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File No. SR-OCC-2005-18

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 its Rule 604 as set forth below. The amendment would clarify that securities held for the account of a securities customer may be deposited as margin not only in a customers’ account, but also in a customers’ lien account. Material proposed to be added to Rule 604 as currently in effect is underlined.

THE OPTIONS CLEARING CORPORATION

RULES

* * *

CHAPTER VI

Margins

* * *

Forms of Margin

RULE 604. Required margin may be deposited with the Corporation in one or more of the forms specified in paragraphs (a)-(c) of this Rule 604.

(a) [No change.]

(b) Securities. The types of securities specified in subparagraphs (1)-(4) of this paragraph (b) may be deposited with the Corporation in the manner specified for each:

(1) – (4) [No change.]

(5) No securities held for the account of a securities customer (other than a Market-Maker) may be deposited hereunder in respect of any account other than the customers’ account or the customers’ lien account. No securities held for the account of any Market-Maker shall be deposited in respect of any account other than such Market-Maker’s account or a combined Market-Makers’ account in which such Market-Maker is a participant. No securities carried for the account of any securities customer or that is either a “fully paid security” or an “excess

margin security” within the meaning of SEC Rule 15c3-3 shall be deposited with respect to any account hereunder. Securities held for the account of a futures customer shall be held in accordance with the provisions of the Commodity Exchange Act and the regulations thereunder.

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 July 23, 2002. 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

The proposed rule change would clarify that securities held for the account of a securities customer (other than a Market-Maker) may be deposited as margin in a customers’ lien account. In File No. SR-OCC-2003-04, which was approved in Release No. 34-52030 (July 14, 2005), OCC proposed rule changes that would permit Clearing Members to clear trades of certain securities customers in a new type of account, called a customers’ lien account, that is subject to portfolio margining. Although it was clearly intended that Clearing Members be permitted to deposit securities held for the account of securities customers participating in portfolio margining in customers’ lien accounts, the necessary conforming change to Rule 604(b)(5) was inadvertently omitted. The purpose of this rule filing is to make that conforming change.

* * *

The proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act") because it promotes the prompt and accurate clearance and settlement of securities transactions by making a conforming change to OCC's rules. The proposed rule change is not inconsistent with OCC's rules, including any 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)

This proposed rule change has been filed for immediate effectiveness because, as a conforming amendment to OCC's Rules, it constitutes a stated policy, practice or interpretation with respect to the meaning, administration or enforcement of an existing rule of OCC.

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.

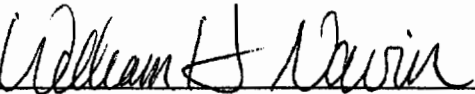
Item 9. Exhibits

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