

EXHIBIT 5B



Rules

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THE OPTIONS CLEARING CORPORATION RULES

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RULE 201

(a) [No change]

(b) Clearing Members must be in compliance with all registration and other regulatory requirements applicable to clearing a particular product type. In that regard, the following specific requirements will ordinarily apply:

(1) – (5) [No change]

~~(6) To clear OTC Index Options, a Clearing Member must:~~

~~(i) be a broker dealer registered under Section 15(b)(1) or (2) of the Securities Exchange Act of 1934, a Canadian Investment Dealer or other Non-U.S. Securities Firm, or an eligible bank;~~

~~(ii) execute and maintain in effect such agreements and other documents as the Corporation may prescribe (including, for purposes of clearing OTC index options on indices published by the Standard & Poor's Financial Services LLC ("S&P"), a short form index license agreement in the form specified from time to time by S&P);~~

~~(iii) be a user of or participant in an OTC Trade Source for the purpose of affirming and submitting confirmed trades to the Corporation for clearance; and~~

~~(iv) meet such other requirements as the Corporation may specify.~~

~~A Clearing Member will continue to comply with all conditions described above until the Clearing Member has closed out all open positions in OTC index options.~~

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RULE 208 – Records

Every Clearing Member shall keep records showing all confirmed trade data required pursuant to the Corporation's By-Laws and Rules, including confirmed trade information reported to the Corporation under Rule 401 except for the identity of the counterparty Clearing Member. Such records, and all other records required by the By-Laws and Rules, must be retained readily accessible for at least five years in such form as the Corporation may authorize and will be deemed the joint property of the Corporation and the Clearing Member maintaining them. The Corporation is entitled to inspect or take temporary possession of any such records at any time upon demand.

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RULE 401 – Reporting of Confirmed Trades and Novation

(a) Each business day each Exchange ~~or OTC Trade Source~~ shall report to the Corporation information with respect to each confirmed trade made on such Exchange ~~or affirmed on such OTC Trade Source~~ during said business day (or on a previous day and reconciled on said business day) and as to which confirmed trade information has been submitted by or on behalf of the Purchasing Clearing Member and the Writing or Selling Clearing Member. The acceptance of every confirmed trade and the issuance of every cleared contract by the Corporation as provided in this rule shall be subject to the conditions that this reported trade information (i) passes the Corporation's trade validation process, (ii) is provided to the Corporation during such times as the Corporation shall prescribe, and (iii) satisfies certain criteria, as specified in paragraphs (a)(1) and (a)(2) of this Rule 401.

(1) Options. (i) If the relevant transaction is in options, the Corporation's acceptance of the confirmed trade shall be subject to the condition that the trade information submitted by participant Exchanges for such transaction includes: (A) the identity of the Purchasing Clearing Member and the Writing Clearing Member to the transaction; (B) the clearing date; (C) the transaction time; (D) the trade source; (E) the trade quantity; (F) the trade price; (G) the product type; (H) the ticker symbol; (I) the series/contract date; (J) whether the trade is a put or call; (K) the strike price; (L) whether the trade is a purchase or sale; (M) the account type; (N) the allocation indicator, if applicable; (O) the CMTA indicator, if applicable; (P) the Given-Up Clearing Member, if applicable; ~~(Q) the trade type, including, in the case of futures options, whether the transaction is a block trade, exchange-for-physical, or any other trade designated by the futures market or security futures market reporting the trade as a non-competitively executed trade; (R) in the case of OTC options transactions in a securities customers' account, a unique customer ID for the customer for whom the trade was executed; and (S) in the case of OTC options, such other variable terms as provided in Section 6 of Article XVII of the By Laws.~~

(ii) In addition to the foregoing information that is required as a condition to the Corporation's acceptance of the confirmed trade, the Corporation may also request certain optional trade information that is not required as a condition for acceptance.

(iii) If the relevant transaction is in securities options for a customer or non-customer other than a Market Maker, the trade information submitted by participant Exchanges for such transaction shall include an Actionable Identifier from the Purchasing Clearing Member and an Actionable Identifier from the Writing Clearing Member, as described in Interpretation and Policy .06 to this rule. Notwithstanding the foregoing, an Actionable Identifier is not required as a condition to the Corporation's acceptance of the confirmed trade.

(2) Futures. (i) If the relevant transaction is in futures, the Corporation's acceptance of the confirmed trade shall be subject to the condition that the trade information submitted by participant Exchanges for such transaction includes: (A) the identity of the Purchasing Clearing Member and the Selling Clearing Member to the transaction; (B) the clearing date, (C) the transaction time; (D) the trade source; (E) the trade quantity; (F) the trade price; (G) the product type; (H) the ticker symbol; (I) the series/contract date; (J) whether the trade is a purchase or a sale; (K) the account type; (L) the allocation indicator, if applicable; (M) the CMTA indicator, if applicable; (N) the Given-Up Clearing Member, if applicable; and (O) whether the trade is an exchange-for-physical or block trade or any other trade designated by the futures market or security futures market reporting the trade as a non-competitively executed trade.

(ii) In addition to the foregoing information that is required as a condition to the Corporation's acceptance of the confirmed trade, the Corporation may also request certain optional trade information that is not required as a condition for acceptance.

