



November 30, 2015

**VIA ELECTRONIC MAIL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**Re: Rule Filing SR-OCC-2015-018 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**

This proposed rule change concerns the adoption of the Technology Committee (“TC”) Charter and the addition of a description of the TC into Article III, Section 9 of OCC’s By-Laws. OCC’s Board of Directors (“Board”) formed the TC in order to enhance the Board’s understanding and oversight of key technology, information security, and cyber-security risk issues at OCC. Consistent with OCC’s other Board-level committee charters, the TC Charter sets forth: (i) the purpose, functions, and responsibilities of the TC and (ii) the composition and organization of the TC.

*Purpose and Responsibilities of the TC*

As set forth in the TC Charter, the TC would be responsible for: (i) overseeing major information technology (“IT”) related strategies, projects, and technology architecture decisions; (ii) monitoring whether OCC’s IT programs effectively support OCC’s business objectives and strategies; (iii) monitoring OCC’s IT risk management efforts as well as the security of OCC’s

information systems and physical security of information system assets; and (iv) conferring with OCC's senior IT management team and informing the Board on IT related matters.

Further, and with respect to the TC Charter's role in the oversight of OCC's IT strategy and projects, the TC Charter provides that the TC would be specifically tasked with: (i) evaluating OCC's IT strategy, including the financial, tactical, and strategic benefits of IT projects and technology architecture initiatives; (ii) critically reviewing IT projects and technology architecture decisions, including review of the process related to approval of capital expenditures as they relate to IT projects; and (iii) making recommendations to the Board with respect to IT related projects and investments that require Board approval. In addition, the TC Charter requires that the TC: (i) monitor the quality and effectiveness of OCC's IT and physical security, including periodically reviewing and appraising OCC's disaster recovery capabilities and crisis management plans; (ii) in coordination and cooperation with the Audit Committee of the Board, monitor the quality and effectiveness of OCC's IT systems and processes that relate to or affect OCC's internal controls and assess OCC's management of IT related compliance risks; (iii) report to the Board and the Audit Committee about IT risks and controls; and (iv) serve in an advisory role with respect to IT decisions at OCC. In connection with carrying out its responsibilities, the TC would also, in general, inform and make recommendations to the Board and other Board level committees with respect to IT related matters.

#### *Administrative and Procedural Elements of the TC*

The TC Charter would provide that the TC be comprised of three or more directors, and meet at least four times per year.<sup>1</sup> The TC would function in a manner similar to the other Board-level Committees in that it would have the ability to hire specialists and meet in executive session as well as be required to report to the Board on an annual basis. The TC would also have to annually confirm to the Board that its responsibilities, as set forth in the TC Charter, have been carried out and evaluate its and its members' performance on a regular basis.

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:

**Risk Management.** OCC believes that by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities as set forth in the DCO Core Principles because it will institute a more clear and transparent governance structure as it relates to IT matters. OCC will provide the public with information about its governance structure so that parties may more accurately identify the risks of using OCC's services.

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<sup>1</sup> Members of the TC would not need to be technology experts.

Christopher J. Kirkpatrick  
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**Public Information.** OCC believes that by implementing the proposed rule change it will be better able to provide market participants with information to identify and evaluate OCC's governance structure. OCC will post the amended TC Charter on its public website thereby providing the public with relevant information regarding OCC's governance arrangements.

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.

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,



Scott M. Kalish  
Assistant Secretary

Enclosure

**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

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

This proposed rule change by The Options Clearing Corporation (“OCC”) concerns the adoption of a Charter for a new committee of OCC’s Board of Directors (“Board”), the Technology Committee (“TC”). The TC Charter is attached hereto as Exhibit 5, with material proposed to be added marked by underlining. Additionally, OCC is proposing to add a description of the TC to its By-Laws. Material proposed to be added to OCC’s By-Laws as currently in effect is marked by underlining.

