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SR-OCC-2005-12

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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

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

Under the recently approved customer portfolio margining pilot program, the theoretical prices used for computing profits and losses of eligible instruments in a participating customer's account must be generated by a theoretical pricing model that meets the requirements in SEC Rule 15c3-1a.¹ The requirements of SEC Rule 15c3-1a include, among other things, that the model be non-proprietary, approved by a Designated Examining Authority ("DEA"), and available on the same terms to all broker-dealers. Currently, OCC's model is the only model approved under SEC Rule 15c3-1a.

OCC initially developed this theoretical profit/loss model in connection with a pilot program sponsored by the Commission's Division of Market Regulation to evaluate securities haircuts for listed options and related positions calculated using an options pricing methodology.² During both the pilot program and the period after the effectiveness of the Commission's amendments to the net capital rule which permitted broker-dealers to employ theoretical option pricing models in determining their net capital requirements, OCC has supplied theoretical profit/loss value data to interested broker-dealers whether or not they were

¹ Release Nos. 34-52031 and 52032.

an OCC clearing member. In January, 1998, OCC began charging such broker-dealers the same fees for the theoretical profit/loss file pursuant to a Commission approval order.³ By this filing, OCC would apply those same fees to clearing members and non-clearing member broker-dealers that subscribe to the theoretical profit/loss file for customer portfolio margining purposes.⁴ Technical changes are made to OCC's Schedule of Fees (attached as Exhibit 5) to effectuate this proposal.

* * *

The proposed change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Act") because it allocates reasonable fees in a fair and equitable manner insofar it applies current fees for the theoretical profit/loss file equally to all subscribing broker-dealers (whether or not an OCC clearing member) that use such file for customer portfolio margining or risk-based haircut purposes. 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.

² Release No. 34-38248.

³ Release No. 34-39503.

⁴ OCC also intends to make the theoretical profit/loss file available to interested customers, but without charge, in order to encourage participation by eligible customers in the pilot program and because OCC would already be charging the carrying broker-dealer for the file.

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. Please include File Number SR-OCC-2005-12 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-2005-12. 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-2005-12 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: _____

EXHIBIT 5

OCC Schedule of Fees - July August 2005

CLEARING MEMBER**Clearing****Clearing Fees**

Trades with contracts of:

1 - 500	\$.05
501 - 1,000	\$.04
1,001 - 2,000	\$.03
Greater than 2,000	\$ 55.00 per trade

Market Maker / Specialist

Scratch per side	\$.02
Minimum Monthly Clearing Fee	\$ 200.00
Exercise Fee - per line item on exercise notice	\$ 1.00

New Products

First calendar month traded:
\$.00

Second calendar month traded:

Cleared trades w/contracts of:	
1 - 4,400	\$.01
Greater than 4,400	\$ 40.00 per trade

Third calendar month traded:

Cleared trades w/contracts of:	
1 - 2,200	\$.02
Greater than 2,200	\$ 40.00 per trade

Fourth calendar month traded:

Reverts to clearing fees specified above

Membership

New Clearing Member Qualification Fee	\$ 4,000.00
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STAMPS

Clearing Member Authorization Stamp	\$ 23.00 per stamp
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Ancillary Services**TIER I****For First Clearing Number:**

- ENCORE, C/MACS and Hedge Access
- MyOCC Access (Unlimited)
- ECMI Platform Lease (1 PC)
- Data Service (includes transmission to service bureau)
- Report Bundle
- Series File
- Adjusted Position File
- Open Interest File
- Prices File
- Special Settlement File
- Hedge File
- Monthly Reports on CD-ROM (2 copies)
- Leased line charges are additional \$ 2,400.00 per month

For Each Additional Clearing Number (Applies to TIERS I, II, III)

- MyOCC Access (Unlimited)

TIER II

- ENCORE, C/MACS and Hedge Access
- MyOCC Access (Unlimited)
- ECMI Platform Lease (1 PC)
- Data Service
- Report Bundle
- Monthly Reports on CD-ROM (2 copies)
- Leased line charges are additional \$ 1,950.00 per month

