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February 28, 2018

VIA ELECTRONIC MAIL

Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F. Street, N.E.
Washington, DC 20549-1090

Re: *File No. SR-OCC-2018-004: The Options Clearing Corporation Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise The Options Clearing Corporation's Schedule of Fees (the "Proposed Rule Change")*

Dear Mr. Fields:

The Options Clearing Corporation ("OCC") is submitting this response to the comment letter from Susquehanna International Group, LLP ("SIG"), dated February 14, 2018, in connection with the above-referenced Proposed Rule Change. OCC appreciates the opportunity to respond to SIG's letter. As discussed below and in OCC's prior submissions to the Securities and Exchange Commission (the "SEC" or the "Commission"), no basis exists to suspend the proposed rule change pursuant to Section 19(b)(3)(C) of the Securities Exchange Act of 1934, as amended (the "Exchange Act").

As the Commission knows, OCC has been designated by the Financial Stability Oversight Council as a systemically important financial market utility ("SIFMU"), meaning that a failure or disruption of OCC could threaten the stability of the financial system of the United States. As a SIFMU, and pursuant to its Capital Plan and Article IX, Section 9 of OCC's By-Laws, OCC must set its fees at a level designed both to cover OCC's operating expenses and to maintain a Business Risk Buffer of 25%. From time to time, as any prudent and responsible self-regulatory organization ("SRO") would do, OCC reviews its budget, considers its projected operating expenses, and estimates its expected revenue to determine whether its projected fees are sufficient to cover its projected operating expenses while maintaining the required risk buffer. Sometimes this has led to a reduction in fees (about which SIG has never complained); sometimes the result is a fee increase.

No basis exists—and none has been proffered by SIG—to suggest that the fee increase that is the subject of the Proposed Rule Change fails to comply with the requirements of Section 17A(b)(3)(D) of the Exchange Act. As explained in the Proposed Rule Change, OCC determined that a fee increase is necessary based on an analysis of (i) expenses budgeted for 2018, (ii) projected other revenue streams for 2018, and (iii) projected volume growth for 2018. Each of these points is detailed in OCC's 2018 Corporate Budget, a copy of which has been provided to the Commission. In particular, as explained in OCC's 2018 Corporate Budget, OCC is projecting expense increases necessary to pay for increased headcount, increased IT costs, increased rent, and increased liquidity

facilities fees. These are normal business expenses that OCC must incur to operate a functioning clearinghouse and satisfy its obligations as a SIFMU. Accordingly, OCC's Compensation and Performance Committee, under delegated authority, approved the proposed fee increase on December 12, 2017. OCC's 2018 Corporate Budget was prepared by management and approved by the Board as necessary and appropriate for OCC to achieve its goals and objectives.

SIG does not have a substantive response to the Proposed Rule Change. Instead, SIG complains that the fee increase of 7.4% is "exorbitant" and that OCC improperly failed to provide it and the public with confidential and proprietary information about OCC's business operations. SIG is wrong.

First, SIG has no basis to say that OCC's fee increase is "exorbitant." To begin with, although SIG asserts that the Proposed Rule Change contemplates a fee increase of 7.4%, SIG fails to acknowledge that the fee for trades with contracts in excess of 1100 will remain exactly the same, at \$55 per trade. OCC also lowered the trade size where the \$55 per trade cap applies from 1100 contracts to 1019 contracts so that no one ever pays in excess of this \$55 per trade cap. For these trades, there is no fee increase at all.

In any event, as discussed above, for trades with contracts below 1100, the proposed fee increase is necessary for OCC to cover its operating expenses and maintain an appropriate risk buffer. OCC has substantiated those expenses by providing the SEC with its 2018 Corporate Budget—the same document on which OCC and its Board relied in approving the fee increases. The 2018 Corporate Budget confirms that OCC is projecting expenses to increase, mainly driven by increased IT, rent and other operational costs over which OCC has little or no control. SIG's contention that these expense increases were engineered by its shareholders to line their own pockets is rank speculation, utterly without merit, and should be rejected.

The reality is that SIG is not quibbling with OCC's actual projected expenses at all, nor could it. Rather, SIG's real complaint concerns OCC's Capital Plan and, in particular, SIG's contention that OCC's Business Risk Buffer is set too high. But the Business Risk Buffer is not the subject of this Proposed Rule Change, and SIG's apparent unhappiness with the Capital Plan is not a valid basis to suspend the proposed fee increase.

Second, SIG also has no basis to complain that OCC failed to place its detailed 2018 Corporate Budget on the public record. OCC's 2018 Corporate Budget is a confidential document containing sensitive information about OCC's financials, plans and projections, and there is no provision in OCC's By-laws, Rules or other governing documents that contemplates making such sensitive and confidential information available to any party who seeks access to such information. Moreover, SIG has not, to OCC's knowledge, challenged OCC's assertions that this document is properly FOIA exempt.

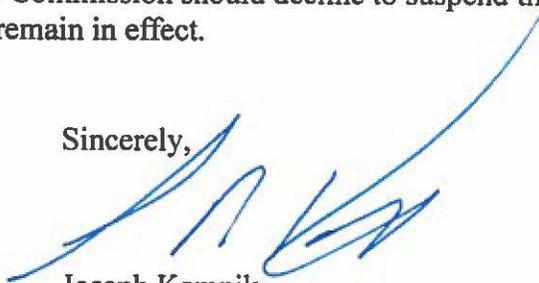
Moreover, the proper regulator to evaluate OCC's confidential information as an SRO is the Commission, not SIG. OCC is not asking anyone to "trust the process" as SIG improperly maintains; it has submitted the Proposed Rule Change to the Commission pursuant to the Exchange Act and has supplied the Commission with confidential information supporting the proposed fee increase. OCC's approach here is completely consistent with most (if not all) other SRO proposed

fee schedule changes. Indeed, on a quick search, OCC identified two recent, similar proposed rule changes by SIG's co-Petitioners that contained the same level of information as OCC included in the Proposed Rule Change.¹

In short, SIG has not provided any reason for the Commission to suspend the Proposed Rule Change and none exists. OCC must increase its clearing fees for the reasons stated therein and above to cover its operating expenses and maintain an appropriate Business Risk Buffer, consistent with the Capital Plan and to satisfy its obligations as a SIFMU.

Accordingly, OCC respectfully submits that the Commission should decline to suspend the Proposed Rule Change and allow OCC's fee schedule to remain in effect.

Sincerely,



Joseph Kamnik
General Counsel

¹ See, e.g., No. 34-82655, SR-BOX-2018-03, BOX Options Exchange LLC, Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fee Schedule; No. 34-82673, SR-MIAX-2018-02, Miami Intl. Securities Exchange LLC, Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule.