

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, the proposed rule change would implement a surcharge to the monthly ancillary service fee for clearing member subscribers that have not converted to the new Data Distribution Service (DDS)¹ format by the revised mandated conversion date of September 29, 2006.

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 March 2, 2006.

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 implement a surcharge to the monthly ancillary service fee for clearing member subscribers that have not converted to the new DDS format by the revised mandated conversion date of September 29, 2006.

Background

Both clearing members and non-clearing members may subscribe to DDS. A clearing member may subscribe to DDS in order to receive in a machine readable format data

¹ See File Nos. SR-OCC-2006-01 and SR-OCC-2005-09 for a description of the services, including DDS, offered through OCC's ancillary services program.

processed by OCC that is proprietary to such clearing member (e.g., position and post-trade entries) as well as “non-proprietary” data (i.e., data not specific to the clearing member) produced by OCC including, series, prices, and other like information. Non-clearing members may subscribe to DDS in order to receive certain non-proprietary data.

Discussion

In December, 2004, OCC informed all DDS subscribers that OCC was requiring them to convert to the new ENCORE² DDS format by February 28, 2006. Although OCC has been diligently working with subscribers to facilitate their implementation of the new DDS format, it became apparent that subscribers needed additional time in order to complete their systems work. Accordingly, in December, 2005, OCC announced an extension of the mandated conversion date to September 29, 2006. After the mandated conversion date, OCC will continue to support the legacy data service distribution system. However, for clearing member subscribers that do not meet the revised conversion date of September 29, 2006, OCC proposes to charge a monthly surcharge of \$1,000 per month in order to reasonably allocate the costs of continuing to support the legacy data distribution system. The surcharge will be imposed starting with the October, 2006 billing cycle and continue until the clearing member converts to the new DDS format and ceases to receive any legacy data service distribution transmissions. By a separate rule change, File No. SR-OCC-2006-07, OCC will propose – for the same reason – to apply the \$1,000 per month surcharge to non-clearing member subscribers to DDS that

² ENCORE is OCC’s clearing system.

likewise fail to convert to the new format.³ If that filing is not approved by October, 2006, OCC will defer implementing the surcharge as to clearing members until the Commission has approved File No. SR-OCC-2006-07. OCC's Schedule of Fees also has been amended to reflect this surcharge (See Exhibit 5).

* * *

The proposed change is consistent with Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because it involves a fee, due or charge applicable to clearing member subscribers of DDS that provides for the reasonable allocation of costs to support a legacy system after the passage of an established conversion date. 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.

³ All non-clearing member DDS subscribers are business entities.

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) and Rules 19(b)-(f) thereunder, the proposed rule change is filed for immediate effectiveness inasmuch as it involves a fee, due or charge applicable to clearing member subscribers of DDS that provides for the reasonable allocation of costs to support a legacy system after the passage of an established conversion date.

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

Not applicable.

Item 9. Exhibits

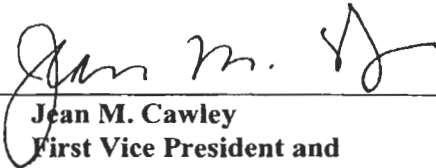
Exhibit 1. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 5: OCC Schedule of Fees

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