(3) BOUNDS. If the relevant transaction is in BOUNDS, the matching trade information for such transaction shall include (A) the identity of the Purchasing Clearing Member and the Writing Clearing Member and of the accounts in which the transaction was effected, (B) the series, (C) the number of BOUNDS, (D) the trade price per single BOUND, (E) except for a transaction in a Market-Maker's account, whether an opening or closing transaction, and (F) such other information as may be required by the Corporation.

(b) Subject to Rule 407, each Clearing Member shall be responsible to the Corporation in respect of each confirmed trade in which such Clearing Member is identified as a Purchasing Clearing Member or Writing or Selling Clearing Member in confirmed trade information reported to the Corporation by an Exchange ~~or OTC Trade Source~~ upon the acceptance of such confirmed trade by the Corporation pursuant to the provisions of this Rule 401.

(c) As used in this Rule in respect of a particular Exchange, the term "business day" shall ordinarily mean any day on which such Exchange is open for trading in cleared contracts. Notwithstanding the foregoing, when an international market is open for trading on a day when Exchanges in the United States are closed, the Corporation may agree with such international market that confirmed trade information regarding confirmed trades effected on such international market on such day shall be reported to the Corporation on the following business day.

(d) The Corporation shall prescribe the times during which confirmed trade information is to be reported to the Corporation and the format of such reporting. ~~The cut-off time on each business day for an OTC Trade Source to submit confirmed trades in OTC options to the Corporation for premium settlement on the next business day shall be 4:00 p.m. Central Time or such other time as the Corporation may establish with prior notice to Clearing Members. Premium settlement for confirmed trades in OTC options submitted after 4:00 p.m. on any business day or on a day other than a business day shall be effected on the second following business day. The Corporation shall prescribe the format of reporting of Confirmed Trades in OTC options.~~

(e) The Corporation shall have no obligation to any purchaser, writer, buyer, or seller for any loss resulting from the untimely reporting by an Exchange, ~~or market, or OTC Trade Source~~ of any confirmed trade information or from any error in confirmed trade information furnished to the Corporation.

(f) An Exchange ~~or OTC Trade Source~~ may instruct the Corporation to disregard a transaction previously reported by such Exchange ~~or OTC Trade Source~~ as a confirmed trade because of a subsequent determination that (i) the trade information was not correct as originally submitted by the Exchange ~~or OTC Trade Source~~, or (ii) new or revised trade information was required to properly clear the transaction. In accordance with such instruction, the Corporation shall disregard the previously reported transaction and such transaction shall be deemed null and void and given no effect for purposes of the By-Laws and Rules. The Corporation shall have no

obligation to any purchaser, writer, buyer, or seller in acting pursuant to an Exchange's ~~or OTC Trade Source's~~ instruction to disregard a previously reported transaction.

(g) Upon the acceptance of a confirmed trade by the Corporation, the Corporation shall be substituted through novation as the buyer to the seller and the seller to the buyer, the rights of the parties to such transaction shall be solely against the Corporation and the Corporation shall be obligated to the parties in accordance with the provisions of the By-Laws and the Rules. A confirmed trade shall be deemed to have been accepted for clearing by the Corporation at such time that the confirmed trade meets the conditions specified in this Rule 401 and Rule 406, as applicable, and the related position information has been recorded in OCC's clearing system; except as provided ~~(i)~~ in Section 7 of Article XII of the By-Laws with respect to a Confirmed Trade in a future issued in an exchange-for-physical transaction, block trade, or other non-competitively executed trade, ~~and (ii) in this paragraph (g) of Rule 401 with respect to a confirmed trade in a Backloaded OTC option. In the case of a confirmed trade in a Backloaded OTC option, such a confirmed trade shall not be deemed accepted, and may be rejected, by the Corporation until the Selling Clearing Member has met its regular morning cash settlement obligations to the Corporation on the following business day. A Backloaded OTC option will not be accepted for clearing by the Corporation if the Corporation receives such Backloaded OTC option from the relevant OTC Trade Source after 4:00 P.M. Central Time (5:00 P.M. Eastern Time on the business day that is four business days prior to the expiration date of the Backloaded OTC option.~~

... Interpretations and Policies:

.01 In the case of futures and options, trade information submitted by an Exchange need not identify a transaction as opening or closing if the Exchange elects not to include such information in reporting its matching trade information. In that case, the Corporation will initially treat all purchase and sale transactions in futures and options in any accounts other than Market Maker accounts as opening transactions. Each Clearing Member having such transactions in such accounts shall submit gross position adjustment information to the Corporation as necessary to identify the actual open interest in each such account at the end of each trading day based upon the day's trading activity and any applicable rules of an Exchange. In the event an account contains an insufficient number of futures contracts in a particular series to effect a gross position adjustment in accordance with such information, the adjustment shall be applied up to the number of available contracts in such series and the remainder of the adjustment shall be given no effect.

.02 A Clearing Member may, through the systems of the Corporation, update certain non-critical trade information with respect to such transaction, provided that such updates are not in contravention of any rule of the Exchange on which a confirmed trade was executed.

