



July 12, 2018

Brent Fields  
Secretary  
Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

**Re: The Options Clearing Corporation Notice of Filing of Proposed Rule Change Related to the Options Clearing Corporation's Stress Testing and Clearing Fund Methodology, Rule Filing SR-OCC-2018-008**

Dear Mr. Fields:

Wolverine Execution Services, LLC ("WEX" or the "Firm") appreciates the opportunity to comment on the Options Clearing Corporation's ("OCC") Rule Filing SR-OCC-2018-008 ("Rule Filing"). WEX, by way of background, is an agency broker and a Clearing Member of the OCC. WEX strongly supports the Rule Filing's proposed changes and believes that they will contribute to the OCC's obligation to facilitate the prompt and accurate clearance and settlement of transactions and to safeguard securities and funds in its custody or control.

WEX believes that the enhancements to the stress testing and funding of the Clearing Fund proposed in the Rule Filing are reasonable and prudent, particularly in light of the crucial role that the OCC plays in the U.S. options marketplace as the only central counterparty for many equity and index derivatives, along with acting as a guarantor between Clearing Members.

WEX wishes to offer particular support to two key components of the Rule Filing. First, the Firm is supportive of the anti-procyclical measures with regard to the monthly Clearing Fund sizing process. These measures, which will limit potential decreases to the Clearing Fund's size from month-to-month, should help smooth the curves derived from differences in month-to-month funding model methodology calculations, and reduce the operational issues related to Clearing Member's funding obligations continuously increasing and decreasing. The anti-procyclical measures will also help reduce the likelihood that a short-term market event would require the OCC to call for further funding from Clearing Members on an intra-month basis.

Additionally, WEX believes that the proposed changes to the contribution allocation methodology, and in particular, the allocation weighting methodology, will distribute the funding obligations of Clearing Members in a more equitable manner based on the nature of their businesses and the risks they pose to the marketplace. Specifically, under the proposed Rule Filing, Clearing Fund requirements would be based on an allocation methodology of 70% of total risk, 15% of volume, and 15% of open interest (as opposed to the current distribution of 35% total risk, 50% open interest, and 15% volume). Under the proposed Rule Filing, the OCC would also now use cleared



volume, as opposed to executed volume, as the basis to determine the volume component of the Clearing Fund allocation amount, thereby considering where the position is ultimately cleared, as opposed to where it was executed. This reallocation of funding obligations among Clearing Members should, as the OCC states in the Rule Filing, "... better align incentives for each Clearing Member to reduce the risk it introduces to the Clearing Fund by determining each Clearing Member's proportionate share of the Clearing Fund based on the risk it presents to the OCC."

WEX believes that, if enacted, the effects of the proposed Rule Filing will be beneficial to the marketplace, and that it presents a thoughtful and measured process of determining the appropriate size of the Clearing Fund and how its deposit requirements should be allocated among Clearing Members. These changes will enhance the OCC's ability to measure and manage risk, promote the prompt and accurate clearance and settlement of securities transactions, and protect investor and public interest in accordance with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934. The Firm appreciates the opportunity to comment on this important matter and urges the Commission to approve the Rule Filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Kurt Eckert', written in a cursive style.

Kurt Eckert  
Partner  
Wolverine Execution Services