

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62566; File No. SR-OCC-2010-10)

July 23, 2010

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend OCC's By-Laws and Rules to Change its Method of Holding Certain Securities Pledged by Members to Satisfy Margin and Clearing Fund Obligations

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,¹ notice is hereby given that on July 1, 2010, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared substantially by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act² and Rule 19b-4(f)(4)³ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of the Substance of the Proposed Rule Change

The proposed rule change would amend OCC's By-Laws and Rules to change its method of holding certain securities pledged by Members to satisfy margin and clearing fund obligations.

II. Self-Regulatory Organization'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

¹ 15 U.S.C. 78s(b)(1).

² 15 U.S.C. 78s(b)(3)(A)(iii).

³ 17 CFR 240.19b-4(f)(4).

below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The proposed rule change would amend OCC's By-Laws and Rules to change OCC's method of holding certain securities pledged by Members to satisfy margin and clearing fund obligations. Securities issued by the United States or Canadian governments and securities issued by U.S. government-sponsored enterprises ("Government Securities") are among the securities OCC's Members may deposit to satisfy margin and clearing fund obligations. OCC currently permits Members to satisfy such obligations by means of a paper pledge agreement or an electronic pledge system of a depository approved by OCC.

Instead of continuing to use these types of Government Securities pledges, OCC proposes taking direct control of Government Securities that Members pledge to satisfy margin and clearing fund obligations. OCC would require that such pledged securities be held in an account in the name of OCC and The EDP Pledge System would be retained during a transition period designated by OCC.

OCC believes this proposed change to how margin and clearing fund deposits are held would enhance OCC's control of such securities and would allow OCC to access such securities more efficiently. OCC intends for the proposed change to relate only to the mechanism through which the securities would be held and not to affect the respective rights of OCC or its Members in the deposited securities. The general lien granted under new paragraph (b) of Article VIII, Section 1 of OCC's By-Laws, would replace the security interests created through the pledge

mechanisms where securities are held directly in OCC's name. To preserve flexibility for OCC to be able to respond to unanticipated circumstances, the amendment would allow OCC to specify a different method of accepting margin and clearing fund deposits if necessary.

The proposed change would also provide clarification regarding how OCC would credit foreign currency toward clearing fund and margin requirements. OCC does not presently accept foreign currency either as clearing fund contributions or margin deposits. However, because Canadian government securities are included in the definition of Government Securities OCC could receive and could potentially hold Canadian dollars it receives as interest on or as proceeds from those securities. When determining the U.S. dollar value of such foreign currency, OCC would conduct its valuations in the same way that it has previously valued margin deposits of assets that are denominated in a foreign currency. This involves using such exchange rates and "haircuts" as OCC deems appropriate. To reflect this policy, OCC is proposing a minor amendment to Rule 604(e) as well as adding a similar provision in Section 3 of Article VIII of the By-Laws.

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁴ and Rule 19b-4(f)(4)⁵ thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate

⁴ 15 U.S.C. 78s(b)(3)(A)(iii).

⁵ 17 CFR 240.19b-4(f)(4).

such rule 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.

B. Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

OCC has not solicited or received written comments relating to the proposed rule change. OCC will notify the Commission of any written comments it receives.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(iii) of the Act⁶ and Rule 19b-4(f)(4)⁷ thereunder because it effects a change in an existing service of a registered clearing agency that does not adversely affect the safeguarding of securities or funds in the custody or control of the clearing agency or for which it is responsible and does not significantly affect the respective rights or obligations of the clearing agency or persons using the service. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule 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.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the

⁶ 15 U.S.C. 78(b)(3)(A)(iii).

⁷ 17 CFR 240.19b4-(f)(4).

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-2010-10 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 No. SR-OCC-2010-10. 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 Web site (<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 Web site 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 such filing also will be available for inspection and copying at OCC's principal office and on OCC's Web site at <[http:// www.theocc.com/about/publications/bylaws.jsp](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 No. SR-OCC-2010-10 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.⁸

Florence E. Harmon
Deputy Secretary

⁸ 17 CFR 200.30-3(a)(12).