.03 Under procedures established from time to time in its discretion, the Corporation may review the reasonableness of prices for transactions reported as confirmed trades and identify certain of them to the reporting Exchange for its consideration of whether new or revised trade information is required to properly clear the transaction.

.04 The Corporation will accept for clearing confirmed trades in flexibly structured options and flexibly structured security futures, provided that the variable terms of the contract comply with any limitations on such variable terms published by the Corporation from time to time by notice to the Exchanges that have clearing agreements with the Corporation.

.05 The Corporation will not treat an EFP or block trade as a noncompetitively executed trade subject to Article XII, Section 7 of the By-Laws if the Exchange on which such trade is executed has made representations satisfactory to the Corporation that the Exchange has rules, policies or procedures that require each EFP and block trade that is submitted to the Corporation to be executed at a reasonable price and that such price is validated by the Exchange.

.06 Actionable Identifier. Each Actionable Identifier that is required to be submitted pursuant to paragraph (a)(1)(iii) of this rule by the Purchasing Clearing Member shall consist of either the name, series of numbers, or other identifying information assigned by the Purchasing Clearing Member to the customer account or non-customer account (other than a Market-Maker account) held at the Purchasing Clearing Member that originated the purchase transaction. Each Actionable Identifier that is required to be submitted pursuant to paragraph (a)(1)(iii) of this rule by the Writing Clearing Member shall consist of either the name, series of numbers, or other identifying information assigned by the Writing Clearing Member to the customer account or non-customer account (other than a Market-Maker account) held at the Writing Clearing Member that originated the sale transaction. In the event an Actionable Identifier is transmitted to another Clearing Member to clear a purchase or sale transaction, the Purchasing Clearing Member in the case of a purchase transaction, and Writing Clearing Member in the case of a sale transaction, shall establish and maintain policies and procedures reasonably designed to include sufficient information in the Actionable Identifier field to allow the Clearing Member receiving such Actionable Identifier to promptly clear the transaction. Each Clearing Member that has adopted such policies and procedures shall annually certify to the Corporation, in a form and manner specified by the Corporation, that such policies and procedures are reasonably designed to provide that sufficient information is included in the Actionable Identifier fields to allow the Clearing Member(s) receiving such Actionable Identifiers to promptly clear the transactions.

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RULE 405 – Issuance of Cleared Contracts

The Corporation shall be the issuer of all cleared contracts purchased in confirmed trades. Subject to the provisions of Rule 401 and 406, a cleared contract shall be issued by the Corporation in every opening purchase transaction at the time the Corporation accepts such transaction for clearing. Any such cleared contract shall carry the rights and obligations set forth in the By-Laws and Rules applicable to the particular cleared contract and shall contain the variable terms as agreed upon by the Purchasing Clearing Member and Selling Clearing Member (or by Exchange Members authorized to give up the names of such Clearing Members), as shown on the trade information filed by them with the Exchange on which such opening purchase transaction occurred ~~and or the OTC Trade Source through which such transaction was affirmed and which is transmitted to the Corporation~~ in a report of confirmed trades submitted by such Exchange ~~or OTC Trade Source~~. In the event of a discrepancy between the trade information filed with the Exchange ~~or OTC Trade Source~~ and the information reported to the

Corporation, the latter shall govern as between the Clearing Member and the Corporation. Unless and until a cleared contract is issued as provided by the By-Laws, the Corporation shall have no obligation in respect thereof.

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RULE 406 – Payments to Corporation

Except as provided in Section 7 of Article XII with respect to futures issued in exchange-for-physical transactions, block trades, or other trades designated by a futures market or security futures market reporting the trades as non-competitively executed trades ~~and Rule 401(g) with respect to Backloaded OTC options~~, the Corporation shall have no right to reject any confirmed trade or to refuse to issue any cleared contract as a consequence of the failure of the Purchasing Clearing Member to pay any amount due to the Corporation at or before the settlement time for such transaction; provided, however, that ~~(i)~~ notwithstanding any other provision the Corporation shall have no obligation to accept any confirmed trade of a suspended Clearing Member that was effected after the time at which the Clearing Member was suspended ~~and (ii) in the case of any confirmed trade for any Backloaded OTC option, the Corporation may reject such confirmed trade if the Selling Clearing Member fails to meet its initial margin obligations to the Corporation in respect of such Backloaded OTC option when due.~~

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RULE 407 – Clearing Member Trade Assignment (“CMTA”)

(a)~~(1)~~ Clearing Members that are parties to a CMTA arrangement shall register their arrangement with the Corporation and provide such information regarding the arrangement as the Corporation shall require. The registration of a CMTA arrangement shall be effective when the Clearing Members have supplied to the Corporation confirmed information regarding the arrangement. Such registration shall: (i) constitute notice to the Corporation that the Executing Clearing Member has been authorized by the Carrying Clearing Member to direct the transfer of confirmed trades to a designated account or accounts of the Carrying Clearing Member; (ii) constitute the continuing representation and warranty of each Clearing Member to the Corporation that they have entered into a CMTA Agreement which, if the Corporation has specified an approved form, is in substantially the form approved by the Corporation; and (iii) remain in effect until terminated as specified herein.

