

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-63222; File No. SR-OCC-2010-18)

November 1, 2010

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Accommodate Index Futures that are Settled in a Non-U.S. Currency

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on October 22, 2010, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change described in Items I and II below, which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested parties.

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

The purpose of the proposed rule change is to revise OCC’s By-Laws and Rules to accommodate index futures that are settled in a non-U.S. currency. NYSE Liffe US, LLC (“NYL”) is proposing to introduce for trading futures contracts on certain broad-based securities indexes which are settled in Euros (“Euro-Settled Futures”). The proposed rule amendments are drafted generically to apply to other futures contracts that are settled in a non-U.S. currency and in a similar manner.

¹ 15 U.S.C. 78s(b)(1).

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 below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.²

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

Futures variation payments typically are settled on each business day based on a price established on the prior business day. However, because of time zone differences and the planned use of accounts at North American and European clearing banks, variation settlements, including final variation settlement, with respect to Euro-Settled Futures will occur on the second business day following the date as of which the settlement value is determined (i.e., a "T+2" basis). Settlement times will vary depending on the clearing bank through which settlement is effected and in any case will differ from those used for option premiums.

To accommodate Euro-Settled Futures, which will settle only on days in which both OCC and the relevant clearing banks are open for business, OCC proposes to provide for a definition of "business day" in respect of such futures which is different from that used in OCC's By-Laws, and to revise its rules governing variation payments and add an interpretation and policy to those rules to accommodate the two-day settlement cycle for Euro-Settled Futures and other futures settled in a currency other

² The Commission has modified the text of the summaries prepared by OCC.

than the U.S. dollar. In order to address the possibility that a Clearing Member might fail to meet a settlement obligation in a non-U.S. currency and to avoid the need for OCC to have credit facilities in non-U.S. currencies, OCC reserves the right to make settlement in the U.S. dollar equivalent of the non-U.S. currency if necessary, and, in addition to taking any other actions authorized under its By-Laws and Rules, to draft the Clearing Member's U.S. dollar bank account for equivalent funds, which payment will be deemed to satisfy the Clearing Member's settlement obligation. In order to discourage Clearing Members from failing to settle in the non-U.S. currency and thereby potentially imposing hardship on other Clearing Members, OCC reserves the right to fine or discipline Clearing Members that fail to settle.

In addition, OCC and NYL propose to enter into Schedule C-2 under the Agreement for Clearing and Settlement Services, dated March 9, 2009, between OCC and NYL to accommodate the Euro-Settled Futures.

OCC believes that the proposed rule change is consistent with the requirements of Section 17A of the Act³ and the rules and regulations thereunder applicable to OCC because it provides for the prompt and accurate clearance and settlement of securities transactions, ensures the protection of investors and reduces unnecessary costs and burdens on them and persons facilitating transactions on their behalf. It does so by accommodating the two-day settlement date for such futures necessitated by the use of European banks and time zone differences.

³ 15 U.S.C. 78q-1.

(B) Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change will have any impact on or impose any burden on competition.

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

No written comments relating to the proposed rule change have been solicited or received. OCC will notify the Commission of any written comments received by OCC.

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

The foregoing rule change has become effective upon filing pursuant to Section 19(b)(3)(A)(iv) of the Act⁴ and Rule 19b-4(f)(4)⁵ thereunder because it effects a change in an existing service of OCC that does not (i) adversely affect the safeguarding of securities or funds in OCC's custody or control or for which OCC is responsible or (ii) significantly affect the respective rights or obligations of OCC or persons using the service. Euro-Settled Futures are futures within the exclusive jurisdiction of the U.S. Commodity Futures Trading Commission ("CFTC"), and OCC will therefore clear Euro-Settled Futures in its capacity as a registered derivatives clearing organization under the CFTC's regulatory jurisdiction. This rule change will not affect the safeguarding of funds or securities in OCC's possession because OCC will apply the same procedures and safeguards to the clearing of these contracts that it does to the clearing of securities options and security futures over which the Commission has direct regulatory authority.

⁴ 15 U.S.C. 78s(b)(3)(A)(iv).

⁵ 17 CFR 240.19b-4(f)(4).

The respective rights and obligations of OCC and Clearing Members with respect to matters within the Commission's jurisdiction will be unaffected.

At any time within sixty days of the filing of such rule change, the Commission summarily may temporarily suspend such rule change 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. Please include File Number SR-OCC-2010-18 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 Number SR-OCC-2010-18. 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 website

(<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent

amendments, all written statements with respect to the proposed rule changes 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 website viewing and printing in the Commission's Public Reference Section, 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 filings also will be available for inspection and copying at the principal office of OCC and on OCC's website at <http://www.theocc.com>. 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 Number SR-OCC-2010-18 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.⁶

Florence E. Harmon
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).