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OFC. OF THE SECRETARIAT

**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**

The Options Clearing Corporation (“OCC”) proposes to amend Article VIII, Section 5 of its by-laws and Chapter IX of its rules as set forth below. Material to be deleted is enclosed in bold brackets. Material to be added is underlined.

**THE OPTIONS CLEARING CORPORATION**

**BY-LAWS**

\* \* \*

**ARTICLE VIII**

**Clearing Fund**

\* \* \*

**Application of Clearing Fund**

**SECTION 5. (a) – (d) [unchanged]**

(e) If (i) the Corporation deems it necessary or advisable to borrow funds in order to meet obligations arising out of the default or suspension of a Clearing Member or any action taken by the Corporation in connection therewith pursuant to Chapter XI of the Rules or otherwise; or (ii) the Corporation sustains a loss reimbursable out of the Clearing Fund pursuant to paragraph (b) but elects to borrow funds in lieu of immediately charging such loss to the Clearing Fund; and in either case the Corporation determines that it will be unable to borrow such funds on acceptable terms on an unsecured basis; then the Corporation may take possession of and pledge, as security for such borrowings, cash or securities deposited by Clearing Members as contributions to the Clearing Fund and securities in which cash contributions to the Clearing Fund have been invested by the Corporation; provided, in the case of any borrowings under the circumstances specified in clause (i) above, that the proceeds of any such borrowings will be used solely for the purposes described in clause (i). Such borrowings, irrespective of the application of the proceeds, shall not be deemed to be charges against the Clearing Fund for a period not to exceed thirty days, and, during said period, shall not affect the amount or timing of any charges otherwise required to be made against the Clearing Fund pursuant to this Section. If such borrowings shall exceed thirty days, the Corporation, at the close of business of the thirtieth day (or on the first Business Day thereafter), shall consider the amount used to meet such borrowings as an actual loss to the Clearing Fund and immediately allocate such loss in accordance with this Section.

**RULES**

**CHAPTER IX**

**Failure to Deliver**

**RULE 910.** (a) [Unchanged]

(b) [Unchanged]

(c) As used herein, the term “defaulting party” shall mean the Corporation when the buy-in notice is issued in respect of a call option contract and shall mean the Delivering Clearing Member when the buy-in notice is issued in respect of a put option contract. When the buy-in notice is issued in respect of a call option contract, the Delivering Clearing Member shall be obligated to pay to the Corporation the amount specified in subparagraph [(d)] (b) not later than settlement time on the business day following the execution of the buy-in and the Corporation shall be authorized to withdraw such amount from such Clearing Member’s bank account established in respect of its firm account.

(d) The failure of the Receiving Clearing Member to issue a buy-in notice within the time specified in this Rule 910 or to execute the buy-in in a timely manner shall not affect the contract rights of the parties except that the defaulting party may limit the amount which it is obligated to pay pursuant to subparagraph [(d)] (b) hereof to the highest amount it would have been required to pay if the buy-in notice had been issued and executed on a timely basis.

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

Proposed rule change Filing No. OCC 2003-08 was approved by the Board of Directors of OCC at a meeting held on May 20, 2003. Proposed rule change Filing No. SR-OCC-2004-13 was approved by the Board of Directors 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 the proposed rule change is to correct technical errors in Article VIII, Section 5(e) of OCC's by-laws and in Rules 910(c) and (d).

In Filing No. SR-OCC-2004-13, approved in Release No.34-50526 (October 13, 2004), OCC proposed rule changes that revised Section 5(e) of Article VIII of its by-laws, which pertains to the application of the Clearing Fund. In the process, OCC mistakenly deleted the designation of clause (i) of Section 5(e). This rule change reinserts it.

In Filing No. SR-OCC-2003-08, approved in Release No. 34-49420 (March 16, 2004), OCC proposed rule changes that significantly restructured and revised Chapter IX of its rules, which pertains to delivery settlement of exercised equity options and matured stock futures. OCC neglected to change cross-references in Rules 910 (c) and (d) to former paragraph (d) of that Rule, which was redesignated as paragraph (b). This rule change corrects those cross-references.

\* \* \*

The proposed changes are consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because they correct errors in OCC's by-laws and rules. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

**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**

OCC does not consent to an extension of the time period for Commission action on the proposed rule change.

**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-4f(1), OCC has filed this rule change for immediate effectiveness as it constitutes a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing rule. At any time within 60 days of the filing of this rule change, the Commission may summarily abrogate this 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.

**Item 8. Proposed Rule Change Based on Rule of Another Self-Regulatory**

**Organization or of the Commission**

Not applicable.

**Item 9. Exhibits**

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

**SIGNATURE**

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**  
**Executive Vice President and**  
**General Counsel**

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

**(Release No. 34-\_\_\_\_\_ ; File No. SR-OCC-2005-05**

**SELF-REGULATORY ORGANIZATION**

Proposed Rule Change By  
The Options Clearing Corporation

Relating to Technical Changes that Add  
or Correct Cross-References  
in Article VIII, Section 5 and Rule 910

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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 \_\_\_\_\_, 2005, 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 the Substance of the Proposed Rule Change**

The proposed rule change would add or correct cross-references by making technical changes to Article VIII, Section 5 and Rule 910, respectively.

**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 the proposed rule change is to correct technical errors in Article VIII, Section 5(e) of OCC's by-laws and in Rules 910(c) and (d).

In Filing No. SR-OCC-2004-13, approved in Release No.34-50526 (October 13, 2004), OCC proposed rule changes that revised Section 5(e) of Article VIII of its by-laws, which pertains to the application of the Clearing Fund. In the process, OCC mistakenly deleted the designation of clause (i) of Section 5(e). This rule change reinserts it.

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The proposed changes are consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because they correct errors in OCC's by-laws

and rules. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

**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 has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule 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.

**IV. Solicitation of Comments**

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed 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](mailto:rule-comments@sec.gov). Please include File Number 2005-05 on the subject line.

*Paper Comments:*

- Send paper comments in triplicate to Jonathan G. Katz, Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609.

All submissions should refer to File Number SR-OCC-2005-05. 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 Web site (<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 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 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-2005-05 in the caption above and should be submitted on or before [insert date 21 days from publication in the Federal Register.] \_\_\_\_\_.

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

Secretary

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