TIER III

- ENCORE, C/MACS and Hedge Access
- MyOCC Access (Unlimited)
- Monthly Reports on CD-ROM (2 copies)
- ECMI Platform Lease (1 PC)
- \$ 1,250.00 per month

TIER IV (Hedge only)

- MyOCC Access (Unlimited - for Internet Reports)

- Data Service	\$ 250.00 per month
- Report Bundle	
- Adjusted Position File	
- Monthly Reports on CD-ROM (2 copies)	
\$ 950.00 per clearing number,	
per month	
Leased Line Services	
- T1 line to a Midwest Destination	\$ 2,500.00 per month, per line
- T1 line to an East Coast Destination	\$ 3,500.00 per month, per line
- T1 line to a West Coast Destination	\$ 4,500.00 per month, per line

CLEARING MEMBER / NON-CLEARING MEMBER	
Publications/Brochures	
Disclosure Documents	\$.45
"Understanding Stock Options"	
(quantities of 99 or less)	\$ 1.00
(quantities of 100 or more)	\$.90
"LEAPS® (Long-Term Equity Anticipation Securities®)"	
(quantities of 99 or less)	\$ 1.00
(quantities of 100 or more)	\$.90
"Taxes & Investing: A Guide for the Individual Investor"	
(quantities of 99 or less)	\$ 1.00
(quantities of 100 or more)	\$.90
OCC By-Laws and Rules	\$ 47.00
(Updates can be obtained on a subscription basis for \$47.00 per year.)	
Theoretical Profit and Loss Values	
Computer Interface	
- Monthly fee (per <u>subscribing</u> broker)	\$ 2,000.00
- Month-end only (per class group for all class groups in the database (per <u>subscribing</u> broker) (approximately 2000-3000 class groups)	\$.10
Dial-Up Access	
(Via Theoretical Information Online System) per class group per day per <u>subscribing</u> broker (\$200.00 minimum and \$2,000.00 maximum per month per <u>subscribing</u> broker) ["per broker" essentially means, per separate net capital calculation; does not mean that the charges apply to each market-maker / specialist whose positions are taken into account calculating a broker's net capital]	\$.10

NON-CLEARING MEMBER**Series Information**

Non-Clearing Member	
- Non-Distribution	\$ 1,750.00
- Distribution	\$ 3,000.00

Prices Information

Non-Clearing Member	\$ 3,000.00
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ALL FEES ARE SUBJECT TO CHANGE

For further information, contact Member Services at 1-800-621-6072 or refer to OCC's Member Services Brochure.

Alternative Schedule***Futures Exchanges (except CFE)**

Trades with contracts of:		Market Maker / Specialist	
1 - 500 \$.07		Scratch per side, All:	\$.02
501 - 1,000 \$.06		Minimum Monthly Clearing	
1,001 - 2,000 \$.05		Fee:	\$ 200.00
Greater than 2,000 \$ 85.00 per trade			

New Products

First calendar month traded:

\$.00

Second calendar month traded:

\$.025

Third calendar month traded:

The lessor of the total at \$.05 per contract or \$ 85.00

Fourth calendar month traded:

Reverts to clearing fees specified above

CFE Schedule

There will be no product fee discount.

Trades with contracts of:		Market Maker / Specialist	
1 - 500 \$.07		Scratch per side:	\$.02
501 - 1,000 \$.06		Minimum Monthly Clearing	
1,001 - 2,000 \$.05		Fee:	\$ 200.00
Greater than 2,000 \$.03			

The executor of a giveup trade will be charged on the original trade at the rates above.

*Markets trading futures products can elect OCC's standard or alternative fee schedule. Fees collected under the alternative schedule are excluded from any other rebates or discounts offered by OCC and from any year-end refund of clearing fees.

*Material to be deleted from the OCC Schedule of Fees is enclosed in brackets, and material to be added is underlined.