



March 29, 2019

Brent J. Fields
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: The Options Clearing Corporation (“OCC”) Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise The Options Clearing Corporation’s Schedule of Fees Rel. No. 34-85322; File No. SR-OCC-2019-001 (the “Proposed Fee Increase”)

Dear Mr. Fields:

Susquehanna International Group, LLP apprises the Securities and Exchange Commission (the “Commission”) that OCC’s recently filed 2018 Annual Report discloses shareholders’ equity of \$267 million as of December 31, 2018. This is \$20 million *more than* OCC’s claimed target of \$247 million, and achieving this target was the express purpose for the Proposed Fee Increase.

Although OCC claims to owe its shareholder exchanges an additional \$40 million to complete the return of their capital investment under the disapproved Capital Plan, deducting this amount from the \$267 million equity balance would leave OCC just \$20 million short of its claimed capital target, before taking into account any 2019 net income generated at OCC’s current fee rates. Given that OCC (1) had 2018 revenues in excess of \$467 million and operating income in excess of \$117 million, (2) operated under its Capital Plan’s 33% budget buffer for almost two months this year, and (3) continues to operate with an appreciable buffer in its current budget, it is reasonable to believe that three full months into 2019, OCC has already more than closed the \$20 million gap and achieved its desired \$247 million target. Regardless, OCC has not made the case for why it may not cross this \$20 million divide on a “timely basis”, as that undefined term is used in its rule filing, at current fee rates.

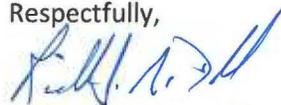
OCC continues to ignore its responsibility to ensure that fees are not only reasonable but consistent with its duty as a monopoly organization to protect the public interest. Transferring \$242 million of net income into the shareholder equity account, where it inures to the benefit of the shareholders, is the type of wealth transfer that deserves more transparency and justification than what has been provided by OCC.¹ Indeed, when the \$78 million in dividends paid to the shareholder exchanges under the disapproved Capital Plan is added to the \$242 million transfer of wealth to the shareholder exchanges, the total amount is approximately twice OCC’s 2013 budget, which was the year immediately prior to OCC’s 70% fee increase. That fee increase, imposed five years ago on April 1, 2014, was the opening move in the monetization of OCC and the foundation for the exploding budget increases under its disapproved Capital Plan. The 70% fee increase (that came with OCC’s assurance that it would only be temporary) was deemed necessary by OCC to meet an increase in projected operating expenses “due to

¹ The \$242 million figure represents the difference between the current \$267 million equity balance and the \$25 million in shareholder equity before the implementation of the OCC Capital Plan.

current and anticipated regulatory requirements". Yet, OCC now proposes an even higher fee rate with the knowledge that a significant portion of the revenue ultimately paid mostly by public investors over the past five years has inured to the benefit of the shareholder exchanges.²

OCC's legacy de facto non-profit market utility model reliably promoted judicious budgets and clearing fee rates when its shareholder exchange owners were non-profit mutual organizations. Now that OCC has begun operating as a for-profit monopoly owned by demutualized for-profit exchanges, it is even more important that OCC's fee and capital rule filings be properly justified with a record that enables the Commission to independently engage in reasoned decision-making rather than rely on conclusory assertions. Once again, OCC has not met this burden, and its current disclosed equity balance wholly removes the sole express purpose for its Proposed Fee Increase. Accordingly, we respectfully request that the rule filing be disapproved, or at least stayed pending further Commission consideration.³

Respectfully,



Richard J. McDonald

² Release No. 34-71769 SR-2014-05 page 3

³ We intend to separately respond to OCC's March 27, 2019 comment letter, but note that the confusion of facts and law contained therein likewise justify a stay of the Proposed Fee Increase.