~~(2) In addition to the foregoing registrations, Clearing Members that are parties to a CMTA arrangement may elect to authorize the Corporation to settle fees and commissions owed by the Carrying Clearing Member to the Executing Clearing Member in respect of transfers effected pursuant to that arrangement. Clearing Members making such election shall specifically register that aspect of their CMTA arrangement with the Corporation. Such registration shall authorize (i) the Executing Clearing Member to enter into the Corporation’s systems fee and commission information with respect to transfers effected pursuant to the CMTA arrangement between the Clearing Members, subject to such system checks as may be established by the Corporation from time to time, and (ii) the Corporation to calculate and settle, in accordance with the applicable provisions of Rule 504, the aggregate of such entered amounts on the next following business~~

~~day without any further authorization or consent of the Carrying Clearing Member. Registration of this aspect of the Clearing Members' CMTA arrangement shall be effective when the Corporation's systems have accepted such registration. Any entries made pursuant to such registration shall be solely for fees and commissions related to transfers effected pursuant to the Clearing Members' CMTA arrangement and for no other purposes.~~

(b) – (k) [No change]

~~(i) Until such time as the Corporation shall provide otherwise, CMTA transactions in OTC options shall not be permitted. Transfers of OTC options between accounts of the same Clearing Member or between accounts of different Clearing Members is a manual process and may be effected only with the consent of the Corporation and for such purposes and subject to such procedures as the Corporation may provide.~~

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RULE 408 – Allocations of Positions for Futures and Futures Options

(a) One or more positions in cleared contracts that are futures or futures options may be allocated from a designated account of a Giving-Up Clearing Member to a ~~designated account of a~~ Given-Up Clearing Member through the processes provided for in this Rule; ~~provided, however, that this Rule 408 shall have no application to positions in OTC options.~~

(b) If (i) the confirmed trade information submitted to the Corporation in respect of a confirmed trade instructs that the position resulting therefrom is to be allocated from a designated account of the Giving-Up Clearing Member to a ~~designated account of the~~ Given-Up Clearing Member, or (ii) the Giving-Up Clearing Member has submitted an instruction to the Corporation that one or more positions are to be allocated from a designated account of the Giving-Up Clearing Member to a ~~designated account of the~~ Given-Up Clearing Member, ~~and (ii) the Giving-Up Clearing Member and the Given-Up Clearing Member are parties to an allocation agreement registered with the Corporation at the time the Corporation processes the instruction, then the Given-Up Clearing Member may designate an account to which the allocation will be made and thereafter~~ the Corporation shall adjust the positions in the respective designated accounts of the Giving-Up and Given-Up Clearing Member in accordance with the allocation instruction. ~~If the Giving-Up Clearing Member and the Given-Up Clearing Member are not parties to an allocation agreement registered with the Corporation, then the Corporation shall adjust the positions in the respective designated accounts of the Giving-Up and Given-Up Clearing Member in accordance with the allocation instruction only upon receipt of notice from the Given-Up Clearing Member of its affirmative acceptance of the allocation.~~

(c) For purposes of this Rule, Clearing Members may register their allocation agreements with the Corporation by providing such information regarding the agreement as the Corporation shall require. The registration of an allocation agreement shall be effective when both parties have supplied the required information to the Corporation. The registration of an allocation agreement shall: (i) constitute notice to the Corporation that the Giving-Up Clearing Member has been authorized by the Given-Up Clearing Member to allocate positions to an account of the Given-

Up Clearing Member without further action by the Given-Up Clearing Member, and (ii) remain in effect until terminated in accordance with this Rule.

(d) The Given-Up Clearing Member shall be responsible for all settlement and other obligations in respect of each position that has been allocated to one of its accounts pursuant to ~~a registered allocation agreement or pursuant to~~ its acceptance of an allocation instruction. If ~~(i) there is not a registered allocation agreement on file with the Corporation or (ii)~~ the Given-Up Clearing Member has rejected or not provided the Corporation with notice of its affirmative acceptance of an allocation at or before the deadline prescribed by the Corporation, the position(s) that is (are) the subject of such allocation instruction shall remain in the account of the Giving-Up Clearing Member, which shall be responsible for all settlement and other obligations in respect thereof, unless the position is transferred or adjusted pursuant to other provisions of the By-Laws and Rules.

(e) Allocation instructions may be submitted for a single position (i.e., a position in a given series established at a single contract price (in the case of futures) or premium (in the case of futures options) or a group of positions (i.e., positions of the same series established at different contract prices (in the case of futures) or premiums (in the case of futures options). If an allocation instruction is for a single position, then the allocation instruction shall identify the contracts comprising the position by quantity, series, and the contract price (in the case of futures) or the premium (in the case of futures options) at which such allocation is to be effected, which shall be the price or premium at which the position was established. If the allocation instruction is for a group of positions, the allocation instruction shall provide the foregoing information for each of the positions comprising the group position, provided that the contract price (in the case of futures) or premium (in the case of futures options) may be an average price to the extent not prohibited by Exchange rules or applicable law. The submission of an allocation instruction using an average price constitutes the Giving-Up Clearing Member's representation and warranty to the Corporation that the use of such average price is not prohibited by Exchange rules or applicable law, and the Corporation will accept such average price as the contract price (in the case of futures contracts) or premium (in the case of futures options) for all purposes under the By-Laws and Rules.

