



December 31, 2015

VIA CFTC PORTAL

Mr. Christopher Kirkpatrick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2015-020 Rule Certification

Dear Secretary Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission Regulation (“CFTC”) 40.6, enclosed is a copy of the above-referenced rule filing submitted by The Options Clearing Corporation (“OCC”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the CFTC or the date the proposed rule is approved by the Securities and Exchange Commission (the “SEC”) or otherwise becomes effective under the Securities Exchange Act of 1934 (the “Exchange Act”). This rule filing has been, or is concurrently being, submitted to the SEC under the Exchange Act.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

The purpose of this proposed rule change is to revise OCC’s Schedule of Fees in accordance with its new Fee Policy. The revised fee schedule would become effective on March 1, 2016.¹

By way of background, in 2015, the SEC approved OCC’s plan for raising additional

¹ OCC’s Fee Policy requires that the implementation date for revisions to the Fee Schedule be no sooner than sixty (60) days from the date of filing of the proposed rule change with the SEC.

capital (“Capital Plan”),² which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. As part of OCC’s Capital Plan, OCC adopted a Fee Policy whereby OCC would set clearing fees at a level that covers OCC’s operating expenses plus a Business Risk Buffer³ of 25%.⁴ The purpose of the Business Risk Buffer is to ensure that OCC accumulates sufficient capital to cover unexpected fluctuations in operating expenses, business capital needs, and regulatory capital requirements.

OCC analyzed its current Schedule of Fees against projected revenues and projected expenses for 2016 in accordance with its Fee Policy. The primary goal of this analysis was to determine a fee setting approach for 2016 that covers OCC’s anticipated operating expenses, seeks to minimize the number of fee resets under normal market conditions, and seeks to achieve a Business Risk Buffer of 25%. To project revenue (which is a product of cleared contract volume and clearing fees per contract), OCC estimated cleared contract volume per month for 2016 by computing the average of the previous 12 months of actual cleared contract volume data, excluding the high and low volume months, and used such average as the anticipated cleared contract volume per month for 2016.⁵ For expenses, OCC used projected 2016 expenses, computed at the end of 2015 as part of OCC’s 2016 budgeting process. OCC arrived at the fee schedule presented herein by determining the figures that would result in a coverage OCC’s anticipated operating expenses plus a Business Risk Buffer of 25%.

As a result of the aforementioned analysis, OCC proposes to revise its Schedule of Fees as set forth below.⁶

² See Securities Exchange Act Release No. 74387 (February 26, 2015) 80 FR 12232 (March 6, 2015) (SR-OCC-2014-813). See also Securities Exchange Act Release No. 74452 (March 6, 2015) 80 FR 13058 (March 12, 2015) (SR-OCC-2015-02) (“Capital Plan Filing”).

³ The Business Risk Buffer is equal to net income before refunds, dividends, and taxes divided by total revenue.

⁴ OCC’s Schedule of Fees must also meet the requirements set forth in Article IX, Section 9 of OCC’s By-Laws. In general, Article IX, Section 9 of OCC’s By-Laws requires that OCC’s fee structure be designed to: 1) cover OCC’s operating expenses plus a business risk buffer, 2) maintain reserves deemed reasonably necessary by OCC’s Board of Directors, and 3) accumulate an additional surplus deemed advisable by the Board of Directors to permit OCC to meet its obligations to its clearing members and the public. Clauses 2 and 3 above will only be invoked at the discretion of OCC’s Board of Directors and in extraordinary circumstances.

⁵ In order to validate this approach, OCC back tested its volume projecting methodology against data from the previous five years and determined that such methodology yields reasonable estimate of future contract volume.

⁶ These changes are also reflected in Exhibit 5. Market maker/specialist scratch and

Tier	Current Fee	Proposed Fee
1-500	\$0.050/contract	\$0.041/contract
501-1000	\$0.040/contract	\$0.032/contract
1001-2000	\$0.030/contract	\$0.024/contract
>2000	\$55.00/trade	\$46.00/trade

OCC anticipates that the proposed changes to OCC’s Schedule of Fees would result in an average decrease in clearing fees of 19%. Moreover, and in accordance with its Fee Policy, OCC will continue to monitor cleared contract volume and operating expenses in order to determine if further revisions to OCC’s Schedule of Fees are required so that monies received from clearing fees cover OCC’s operating expenses plus a Business Risk Buffer of 25%.⁷

OCC issued a press release on December 17, 2015, that was available on its public website to inform clearing members, exchanges and the public of the proposed changes to OCC’s Schedule of Fees that would become effective March 1, 2016.

OCC reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Act. During this review, OCC identified the following Core Principles as potentially being impacted:

Public Information. OCC believes that by implementing the proposed rule change to modify its Schedule of Fees and by publishing the modified fee schedule on its web site and making it publicly available, it therefore provides clearing members and other market participants with sufficient information to allow them to identify and evaluate the costs associated with OCC’s services.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC’s website concurrently with the filing of this submission.

linkage fees per side will remain unchanged at \$0.020.

⁷ Any subsequent changes to OCC’s Schedule of Fees would be the subject of a subsequent proposed rule change filed with the CFTC.

Certification

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

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephen Szarmack". The signature is written in a cursive, flowing style.

Stephen Szarmack

Vice President & Associate General Counsel

Enclosure