

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-71422; File No. SR-OCC-2013-22)

January 28, 2014

Self-Regulatory Organizations; Options Clearing Corporation; Order Approving Proposed Rule Change to Make a Non-Material Housekeeping Rule Change so that OCC's Membership Qualifications Accurately Reflect Current Operational Practices

I. Introduction

On December 6, 2013, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") proposed rule change SR-OCC-2013-22 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the Federal Register on December 23, 2013.³ The Commission received no comment letters in response to the proposed rule change. For the reasons discussed below, the Commission is approving the proposed rule change.

II. Description

The rule change modifies OCC's membership standards to reflect current operational practices. Prior to electronic trading, clearing members were required to have the operational capacity to manually compare trades and reconcile unconfirmed and advisory trades, in accordance with applicable exchange rules and procedures, on a timely and efficient basis so that financial markets, and specifically clearing operations, functioned in a prompt and accurate manner. Accordingly, Article V, Section 1, Interpretations and Policies .02(b) of OCC's By-Laws required clearing member applicants to have such operational capacity as a condition to

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 71090 (Dec. 17, 2013), 78 FR 77525 (Dec. 23, 2013) (SR-FOCC-2013-22).

admission as a clearing member. However, OCC only receives matched trades from exchanges so manual trade comparison and reconciliation by clearing members no longer occurs.

III. Discussion

Section 19(b)(2)(C) of the Act⁴ directs the Commission to approve a self-regulatory organization's proposed rule change if the Commission finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization. Section 17A(b)(3)(F) of the Act⁵ requires, among other things, that the rules of a clearing agency registered with the Commission foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions.

The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.⁶ The Commission believes that these clarifications will foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of securities transactions by ensuring that OCC's By-Laws and membership standards reference only necessary requirements for operational capacity and current applicable industry standards.

⁴ 15 U.S.C. 78s(b)(2)(C).

⁵ 15 U.S.C. 78q-1(b)(3)(F).

⁶ 15 U.S.C. 78q-1(b)(3)(B) and (F).

IV. Conclusion

On the basis of the foregoing, the Commission concludes that the proposal is consistent with the requirements of the Act, particularly the requirements of Section 17A of the Act,⁷ and the rules and regulations thereunder.

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Act,⁸ that the proposed rule change (File No. SR-OCC-2013-22) be and hereby is APPROVED.⁹

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

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Deputy Secretary

⁷ 15 U.S.C. 78q-1.

⁸ 15 U.S.C. 78s(b)(2).

⁹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

¹⁰ 17 CFR 200.30-3(a)(12).