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File No. SR-OCC-2005-20

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OFC. OF THE SECRETARIAT

**SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**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 to make a technical change. Material proposed to be added is underlined, and material proposed to be deleted is enclosed in brackets.

**THE OPTIONS CLEARING CORPORATION****RULES**

\* \* \*

**CHAPTER VI**

\* \* \*

**Forms of Margin**

**RULE 604.** [Introductory language to Rule 604 is unchanged]

(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) – (3) [No Change]

(4) *Equity and Debt Issues.* (i) Clearing Members may deposit, as hereinafter provided, common and preferred stocks (“stocks”) and corporate bonds which meet the standards prescribed below. In order to be eligible for deposit, stocks must have a market value greater than \$10 per share and must be (A) traded on a national securities exchange (B) traded in the Nasdaq National Market or (C) traded in The Nasdaq [SmallCap] Capital [m]Market. Corporate bonds must (A) be listed on a national securities exchange and not in default, (B) have a current market value that is readily determinable on a daily basis, and (C) be rated in one of the four highest rating categories by a nationally recognized statistical rating organization. An issue that is suspended from trading or subject to special margin requirements under the rules of, the market that listed or qualified the issue for trading because of volatility, lack of liquidity or similar characteristics, may not be deposited as margin with the Corporation. If the issue is listed or traded on more than one market and the markets do not take the same action, the Corporation will use its discretion to determine which market’s actions will be definitive for purposes of this Rule. Each deposit pursuant to this Rule 604 (b)(4) shall be made with respect to a designated account of the Clearing Member. Deposited stocks and bonds shall be valued on a daily basis at

70% of current market value or such lower value as the Membership/Margin Committee of the Corporation may prescribe from time to time with respect to such stocks or bonds, or any of them. In valuing any stock or bond for the purposes of this Rule 604 (b)(4), its current market value shall be deemed to be its price at the close of regular trading hours (as determined by the Corporation) on such national securities exchange or other domestic security market as the Corporation shall determine during the preceding trading day. If such stock or bond was not traded on such market during regular trading hours, the current market value shall be deemed to be the lowest reported bid quotation for such stock or bond at or about the close of regular trading hours on such day. Equity and debt issues of any one issuer shall not be valued at an amount in excess of 10% of the margin requirement in the account for which such securities are deposited. Common stocks deposited pursuant to Rule 610 shall have no value as margin for the purposes of this Rule 604 (b)(4).

(5) [No Change]

(c) – (e) [No Change]

\* \* \*

**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 January 30, 2001.

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**

Effective September 27, 2005, the Nasdaq Stock Market, Inc. renamed the NASDAQ SmallCap Market as the NASDAQ Capital Market. Rule 604(b)(4) references the NASDAQ SmallCap Market, and this rule change updates that reference by making a conforming change.

\* \* \*

The proposed rule change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended ("Exchange Act"), because it ensures that OCC's rules are accurate by reflecting the current name associated with a NASDAQ market tier. 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), the proposed rule change is filed for immediate effectiveness inasmuch as it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

**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, as amended, 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