

UNITED STATES OF AMERICA

Before the

COMMODITY FUTURES TRADING COMMISSION

In the Matter of the Application of
The Options Clearing Corporation
For Registration as a Derivatives Clearing Organization

ORDER OF REGISTRATION

The Options Clearing Corporation (“OCC”) has submitted, pursuant to Section 5b of the Commodity Exchange Act (“Act”), an application for registration as a derivatives clearing organization (“DCO”) for the clearing of futures and options on futures contracts, and the Commodity Futures Trading Commission (“Commission”) has reviewed the application and the complete record in this matter. For the reasons set forth in the Memorandum to the Commission by the Division of Trading and Markets recommending that the Commission register OCC as a DCO, the Commission finds that OCC has demonstrated that it has or will comply with the requirements under the Act and the Commission’s regulations thereunder applicable to it. Therefore,

IT IS ORDERED, under Section 5b of the Act, 7 U.S.C. § 7a-1, that the application of OCC for registration as a DCO is granted for the purpose of clearing futures contracts and options on futures contracts.

IT IS FURTHER ORDERED, that:

(1) OCC shall limit its clearing activity as a registered DCO to futures contracts and options on futures contracts executed on Commission-designated contract markets;

(2) OCC shall remain in compliance with the core principles set forth in Section 5b of the Act, and fulfill each of the various representations made in its application to the Commission for DCO registration demonstrating compliance with each of the core principles. The Commission reserves the right to review further OCC's procedures for maintaining records in an electronic format for compliance with Core Principle K of Section 5b of the Act and Commission Regulation 1.31;

(3) OCC shall inform the Commission directly of information regarding any event, circumstance, or situation concerning any of OCC's operations as a DCO that detracts from OCC's ability to continue complying with any of the core principles set forth in Section 5b of the Act. OCC's obligation to provide this or other information directly to the Commission may, at the discretion of the Commission, be fulfilled by provision of information to the Commission pursuant to any current or future information sharing agreement or other arrangement entered into between the Commission and the Securities and Exchange Commission;

(4) OCC shall monitor and enforce the compliance by its clearing members with OCC's eligibility standards, including the maintenance of applicable minimum net capital requirements;

(5) OCC shall immediately inform the Commission directly of the default, suspension, termination, or liquidation of any OCC clearing member. OCC shall provide the Commission with information regarding the impact of a default on the adequacy of OCC's financial resources;

(6) In the event of an emergency as described in Article III, Section 15 of the OCC By-Laws, OCC shall use its best efforts to notify officials of the Commission prior to declaring the existence of such an emergency and shall in any event advise the Commission as soon as

practicable by telephone, confirmed in writing, of the declaration of such an emergency, the reasons therefore, and the actions taken;

(7) OCC shall inform the Commission directly of any material change regarding its status as a securities clearing agency registered under Section 17A of the Securities Exchange Act of 1934;

(8) OCC shall not begin to clear or to settle transactions involving futures or options on futures pursuant to this order prior to obtaining approval of the proposed rule amendments filed with the Securities and Exchange Commission on October 17, 2001 (SR-OCC-2001-16); and

(9) OCC shall ensure the performance of all self-regulatory functions required of it as a DCO under the Act and Commission regulations, including enforcement of the terms of all OCC rules, regulations, and procedures.

Issued in Washington, D.C., this 10th day of December, 2001.

By the Commission

Jean A. Webb
Secretary of the Commission