



THE OPTIONS CLEARING  
CORPORATION

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June 21, 2004

**VIA FEDERAL EXPRESS**

Jean A. Webb  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**Re: Rule Filing SR-OCC-2004-12 Rule Certification**

Dear Secretary Webb:

Enclosed is a copy of the above-referenced rule filing, which The Options Clearing Corporation ("OCC") is submitting pursuant to the self-certification procedures of Commission Regulation 40.6. This rule filing has been, or is concurrently being, submitted to the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act").

In conformity with the requirements of Regulation 40.6(a)(3), OCC states the following: The text of the rule is set forth at Item 1 of the enclosed filing. The date of implementation of the rule is the date the proposed rule is approved by the SEC or otherwise becomes effective under the Exchange Act. Item 5 of the enclosed filing sets forth a description of any written comments on the rule filing, including any such comments expressing opposing views that were not incorporated into the proposed rule.

OCC hereby certifies that the rule set forth at Item 1 of the enclosed filing complies with the Commodity Exchange Act and the Commission's regulations thereunder.

JEAN M. CAWLEY

FIRST VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

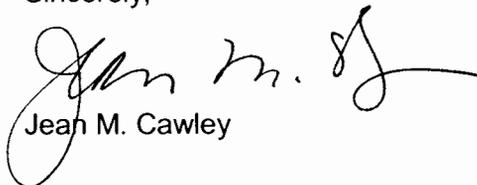
ONE N. WACKER DRIVE, SUITE 600 CHICAGO, ILLINOIS 60606 TEL 312.322.6269 FAX 312.322.6280

JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-6269.

Sincerely,

  
Jean M. Cawley

Enclosure

cc: CFTC Central Region (w/ enclosure)  
525 West Monroe Street, Suite 1100  
Chicago, IL 60661  
Attn: Frank Zimmerle

Jerry W. Carpenter  
Assistant Director (SEC)

2004-12cftc.ltr



THE OPTIONS CLEARING  
CORPORATION

June 21, 2004

**VIA COURIER DELIVERY**

Jerry W. Carpenter  
Assistant Director  
Division of Market Regulation  
Mail Stop 10-1  
Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

**Re: The Options Clearing Corporation  
File No. SR-OCC-2004-12**

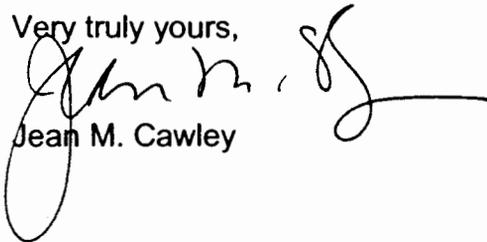
Dear Jerry:

The Options Clearing Corporation hereby files a manually signed original and eight copies of the referenced rule change. This rule change proposes to reduce clearing fees for securities option contracts, effective July 1, 2004, as set forth in the filing.

Inasmuch as this filing concerns a clearing fee reduction, it is being made pursuant to Section 19(b)(3)(a) of the Securities Exchange Act of 1934, as amended, and Rule 19b-4(f)(2) thereunder. The Federal Register notice will be emailed to you.

Please call me at (312) 322-6269 with any questions you may have on this filing.

Very truly yours,

  
Jean M. Cawley

cc: Jean A. Webb  
Secretary (CFTC)

JC/sd  
2004-12sec.ltr

JEAN M. CAWLEY

FIRST VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

ONE N WACKER DRIVE, SUITE 600 CHICAGO, ILLINOIS 60606 TEL 312 322 6269 FAX 312.322.6280

JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM

File No. SR-OCC-2004-12

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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**Form 19b-4**

**Proposed Rule Change**  
**by**

**THE OPTIONS CLEARING CORPORATION**

**Pursuant to Rule 19b-4 under the**  
**Securities Exchange Act of 1934**

**Item 1. Text of the Proposed Rule Change**

Effective July 1, 2004, The Options Clearing Corporation (“OCC”) proposes to reduce its clearing fees for securities option contracts as described in Item 3 below.

**Item 2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by the Board of Directors of OCC at a meeting held on May 25, 2004.

Questions regarding the proposed rule change should be addressed to Jean M. Cawley, First Vice President and Deputy General Counsel, at (312) 322-6269.

**Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

The purpose of this rule change is to reduce OCC’s clearing fees for securities option contracts, effective July 1, 2004, as follows:

Contracts Per Trade	Per Contract Fee Currently in Effect	Per Contract Fee, Effective July 1, 2004
0 – 500	\$0.0825	\$0.07
501 – 1,000	\$0.0675	\$0.06
1,001 – 2,000	\$0.0575	\$0.05
> 2,000	\$110.00 (capped)	\$95.00 (capped)

This is the second fee reduction made this year by OCC in recognition of the continuing strong volume in securities options in 2004. OCC believes that this fee reduction will financially benefit clearing members and other market participants without adversely affecting

OCC's ability to meet its expenses and maintain an acceptable level of retained earnings.

Attached as Exhibit A is a revised Schedule of Fees, effective July 1, 2004, reflecting the above-described fee change. Effective the first trading day of 2005, clearing fees will revert to the fee schedule in effect before July 1, 2004.

\* \* \*

The proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because it benefits clearing members by reducing clearing fees and allocates such fees among clearing members in a fair and equitable manner.

**Item 4. Self-Regulatory Organization's Statement on Burden on Competition**

OCC does not believe that the proposed rule change would impose any burden on competition.

**Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others**

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

**Item 6. Extension of Time Period for Commission Action**

Not applicable.

**Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

Pursuant to Section 19(b)(3)(A) of the Exchange Act and Rule 19b-4(f)(2) thereunder, the proposed rule change is effective upon filing inasmuch as it pertains to changing a fee imposed on clearing members.

**Item 8. Proposed Rule Change Based on Rule of Another Self-Regulatory Organization or of the Commission**

The proposed rule change is not based on a rule of another self-regulatory organization or of the Commission.

**Item 9. Exhibits**

Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit A. Revised Schedule of Fees, effective July 1, 2004

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

**THE OPTIONS CLEARING CORPORATION**

By: William H. Navin  
**William H. Navin**  
**Executive Vice President and**  
**General Counsel**

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-\_\_\_\_\_ ; File No. SR-OCC-2004-12)

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By  
The Options Clearing Corporation

Relating to a Reduction in Clearing  
Fees for Securities Option Contracts

Comments requested within \_\_\_\_\_ days  
after the date of this publication.

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Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on \_\_\_\_\_, 2004, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change will reduce clearing fees for securities option contracts as set forth herein, effective July 1, 2004.

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

In its filing with the Commission, the self-regulatory organization 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. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

The purpose of this rule change is to reduce OCC's clearing fees for securities option contracts, effective July 1, 2004, as follows:

Contracts Per Trade	Per Contract Fee Currently in Effect	Per Contract Fee, Effective July 1, 2004
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This is the second fee reduction made this year by OCC in recognition of the continuing strong volume in securities options in 2004. OCC believes that this fee reduction will financially benefit clearing members and other market participants without adversely affecting OCC's ability to meet its expenses and maintain an acceptable level of retained earnings. Attached as Exhibit A is a revised Schedule of Fees, effective July 1, 2004, reflecting the above-described fee change. Effective the first trading day of 2005, clearing fees will revert to the fee schedule in effect before July 1, 2004.

\* \* \*

The proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") because it benefits clearing members by reducing clearing fees and allocates such fees among clearing members in a fair and equitable manner.

**B. Self-Regulatory Organization's Statement on Burden on Competition**

OCC does not believe that the proposed rule change would impose any burden on competition.

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

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

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

The foregoing rule change will become effective July 1, 2004 pursuant to Section 19(b)(3)(A) of the Exchange Act and Rule 19b-4(f)(2) thereunder. At any time within 60 days of the filing of this proposed rule change, the Commission may summarily abrogate 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 Exchange Act.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. 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 inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by \_\_\_\_\_.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Secretary

