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SR-OCC-2005-13

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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

Item 1. Text of the Proposed Rule Change

As described in Item 3 below, OCC is filing this rule change to charge clearing fees to OneChicago, LLC (“ONE”) for cleared trades where an OCC clearing member is on one or both sides of the trade based on OCC’s standard rebate-eligible fee schedule (“Standard Fee Schedule”), rather than under the alternate rebate-ineligible fee schedule (“Alternate Fee Schedule”) adopted when OCC and ONE entered into the Security Futures Agreement for Clearing and Settlement Services (“ONE Clearing Agreement”).

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 September 27, 2005.

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**Background**

Under the Standard Fee Schedule, OCC clearing members pay OCC’s standard clearing fees and are eligible to receive rebates of excess clearing fees when and as determined by OCC’s Board of Directors. When negotiating its clearing agreement with OCC, ONE preferred to pay OCC’s clearing fees itself rather than have OCC charge those fees to clearing

members.¹ Because ONE wanted to plan on set fees and avoid the uncertainty of a rebate that might be less than expected, OCC agreed to an Alternate Fee Schedule which provides for the following fees:

- 7¢ per side for trades of 1 to 500 contracts
- 6¢ per side for trades of 501 to 1,000 contracts
- 5¢ per side for trades of 1,001 to 2,000 contracts, and
- \$85 for trades larger than 2,000 contracts.²

The Alternate Fee Schedule also includes certain new product discounts.³ Under the terms of the ONE Clearing Agreement, the Alternate Fee Schedule expires on November 8, 2005.

Discussion

Since the adoption of the Alternate Fee Schedule, OCC has both reduced and discounted its Standard Fee Schedule.⁴ The current discounted Standard Fee Schedule is:

- 5¢ per contract for trades of 1 to 500 contracts
- 4¢ per contract for trades of 501 to 1,000 contracts
- 3¢ per contract for trades of 1,001 to 2,000 contracts, and

¹ At that time, clearing fees under OCC's Standard Fee Schedule were:

- 9¢ per side for trades of 1 to 500 contracts
- 7¢ per side for trades of 501 to 1,000 contracts
- 6¢ per side for trades of 1,001 to 2,000 contracts, and
- \$110 for trades larger than 2,000 contracts

² See File No. SR-OCC-2002-20. Pursuant to the ONE Clearing Agreement, the CME has been designated as an associated clearinghouse ("ACH") for ONE. Under the Alternate Fee Schedule, different fees are charged where the ACH is on one or both sides of a trade. Those fees are not being changed by this filing.

³ See File No. SR-OCC-2002-20. That new product discount schedule is:

- First month traded: No fee
- Second month traded: 2.5¢ regardless of size
- Third month traded: The lesser of the total at 5¢ or \$85
- Fourth month traded: Reverts to Alternate Fee Schedule

⁴ See File Nos. SR-OCC-2004-01, SR-OCC-2004-12, SR-OCC-2004-22, and SR-OCC-2005-08.

- \$55 for trades larger than 2,000 contracts.

This discounted fee structure remains in effect until further action by OCC's Board of Directors.

In response to a request by ONE, OCC has agreed to charge fees to ONE under the Standard Fee Schedule (including standard new product fee discounts⁵) for trades where at least one side is cleared by an OCC clearing member. OCC is willing to provide ONE with the benefit of the Standard Fee Schedule for such trades before the date the Alternate Fee Structure for ONE is set to expire. Accordingly, effective October 1, 2005, OCC will charge ONE clearing fees based on the Standard Fee Schedule. Any refund of clearing fees charged under the Standard Schedule will be paid to ONE.

* * *

The proposed change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") because it provides the benefit of a discounted, rebate-eligible clearing fee schedule for certain trades to a market for which OCC provides clearance and settlement services. The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

⁵ New product fees under the Standard Schedule are:

- First month traded: No fee
- Second month traded: For trades with contracts of:
1 – 4,400 1 cent/side
> 4,400 \$40
- Third month traded: For trades with contracts of:
1 – 2,200 2 cents/side
> 2,200 \$40
- Fourth month traded: Reverts to Standard Fee Schedule

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

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)

Pursuant to Section 19(b)(3)(A), the proposed rule change is filed for immediate effectiveness inasmuch as it provides a market for which OCC performs clearance and settlement services with the benefit of the discounted, rebate-eligible fee schedule for certain trades.

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

Not applicable.

Item 9. Exhibits

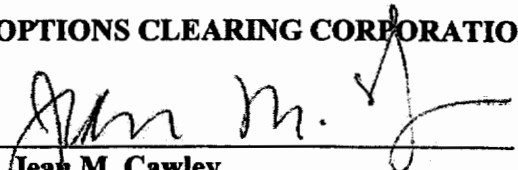
Exhibit 1. Completed Notice of Proposed Rule Change for publication in the
Federal Register.

SIGNATURE

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: _____


Jean M. Cawley
First Vice President and
Deputy General Counsel