

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-68962; File No. SR-OCC-2013-01)

February 21, 2013

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Provide Clarifying Language to Conform Interpretive Guidance Concerning Options Overlying Fund Shares with OCC's By-Laws Governing Adjustments

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")¹ and Rule 19b-4 thereunder,² notice is hereby given that on February 14, 2013, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the rule change described in Items I, II and III below, which items have been prepared primarily by OCC. OCC filed the proposal pursuant to Section 19(b)(3)(A)(i) of the Act,³ and Rule 19b-4(f)(1)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this Notice to solicit comments on the rule change from interested persons.

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

OCC is providing clarifying language to conform interpretive guidance concerning options on fund shares with certain By-Law provisions that govern adjustments of contracts.

II. Self-Regulatory Organization's Statement of 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 rule change and discussed any comments it received on the rule change. The

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(i).

⁴ 17 CFR 240.19b-4(f)(1).

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 such statements.⁵

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

The purpose of the rule change is to make a technical correction in Interpretation and Policy .08 to Article VI, Section 11A (“Interpretation and Policy .08”) that relates to OCC’s amendment of Section 11A in connection with equity options that are originally listed with a unit of trading of 10 shares (“Mini Options”), which was previously approved by the Commission.⁶ The correction to Interpretation and Policy .08 clarifies that the same adjustment treatment thresholds that were added to Article VI, Section 11A(c)(ii), by Commission approval of SR-OCC-2012-16 (“Mini Options Rule Change”), are also meant to extend to options contracts overlying fund shares.

Commission approval of SR-OCC-2012-16 amended Section 11A(c)(ii) to provide that it is the general rule that no adjustment will be made for a cash dividend or distribution by the issuer of the underlying security if such dividend or distribution is less than \$.0125 per share, provided that if a contract is originally listed with a unit of trading larger than 100 shares the applicable threshold is \$12.50 per contract. The rule change to Interpretation and Policy .08 specifically addresses the adjustment treatment of distributions on contracts overlying fund shares. Interpretation and Policy .08 currently does not expressly indicate that options on fund shares are subject to the same adjustment treatment thresholds that are set out in Article VI,

⁵ The Commission has modified the text of the summaries prepared by OCC.

⁶ Securities Exchange Act Release No. 34-68104 (October 25, 2012); 77 FR 65917 (October 31, 2012) (SR-OCC-2012-16) (Securities and Exchange Commission Order Granting Accelerated Approval of Proposed Rule Change To Accommodate Equity Options That Have a Unit of Trading of 10 Shares).

Section 11A(c)(ii) as a result of the Mini Options Rule Change. The rule change clarifies that the adjustment thresholds are the same.

In connection with the Mini Options Rule Change, the Commission approved an amendment of the options disclosure document (“ODD”), Characteristics and Risks of Standardized Options, to reflect the adjustment thresholds specified in Article VI, Section 11A(c)(ii).⁷ No further supplementation of the ODD is necessary since this rule change is consistent with those adjustment thresholds.

OCC believes that the rule change is consistent with Section 17A of the Act⁸, and the rules and regulations thereunder, because the modifications clarify that the rules concerning adjustments of contracts overlying fund shares are meant to be consistent with the rules governing options on shares of common preferred stock. OCC believes that this clarification helps to ensure that the rules of OCC are designed to foster cooperation and coordination with persons engaged in the clearance and settlement of securities transactions and thereby promotes the prompt and accurate clearance and settlement of securities transactions.⁹

B. Self-Regulatory Organization’s Statement on Burden on Competition

OCC does not believe the rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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

Written comments on the rule change were not and are not intended to be solicited and none have been received.

⁷ Securities Exchange Act Release No. 34-68368 (December 6, 2012); 77 FR 74043 (December 12, 2012) (SR-ODD-2012-02).

⁸ 15 U.S.C. 78q-1.

⁹ 15 U.S.C. 78q-1(b)(3)(F).

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)¹⁰ of the Act and Rule 19b-4(f)(1)¹¹ thereunder because it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. OCC will delay the implementation of the rule change until it is deemed certified under CFTC Regulation § 40.6. At any time within 60 days of the filing of the 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.¹²

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the 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 No. SR-OCC-2013-01 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, D.C., 20549-1090.

¹⁰ 15 U.S.C. 78s(b)(3)(A)(i).

¹¹ 17 CFR 240.19b-4(f)(1).

¹² 15 U.S.C. 78s(b)(3)(C).

All submissions should refer to File Number SR-OCC-2013-01. 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 website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all 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 website 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 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_13_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 submissions should refer to File Number SR-OCC-2013-01 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.¹³

Kevin M. O'Neill
Deputy Secretary

¹³ 17 CFR 200.30-3(a)(12).