Dated: \_\_\_\_\_

2004-12rule

# THE OPTIONS CLEARING CORPORATION

## SCHEDULE OF FEES – JULY 2004

### CLEARING MEMBER

#### CLEARING

<p><b>Clearing Fees</b></p> <p>Trades with contracts of</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">1 - 500</td> <td style="text-align: right;">\$ .07</td> </tr> <tr> <td style="padding-left: 20px;">501 - 1,000</td> <td style="text-align: right;">\$ .06</td> </tr> <tr> <td style="padding-left: 20px;">1,001 - 2,000</td> <td style="text-align: right;">\$ .05</td> </tr> <tr> <td style="padding-left: 20px;">greater than 2,000</td> <td style="text-align: right;">\$ 95.00 per trade</td> </tr> </table> <p><b>New Products</b></p> <p>First calendar month traded \$ .00</p> <p>Second calendar month traded:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Cleared trades w/contracts of 1 – 4,400</td> <td style="text-align: right;">\$ .025</td> </tr> <tr> <td style="padding-left: 40px;">Greater than 4,400</td> <td style="text-align: right;">\$110.00</td> </tr> </table> <p>Third calendar month traded:</p> <table border="0" style="width: 100%;"> <tr> <td style="padding-left: 20px;">Cleared trades w/contracts of 1 – 2,200</td> <td style="text-align: right;">\$ .05</td> </tr> <tr> <td style="padding-left: 40px;">Greater than 2,200</td> <td style="text-align: right;">\$110.00 per trade</td> </tr> </table> <p>Fourth calendar month traded      reverts to clearing fees specified above</p>	1 - 500	\$ .07	501 - 1,000	\$ .06	1,001 - 2,000	\$ .05	greater than 2,000	\$ 95.00 per trade	Cleared trades w/contracts of 1 – 4,400	\$ .025	Greater than 4,400	\$110.00	Cleared trades w/contracts of 1 – 2,200	\$ .05	Greater than 2,200	\$110.00 per trade	<p>Market Maker/Specialist Scratch per side \$ .02</p> <p>Minimum Monthly Clearing Fee \$ 200.00</p> <p>Exercise Fee – per line item on exercise notice \$ 1.00</p> <p style="text-align: center;"><b><u>MEMBERSHIP</u></b></p> <p>New Clearing Member Qualification Fee \$4,000.00</p> <p style="text-align: center;"><b><u>STAMPS</u></b></p> <p>Clearing Member Authorization Stamp \$ 23.00 per stamp</p>
1 - 500	\$ .07																
501 - 1,000	\$ .06																
1,001 - 2,000	\$ .05																
greater than 2,000	\$ 95.00 per trade																
Cleared trades w/contracts of 1 – 4,400	\$ .025																
Greater than 4,400	\$110.00																
Cleared trades w/contracts of 1 – 2,200	\$ .05																
Greater than 2,200	\$110.00 per trade																

### ANCILLARY SERVICES

<p style="text-align: center;"><b><u>TIER I</u></b></p> <p>For first clearing number:</p> <ul style="list-style-type: none"> <li>- ENCORE, C/MACS and Hedge Access</li> <li>- MyOCC Access (Unlimited)</li> <li>- ECMI Platform Lease (1 PC)</li> <li>- Data Service (includes transmission to service bureau)</li> <li>- Report Bundle</li> <li>- Series File</li> <li>- Adjusted Position File</li> <li>- Open Interest File</li> <li>- Prices File</li> <li>- Special Settlement File</li> <li>- Monthly Reports on CD-ROM (2 copies)</li> <li>- Leased line charges are additional \$2,400 per month</li> </ul> <p>For each additional clearing number: (Applies to TIERS I, II and III)</p> <ul style="list-style-type: none"> <li>- MyOCC Access (Unlimited)</li> <li>- Data Service</li> <li>- Report Bundle</li> <li>- Adjusted Position File</li> <li>- Monthly Reports on CD-ROM (2 copies) \$950 per clearing number, per month</li> </ul>	<p style="text-align: center;"><b><u>TIER II</u></b></p> <ul style="list-style-type: none"> <li>- ENCORE, C/MACS and Hedge Access</li> <li>- MyOCC Access (Unlimited)</li> <li>- ECMI Platform Lease (1 PC)</li> <li>- Data Service</li> <li>- Report Bundle</li> <li>- Monthly Reports on CD-ROM (2 Copies)</li> <li>- Leased-line charges are additional \$1,950 per month</li> </ul> <p style="text-align: center;"><b><u>TIER III</u></b></p> <ul style="list-style-type: none"> <li>- ENCORE, C/MACS and Hedge Access</li> <li>- MyOCC Access (Unlimited)</li> <li>- Monthly reports on CD ROM (2 Copies)</li> <li>- ECMI Platform Lease (1 PC) \$1,250 per month</li> </ul> <p style="text-align: center;"><b><u>TIER IV</u></b> (Hedge Only)</p> <ul style="list-style-type: none"> <li>- MyOCC Access (Unlimited – for Internet Reports) \$250 per month</li> </ul>
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### LEASED LINE CHARGES

