

**Questions Nasdaq LIFFE Concerning Compliance with Designation
Criterion 5 (Financial Integrity of Transactions) and Core Principle 11 (Financial
Integrity of Contracts)**

1. Please provide a representation and/or documentation to the effect that the systems OCC will use for the clearing of stock futures is the same or materially comparable to the systems that OCC uses for the clearing of stock options.

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3. Please provide additional information regarding OCC's proposal to carry omnibus accounts for the purpose of clearing transactions in security futures on behalf of clearing members that are not OCC clearing members. For example, under what circumstances would an affiliated entity of a clearing member that is itself eligible to become a clearing member, be allowed to clear security futures through an associate clearinghouse? In what ways, if any would an associate clearinghouse be subject in a different fashion or not at all to one or more of the rules that apply to OCC clearing members? What contribution would an associate clearinghouse make to OCC's clearing fund? Would the funds of "clearing members" that are not "Clearing Members" be considered proprietary funds of the associate clearinghouse?

4. Please clarify how it is determined in which account customer security futures are carried? Does a customer's choice govern whether a dual registrant Clearing Member is required to carry security futures in a futures account vs. a securities account? What is the required Clearing Member disclosure concerning the difference between these two accounts?

5. Affiliates of existing Clearing Members that become Clearing Members of OCC for the purpose of clearing transactions in security futures need not put up an additional \$150,000 minimum Clearing Fund contribution. Would these affiliates of existing Clearing Members be required, instead, to contribute a lesser amount, and if so, how would that amount be determined?

6. Please explain in more detail why (as stated on page 107 and 124 of the June 28th filing with the SEC) proceeds from short and long customer positions in security futures are treated only as securities and therefore not segregated. Are these proceeds never part of the Segregated Liquidating Settlement Account provided for in revised OCC Rule 1104?