

EX-107-06-41  
OFFICE OF THE SECRETARY

**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”) is adopting the following policy statement under Rule 205. The policy statement requires clearing members that use the Internet as their primary means to access OCC’s information and data systems via a Secure Website to maintain a secure backup to Internet access in order to provide for business continuance should there be an Internet outage.

**THE OPTIONS CLEARING CORPORATION****POLICY STATEMENT****Back-Up Communication Channel to Internet Access**

**Purpose.** The Options Clearing Corporation (“OCC”) hosts and maintains a Secure Website providing Clearing Members with on-line access to various applications and services offered by OCC through the Internet via the URL <http://www.myocc.com>. OCC has determined that Clearing Members relying upon the Internet for access to such applications and services must maintain a secure back-up to Internet access (the “Back-Up Communication Channel”) in order to be able to perform critical business activities in a timely manner even in the event of an Internet outage. This Policy Statement sets forth the OCC-approved Back-Up Communication Channels. It may be amended from time to time.

**Policy.** Clearing Members accessing the Secure Website through an Internet connection shall: (a) maintain separate service agreements with at least two (2) independent Internet Service Providers; and (b) establish a secure Back-Up Communication Channel, as set forth below, that is applicable to the Category that best describes the Clearing Member’s Business Profile:

Business Profile	Back-Up Communication Channel
<b>Category A</b>	
<ul style="list-style-type: none"> <li>• Ranks in the top 25 Clearing Members with the highest cleared volume during a calendar year</li> <li>• Clears more than one account type as defined in OCC's By-Laws and Rules</li> <li>• Clears two or more product types</li> <li>• Conducts Clearing Member Trade Assignment ("CMTA") business</li> <li>• High volume of daily post-trade input</li> <li>• Generally utilizes multiple forms of collateral</li> <li>• Utilizes most ancillary services offered by OCC</li> <li>• Currently uses Lease Line for data transmissions</li> </ul>	T1 Line
<b>Category B</b>	
<ul style="list-style-type: none"> <li>• Has mid-level volume</li> <li>• Clears only one or more account types as defined in OCC's By-Laws and Rules</li> <li>• Clears one or more product types</li> <li>• Moderate to small volume of post-trade input</li> <li>• Generally utilizes one or two forms of collateral</li> <li>• May utilize Lease Line for data transmissions</li> </ul>	T1 Line or ISDN
<b>Category C</b>	
<ul style="list-style-type: none"> <li>• Has low-level volume</li> <li>• Clears no more than one account type as defined in OCC's By-Laws and Rules</li> <li>• Clears no more than one product type</li> <li>• Generally utilizes one or two forms of collateral</li> <li>• Minimal post-trade input</li> </ul>	ISDN, OCC office <sup>1</sup> or fax input

The Business Profiles set forth above are intended to serve as guidelines of the types of criteria that will be used by OCC to determine the Back-Up Communication Channel applicable to a particular Clearing Member. OCC staff will be available to discuss the Business Profile that best fits a particular Clearing Member taking into consideration the transaction volume and account activity of the Clearing Member. Notwithstanding the foregoing, OCC reserves the right to determine, in its sole discretion, the Back-Up Communication Channel applicable to a specific Clearing Member. In addition, OCC may periodically review the Business Profile of a Clearing Member and require changes to its existing Back-Up Communication Channel so as to comply with the guidelines described above.

<sup>1</sup> Smaller firms that rely solely on the Internet can utilize OCC equipment if the clearing member is located in or near a city where OCC maintains operational centers.

**Item 2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved by OCC's Board of Directors at a meeting held on September 16, 2005.

Questions regarding the proposed rule change should be addressed to Bruce C. Kelber, Director and Associate General Counsel, at (312) 322-6200.

**Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**

In 1997, OCC introduced a system called ECMI (Enhanced Clearing Member Interface) for clearing members to access C/MACS, OCC's post-trade and collateral processing system. At the time, all clearing members were required to use ECMI either as their primary means of access or as a back-up to a dedicated T1 line. In 2002, with the deployment of ENCORE for positions processing, clearing members were able to access ENCORE for processing position-related post-trade transactions anytime from anywhere, through OCC's Secure Website by using the Internet. With the deployment of ENCORE Release 4.5 (Collateral), all post-trade transactions, including collateral transactions, could be accomplished using an Internet connection to the Secure Website. Most clearing members have now adopted the Internet as their primary means of accessing the Secure Website, and although some clearing members continue to use ECMI as a back-up communication channel, the current ECMI dial-up access does not provide the high speed and performance level necessary for daily ENCORE activity.