**THE OPTIONS CLEARING CORPORATION**

**BY-LAWS**

\* \* \*

**ARTICLE III**

**Committees**

SECTION 9. On an annual basis, the Board of Directors shall appoint a Risk Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board of Directors. The Risk Committee shall consist of the Executive Chairman of the Board, the Member Vice Chairman, at least three other Member Directors selected on a basis that shall not discriminate against any Exchange, and one or more Public Directors nominated by the Executive Chairman of the Board and approved by the Board of Directors. The Chairman of the Risk Committee shall be a Public Director. If there are two or more Public Directors on the Risk Committee, the Executive Chairman of the Board shall nominate, subject to the approval of the Board of Directors, one of the Public Directors to serve as the Risk Committee Chairman.

On an annual basis, the Board of Directors shall appoint a Technology Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. All of the Technology Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Executive Chairman and shall serve at the pleasure of the Board. The chairman of the Technology Committee shall be designated by the Board from among the members of the Committee.

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

This proposed rule change was approved for filing with the Commission by OCC's Board at a meeting held on March 27, 2015.

Questions should be addressed to Stephen M. Szarmack, Vice President and Associate General Counsel, at (312) 322-4802.

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

A. Purpose

This proposed rule change concerns the adoption of the TC Charter and the addition of a description of the TC into Article III, Section 9 of OCC's By-Laws. The Board formed the TC in order to enhance the Board's understanding and oversight of key technology, information security, and cyber-security risk issues at OCC. Consistent with OCC's other Board-level committee charters, the TC Charter sets forth: (i) the purpose, functions, and responsibilities of the TC and (ii) the composition and organization of the TC.

*Purpose and Responsibilities of the TC*

As set forth in the TC Charter, the TC would be responsible for: (i) overseeing major information technology ("IT") related strategies, projects, and technology architecture decisions; (ii) monitoring whether OCC's IT programs effectively support OCC's business objectives and strategies; (iii) monitoring OCC's IT risk management efforts as well as the security of OCC's information systems and physical security of information system assets; and (iv) conferring with OCC's senior IT management team and informing the Board on IT related matters.

Further, and with respect to the TC Charter's role in the oversight of OCC's IT strategy and projects, the TC Charter provides that the TC would be specifically tasked with: (i)

evaluating OCC's IT strategy, including the financial, tactical, and strategic benefits of IT projects and technology architecture initiatives; (ii) critically reviewing IT projects and technology architecture decisions, including review of the process related to approval of capital expenditures as they relate to IT projects; and (iii) making recommendations to the Board with respect to IT related projects and investments that require Board approval. In addition, the TC Charter requires that the TC: (i) monitor the quality and effectiveness of OCC's IT and physical security, including periodically reviewing and appraising OCC's disaster recovery capabilities and crisis management plans; (ii) in coordination and cooperation with the Audit Committee of the Board, monitor the quality and effectiveness of OCC's IT systems and processes that relate to or affect OCC's internal controls and assess OCC's management of IT related compliance risks; (iii) report to the Board and the Audit Committee about IT risks and controls; and (iv) serve in an advisory role with respect to IT decisions at OCC. In connection with carrying out its responsibilities, the TC would also, in general, inform and make recommendations to the Board and other Board level committees with respect to IT related matters.

*Administrative and Procedural Elements of the TC*

The TC Charter would provide that the TC be comprised of three or more directors, and meet at least four times per year.<sup>1</sup> The TC would function in a manner similar to the other Board-level Committees in that it would have the ability to hire specialists and meet in executive session as well as be required to report to the Board on an annual basis. The TC would also have to annually confirm to the Board that its responsibilities, as set forth in the TC Charter, have been carried out and evaluate its and its members' performance on a regular basis.

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<sup>1</sup> Members of the TC would not need to be technology experts.

B. Statutory Basis

OCC's governance arrangements, which include, but are not limited to, the proposed TC Charter promote the effectiveness of OCC's Board's oversight on OCC's business and operational processes. OCC believes that adoption of the TC Charter would enhance the effectiveness of the Board's oversight on OCC's business and operational processes, and specifically technology related processes, and thereby promote the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934, as amended (the "Act").<sup>2</sup> Furthermore, OCC believes the proposed rule change contributes to OCC's objective to have governance arrangements that are clear and transparent, consistent with Rule 17Ad-22(d)(8), as the TC Charter further delineates governance responsibilities for Board-level committees and because the TC Charter is made available to the public on OCC's website.<sup>3</sup> Finally, 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.<sup>4</sup> OCC's adoption of the TC Charter would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because it relates to the governance structure of OCC, which affects all users, and does not relate directly to any particular service or particular use of OCC's facilities.

