

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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 Rule 1106(a)(3) to conform its provisions to changes made to Rule 805 in Filing SR-OCC-2004-04 and approved by the Commission in Release No. 34-50178. Underlining indicates material proposed to be added and material enclosed in brackets is proposed to be deleted.

THE OPTIONS CLEARING CORPORATION

RULES

CHAPTER XI

Suspension of a Clearing Member

Open Positions

RULE 1106. (a) [unchanged]

(1) [unchanged]

(2) [unchanged]

(3) if an option carried in a segregated long position of a suspended Clearing Member has not been closed out prior to its expiration date, and the exercise price thereof is below (in the case of a call) or above (in the case of a put) the closing price of the underlying security, as defined for the purposes of Rule 805, by (i) [3/4 of a point]\$.25 or more in the case of a stock option contract carried in a customers' account, (ii) [1/4 of a point]\$.15 or more in the case of a stock option contract carried in a firm non-lien account, or (iii) the interval or intervals established in accordance with the applicable Chapter of the Rules (or, if no such intervals shall have been established, such interval or intervals as the Corporation shall in its discretion select) in the case of an option other than a stock option, the option shall be exercised for the account of the suspended Clearing Member on its expiration date.

[The remainder of Rule 1106(a) is unchanged.]

(b) – (g) [unchanged]

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 March 5, 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

In Filing No. SR-OCC-2004-04, approved in Release No. 34-50178, OCC proposed rule changes that reduced the exercise thresholds applied to equity options for purposes of exercise by exception processing as set forth in Rule 805. Specifically, the thresholds were reduced from \$.75 to \$.25 in a clearing member's customers' account, and from \$.25 to \$.15 in any other account (i.e., firm and market maker accounts). However, OCC neglected to change Rule 1106(a)(3), which was intended to track those thresholds. The purpose of this rule change is to correct the error by making a conforming, technical change to Rule 1106(a)(3).

* * *

The proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Act"), because it facilitates the administration of an existing rule. 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

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 Act and Rule 19b-4(f) thereunder, the proposed rule change is effective upon filing inasmuch 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 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.

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.

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
Executive Vice President and
General Counsel