

SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-61485; File No. SR-OCC-2010-01)

February 3, 2010

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to Options for which the Premium and Exercise Price are Expressed as a Multiple of the Per-Share Amount

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934,<sup>1</sup> notice is hereby given that on January 14, 2010, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(iii) of the Act<sup>2</sup> and Rule 19b-4(f)(4) thereunder<sup>3</sup> 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 revise OCC’s By-Laws and Rules to accommodate options for which the premium and exercise price are expressed on other than a per unit basis.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 15 U.S.C. 78s(b)(3)(A)(iii).

<sup>3</sup> 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 purpose of this rule change is to revise OCC By-Law, Article I.A.5 (definition of "Aggregate Exercise Price") and OCC Rule 805(d)(2) to accommodate options for which the premium and exercise price are expressed as other than a per unit basis. NYSE Amex LLC ("NYSE Amex") is proposing to trade physically-settled options on exchange-traded funds ("ETFs") with a unit of trading of 1000 shares ("Grand Options") rather than the standard unit of trading of 100 shares.

When NYSE Amex previously introduced ETF options with units of trading of 1000 shares, NYSE Amex followed the usual convention of quoting premiums and exercise prices as per-share amounts. The extended premium and aggregate exercise price were then calculated in the usual way by multiplying the per-share amount by the unit of trading (i.e. 1000). In NYSE Amex's experience, this approach caused investor confusion because investors in some cases failed to realize that they were trading large-sized options until premiums equal to ten times the expected amount were debited from their accounts. To address this, NYSE Amex intends to modify the standard method of stating premiums and exercise prices for Grand Options by multiplying the per-share amount by 10. Extended premiums and exercise prices for such contracts would then be calculated by multiplying by 100 rather than the actual unit of trading of 1000. NYSE Amex believes that, by increasing the size of the stated premiums and exercise prices by a factor of 10, the larger size of these options will be more apparent to investors.

To accommodate options for which the premium and exercise price are expressed as a multiple of the per-share amount, OCC proposes to make minor technical amendments to a few

definitions in its By-Laws and to its rule governing expiration date exercise procedures. The changes being proposed can be viewed at

[http://www.optionsclearing.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_10\\_01.pdf](http://www.optionsclearing.com/components/docs/legal/rules_and_bylaws/sr_occ_10_01.pdf)

OCC believes that the proposed changes to OCC's By-Laws and Rules are consistent with the purposes and requirements of Section 17A of the Act<sup>4</sup> because the changes promote the prompt and accurate clearance and settlement of Grand Options, protect investors by reducing the likelihood of investor confusion, and permit Grand Options to be traded, cleared, and settled in the same basic manner as other currently available options and be subject to the same rules and procedures that have been successfully used by OCC to clear and settle other options. Furthermore, OCC states that the proposed rule change is not inconsistent with OCC's existing rules, including those proposed to be amended.

**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)(i) of the Act<sup>5</sup> and Rule 19b-4(f)(4)<sup>6</sup> thereunder because the proposed rule change effects a change in an

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<sup>4</sup> 15 U.S.C. 78q-1.

<sup>5</sup> 15 U.S.C. 78s(b)(3)(A)(i).

existing service of a registered clearing agency that (i) 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 (ii) 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 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](mailto:rule-comments@sec.gov). Please include File No. SR-OCC-2010-01 on the subject line.

##### Paper comments:

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

All submissions should refer to File No. SR-OCC-2010-01. 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

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<sup>6</sup> 17 C.F.R. 240.19b(f)(1).

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.optionsclearing.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_10\\_01.pdf](http://www.optionsclearing.com/components/docs/legal/rules_and_bylaws/sr_occ_10_01.pdf)

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 submission should refer to File No. SR-OCC-2010-01 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.<sup>7</sup>

Florence E. Harmon  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).