For the foregoing reasons, OCC believes that the proposed rule change is in the public

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<sup>2</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>3</sup> 17 CFR 240.17Ad-22(d)(8).

<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(I).

interest, would be consistent with the requirements of the Act applicable to clearing agencies and would not impose a 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) or Section 19(b)(7)(D)**

Not applicable.

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

Not applicable.

**Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**Item 11. Exhibits**

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

Exhibit 5. Technology Committee Charter.

**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: \_\_\_\_\_

**Scott M. Kalish**  
**Assistant Secretary**

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[\_\_\_\_\_]; File No. SR-OCC-2015-018)

November 30, 2015

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Concerning the Adoption of a Charter of a New Committee of The Options Clearing Corporation's Board of Directors, the Technology Committee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on November 30, 2015, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change by OCC concerns the adoption of a Charter for a new committee of OCC's Board of Directors ("Board"), the Technology Committee ("TC"). Additionally, OCC is proposing to add a description of the TC to its By-Laws.

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

This proposed rule change concerns the adoption of the TC Charter and the addition of a description of the TC into Article III, Section 9 of OCC's By-Laws. The Board formed the TC in order to enhance the Board's understanding and oversight of key technology, information security, and cyber-security risk issues at OCC. Consistent with OCC's other Board-level committee charters, the TC Charter sets forth: (i) the purpose, functions, and responsibilities of the TC and (ii) the composition and organization of the TC.

*Purpose and Responsibilities of the TC*

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Further, and with respect to the TC Charter's role in the oversight of OCC's IT strategy and projects, the TC Charter provides that the TC would be specifically tasked with: (i) evaluating OCC's IT strategy, including the financial, tactical, and strategic benefits of IT projects and technology architecture initiatives; (ii) critically reviewing IT projects and technology architecture decisions, including review of the process related to approval of capital expenditures as they relate to IT projects; and (iii) making recommendations to the Board with

respect to IT related projects and investments that require Board approval. In addition, the TC Charter requires that the TC: (i) monitor the quality and effectiveness of OCC's IT and physical security, including periodically reviewing and appraising OCC's disaster recovery capabilities and crisis management plans; (ii) in coordination and cooperation with the Audit Committee of the Board, monitor the quality and effectiveness of OCC's IT systems and processes that relate to or affect OCC's internal controls and assess OCC's management of IT related compliance risks; (iii) report to the Board and the Audit Committee about IT risks and controls; and (iv) serve in an advisory role with respect to IT decisions at OCC. In connection with carrying out its responsibilities, the TC would also, in general, inform and make recommendations to the Board and other Board level committees with respect to IT related matters.

*Administrative and Procedural Elements of the TC*

The TC Charter would provide that the TC be comprised of three or more directors, and meet at least four times per year.<sup>3</sup> The TC would function in a manner similar to the other Board-level Committees in that it would have the ability to hire specialists and meet in executive session as well as be required to report to the Board on an annual basis. The TC would also have to annually confirm to the Board that its responsibilities, as set forth in the TC Charter, have been carried out and evaluate its and its members' performance on a regular basis.

2. Statutory Basis

OCC's governance arrangements, which include, but are not limited to, the proposed TC Charter promote the effectiveness of OCC's Board's oversight on OCC's business and operational processes. OCC believes that adoption of the TC Charter would enhance the effectiveness of the Board's oversight on OCC's business and operational processes, and

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<sup>3</sup> Members of the TC would not need to be technology experts.

specifically technology related processes, and thereby promote the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Act.<sup>4</sup> Furthermore, OCC believes the proposed rule change contributes to OCC's objective to have governance arrangements that are clear and transparent, consistent with Rule 17Ad-22(d)(8), as the TC Charter further delineates governance responsibilities for Board-level committees and because the TC Charter is made available to the public on OCC's website.<sup>5</sup> Finally, the proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

(B) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.<sup>6</sup> OCC's adoption of the TC Charter would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because it relates to the governance structure of OCC, which affects all users, and does not relate directly to any particular service or particular use of OCC's facilities.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies and would not impose a burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

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<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> 17 CFR 240.17Ad-22(d)(8).

