

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-70947; File No. SR-OCC-2013-21)

November 26, 2013

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Make Technical Changes to OCC's By-Laws and Rules in Connection with the Modification of the Individual Registration Categories of the Investment Industry Regulatory Organization of Canada

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that, on November 20, 2013, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change described in Items I and II below, which Items have been prepared primarily by OCC. OCC has designated the proposed rule change as constituting a "non-controversial" rule change under paragraph (f)(6) of Rule 19b-4 under the Act,³ which renders the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the rule change from interested parties.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by The Options Clearing Corporation ("OCC") would make technical changes to OCC's By-Laws and Rules in connection with the modification of the individual registration categories of the Investment Industry Regulatory Organization of Canada ("IIROC") under which every Canadian clearing member or applicant seeking to become a Canadian clearing member would be required to employ at least one associated person registered as a Chief Financial Officer ("CFO") with IIROC.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 17 CFR 240.19b-4(f)(4)(ii).

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

In connection with a change made by IIROC to its individual registration categories, OCC is proposing to make technical changes to its By-Laws and Rules under which every Canadian clearing member or applicant seeking to become a Canadian clearing member would be required to employ at least one associated person registered as the Clearing Member's CFO. OCC's membership standards include conditions designed to assess the overall quality and character of the personnel of an applicant. These conditions include a requirement that at least one associated person of the applicant be registered as a Financial and Operations Principal ("FINOP") with FINRA and at least two key operations staff be full-time employees of the applicant. For Canadian members, OCC has permitted this requirement to be satisfied where any principal, director or officer of the firm is also registered as a Designated Registered Options Principal ("DROP") with the IIROC. However, as a result of IIROC's modification of its registration categories the DROP has supervisory authority with respect to options transactions but no responsibilities over the books and records of the IIROC member.

Under IIROC's rules, the registered CFO is responsible for monitoring the investment dealer's adherence with the financial rules of IIROC as well as establishing and maintaining policies and procedures related to financial requirements, which in OCC's view equates to that of the function of FINOP under the rules for membership standards. Accordingly, the proposed changes to Article V and Section (a) of Rule 214 takes into account the regulatory changes made by IIROC with respect to the DROP by requiring every Canadian clearing member or applicant seeking to become a Canadian clearing member to employ at least one associated person registered as the Canadian clearing member's CFO, in place of the current requirement that at least one employee be a Principal/Director/Officer and a DROP. OCC is also proposing to replace outdated references in the By-Laws and Rules to the Investment Dealers Association of Canada to IIROC, which is its successor.⁴

2. Statutory Basis

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁵ and the rules and regulations thereunder, including Rules 17Ad-22(d)(1) and 17Ad-22(d)(2), because the proposed modifications would help ensure that the By-Laws and Rules of OCC provide for a well-founded, transparent, and enforceable legal framework for each aspect of its activities in all relevant jurisdictions⁶ and require participants to have robust operational capacity to meet obligations arising from participation in the clearing agency and to have

⁴ IIROC was established on June 1, 2008 through the consolidation of the Investment Dealers Association of Canada and Market Regulation Services Inc.

⁵ 15 U.S.C. 78q-1.

⁶ 17 CFR 240.17Ad-22(d)(1).

procedures in place to monitor that participation requirements are met on an ongoing basis.⁷ The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

(B) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.⁸ Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency and the markets that the clearing agency serves. This proposed rule change affects only Canadian clearing members or applicants seeking to become a Canadian clearing member and OCC believes that the proposed modifications would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because the proposed modifications are technical in nature and designed to take into account changes in regulations applicable to Canadian broker-dealers and would apply equally to all Canadian clearing members.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

Because the proposed change does not (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become

⁷ 17 CFR 240.17Ad-22(d)(2).

⁸ 15 U.S.C. 78q-1(b)(3)(I).

operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, the proposed change has become effective pursuant to Section 19(b)(3)(A) of the Act⁹ and Rule 19b-4(f)(6)(iii) thereunder.¹⁰

OCC has requested that the Commission waive the 30 day operative delay contained in Rule 19b-4(f)(6)(iii) under the Act so that the proposal may become operative immediately upon filing.¹¹ The Commission believes that waiving the 30-day operative delay is consistent with the protection of investors and the public interest, as the proposed rule change is technical in nature and waiver of the operative delay will help ensure that OCC's By-Laws and Rules provide for a well-founded, transparent, and enforceable legal framework for each aspect of its activities in all relevant jurisdictions.¹² For this reason, the Commission designates the proposed rule change to be operative upon filing.¹³

At any time within 60 days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is

⁹ 15 U.S.C 78s(b)(3)(A).

¹⁰ 17 CFR 240.19b-4(f)(6)(iii). As required under Rule 19b-4(6)(iii), OCC provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and the text of the proposed rule change, at least five business days prior to the date of filing of the proposed change, or such shorter time as designated by the Commission.

¹¹ *Id.*

¹² Notwithstanding the foregoing, OCC has noted that implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6.

¹³ For purposes of waiving the 30-day operative delay, the Commission has also considered the proposed rule's impact on efficiency competition, and capital formation. See 15 U.S.C. 78c(f).

necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act.

Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2013-21 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2013-21. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method of submission. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>).

Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00

p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at

http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_13_21.pdf.

All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-OCC-2013-21 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated Authority.¹⁴

Kevin M. O'Neill
Deputy Secretary

¹⁴ 17 CFR 200.30-3(a)(12).