

Material proposed to be added to the charter as currently in effect is marked by double underlining and material proposed to be deleted is marked by strikethroughs.

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## THE OPTIONS CLEARING CORPORATION COMPENSATION AND PERFORMANCE COMMITTEE CHARTER

### I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Compensation and Performance Committee (the “Committee”) to assist the Board in ~~(i) overseeing the overall performance of OCC in promptly and accurately delivering clearance, settlement and other designated industry services, and the accomplishment of other periodically established corporate goals and objectives in light of OCC’s role as a systemically important financial market utility; (ii) overseeing OCC’s Capital Plan and financial performance; (iii) overseeing OCC’s Human Resources program; (iv) overseeing the structure, design and funding, as applicable, of employee (including management) compensation, incentive and benefit programs; and (v) recommending the compensation~~general business, regulatory capital, investment, corporate planning, compensation and human capital risks as well as executive management succession planning and performance assessment, including recommending to the Board for approval the annual compensation awards of the Executive Chairman, Chief Operating Officer, and Chief Executive Officer, the Chief Administrative Officer to the Board and approving the compensation of members of the Management Committee and certain other key officers, as appropriate, and Chief Operating Officer. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider the legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

### II. Membership and Organization

- A. **Composition.** The Committee shall consist of the Executive Chairman and Chief Executive Officer, the Member Vice Chairman, and three or more other directors appointed ~~annually~~each calendar year by the Board. The Board may remove or replace any member of the Committee at any time. The Chair of the Committee shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those

members of the Committee present shall designate a Committee member to serve as Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. **Meetings.** The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair of the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

The Committee shall meet at least ~~annually~~ once each calendar year with the Executive Chairman, ~~and~~ Chief ~~Operating~~ Executive Officer, ~~Chief Administrative Officer~~ and any other ~~corporate~~ OCC officers the Committee deems appropriate, to discuss and review the performance and compensation ~~levels (including benefits and perquisites such as sign-on bonuses, retention arrangements, relocation arrangements and other financial commitments of OCC)~~ awards of members of the Management Committee ~~and certain other key officers, as appropriate.~~

~~The Committee shall meet annually to determine the compensation levels of members of the Management Committee and certain other key officers, as appropriate.~~ Except as otherwise requested by the other members of the Committee, the Executive Chairman and Chief Executive Officer shall recuse himself from any discussion of his individual compensation, benefits, or perquisites.

- C. **Quorum.** A majority of the Committee members shall constitute a quorum for the transaction of business.

- D. **Minutes and Reports.** The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. ~~On an annual basis~~ Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of the OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

**B. Delegation.** The Committee may form and delegate authority to subcommittees; and may delegate authority to one or more designated members of the Committee, ~~and may delegate authority to the Administrative Committee,~~ and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### IV. Functions and Responsibilities

The Committee's role is one of oversight. ~~Management is responsible for identifying, organizing, and managing the operational, systems, technology, financial, human, and other resources necessary to support the OCC's clearance, settlement and other~~ It remains the responsibility of OCC management to identify, manage, monitor and report on general business risks, including as they relate to OCC's Corporate Plan and Corporate Budget, capital requirements, human capital, compensation and benefit programs, management succession planning and management performance assessment processes, arising from OCC's business activities in light of ~~its~~ OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall oversee the annual Corporate Plan and Corporate Budget, including their alignment with OCC's business strategy. The Committee shall review the annual Corporate Plan and Budget and recommend approval thereof to the Board. The Committee shall receive a quarterly report from management that provides information on performance against the Corporate Plan and Corporate Budget.
- The Committee shall review and have the authority to approve the annual goals and objectives of the Executive Chairman and Chief Executive Officer, Chief Administrative Officer and Chief Operating Officer.
- The Committee shall oversee and review at least once every twelve months OCC's Capital Plan, including written policies adopted thereunder, and make recommendations to the Board regarding any changes to the Capital Plan or associated policies. The Committee shall make recommendations to the Board concerning capital requirements, refund payments, and dividend payments, if any. The Committee shall receive a quarterly report from management that provides information on performance against the Capital Plan. The Committee is authorized to review and approve changes in OCC's fees pursuant to the Capital Plan, including authorizing the filing of regulatory submissions relating thereto.

