



By Electronic Mail (rule-comments@sec.gov)

February 27, 2015

The Honorable Mary Jo White, Chair  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Daniel M. Gallagher, Commissioner  
The Honorable Michael S. Piwowar, Commissioner  
The Honorable Kara M. Stein  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: SR-OCC-2015-02 (The OCC Capital Plan)

Dear Commissioners:

While we understand that the Securities and Exchange Commission (“SEC”) has approved the Advance Notice to the above-referenced rule filing, we respectfully request that the SEC refrain from granting the requested accelerated approval to the rule filing; and from delegating approval authority to the SEC staff. The issues raised in the comment letters represent broadly held concerns of grievous and irrevocable harm to the market; and the Option Clearing Corporation (“OCC”) responses are replete with inaccuracies that warrant the opportunity for thoughtful replies.

Moreover, it appears that Board representatives of the five option exchange owners of OCC who are the contra-parties to the financing negotiations and agreement did not recuse themselves from the OCC Board discussion and/or vote approving the capitalization proposal reflected in the rule filing. Recusal was required given those five members self-interest as beneficiaries of a plan that provides an annual rate of return in excess of 20% on their invested capital. In today’s environment and by any measure, this is an excessive rate of return and far in excess of what could be achieved in the marketplace. These Board members should have been requested to recuse themselves under OCC’s own conflict of interest policy. This failure should invalidate the Board vote on which the rule filing was made and require the entire issue to be brought before the OCC Board again, absent those who should have recused themselves.

While we appreciate the propriety of OCC retaining sufficient capital as a SIFMU, under its own formulation as laid out in the rule filing it only needs \$117 million in capital on hand in order to comply with proposed Rule 17Ad-22, and already has that amount. Accordingly, it does not have the urgency portrayed in its rule filing and response to prior comment letters.

For these reasons, there remains the opportunity to more thoughtfully present and deliberate the critical, unprecedented issues and impacts of this rule filing. Accordingly, we respectfully request the opportunity to address these points with the Commissioners before a decision is reached in this matter.

If you have any questions regarding this matter, please do not hesitate to contact the undersigned at [REDACTED]. Thank you again for this opportunity to respond.

Respectfully,

A handwritten signature in blue ink that reads "Richard J. McDonald". The signature is written in a cursive style.

Richard J. McDonald  
Chief Regulatory Counsel

CC: Stephen Luparello, SEC