(f) – (j) [No change]

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RULE 504 – Non Guaranteed Settlement Service

(a) A Clearing Member may use the Corporation's non-guaranteed settlement service to settle money differences arising in connection with cleared contracts or other transactions cleared by the Corporation, subject to such further limitations as may be described in procedures prescribed by the Corporation from time to time. The non-guaranteed settlement system shall be used solely for the purposes described herein, and shall not be used for any other purpose.

(b) A Clearing Member may initiate a non-guaranteed settlement by transmitting a non-guaranteed settlement instruction (an "Instruction") to the recipient Clearing Member in accordance with the procedures established by the Corporation. Instructions transmitted on a

particular business day must be approved on the same business day by such deadline as shall be specified by the Corporation from time to time. If the recipient Clearing Member does not approve the Instruction by such deadline, the Instruction shall be deemed null and void. If the Instruction is approved by the recipient Clearing Member by such deadline, the Corporation shall act as agent for each Clearing Member in effecting such nonguaranteed settlement in accordance with this Rule.

(c) On or before such time as shall be specified by the Corporation, each Clearing Member that is a paying Clearing Member in respect of Instructions approved in accordance with paragraph (b) shall be obligated to pay the Corporation, as agent, and the Corporation shall be authorized to withdraw from such Clearing Member's bank account established with respect to its firm account, any non-guaranteed settlement amounts shown to be due other Clearing Members in such Instructions.

(d) Subject to the provisions of this Rule, on or before such deadline as shall be specified by the Corporation from time to time, the Corporation, as agent, shall pay to each Clearing Member that is a collecting Clearing Member in respect of Instructions approved in accordance with paragraph (b), any non-guaranteed settlement amounts shown to be due from other Clearing Members in such Instructions.

(e) Reserved. ~~As provided in Rule 407 and notwithstanding any other provision of this Rule, the Corporation, as agent, shall be authorized to effect non-guaranteed settlement of fees and commissions owed by a Carrying Clearing Member to an Executing Clearing Member for transfers effected pursuant to their registered CMTA arrangement, provided that such registration authorizes the Corporation to effect such settlements. Aggregate amounts to be settled shall be calculated based on the entries made by the Executing Clearing Member into the Corporation's systems and the Corporation shall have no obligation to validate the correctness of such entries. Settlement of such amounts will be effected on the business day first succeeding the business day on which the Executing Clearing Member entered the applicable information into the Corporation's systems. No further authorization or consent of the Carrying Clearing Member shall be required in connection therewith and the Corporation shall have no role in resolving any disputes between the Carrying Clearing Member and the Executing Clearing Member regarding such settlements.~~

(f) The Corporation shall not be obligated to make payment to a Clearing Member pursuant to this Rule unless the Clearing Member has satisfied all payment obligations then owing to the Corporation. Any nonguaranteed settlement amounts withheld by the Corporation as a result of a Clearing Member's failure to satisfy such obligations shall be retained by the Corporation and used to satisfy any such obligations.

(g) Anything else herein to the contrary notwithstanding, non-guaranteed settlement payments are not guaranteed by the Corporation, and in facilitating non-guaranteed settlements between Clearing Members pursuant to this Rule 504, the Corporation shall act solely as agent for such Clearing Members, and shall have no obligation to pay or credit to any Clearing Member non-guaranteed settlement amounts not theretofore collected from other Clearing Members. If a Clearing Member is suspended by the Corporation pursuant to Chapter XI, any pending Instructions initiated by or transmitted to such suspended Clearing Member shall be deemed null

and void to the extent that such suspended Clearing Member is the paying Clearing Member. ~~The Corporation shall have no obligation to effect settlement of fees and commissions as provided in Rule 407 if either the Executing Clearing Member or the Carrying Clearing Member has been suspended by the Corporation.~~

(h) Non-guaranteed settlement processing will not be performed until the settlements described in Rule 502 and in Rule 605 have been completed. If the Corporation deems it advisable not to process non-guaranteed settlements on any business day, the Corporation will inform Clearing Members with pending settlements of its determination and of the business day on which non-guaranteed settlement processing will be resumed.

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RULE 611 – Segregation of Long Positions

(a) Subject to the provisions of Rule 403, ~~and except as provided in paragraph (d) hereof in the case of long positions in OTC options,~~ all long positions (other than long positions in futures) in securities customers' accounts and firm non-lien accounts shall be deemed to be segregated long positions unless the Corporation receives contrary instructions from a Clearing Member in accordance with the following provisions of this Rule 611. All segregated long positions shall be held by the Corporation free of any charge, lien or claim of any kind in favor of the Corporation or any person claiming through it, until such positions shall be closed or exercised in accordance with the By-Laws and Rules or until the Clearing Member shall file with the Corporation written instructions, in such form as the Corporation may from time to time prescribe, directing that such positions be released from segregation. All positions in futures shall be deemed to be unsegregated for purposes of this Rule 611. All positions in cleared securities that are carried in a customers' lien account shall be deemed to be unsegregated for purposes of this Rule 611.

