PARTIAL AMENDMENT

The Options Clearing Corporation ("OCC") hereby submits this partial amendment, constituting Amendment No. 1, to its rule filing SR-OCC-2004-20, filed on November 15, 2004, in which OCC proposed to amend its rules to reflect the implementation of a new risk management methodology, STANS. This partial amendment, which is being filed at the Commission's request, amends the Item 3 description of the rule filing to more fully explain why certain terms, particularly "premium margin" and "risk margin", are no longer used in Rule 601 as proposed to be amended. As discussed with the staff, OCC proposes to replace the second full paragraph[1] under "B. Rule Changes" in Item 3 of the rule change with the following:

Proposed Rule 601(c) contains a basic conceptual description of how, pursuant to STANS, the Corporation will determine the amount of margin assets a Clearing Member is required to deposit with the Corporation. Proposed Rule 601(c) uses the concepts of "margin requirement," "margin assets," "marking prices" and "minimum expected liquidating value" to aid in the description of STANS and margin requirement calculations, and definitions of each of these terms have been included in the proposed amendments to Article I of the By-Laws or Rule 601 as appropriate. The Corporation proposes to delete terms that are defined in the existing Rule 601(b) which are relevant to TIMS and not relevant to STANS. <u>For example, the terms "premium margin" and "risk margin" are no longer used. The "margin requirement" as determined using STANS is at least equal to the "minimum expected liquidating value" of the account (if such expected value is less than zero). The "minimum expected liquidating value" may be conceptualized as (i) the current net asset value of positions in the account (i.e., what</u>

[1] Newly added text is marked by double underlining.

used to be called "premium margin") plus (ii) an additional amount sufficient to cover the impact of the largest expected adverse market movement (i.e., "risk margin"). But because STANS does not actually derive the minimum expected liquidating value in this additive way, and because STANS is designed to project expected values for margin assets whose prices are not referred to as "premiums," the old terminology was deemed inappropriate.