

**THE OPTIONS CLEARING CORPORATION
BOARD OF DIRECTORS
CHARTER**

I. PURPOSE

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC” or the “Corporation”) is responsible for providing direction to and overseeing the conduct of the affairs of the Corporation (except as may otherwise be provided in OCC’s Certificate of Incorporation or its By-Laws and Rules).¹

The Board discharges its responsibilities in a manner consistent with legal and regulatory requirements applicable to OCC and the expectations of OCC’s stakeholders. In doing so, the Board exercises its authority to promote the safe, sound and efficient operation of OCC and the development of safe, sound and prudent principles for risk assessment, monitoring and management in light of OCC’s role as a systemically important financial market utility.

II. MEMBERSHIP AND ORGANIZATION

- A. Composition. The Board is comprised of one Management Director; five Public Directors; five Exchange Directors representing each of OCC’s Equity Exchanges; and nine Member Directors representing OCC clearing members.
- B. Qualification Standards. As set forth in the Corporate Governance Principles, the Board has adopted certain principles and criteria to be used in considering nominees for service as a Director, including the Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”), which is attached hereto. In addition and in order to achieve a balanced representation on the Board among Member Directors, the Board has determined that other considerations are to be taken into account in the nomination of Member Directors. Those considerations include the volume of business transacted with OCC during the prior year and the mix of Member Directors that are primarily engaged in agency trading on behalf of retail customers or individual investors.
- C. Election of Directors, Resignation and Disqualification. Election of the categories of Directors shall occur as discussed in the Corporate Governance

¹ For example, Article III, Section 8 of OCC’s By-Laws states that the Board shall not take action in respect of matters as to which the Corporation has agreed to limit its authority under the provisions of its agreements with its Equity Exchanges. Such provisions include the requirement that amendment of certain By-Law provisions requires the unanimous consent of OCC’s stockholders. Capitalized terms used in this Charter shall have the meanings set forth in OCC’s By-Laws and Rules unless otherwise indicated.

Principles and the By-Laws. Resignations and disqualifications from the Board as well as the filling of any vacancy shall be addressed as provided in the By-Laws.

- D. Tenure, Term and Age Limitations. The tenure of service of each category of Director is specified in OCC's By-Laws. The Management Director and the Exchange Directors are elected at each annual stockholder meeting and there are no term limitations with respect to such categories of Directors. Each class of Public Director is elected to a term of three years and there are no term limitations with respect to such categories of Directors. Each class of Member Director is elected to a term of three years subject to the term limitations described in the Corporate Governance Principles and By-Laws. No age limitations are imposed with respect to any category of Director.
- E. Vice Chairman of the Board. The Member Vice Chairman, who is elected by the Board from the Member Directors, shall have the responsibilities and duties set forth in the By-Laws, including those in the event of the absence or disability of the Executive Chairman.
- F. Meetings. The Board shall meet a minimum of five times per year, with additional meetings called as the Board deems appropriate. Meetings of the Board shall be called by the Executive Chairman or the Executive Chairman's designee. The Executive Chairman shall, in consultation with other directors or officers of OCC, as well as the Corporate Secretary, establish an agenda in advance of each meeting, provided that a Director may request that an item be included on any meeting agenda. The Executive Chairman may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Board may call executive sessions from which members of management and invited guests of the Board may be excluded. It is expected that management will be excluded from executive sessions or portions thereof at which the discussion concerns management's performance and other matters of interest that non-management Directors wish to discuss outside of management's presence. Individual Directors also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that Director has an actual or potential conflict of interest. The Board will meet in executive session at each regular Board meeting and will determine who will participate in such session. The Board shall select a Director to chair executive sessions in the absence of the Executive Chairman. The chair of the executive session shall determine whether separate minutes of the 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 minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Directors 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.

- G. Quorum. Except as may otherwise be provided in the By-Laws, a majority of the Directors then in office, but not less than six (6) Directors, shall constitute a quorum for the transaction of business.
- H. Minutes. The Board shall maintain minutes of all Board meetings, which shall be furnished to the Directors for review.

III. AUTHORITY

- A. Scope. Except as otherwise provided in the Certificate of Incorporation and the By-Laws, the Board oversees the management of the business and affairs of OCC. As required by the By-Laws, the Board annually elects certain corporate officers including the Executive Chairman of the Board ~~and the President, the Chief Operating Officer, the Chief Administrative Officer,~~ the Secretary, and the Treasurer. Each of these officers has the authorities, responsibilities and duties set forth in the By-Laws and Rules and such other duties as may be delegated to them as provided in the By-Laws or otherwise.