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(I).

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

(A) by order approve or disapprove the proposed rule change, or

(B) institute proceedings to determine whether the proposed rule change should be disapproved.

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 SR-OCC-2015-018 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2015-018. 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 website (<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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at

[http://www.theocc.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_15\\_018.pdf](http://www.theocc.com/components/docs/legal/rules_and_bylaws/sr_occ_15_018.pdf)

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-2015-018 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated Authority.<sup>7</sup>

Kevin M. O'Neill  
Deputy Secretary

Action as set forth recommended herein  
APPROVED pursuant to authority delegated by  
the Commission under Public Law 87-592.  
For: Division of Trading and Markets

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5****THE OPTIONS CLEARING CORPORATION  
TECHNOLOGY COMMITTEE CHARTER****I. Purpose**

The Board of Directors ("Board") of The Options Clearing Corporation ("OCC") has established a Technology Committee (the "Committee") to assist the Board in overseeing OCC's information technology ("IT") strategy, infrastructure, resources and risks, including:

- Overseeing major IT related strategies, projects and technology architecture decisions;
- Monitoring whether OCC's IT programs effectively support OCC's business objectives and strategies;
- Monitoring OCC's IT risk management efforts and the security of OCC's information systems and physical security of information system assets; and
- Conferring with OCC's senior IT management team and informing the Board on IT related matters.

In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of OCC and are not, and do not represent themselves to be, technology experts.

**II. Membership and Organization**

- A. Composition. The Committee shall be comprised of three or more directors as appointed annually by the Board. The Board may remove or replace any member of the Committee at any time. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.
- B. Meetings. The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of

management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. The Chair shall determine whether minutes of executive sessions are to be maintained, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if minutes are maintained. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

The Committee will meet regularly with management in separate executive sessions to discuss any matters that either side believes should be discussed privately.

- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. Except as otherwise noted above, the Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable. Minutes of Committee meetings shall be circulated to the Board. On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year.

The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board.

### III. **Authority**

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties.

Subject to the approval of the Board, the Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Delegation. The Committee may form and delegate authority to subcommittees, and may delegate authority to one or more designated members of the Committee, including the approval of non-audit services performed by the external auditor as set forth below.

#### **IV. Functions and Responsibilities**

The Committee shall:

##### IT Strategy and Projects

- Evaluate the Company's IT strategies and the financial, tactical and strategic benefits of proposed major IT related projects and technology architecture alternatives.
- Critically review the progress of major IT related projects and technology architecture decisions.
- Discuss IT costs and internal processes for approval of major IT related capital expenditures.
- Make recommendations to the Board of Directors with respect to IT related projects and investments that require Board approval.

##### IT and Physical Security

- Monitor the quality and effectiveness of the Company's IT and physical security.
- Periodically review and appraise the Company's IT disaster recovery capabilities and related crisis management plans.

##### Internal Controls

- In coordination and cooperation with the Audit Committee, monitor the quality and effectiveness of IT systems and processes that relate to or affect the Company's internal control systems.
- Monitor and assess the Company's management of IT-related compliance risks.
- As necessary report to and consult with the Board of Directors and other Board committees (including the Audit Committee and the Risk Committee) regarding IT systems and processes that relate to or affect the Company's internal control and risk management systems.

##### Advisory Role

- As necessary, consult with the Company's senior IT management team.
- Stay informed of, assess and confer with the Company's senior IT management team with respect to new technologies, applications and systems that relate to or affect the Company's IT strategy or programs.
- Inform and make recommendations to the Board and its committees with respect IT related matters.

Other

- Confirm annually that all responsibilities outlined in this Charter have been carried out.
- Evaluate the Committee's and individual members' performance on a regular basis and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall also have the authority to perform any other duties consistent with this Charter, as the Committee or Board deems necessary.

**V. Review Cycle**

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.