Capital Structure, Financial Planning, and Corporate Goals and Objectives

- ~~To oversee management's processes for determining, monitoring and evaluating the adequacy of OCC's Capital Plan, including the maintenance of required regulatory capital, and to recommend any Capital Plan changes to the Board.~~
- ~~To review and approve changes in OCC's fees pursuant to the Capital Plan, including authorizing the filing of regulatory submissions relating thereto.~~
- ~~To review annually the Fee, Refund and Dividend Policies, make recommendations to the Board regarding changes, if any, to such Policies, and make recommendations to the Board for payments, if any, under the Refund and Dividend Policies.~~
- ~~To oversee the corporate financial planning process, including reviewing the corporate budget for each fiscal year (including anticipated capital expenditures) and make recommendations to the Board regarding revisions thereto and the adoption thereof.~~
- ~~To~~The Committee is authorized to review and approve significant unanticipated capital expenditures or, where ~~appropriate~~required, make recommendations with respect thereto to the Board.
- ~~To~~The Committee is authorized to review and recommend to the Board changes to OCC's fee structure.
- The Committee shall oversee Management Committee succession planning and performance assessment processes. At least once every twelve months the Committee shall review the results of Management Committee succession planning activities.
- For each calendar year, the Committee shall review the performance of the members of the Management Committee and have the authority to approve their compensation awards. For each calendar year, the Committee shall assess the performance and make recommendations to the Board regarding the compensation awards of the Executive Chairman and Chief Executive Officer, Chief Administrative Officer and the Chief Operating Officer.
- The Committee shall meet at least once each calendar year with the Executive Chairman and Chief Executive Officer, the Chief Administrative Officer, the Chief Operating Officer, and any other corporate officers the Committee deems appropriate to discuss and review the performance and compensation levels (including benefits and perquisites such as sign-on bonuses, retention arrangements, relocation arrangements and other financial commitments of OCC) of

members of the Management Committee and certain other key officers, as appropriate.

- ~~To review special financial matters as requested by the Board.~~
- ~~To review the annual corporate goals and objectives and recommend their approval to the Board and routinely receive reports regarding progress in achieving such goals and objectives.~~
  - Human Resources and Compensation Programs
- ~~To~~The Committee shall oversee the development and administration of OCC's Human Resources programs and policies, including talent acquisition, performance management, training and development, benefits and succession planning for key roles.
- ~~To periodically (not less than annually) review and approve the general strategy, policies and programs with respect to salary compensation (including management compensation) and incentive compensation; and seek to ensure compensation policies meet evolving compensation practices so that such policies remain effective to attract, motivate and retain executive officers and other key personnel.~~
- ~~To review and approve the annual goals and objectives of the Executive Chairman, Chief Operating Officer, and Chief Administrative Officer.~~
- ~~To approve on an annual basis funding, if any, of OCC's incentive compensation programs.~~
- ~~To review performance and approve compensation of Management Committee members and other key officers, as appropriate, at the end of each year and to make recommendations to the Board regarding the compensation of the Executive Chairman, Chief Operating Officer, and Chief Administrative Officer.~~
- ~~In general, to oversee the compensation, benefits, and perquisites of OCC's executive management personnel, provided that decisions with respect to those of the Executive Chairman, Chief Operating Officer, and Chief Administrative Officer and any special benefits or perquisites for those officers shall be made in the form of recommendations to the Board.~~
- ~~To review proposed material changes to executive management benefits.~~
- ~~To periodically review the compensation of Public Directors and make recommendations to the Board with respect thereto.~~
  - Employee Benefit Programs

- ~~To~~The Committee shall oversee OCC's employee benefit, retiree benefit, and welfare benefit programs and plans, as well as the operation and administration thereof, including funding obligations (if any).
- ~~To appoint (and remove) members of the Administrative Committee and oversee and monitor the activities of the Administrative Committee with respect to retirement and retirement savings plans, investment strategy and performance, plan design and compliance, prudent selection of investment managers and compensation and benefits consultants, and perform such other oversight duties as called for in retirement, retirement and savings and welfare plan documents.~~
  - Other
- ~~To review employment contracts and approve the same, or, in the case of contracts with the Executive Chairman, Chief Operating Officer, or Chief Administrative Officer, to make recommendations to the Board with respect to the approval thereof.~~
- ~~To provide periodic updates as may be~~At least once every twelve months, the Committee shall provide a report to the Board (with more frequent reporting as the Committee deems necessary or advisable under the circumstances ~~(but not less frequently than annually) to the Board regarding~~) relating to: (i) actions taken by the Committee with respect to its review of OCC's ~~compensation,~~ retirement and welfare benefit plans, (ii) the financial position and performance of such plans, and (iii) adherence to investment guidelines, in each case, where applicable.
- The Committee shall oversee the Administrative Committee. The Committee shall be authorized to: approve the charter of the Administrative Committee and any changes thereto, appoint and remove members of the Administrative Committee, and oversee and monitor the activities of the Administrative Committee with regard to the matters set forth in the Administrative Committee's charter.
- ~~To~~The Committee shall be authorized to adopt new compensation, retirement and welfare benefit plans and to amend or terminate existing plans other than such plans that require Board action to approve, amend or terminate.
- No less frequently than every two years, the Committee shall review the compensation of Public Directors and recommend to the Board any changes thereto.
- ~~To periodically~~At least once every twelve months, the Committee shall review OCC's insurance program.
- ~~To~~The Committee shall perform such other ~~activities consistent with the Charter, as the Committee or the Board may deem necessary or appropriate~~ responsibilities and

functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board.

- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- ~~To~~ Each calendar year, the Committee shall confirm ~~annually~~ that all responsibilities outlined in this Charter have been carried out.
- ~~To~~ Each calendar year, the Committee shall ~~annually evaluate the Committee's~~ ~~and~~ assess its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

#### V. Review Cycle

The Committee will review this Charter ~~annually~~ at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for ~~reapproval~~ approval, with such changes, if any, as the Committee deems advisable.