In discharging its oversight role, the Board may inquire into any matter it considers appropriate to carry out its duties and responsibilities. The Board shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties. The Board shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Board also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Board Committees and Delegation. The Board shall establish any standing and other committees that it deems necessary or appropriate to discharge its responsibilities. The Board presently has established the following standing committees: the Audit Committee, the Compensation and Performance Committee, the Governance and Nominating Committee, the Risk Committee and the Technology Committee.

For each standing Committee the Board shall establish a written charter which shall set forth the responsibilities of that Committee, as well as Committee structure and operations, and any required reporting to the full Board. The Chairs of such Committees shall be determined in accordance with the terms of the applicable Committee Charter and, if applicable, the By-Laws. The Board shall approve and annually review Committee assignments. Directors are expected to attend all meetings of Committees to which they are

appointed, review all materials in advance and be prepared to participate fully in the Committee's meetings.

The Board may form such other committees, including subcommittees, as it from time to time deems appropriate, and may delegate authority to one or more designated members of such committees.

IV. FUNCTIONS AND RESPONSIBILITIES

The Board performs an oversight role to ensure that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities in connection with its provision of clearance and settlement services as an industry utility and its responsibilities as a designated systemically important financial market utility. The Board is responsible for acting as a steward of OCC to make certain OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe, sound, efficient and prudential manner.

Either directly or indirectly through delegating certain responsibilities to its Committees, the Board has the following functions to discharge its management oversight responsibilities:

- Overseeing management's activities in managing, operating and developing OCC as a firm and evaluating management's performance in executing its responsibilities;
- Selecting, overseeing and, where appropriate, replacing the Executive Chairman of the Board ~~and the President, Chief Operating Officer, and Chief Administrative Officer~~;
- Providing counsel and advice to the Executive Chairman ~~and the President, Chief Operating Officer, and Chief Administrative Officer~~ as well as oversight of the performance of each such officer and of OCC in order to evaluate whether the business is being appropriately managed;
- Advising on, approving and overseeing OCC's business strategies, including expansions of clearing and settlement services to new business lines, as well as, monitoring OCC's performance in delivering clearance and settlement services;
- Setting expectations about the tone and ethical culture of OCC, and reviewing management's efforts to instill an appropriate tone and culture throughout OCC;
- Reviewing and approving OCC's financial objectives and strategies, capital plan and capital structure, annual budget and corporate plan, OCC's fee structure, and major corporate plans and actions, including capital expenditures, as well as, periodic review of the types and amounts of insurance coverage available in light of OCC's clearing operations;

- Providing oversight of risk assessment and risk management monitoring processes, including with respect to systemic risk and reviewing risk tolerances submitted to the Board for approval by its Risk Committee;
- Fostering OCC's ability to ensure compliance with applicable laws and regulations, including banking, securities and corporation laws and other applicable regulatory guidance and standards, and overseeing OCC's processes designed to conduct business in a legal and ethical manner;
- Overseeing governance processes in a manner consistent with this Charter, including reviewing Committee charters and reports of Committee activities; effecting Committee appointments; performing an annual self-evaluation of its performance, the performance of its Committees, the performance of individual Directors and committee members; and evaluating the Corporate Governance Principles and Fitness Standards;
- Reviewing the amount of compensation for Public Directors;
- Providing oversight of internal and external audit processes and financial reporting, including approving major changes in auditing and accounting principles and practices;
- Reviewing the annual study and evaluation of OCC's system of internal accounting controls;
- Evaluating and fixing the compensation of the Executive Chairman ~~and President,~~ Chief Operating Officer, and Chief Administrative Officer, overseeing succession planning, human resource programs, and talent management processes, and overseeing the development and design of employee compensation, incentive and benefit programs;
- Overseeing OCC's information technology strategy, infrastructure, resources and risks; and
- Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulation, including OCC's By-Laws and Rules.

V. DUTIES AND RESPONSIBILITIES OF DIRECTORS

Each Director is required to act in good faith in the best interests of OCC and with due regard to the fiduciary responsibilities owed to OCC as a business and systemically important financial market utility. In addition, each Director is required to comply with the provisions of the Code of Conduct for OCC Directors, including, without limitation, the provisions relating to conflicts of interest and confidentiality.

VI. REVIEW CYCLE

This Charter, along with the Corporate Governance Principles and the Fitness Standards, shall be annually reviewed by the Board of Directors.