(b) Each business day, during such hours as the Corporation may from time to time establish, a Clearing Member may file with the Corporation instructions, in such form as the Corporation may from time to time prescribe, designating any segregated long position in such Clearing Member's customers' account or firm non-lien account which the Clearing Member desires the Corporation to release from segregation. On the following business day, and each business day thereafter while such instructions remain in effect, such instructions shall be reflected on a report to be made available by the Corporation to such Clearing Member. The Corporation shall have a lien on each unsegregated long option carried in a customers' account (including any exercised option contracts) as provided in the applicable provisions of Article VI, Section 3 of the By-Laws. The Corporation's lien on any long position which the Corporation has been directed to release from segregation as provided herein shall continue until (i) the Corporation receives instructions, in such form as the Corporation may from time to time prescribe, directing that such long position be segregated and held free of lien, and (ii) the Clearing Member duly pays to the Corporation in accordance with these Rules, all amounts payable by such Clearing Member on the business day following the Corporation's receipt of such instructions. ~~Notwithstanding the foregoing, Clearing Members shall not be permitted to file instructions to release any long position in an OTC options from segregation, and all such long positions shall be segregated except as provided in paragraph (d) of this Rule 611.~~

(c) [No change]

~~(d) In the case of a long position in OTC options carried in the securities customers' account of a Clearing Member and for which the Corporation has received a customer ID, to the extent permitted under all applicable laws and regulations (including the rules of the Financial Industry Regulatory Authority, Inc. and any other regulatory or self-regulatory organization to which the Clearing Member is subject), the Corporation shall automatically unsegregate such long position to the extent that the Corporation identifies a qualifying spread position where the short leg of the spread is carried under the same customer ID. The Clearing Member shall not carry a qualifying spread position for a customer unless the customer's margin requirement has been reduced in recognition of the spread, and the carrying of a qualifying spread position for the account of a customer shall constitute a representation to the Corporation that the customer's margin has been so reduced.~~

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CHAPTER VIII – EXERCISE AND ASSIGNMENT

RULE 801 – Exercise of Options

Issued and unexpired option contracts may, subject to Exchange Rules and the By-Laws, be exercised as follows:

(a) [No change]

(b) Any expiring American option contract may be exercised on its expiration date in accordance with Rule 805. Any capped or European option contract may be exercised (other than automatically exercised in the case of a capped option) only on its expiration date in accordance with Rule 805. Any binary options that meet the exercise parameters set forth in Rule 1501 will be automatically exercised in accordance with that rule. Notwithstanding the foregoing, any expiring flexibly structured index option contract, quarterly index option contract, monthly index option contract, weekly index option contract, or short term index option contract ~~or OTC index option contract~~ that meets the exercise parameters set forth in Rule 1804(c) will be automatically exercised on its expiration date in accordance with that Rule. No option contract expiring on a day that is not a business day may be exercised on the business day immediately preceding its expiration date.

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RULE 803 – Assignment of Exercise Notices to Clearing Members

(a) – (b) [No change]

... Interpretations and Policies:

.01 Under the Corporation's assignment procedures the Corporation will assign exercise notices to Clearing Members in respect of positions in a particular account of such Clearing Member or, in the case of an account divided into sub-accounts, a particular sub-account. ~~In the case of short~~

~~positions in OTC options in a Clearing Member's securities customers' account for which the Corporation has a customer ID, the Corporation will assign exercise notices to specific customer IDs.~~

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RULE 804 – Allocation of Exercises

Except as provided in the last sentence of this Rule 804, each Clearing Member shall establish fixed procedures for the allocation of exercises assigned in respect of short positions in the Clearing Member's accounts to specific option contracts included in such short positions. The allocation shall be made in accordance with the requirements set forth in Exchange Rules and any applicable rules of any self-regulatory organization of which the Clearing Member is a member. During the term of any restriction imposed on a Clearing Member pursuant to Rule 305, the Chief Executive Officer or Chief Operating Officer, or, if it is not feasible for the Chief Executive Officer or Chief Operating Officer to take such action, then a Designated Officer may require the Clearing Member to report to the Corporation, not later than 8:00 A.M. Central Time (9:00 A.M. Eastern Time) on each business day, the name and address of each writer to whom the Clearing Member allocated an exercise assigned to the Clearing Member on the preceding business day. Such reports shall indicate, for each writer, the series of options for which an exercise was allocated and the number of contracts included in the allocation, and shall state whether any specific deposit or escrow deposit has been made in respect of such writer's short position in such series of options. ~~The foregoing provisions of this Rule 804 shall not apply to the allocation of exercises of OTC options; and in the case of short positions in OTC options in respect of which the Corporation has assigned exercises to a particular customer ID, the Clearing Member shall allocate the exercise only to the customer associated with such customer ID.~~

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RULE 909 – Notice of Delivery and Payment

Unless settlement is made through the correspondent clearing corporation pursuant to Rule 901, the Delivering Clearing Member and the Receiving Clearing Member shall each promptly submit notices to the Corporation, in accordance with the procedures and within the timeframes periodically specified by the Corporation, as to the number of units of the underlying security delivered (received) ~~and the amount received (paid)~~ therefor.

