide certainty to its

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CFTC did not intend for the requirement set forth in §1.20(d)(3) to apply to a DCO that has submitted to the CFTC rules that provide for the segregation of customer funds in accordance with all relevant provisions of the Commodity Exchange Act and the rules and orders promulgated thereunder. Consequently, OCC is not including this direct electronic access requirement among the other CFTC Access and Examination Rights addressed in this Rule Change.

<sup>3</sup> 17 CFR 1.20(d)(1).

clearing members that are FCMs, OCC is proposing to add Interpretation and Policy .10 to Section 3 of Article VI of OCC's By-Laws,<sup>4</sup> so that OCC also explicitly agrees to comply with the CFTC Access and Examination Rights set forth in newly adopted CFTC Regulation §1.20(d)(5) and (6) with respect to all segregated futures accounts and segregated futures professional accounts.<sup>5</sup> Additionally, Interpretation and Policy .10 will provide that all clearing members that open segregated futures accounts or segregated futures professional accounts have authorized and directed OCC's compliance with the CFTC Access and Examination Rights without further notice or consent. To this same end, OCC also proposes to amend Interpretation and Policy .11 to OCC Rule 604 to clarify that any cash deposited as margin in a segregated futures professional account will be handled in the same manner as OCC currently handles cash deposited as margin in a segregated futures account – *i.e.*, if such funds are invested, they will be invested in accordance with CFTC Regulations §§ 1.25, 1.26 and 1.27 and any other CFTC rules pertaining to a DCO's investment of futures customer funds. Not previously mentioning "segregated futures professional accounts" alongside "segregated futures accounts" in this Interpretation and Policy was an unintentional oversight, and OCC proposes to make this change in the interest of completeness – it does not reflect a change in policy regarding its handling of futures customer funds deposited in segregated futures professional accounts.

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<sup>4</sup> OCC intends to publish an Information Memo to inform its clearing members of the filing of this rule change.

<sup>5</sup> 17 CFR 1.20(d)(5)-(6).

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”),<sup>6</sup> and the rules and regulations thereunder, including Rule 17Ad-22(d)(3),<sup>7</sup> because it is intended to protect investors and the public interest by ensuring OCC holds futures customer funds in a manner that minimizes the risk of loss and delay in access to such funds. As described above, the proposed rule change is designed to address OCC’s handling of futures customer funds related to its performance of clearing services for products that are subject to the jurisdiction of the CFTC. The proposed change will ensure that OCC holds futures customers funds in accordance with new requirements promulgated by the CFTC designed to protect futures customers and provide for safer futures markets. The proposed change will not adversely affect OCC’s obligations with respect to the prompt and accurate clearance and settlement of securities transactions. The proposed rule change is not inconsistent with any 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 Exchange Act<sup>8</sup> because it relates solely to OCC’s activities relating to the clearing of commodity futures products subject to the exclusive jurisdiction of the CFTC and therefore would not have any impact or impose any

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<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>7</sup> 17 CFR 240.17Ad-22(d)(3).

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(I).

burden on competition in securities markets or any other market governed by 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.

**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)**

Pursuant to Section 19(b)(3)(A)<sup>9</sup> of the Exchange Act and Rule 19b-4(f)(4)(ii) thereunder,<sup>10</sup> the proposed rule change is filed for immediate effectiveness because it primarily affects the clearing operations of OCC with respect to products that are not securities and does not significantly affect any securities clearing operations of OCC or any rights or obligations of OCC with respect to securities clearing or persons using such securities-clearing service. As described above, this proposed rule change concerns OCC's handling of segregated futures accounts and segregated futures professional accounts holding futures customer funds that were deposited by clearing members that are FCMs and therefore relates to OCC's clearing of futures products that are subject to the exclusive jurisdiction of the CFTC and does not adversely affect OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions or the protection of securities investors and the public interest. Notwithstanding the

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<sup>9</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>10</sup> 17 CFR 240.19b-4(f)(4)(ii).

foregoing, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6. At any time within 60 days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

**Item 8. Proposed Rule Change Based on Rule 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 caused this filing to be signed on its behalf by the undersigned hereunto 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-2014-03)

February 19, 2014

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change to Comply With Recently Adopted Commodity Futures Trading Commission Requirements for Derivatives Clearing Organizations That Accept Deposits of Futures Customer Funds

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 February 19, 2014, 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. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(4)(ii)<sup>4</sup> thereunder.

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

This proposed rule change by OCC would amend OCC’s By-Laws and Rules to allow OCC to comply with recently adopted Commodity Futures Trading Commission (“CFTC”) requirements for derivatives clearing organizations (“DCOs”), such as OCC, that accept deposits of futures customer funds from futures commission merchants (“FCMs”).

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

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

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

<sup>4</sup> 17 CFR 240.19b-4(f)(4)(ii).

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 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

OCC is proposing to modify its rules to allow it to comply with new CFTC requirements imposed on depositories that accept deposits of futures customer funds from FCMs. Recent amendments to CFTC Regulation §1.20<sup>5</sup> require that FCMs only deposit futures customer funds with depositories that agree to grant the CFTC's Division of Swap Dealer and Intermediary Oversight ("DSIO") and the CFTC's Division of Clearing and Risk, as well as representatives of the FCM's designated self-regulatory organization, certain access and examination rights ("CFTC Access and Examination Rights").<sup>6</sup> OCC, as a CFTC-registered

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<sup>5</sup> 17 CFR 1.20.

