

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

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JUN 14 2006

Item 1. Text of the Proposed Rule Change

The Options Clearing Corporation (“OCC” or “the Corporation”) proposes to add the text underlined below to Article I of OCC’s By-Laws to permit OCC to issue, clear, and settle options on equity interests issued by exchange-traded funds that are commodity pools.

THE OPTIONS CLEARING CORPORATION

BY-LAWS

ARTICLE I

Definitions

SECTION 1. Unless the context requires otherwise (or except as otherwise specified in the By-Laws), the terms defined herein shall, for all purposes of these By-Laws and the Rules of the Corporation, have the meanings herein specified.

A. – E. [unchanged]

F.

(1) – (7) [unchanged]

Fund Share

(8) The term “fund share” means a publicly traded interest in a trust, investment company, commodity pool, or [other] similar entity principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, commodity futures, futures options, and/or options on physical commodities.¹

(9) – (12) [unchanged]

¹ If File No. SR-OC-2006-16 is approved prior to this rule change, this rule change would be revised to read as follows:

“(8) The term “fund share” means a publicly traded interest in a trust, investment company, commodity pool, or similar entity principally engaged, directly or indirectly, in holding and/or managing portfolios or baskets of securities, [or] currencies (including single currencies), commodity futures, futures options, and/or options on physical commodities.”

G. – Z. [unchanged]

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 May 23, 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 purpose of this rule change is to permit OCC to issue, clear, and settle options on equity interests issued by exchange-traded funds (“ETFs”) that trade directly or indirectly in commodity futures products and are therefore subject to regulation by the Commodity Futures Trading Commission (“CFTC”) as commodity pools. The American Stock Exchange has proposed to trade options on (1) interests (the “Interests”) issued by the DB Commodity Index Tracking Fund (the “DBC Fund”), whose value is intended to track the performance of the “Deutsche Bank Liquid Commodity Index™ - Excess Return” (the “Index”), and (2) units (the “Units”) issued by the United States Oil Fund, L.P. (the “Oil Fund”), whose value is intended to track the spot price of West Texas Intermediate light, sweet crude oil delivered to Cushing, Oklahoma, less Oil Fund expenses (the “Benchmark”).

The DBC Fund is a “feeder fund” that invests substantially all of its assets in the DB Commodity Index Tracking Master Fund (the “Master Fund”), and the Master Fund in turn maintains a portfolio of exchange-traded futures on aluminum, gold, corn, wheat, heating oil and

light, sweet crude oil. The Index is derived from the prices of those futures contracts. The Master Fund's portfolio is managed on an ongoing basis by DB Commodity Services LLC, a registered commodity pool operator and commodity trading advisor, so that the value of the portfolio closely tracks the value of the Index over time.

Unlike the DBC Fund, the Oil Fund does not invest through a master fund but rather trades directly in futures on crude and heating oil, natural gas, gasoline, and other petroleum-based fuels, options on such futures contracts, forward contracts for oil, and other over-the-counter derivatives based on the price of oil, other petroleum-based fuels, the futures contracts described above, and indexes based on any of the foregoing. The Oil Fund's portfolio is managed by Victoria Bay Asset Management LLC with the aim of tracking the Benchmark.

The Interests and the Units are freely transferable and may be bought and sold like any other ETF interest or other exchange-listed security. In addition to options on the Interests and the Units, there may be other similar options on ETFs regulated as commodity pools ("Pool ETFs") that OCC may be asked to issue, clear, and settle in the future.

The proposed rule change is needed to permit OCC to issue, clear, and settle options on Pool ETFs. The definition of "fund share" in Article I of OCC's By-Laws is currently limited to shares in entities "holding portfolios or baskets of securities." However, the Oil Fund invests directly in commodity futures contracts. Additionally, although as a technical matter the DBC Fund invests exclusively in securities (the units issued by the Master Fund), entities such as the DBC Fund that invest in the securities issued by a commodity pool are themselves deemed to be commodity pools because they represent an indirect investment in commodity futures

contracts. OCC is therefore proposing to amend the definition of “fund share” in Article I of its By-Laws to specifically refer to interests in an entity that is a commodity pool. The definition would also be revised to make it clear that (i) it includes entities with actively managed portfolios, (ii) it includes feeder funds, and (iii) it applies only to entities principally engaged in holding portfolios or baskets of securities or currencies, and not entities that do so as an incident to some other business.

The proposed rule change will not be implemented until definitive copies of an appropriate supplement to the options disclosure document, *Characteristics and Risks of Standardized Options*, are available for distribution.

* * *

The proposed changes to OCC’s By-Laws and Rules are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because they are designed to promote the prompt and accurate clearance and settlement of securities transactions, to foster cooperation and coordination with persons engaged in the clearance and settlement of such transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of such transactions, and, in general, to protect investors and the public interest. 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

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Securities Exchange Act of 1934.

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

Not applicable.

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

Not applicable.

Item 9. Exhibits

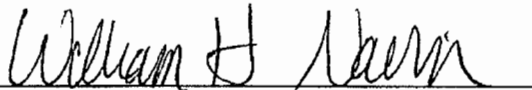
Exhibit 1. Completed Notice of Proposed Rule Change for publication in the

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: 

William H. Navin
Executive Vice President and
General Counsel