

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71846; File No. SR-OCC-2014-06)

April 1, 2014

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Make a Change Which Would Authorize the Executive Chairman, the Management Vice Chairman, or the President to Delegate to Other OCC Officers Their Authority to Review and Approve Certain Clearing Member Business Expansion Requests and Changes in Facilities Management Arrangements, Provided That Such Delegate is an Officer of the Rank of Senior Vice President or Higher

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 March 28, 2014, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I and II below, which Items have been prepared by the clearing agency. OCC filed the proposal pursuant to Section 19(b)(3)(A) of the Act³ and Rule 19b-4(f)(6) thereunder.⁴ The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

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

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

This proposed rule change by OCC would make an administrative rule change to its By-Laws and Rules (collectively, "Rules") which would authorize the Executive Chairman, the Management Vice Chairman, or the President to delegate to other OCC officers their authority to review and approve certain clearing member business expansion requests and changes in facilities management arrangements, provided that such delegate is an officer of the rank of Senior Vice President or higher.

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

In its filing with the Commission, the clearing agency 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. The clearing agency has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

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

The purpose of this proposed rule change is to expand the number of OCC officers with delegated authority to review and approve certain business expansion requests and changes in facilities management arrangements i.e., a request or change for which a clearing member has sought review on an expedited basis. Currently, OCC's Rules provide that the Executive Chairman, the Management Vice Chairman or the President are the only OCC officers with such delegated authority. OCC proposes that

these officers be allowed to delegate their authority to perform such reviews and approve such requests or changes to any officer of the rank of Senior Vice President or higher.

By way of background, OCC's Risk Committee ("Committee") is responsible for reviewing and approving clearing member requests to clear a type or a kind of transaction for which it is not currently approved to clear through OCC (i.e., a business expansion request).⁵ The Committee is also responsible for making certain determinations with respect to facilities management arrangements between clearing members. Specifically, the Committee determines whether a clearing member receiving facilities management services has the operational capability, experience and competence to perform the obligations of clearing membership should the facilities management agreement ("FMA") with another clearing member be terminated.⁶ In addition, if a clearing member proposes to enter into an FMA to receive facilities management services, the Committee must determine that the FMA meets certain conditions set forth in OCC's By-Laws.⁷

The Committee has delegated the Executive Chairman, the Management Vice Chairman or the President with authority to review and approve both business expansion requests and requests to enter into a facilities management arrangements in response to requests by clearing members for expedited review. Such approval is then subject to the Committee's review and ratification at its next regularly scheduled meeting. In light of

⁵ OCC By-Law, Article V, Section 1, Interpretation and Policy .03(e).

⁶ OCC Rule 309.

⁷ OCC By-Law, Article V, Section 1, Interpretation and Policy .05.

recent changes to OCC's management structure⁸, as well as a recommendation from the Committee's Chairman, OCC is now proposing to provide the same expedited review and approval authority to any OCC officer of the rank of Senior Vice President or higher who has been delegated by the Executive Chairman, the Management Vice Chairman or the President with such authority. OCC believes the proposed change will provide it with operational flexibility because additional individuals will be able to provide expedited approval of business expansion requests and facilitates management arrangements. Approvals by such delegates would be subject to Committee review and ratification, as described above.

In accordance with the above OCC is proposing to amend OCC By-Law, Article 5, Section 1, Interpretation and Policy .03, which concerns business expansion requests and OCC Rule 309, Interpretation and Policy .01 and .02, which concerns facilities management arrangements.

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act⁹ because it is designed to promote the prompt and accurate clearance and settlement of securities transactions and the protection of securities investors and the public interest, by allowing additional OCC officers to review and approve business expansion requests and facilities management arrangements on an expedited basis. By allowing the Executive Chairman, the Management Vice Chairman or the President to delegate authority to review and provide expedited approval of business expansion requests and facilities management arrangements to OCC officers of

⁸ See Securities Exchange Act Release No. 70076 (July 30, 2013), 78 FR 47449 (August 5, 2013), (SR-OCC-2013-09).

⁹ 15 U.S.C. 78q-1(b)(3)(F).

the rank of Senior Vice President or higher, clearing members and their customers will have more timely access to OCC services for which they qualify. The proposed rule change is not inconsistent with any rules of OCC, including those 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.¹⁰ The proposed rule change will help ensure that OCC will be able to provide fair and open access to its services in a timely and efficient manner because additional OCC officers will be able to provide approval of business expansion requests and facilities management arrangements. To the extent OCC's clearing members are affected by the proposed rule change, OCC believes that, by allowing an officer of the rank of Senior Vice President or higher who has been delegated by the Executive Chairman, the Management Vice Chairman or the President with authority to review and provide expedited approval of business expansion requests and facilities management arrangements, all of OCC's clearing members will have greater access to its services. Accordingly, OCC does not believe that the proposed rule will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(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.

¹⁰ 15 U.S.C. 78q-1(b)(3)(I).

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become 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, it has become effective pursuant to Section 19(b)(3)(A) of the Act and Rule 19b-4(f)(6)(iii) thereunder.

At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings under Section 19(b)(2)(B) of the Act¹¹ to determine whether the proposed rule should be approved or disapproved.

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

¹¹ 15 U.S.C. 78s(b)(2)(B).

- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2014-06 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-OCC-2014-06. 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. 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 Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of OCC and on OCC's website (<http://www.theocc.com/about/publications/bylaws.jsp>). 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-2014-06 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.¹²

Kevin M. O'Neill
Deputy Secretary

¹² 17 CFR 200.30-3(a)(12).