<sup>6</sup> CFTC Regulation §1.20(d)(3) (17 CFR 1.20(d)(3)) also provides that FCMs may only deposit futures customer funds with depositories that agree to provide the director of the DSIO with "direct, read-only electronic access to transaction and account balance information" for the futures customer accounts. Based on discussions with staff from the CFTC's Division of Clearing and Risk on December 16, 2013 and subsequently confirmed via e-mail, it is OCC's understanding that, as a DCO that serves as a depository with respect to deposits of futures customer funds by its clearing members that are FCMs, it will not be required to provide this direct electronic access, because the CFTC did not intend for the requirement set forth in §1.20(d)(3) to apply to a DCO that has submitted to the CFTC rules that provide for the segregation of customer funds in accordance with all relevant provisions of the Commodity Exchange Act and the rules and orders promulgated thereunder. Consequently, OCC is not including this direct



DCO, functions as a depository with respect to any futures customer funds deposited by clearing members that are FCMs. Consequently, for these FCM clearing members to continue to use OCC as their DCO, OCC must agree to comply with the CFTC Access and Examination Rights. Pursuant to CFTC Regulation §1.20(d)(1),<sup>7</sup> OCC and the clearing member may make this agreement either by providing a written acknowledgment letter to the clearing member with respect to each segregated futures account and segregated futures professional account containing futures customer funds or by adopting rules that provide for the segregation of futures customer funds in accordance with the Commodity Exchange Act and all relevant CFTC regulations and orders promulgated thereunder.

In Sections 3(f) and 3(j) of Article VI of OCC's By-Laws, OCC already states that it agrees to comply with applicable regulations of the CFTC pertaining to the holding of segregated funds by clearing organizations of contract markets with respect to its segregated futures accounts and segregated futures professional accounts. OCC proposes to amend the language in both provisions to incorporate OCC's agreement to comply with the Commodity Exchange Act itself and all applicable CFTC orders, and to more precisely conform to the exact language requirements of CFTC Regulation §1.20(d)(1). In order to provide certainty to its clearing members that are FCMs, OCC is proposing to add Interpretation and Policy .10 to Section 3 of Article VI of OCC's By-Laws,<sup>8</sup> so that OCC also explicitly agrees to comply with

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electronic access requirement among the other CFTC Access and Examination Rights addressed in this Rule Change.

<sup>7</sup> 17 CFR 1.20(d)(1).

<sup>8</sup> OCC intends to publish an Information Memo to inform its clearing members of the filing of this rule change.

the CFTC Access and Examination Rights set forth in newly adopted CFTC Regulation §1.20(d)(5) and (6) with respect to all segregated futures accounts and segregated futures professional accounts.<sup>9</sup> Additionally, Interpretation and Policy .10 will provide that all clearing members that open segregated futures accounts or segregated futures professional accounts have authorized and directed OCC's compliance with the CFTC Access and Examination Rights without further notice or consent. To this same end, OCC also proposes to amend Interpretation and Policy .11 to OCC Rule 604 to clarify that any cash deposited as margin in a segregated futures professional account will be handled in the same manner as OCC currently handles cash deposited as margin in a segregated futures account – *i.e.*, if such funds are invested, they will be invested in accordance with CFTC Regulations §§ 1.25, 1.26 and 1.27 and any other CFTC rules pertaining to a DCO's investment of futures customer funds. Not previously mentioning “segregated futures professional accounts” alongside “segregated futures accounts” in this Interpretation and Policy was an unintentional oversight, and OCC proposes to make this change in the interest of completeness – it does not reflect a change in policy regarding its handling of futures customer funds deposited in segregated futures professional accounts.

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act,<sup>10</sup> and the rules and regulations thereunder, including Rule 17Ad-22(d)(3),<sup>11</sup> because it is intended to protect investors and the public interest by ensuring OCC holds futures customer funds in a manner that minimizes the risk of loss and delay in access to such funds. As described

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<sup>9</sup> 17 CFR 1.20(d)(5)-(6).

<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>11</sup> 17 CFR 240.17Ad-22(d)(3).

above, the proposed rule change is designed to address OCC's handling of futures customer funds related to its performance of clearing services for products that are subject to the jurisdiction of the CFTC. The proposed change will ensure that OCC holds futures customers funds in accordance with new requirements promulgated by the CFTC designed to protect futures customers and provide for safer futures markets. The proposed change will not adversely affect OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions. The proposed rule change is not inconsistent with any rules of OCC, including any other rules proposed to be amended.

(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 Act<sup>12</sup> because it relates solely to OCC's activities relating to the clearing of commodity futures products subject to the exclusive jurisdiction of the CFTC and therefore would not have any impact or impose any burden on competition in securities markets or any other market governed by 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

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<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(I).

Pursuant to Section 19(b)(3)(A)<sup>13</sup> of the Act and Rule 19b-4(f)(4)(ii) thereunder,<sup>14</sup> the proposed rule change is filed for immediate effectiveness because it primarily affects the clearing operations of OCC with respect to products that are not securities and does not significantly affect any securities clearing operations of OCC or any rights or obligations of OCC with respect to securities clearing or persons using such securities-clearing service. As described above, this proposed rule change concerns OCC's handling of segregated futures accounts and segregated futures professional accounts holding futures customer funds that were deposited by clearing members that are FCMs and therefore relates to OCC's clearing of futures products that are subject to the exclusive jurisdiction of the CFTC and does not adversely affect OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions or the protection of securities investors and the public interest. Notwithstanding the foregoing, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6. At any time within 60 days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

#### 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:

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<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>14</sup> 17 CFR 240.19b-4(f)(4)(ii).

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-2014-03 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-2014-03. 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-2014-03 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>15</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>15</sup> 17 CFR 200.30-3(a)(12).