



THE OPTIONS CLEARING
CORPORATION

December 19, 2006

VIA E-MAIL

Ms. Eileen A. Donovan
Acting Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2006-22 Rule Certification

Dear Acting Secretary Donovan:

Attached is a copy of the above-referenced rule filing, which The Options Clearing Corporation ("OCC") is submitting pursuant to the self-certification procedures of Commission Regulation 40.6. This rule filing has been, or is concurrently being, submitted to the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act").

In conformity with the requirements of Regulation 40.6(a)(3), OCC states the following: The text of the rule is set forth at Item 1 of the enclosed filing. The date of implementation of the rule is when the requisite systems are available to support the rule. No substantive opposing views were expressed to OCC by governing board or committee members, clearing members of OCC, or market participants, that were not incorporated into the rule.

OCC hereby certifies that the rule set forth at Item 1 of the enclosed filing complies with the Commodity Exchange Act and the Commission's regulations thereunder.

JEAN M. CAWLEY

FIRST VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

ONE N WACKER DRIVE, SUITE 500 CHICAGO, ILLINOIS 60606 TEL 312.322.6269 FAX 312.322.6280

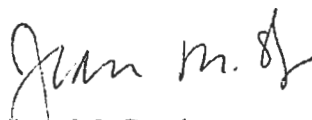
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM

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OFFICE OF THE SECRETARY

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Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-6269.

Sincerely,


Jean M. Cawley

Attachments

cc: CFTC Central Region (w/ enclosure)
525 West Monroe Street, Suite 1100
Chicago, IL 60661
Attn: Frank Zimmerle

2006-22 cftc.ltr



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 401 as set forth below. Material proposed to be added to Rule 401 as currently in effect is underlined.

Material proposed to be deleted from Rule 401 is enclosed in brackets.

THE OPTIONS CLEARING CORPORATION

RULES

Trade Reporting and Matching**RULE 401. (unchanged)*****...Interpretations and Policies:***

.01 In the case of futures, trade information submitted by an Exchange, futures market or security futures market need not identify a transaction as opening or closing if the Exchange, futures market or security futures market elects not to include such information in reporting its matching trade information. In that case, the Corporation will initially treat all purchase and sale transactions in futures in accounts other than Market Maker accounts as opening transactions. Each Clearing Member having such transactions in such accounts shall submit gross position adjustment information to the Corporation as necessary to identify the actual open interest in each such account at the end of each trading day based upon the day’s trading activity and any applicable rules of an Exchange, futures market or security futures market. In the event an account contains an insufficient number of futures contracts in a particular series to effect a gross position adjustment in accordance with such information, the adjustment shall be applied up to the number of available contracts in such series and the remainder of the adjustment shall be given no effect.

.02 In the case of an Exchange transaction involving futures, a Clearing Member may, through the systems of the Corporation, update certain non-critical trade information with respect to such transaction, provided that such updates are not in contravention of any rule of the futures Exchange, futures market or security futures market on which such transaction was executed.

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 December 5, 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

OCC plans to enhance its futures clearing services by providing two additional services that are standard for futures clearinghouses: (1) an alternative method for effecting gross position adjustments; and (2) certain trade management services. The purpose of this rule change is to amend OCC Rule 401 to accommodate these services.

Position Adjustments

Following the practice in the futures markets, OCC does not require that matched trade information submitted by a market identify each trade as opening or closing. (OCC understands that some markets may not have systems capable of making such identifications.) If a market elects to submit trade information without opening or closing identifiers, OCC treats all transactions as opening transactions. A clearing member then submits gross position adjustment information at the end of the day to reduce its positions to reflect the actual open interest in its accounts. In order to calculate gross position adjustment information for each position in a series

of futures contracts, a clearing member must:

- Determine its net ending position in that series;
- Calculate its gross ending position in that series on OCC's books¹;
- Determine the gross position adjustment for that series by comparing the net ending position on its books with its calculation of the gross ending position on OCC's books; and
- Submit gross position adjustments for each series in each account to OCC to ensure that OCC's records reflect the actual open interest.

Futures commission merchant ("FCM") clearing members find this process cumbersome and complex. These clearing members have requested that OCC modify its systems to permit an alternative method of submitting gross position adjustment information.

Specifically, they want to be able to advise OCC of the correct ending position for each series of futures contracts in their account(s) and have OCC compare that information to the current positions carried on OCC's books and effect the necessary position adjustment.² OCC understands this method of effecting gross position adjustments is commonly used by other futures clearing organizations.

Only minor changes to the Interpretations and Policies to OCC Rule 401 are necessary to support this alternative method of determining the actual open interest for futures. OCC proposes to amend Interpretation and Policy .01 to clarify that if there are an insufficient number of contracts in the account to effect the stated position adjustment, the adjustment will be applied only up to the number of available contracts and the remainder of the adjustment will not

¹ This step requires the clearing member to assume for each account that all trades defaulted to open, that OCC has received correct information on all trades, and that post-trade instructions affecting the segregated futures account were correctly processed.

be effected.

Non-Critical Trade Data

In addition to desiring an alternative method for effecting position adjustments, FCM clearing members have also asked OCC to permit them to use OCC's systems to update non-critical trade data, a practice that is also customary within the futures industry. Non-critical trade data includes customer account or other identifying information or codes. Only minor changes are needed to Rule 401 to accommodate this request. OCC is proposing to add a second interpretation to Rule 401 to provide that OCC's systems may be used for such purposes provided that such updates are not in contravention of any rule of the exchange or market on which such trade was executed.

OCC will not implement this rule change until the requisite systems are available, which is expected to be in or about the first quarter of 2007.

* * *

The proposed 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 transactions in derivatives contracts by providing mechanisms that are designed to ensure (i) OCC's books and records contain accurate information regarding actual open interest in futures contracts, and (ii) OCC is able to provide its FCM clearing members with services that are standard in the futures industry. The proposed rule change is not

² Typically, a firm advises the clearinghouse of the correct ending long position in each series, and the clearinghouse adjusts both long and short positions in the clearing member's segregated futures account to ensure its books reflect

inconsistent with the rules of OCC, 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

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 Rule 19b-4(f)(4), this rule change has been filed for immediate effectiveness inasmuch as it effects a change in existing services that does not (i) adversely affect the safeguarding of securities or funds in OCC's custody or control or for which OCC is responsible or (ii) significantly affect the respective rights or obligations of OCC

such position and remain in balance (i.e., the firm's net long or short position in each series remains the same).

or persons using the service. OCC already provides system capabilities for clearing members to submit gross-position adjustment information, and this rule change merely permits clearing members to use another adjustment methodology that is more commonly used in the futures industry. Through a sub-contractor, OCC also has provided clearing members with the ability to update non-critical trade data for commodity futures contracts, which is a common clearing service in the futures industry. This rule change permits OCC to supply this same service through its systems for all futures contracts. This rule change will not affect the safeguarding of funds or securities in OCC's possession because OCC will apply procedures and safeguards with respect to providing these services comparable to those that it applies with respect to providing other services. Moreover, the respective rights and obligations of OCC and Clearing Members using these services will not be significantly affected.

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

Not applicable.

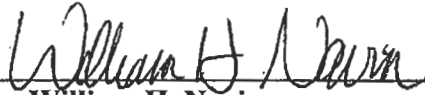
Item 9. Exhibits

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