T1 line to a Midwest Destination	- \$2,500 per month per line
T1 line to an East Coast Destination	- \$3,500 per month per line
T1 line to a West Coast Destination	- \$4,500 per month per line
56.0kb line to a Midwest Destination	- \$1,600 per month per line
56.0kb line to an East Coast Destination	- \$1,800 per month per line
56.0kb line to a West Coast Destination	- \$2,000 per month per line

# THE OPTIONS CLEARING CORPORATION

## SCHEDULE OF FEES – JULY 2002

### CLEARING MEMBER/NON CLEARING MEMBER

#### PUBLICATIONS/BROCHURES

Disclosure Documents	\$	.45
"Understanding Stock Options"		
(quantities of 99 or less)	\$	1.00
(quantities of 100 or more)	\$	.90
"Taxes & Investing: A Guide for the Individual Investor"		
(quantities of 99 or less)	\$	1.00
(quantities of 100 or more)	\$	.90
"LEAPS® (Long-term Equity Anticipation Securities®)"		
(quantities of 99 or less)	\$	1.00
(quantities of 100 or more)	\$	.90
OCC By-laws and Rules	\$	47.00
Updates can be obtained on a subscription basis for \$47.00 per year		

#### THEORETICAL PROFIT AND LOSS VALUES

Computer Interface		
Monthly fee (per broker)		\$2,000.00
Month-end only (per class group for all class groups in the database (per broker) (approximately 2000-3000 class groups)	\$	.10
Dial-up Access (via Theoretical Information Online System) per class group per day per broker (\$200.00 minimum and \$2,000.00 maximum per month per broker) "per broker" essentially means, per separate net capital calculation; does not mean that the charges apply to each market-maker/specialist whose positions are taken into account calculating a broker's net capital	\$	.10

### NON-CLEARING MEMBER

#### SERIES INFORMATION

Non-Clearing Member		
Non-distribution		\$1,750.00
Distribution		\$3,000.00

#### PRICES INFORMATION

Non-Clearing Member		\$3,000.00
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**ALTERNATE SCHEDULE\***  
**FUTURES EXCHANGES (EXCEPT CFE)**

Trades with contracts of:

1 - 500	\$	.07
500 - 1,000	\$	.06
1,001 - 2,000	\$	.05
Greater than 2,000	\$	85.00 per trade

New Products

First calendar month traded:	\$	.00
Second calendar month traded:	\$	.025
Third calendar month traded:	The lesser of the total at \$.05 per contract or \$85.00	
Fourth calendar month traded:	Reverts to clearing fees specified above	

ACHA cleared trades with contracts of:

1 - 500	\$	.05
500 - 1,000	\$	.0425
1,001 - 2,000	\$	.035
Greater than 2,000	\$	61.00 per trade

ACHA cleared trades/New Products

First calendar month traded:	\$	.00
Second calendar month traded:	\$	.02
Third calendar month traded:	The lesser of the total at \$.035 per contract or \$61.00	
Fourth calendar month traded:	Reverts to clearing fees specified above	

Market maker/Specialist

Scratch per side all \$ .02

Minimum Monthly Clearing Fee \$ 200.00

**CFE**

**There will be no product discount**

Trades with contracts of:

1 - 500	\$	.07
500 - 1,000	\$	.06
1,001 - 2,000	\$	.05
Greater than 2,000	\$	.03

Market maker/Specialist

Scratch per side all \$ .02

Minimum Monthly Clearing Fee \$ 200.00

The executor of a give-up trade will be charged on the original trade at the rates above.

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**\*Markets trading futures products can elect OCC's standard or alternative fees schedule. Because clearing fees are discounted under the alternative fee schedule, fees collected under it are excluded from any other rebates or discounts offered by OCC and from any year end refund of clearing fees.**

**ALL FEES ARE SUBJECT TO CHANGE**