(a) - (c), and (e) [No change]

(d) In the event a Delivering Clearing Member or a Receiving Clearing Member (as applicable) submits to the Corporation notice of a delivery, payment, or receipt of delivery or payment, and the contra Clearing Member to the settlement obligation does not respond to such notice ~~two business days~~ after such notice was made available to such Clearing Member, the Corporation will construe the contraparty's failure to respond to indicate shall constitute its acknowledgment to the Corporation that particular the obligation is has been unsettled and will maintain this status as indicated in the notice furnished by the submitting Clearing Member, provided that the designated delivery date has occurred until such time as either (i) both Delivering and Receiving Clearing Members mutually agree to settle the obligation and notify the Corporation; or (ii) the

Corporation settles the obligation on behalf of both Delivering and Receiving Clearing Members pursuant to the Corporation's policies and procedures.

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RULE 1003 – Clearing Fund Allocation Methodology

(a) – (b) [No change]

... Interpretations and Policies:

.01 [No change]

~~.02 For purposes of Rule 1003(b)(ii) and (iii), the numerator and denominator of the relevant fractions shall include OTC options contracts and the number of such OTC options contracts shall be adjusted as needed to ensure that the number of such OTC options contracts, as adjusted, is approximately equal to the number of options contracts other than OTC options contracts that would cover the same notional value or units of the same underlying interest.~~

.03 [Renumbered .02; otherwise no change]

* * *

RULE 1104 – Creation of Liquidating Settlement Account

(a) – (g) [No change]

... Interpretations and Policies:

.01 – .02 [No change]

~~.03 See Rule 1106(e)(2) for a description of the alternative private auction process by which OCC may close out a suspended Clearing Member's open positions in OTC options and related positions and margin assets in certain circumstances.~~

.04 [Renumbered .03; otherwise no change]

* * *

RULE 1105 – Pending Transactions and Variation Payments

Notwithstanding any other provision of the By-Laws and Rules, the Corporation shall have no obligation to accept any confirmed trade of a suspended Clearing Member that was effected after the time at which the Clearing Member was suspended. In the event a confirmed trade of a suspended Clearing Member is rejected by the Corporation, such transaction shall be closed by the other party thereto in accordance with the Exchange Rules of the Exchange on which the transaction was effected, ~~or, in the case of a confirmed trade in OTC options, as provided in any agreement between the parties.~~ Confirmed trades of a suspended Clearing Member that are accepted by the Corporation shall be treated in the following manner:

(a) – (g) [No change]

* * *

RULE 1106 – Open Positions

(a) – (e)(1) [No change]

(2) The Corporation may conduct a private auction in accordance with the procedures summarized below (an “OTC Options Auction”) to close out open positions in OTC index options and related positions in other cleared contracts and margin assets (including any securities underlying a stock loan or borrow position in which the Corporation has a security interest but not the stock loan or borrow positions themselves) that the Corporation determines in its discretion are hedging, or are hedged by, positions in OTC index options as determined in the discretion of the Corporation (“hedge positions”). The Corporation intends that these OTC Options Auction procedures will be invoked only in unusual circumstances where the Corporation determines in its discretion that it is not feasible in light of the circumstances existing at the time to close out such positions through any of the other means provided under this Chapter XI of the Rules. The summary of the OTC Options Auction procedures set forth in this Rule 1106(e)(2) is subject to the specific procedures set forth in a document entitled “OTC Options Auction Procedures,” which is incorporated herein by reference and which is available from the Corporation upon request and posted on the Corporation’s website.

(A) All non-suspended OTC Index Option Clearing Members (“Participants”) are required to participate in the OTC Options Auction by submitting competitive bids for all or a portion of the suspended Clearing Member’s portfolio of OTC Index Options and hedge positions. Each Participant shall be subject to a minimum participation level based on the proportion such Participant’s risk margin requirement (calculated as the sum of the average daily margin requirement, consisting of the amount of margin held by the Corporation with respect to an OTC Index Option Clearing Member’s accounts eligible to hold OTC positions (“OTC Eligible Accounts”) in excess of the net asset value of the positions held in such OTC Eligible Accounts, for each OTC Index Option Clearing Member for the previous month across all positions in all OTC Eligible Accounts of such Clearing Member) represents in relation to the total amount of such margin posted by all Participants. The Corporation shall rank the submitted bids from best to worst and the auction portfolio shall be allocated among the bidding Participants accordingly until the entire auction portfolio is exhausted. The bid price that is sufficient to clear the entire auction portfolio shall be the single price to be used for all winning bids (the “Clearing Price”).

(B) In the event the Clearing Price is set by an outlier bid, as determined by the Corporation, the Corporation may choose an alternative clearing price that clears at least 80% of the auction portfolio. The remaining auction portfolio shall then be re-auctioned pursuant to the OTC Auction Procedures.