With so many clearing members relying on the Internet as their primary means of accessing OCC information and data systems, OCC has determined to adopt a policy statement

that requires such clearing members to maintain: (i) separate service agreements with two independent internet service providers, and (ii) a required back-up to Internet access via an approved Back-Up Communication Channel. OCC will determine the Back-Up Communication Channel applicable to an affected clearing member by reference to certain guidelines incorporated within the policy statement. Those guidelines are:

Business Profile	Back-Up Communication Channel
<b>Category A</b>	
<ul style="list-style-type: none"> <li>• Ranks in the top 25 Clearing Members with the highest cleared volume during a calendar year</li> <li>• Clears more than one account type as defined in OCC's By-Laws and Rules</li> <li>• Clears two or more product types</li> <li>• Conducts Clearing Member Trade Assignment ("CMTA") business</li> <li>• High volume of daily post-trade input</li> <li>• Generally utilizes multiple forms of collateral</li> <li>• Utilizes most ancillary services offered by OCC</li> <li>• Currently uses Lease Line for data transmissions</li> </ul>	T1 Line
<b>Category B</b>	
<ul style="list-style-type: none"> <li>• Has mid-level volume</li> <li>• Clears only one or more account types as defined in OCC's By-Laws and Rules</li> <li>• Clears one or more product types</li> <li>• Moderate to small volume of post-trade input</li> <li>• Generally utilizes one or two forms of collateral</li> <li>• May utilize Lease Line for data transmissions</li> </ul>	T1 Line or ISDN
<b>Category C</b>	
<ul style="list-style-type: none"> <li>• Has low-level volume</li> <li>• Clears no more than one account type as defined in OCC's By-Laws and Rules</li> <li>• Clears no more than one product type</li> <li>• Generally utilizes one or two forms of collateral</li> <li>• Minimal post-trade input</li> </ul>	ISDN, OCC office <sup>2</sup> or fax input

<sup>2</sup> Smaller firms that rely solely on the Internet can utilize OCC equipment if the clearing member is located in or near a city where OCC maintains operational centers.

OCC's purpose in adopting this policy statement is to ensure that clearing members maintain a secure back-up to Internet access in order to be able to perform critical business activities in a timely manner even in the event of an Internet outage.<sup>3</sup> The Policy Statement, which will not be incorporated into the Rules, but will be a stand-alone document, will be effective on May 1, 2006.<sup>4</sup> Clearing members have already been notified about the adoption of this policy statement and its effective date.

**Item 4. Self-Regulatory Organization's Statement on Burden on Competition**

OCC does not believe that the proposed rule change would impose any material impact 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.

---

<sup>3</sup> In File No. SR-OCC-2006-03, OCC reduced the fixed monthly ancillary services fees charged to Tier I, II, and III clearing members to reflect the termination of the ECMI Interface and to partially offset the additional cost of establishing a Back-Up Communication Channel. This fee reduction became effective in April, 2006.

<sup>4</sup> Conforming changes will also be made to the Supplement to Agreement for OCC Services for Internet Access (the "Supplement") to incorporate the Policy Statement into the terms of the Supplement. Copies of Amendment No. 1 to the Supplement to be executed by existing Clearing Members, as well as the Amended and Restated Supplement for new Clearing Members are attached hereto. Language proposed to be added to the Amended and Restated Supplement is underlined. Language proposed to be deleted therefrom is enclosed in brackets. See also Release No. 34-46152 for the text of the original Supplement.

**Item 6.      Extension of Time Period for Commission Action**

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.

**Item 7.      Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)**

This rule change has been filed for immediate effectiveness pursuant to Section 19(b)(3)(A) of Act as it constitutes a stated policy, practice or interpretation with respect to the administration, meaning or enforcement of an existing rule.

**Item 8.      Proposed Rule Change Based on Rules of Another Regulatory Organization or of the Commission**

The proposed rule change is not based on a rule change of another self-regulatory organization.

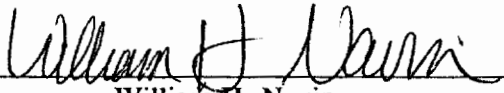
**Item 9.      Exhibits**

- Exhibit 1      Completed notice of the proposed rule change for publication in the Federal Register.
- Exhibit 5A     Amendment No. 1 to the Supplement to Agreement for OCC Services for Internet Access.
- Exhibit 5B     Amended and Restated Supplement to Agreement for OCC Services for Internet Access.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

**THE OPTIONS CLEARING CORPORATION**

By:   
William H. Navin  
Executive Vice President  
and General Counsel