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March 9, 2018

Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090  
Facsimile: (202) 772-9324

Re: The Options Clearing Corporation, File No. SR-OCC-2015-02

Dear Mr. Fields:

In their Submission on Remand, Petitioners explained that the Options Clearing Corporation's ("OCC") proposed capital plan (the "Plan") creates perverse incentives by causing the Shareholder Exchanges' dividends to increase as OCC's fees and expenses increase.<sup>1</sup> Petitioners also explained that fees and expenses, and hence dividends, predictably had been increasing under the Plan.<sup>2</sup> Petitioners write to alert the Commission that this trend is continuing.

On March 1, 2018, OCC released its 2017 Audited Financial Statements.<sup>3</sup> Those statements show (1) that OCC will be paying the Shareholder Exchanges a dividend of \$32.5 million for 2017, and (2) that OCC had total expenses of \$298.1 million in 2017.<sup>4</sup> Those figures represent an increase of 27.0% and 21.3%, respectively, from 2016. And the \$32.5 million dividend payment provides the Shareholder Exchanges with a 21.7% annual return on their \$150 million capital contribution—up from the 17.1% return they received in 2016.

The increases to OCC's expenses and dividend payments show no sign of abating. Indeed, OCC currently is seeking the Commission's approval to raise its fees yet again, in part because OCC is "projecting expense increases" in 2018.<sup>5</sup>

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<sup>1</sup> Petitioners' Submission on Remand from the U.S. Court of Appeals for the D.C. Cir. in Opp'n to Proposed Rule Change Concerning a Proposed Capital Plan for Raising Additional Capital That Would Support The OCC's Function as a Systemically Important Financial Market Utility at 30–35, File No. SR-OCC-2015-02 (Nov. 30, 2017).

<sup>2</sup> *Id.* at 33–35.


<sup>3</sup> OCC, 2017 AUDITED FINANCIAL STATEMENTS (2018), available at <https://www.theocc.com/about/corporate-information/annual-reports/>.

<sup>4</sup> *Id.* at 30–31.

<sup>5</sup> Letter from Joseph Kamnik, General Counsel, OCC, to Brent J. Fields at 1 (Feb. 28, 2018). Petitioner Susquehanna has opposed the fee increase, see Letter from Richard J. McDonald, Susquehanna Int'l Grp., to Brent J. Fields (Feb. 14, 2018), and the Commission has instituted proceedings to determine whether to approve or disapprove OCC's

These recent developments provide further support for Petitioners' submission that the Commission should reject the Plan for failure to comply with the Exchange Act.

Respectfully,

x 

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LLC, and BOX Options Exchange,  
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proposal, *see* Suspension of and Order Instituting Proceedings to Determine Whether to Approve or Disapprove the Proposed Rule Change to Revise The Options Clearing Corporation's Schedule of Fees, Exchange Act Release No. 34-82793, File No. SR-OCC-2018-004 (Feb. 28, 2018).

**CERTIFICATE OF SERVICE**

I, Harold S. Reeves, counsel for Susquehanna International Group, LLP, Miami International Securities Exchange, LLC, BOX Options Exchange, Inc., Virtu Financial Inc., and Virtu Americas LLC, hereby certify that on March 9, 2018, I served copies of the attached letter on the OCC by email and Federal Express and filed the original with the Secretary by email and Federal Express at the following addresses:

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Dated: March 9, 2018



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