(C) If the liquidation of the suspended Clearing Member’s business with the Corporation pursuant to this Chapter XI results in a deficiency that would result in a proportionate charge against the Clearing Fund contributions of all other Clearing Members pursuant to Rule 1006, then each Participant that failed to purchase or assume a percentage of the auction portfolio at

~~least equal to its minimum participation level shall be subject to a priority charge (“Priority Charge”) against such Participant’s Clearing Fund contribution. The amount of the Priority Charge shall be determined in accordance with a formula set forth in the OTC Options Auction Procedures; provided that the Priority Charge shall not exceed the amount of the Clearing Member’s required Clearing Fund deposit at the time the Priority Charge is made. If a deficiency remains after application of such Priority Charges, the Corporation shall then make a proportionate charge against the Clearing Fund contributions of all Clearing Members, including Participants, pursuant to Rule 1006; provided, however, that if a Participant notifies the Corporation within the specified time following such proportionate charge that it will terminate its status as a Clearing Member as permitted, and in satisfaction of the conditions imposed, under Rule 1006(h), then the amount of any Priority Charge to which such Participant was subject shall be treated as if it had been a part of the proportionate charge and shall not be construed to increase the maximum liability of the Participant to make additional contributions to the Clearing Fund pursuant to Rule 1006(h).~~

(f) – (g) [No change]

... Interpretations and Policies:

.01 See Interpretation and Policy .02 following Rule 1104 for a description of the private auction process by which OCC may close out a suspended Clearing Member’s open positions in cleared contracts generally. ~~See Rule 1106(e)(2) for a description of the alternative private auction process by which OCC may close out a suspended Clearing Member’s open positions in OTC options, related positions and margin assets in certain circumstances.~~

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CHAPTER XVIII – INDEX OPTIONS AND CERTAIN OTHER CASH-SETTLED OPTIONS

Introduction

The Rules in this Chapter are applicable only to cash-settled options that are not specifically addressed elsewhere in the By-Laws and Rules, including index options (as defined in the By-Laws ~~and which also include OTC index options~~) and cash-settled commodity options other than those that are binary options or range options (which are governed by the provisions of Article XIV of the By-Laws and Chapter XV of the Rules). The provisions of Chapter XIII of the Rules, other than Rule 1303, are not applicable to cash settled commodity options. The Rules in Chapters I through XII are also applicable to cash-settled options, in some cases supplemented by one or more Rules in this Chapter, except for Rules that have been replaced in respect of such options by one or more Rules in this Chapter and except where the context otherwise requires. Whenever a Rule in this Chapter supplements or, for purposes of this Chapter, replaces one or more of the By-Laws or Rules in Chapters I through XII, that fact is indicated in brackets following the Rule in this Chapter.

* * *

RULE 1804 – Expiration Exercise Procedure for Cash-Settled Options

(a) [No change]

(b) A Clearing Member shall be deemed to have properly and irrevocably tendered to the Corporation, immediately prior to the expiration time on each expiration date, an exercise notice with respect to every expiring cash-settled option contract identified in the Clearing Member's Expiration Exercise Report, other than a flexibly structured option on fund shares that is cash settled, a flexibly structured index option contract, quarterly index option contract, monthly index option contract, weekly index option contract, or short term index option contract ~~or OTC index option contract~~, if:

(1) for cash settled option contracts with a multiplier other than one, each option contract that has an exercise settlement value of \$1.00 or more per contract, or such other amount as the Corporation may from time to time establish on not less than 30 days prior notice to all Index Clearing Members, unless the Clearing Member shall have duly instructed the Corporation, in accordance with Rule 805(b), to exercise none, or fewer than all, of such contracts. If a Clearing Member desires that any such option contract not be exercised, it shall be the responsibility of the Clearing Member to give appropriate instructions to the Corporation in accordance with Rule 805(b), and

(2) for cash settled option contracts with a multiplier of one, each option contract that has an exercise settlement amount of \$0.01 or more per contract or such other amount as the Corporation may from time to time establish on not less than 30 days prior notice to all Index Clearing Members, unless the Clearing Member shall have duly instructed the Corporation, in accordance with Rule 805(b), to exercise none, or fewer than all, of such contracts. If a Clearing Member desires that any such option contract not be exercised, it shall be the responsibility of the Clearing Member to give appropriate instructions to the Corporation in accordance with Rule 805(b).

(c) A Clearing Member shall be automatically deemed to have exercised, immediately prior to the expiration time on each expiration date, every expiring ~~OTC index option contract~~, flexibly structured index option contract, quarterly index option contract, monthly index option contract, weekly index option contract, and short term index option contract identified in the Clearing Member's Expiration Exercise Report if:

~~(1) for OTC index option contracts, each option contract has an exercise settlement amount of \$0.01 or more per contract;~~

~~(2) for all other types of index option contracts referenced in this Rule 1804(c) with a multiplier other than one, each option contract has an exercise settlement amount of \$1.00 or more per contract or such other amount as the Corporation may from time to time establish on not less than 30 days prior notice to all Index Clearing Members; and~~

~~(3) for all other types of index option contracts referenced in this Rule 1804(c) with a multiplier of one, each option contract that has an exercise settlement amount of \$0.01 or more per contract or such other amount as the Corporation may from time to time establish on not less than 30 days prior notice to all Index Clearing Members.~~

(d) [No change]

[Rule 1804 supplements Rules 805 and, together with Rule 1802, replaces Rule 802.]

... Interpretations and Policies:

.01 -- .02 [No change]

.03 ~~The Corporation has determined that, for purposes of paragraph (e) of this Rule 1804, an OTC index option will be automatically exercised at expiration if the exercise settlement amount is any positive amount.~~

.04 [Renumbered .03; otherwise no change]

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