

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-66193; File No. SR-ODD-2012-01)

January 19, 2012

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Accelerated Delivery of Supplement to the Options Disclosure Document Reflecting Certain Changes to Disclosure Regarding Relative Performance Options

On August 15, 2011, The Options Clearing Corporation (“OCC”) submitted to the Securities and Exchange Commission (“Commission”), pursuant to Rule 9b-1 under the Securities Exchange Act of 1934 (“Act”),¹ five preliminary copies of a supplement to amend the options disclosure document (“ODD”) to reflect certain changes to disclosure regarding relative performance options (“January 2012 Supplement”).² On January 5, 2012, the OCC submitted to the Commission five definitive copies of the January 2012 Supplement.³

The ODD currently contains general disclosures on the characteristics and risks of trading standardized options. The March 2011 Supplement amended the ODD to provide disclosure regarding relative performance options in response to the Commission’s approval of NASDAQ OMX PHLX LLC’s (“Phlx”) proposal to list and trade Alpha Index options.⁴ In August 2011, the Commission approved a proposed rule change that permitted Phlx to list and trade certain Alpha

¹ 17 CFR 240.9b-1.

² See letter from Jean M. Cawley, Senior Vice President, Deputy General Counsel and Chief Compliance Officer, OCC, to Sharon Lawson, Senior Special Counsel, Division of Trading and Markets (“Division”), Commission, dated August 15, 2011.

³ See letter from Jean M. Cawley, Senior Vice President, Deputy General Counsel and Chief Compliance Officer, OCC, to Sharon Lawson, Senior Special Counsel, Division, Commission, dated January 5, 2012.

⁴ See Securities Exchange Act Release No. 63860 (February 7, 2011), 76 FR 7888 (February 11, 2011) (SR-Phlx-2010-176) (order approving Phlx’s proposed rule change to list and trade Alpha Index options).

Index options where both components of the Alpha Index are ETF shares.⁵ The current proposed January 2012 Supplement amends the ODD disclosure to accommodate the listing of relative performance options where both components of the underlying relative performance index could be an ETF share. The supplement also clarifies that the ETF share components must be non-leveraged. In addition, the supplement proposes to add an example of the calculation of a relative performance index. The proposed supplement is intended to be read in conjunction with the more general ODD, which discusses the characteristics and risks of options generally.⁶

Rule 9b-1(b)(2)(i) under the Act⁷ provides that an options market must file five copies of an amendment or supplement to the ODD with the Commission at least 30 days prior to the date definitive copies are furnished to customers, unless the Commission determines otherwise, having due regard to the adequacy of the information disclosed and the public interest and protection of investors.⁸ In addition, five copies of the definitive ODD, as amended or supplemented, must be filed with the Commission not later than the date the amendment or supplement, or the amended ODD, is furnished to customers. The Commission has reviewed the proposed January 2012 Supplement, and the amendments to the ODD contained therein, and finds that, having due regard

⁵ See Securities Exchange Act Release No. 65149 (August 17, 2011), 76 FR 52729 (August 23, 2011) (SR-Phlx-2011-89) (order approving Phlx's proposed rule change to list and trade Alpha Index options where both Alpha Index components are ETF shares).

⁶ The Commission notes that the options markets must continue to ensure that the ODD is in compliance with the requirements of Rule 9b-1(b)(2)(i) under the Act, 17 CFR 240.9b-1(b)(2)(i), including when changes regarding relative performance options are made in the future. Any future changes to the rules of the options markets concerning relative performance options would need to be submitted to the Commission under Section 19(b) of the Act. 15 U.S.C. 78s(b).

⁷ 17 CFR 240.9b-1(b)(2)(i).

⁸ This provision permits the Commission to shorten or lengthen the period of time which must elapse before definitive copies may be furnished to customers.

to the adequacy of the information disclosed and the public interest and protection of investors, the supplement may be furnished to customers as of the date of this order.

IT IS THEREFORE ORDERED, pursuant to Rule 9b-1 under the Act,⁹ that definitive copies of the January 2012 Supplement to the ODD (SR-ODD-2012-01), reflecting changes to disclosure regarding relative performance options, may be furnished to customers as of the date of this order.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

Kevin M. O'Neill
Deputy Secretary

⁹ 17 CFR 240.9b-1.

¹⁰ 17 CFR 200.30-3(a)(39).