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THE OPTIONS CLEARING CORPORATION

June 14, 2007

VIA E-MAIL

Ms. Eileen A. Donovan
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

**Re: Amendment No. 1 to Rule Filing SR-OCC-2007-06 - Rule
Certification**

Dear Ms. Donovan:

Attached is a copy of the Amendment No. 1 to the above-referenced rule filing. The Options Clearing Corporation ("OCC") is submitting this Amendment No. 1 pursuant to the self-certification procedures of Commission Regulation 40.6. The amendment 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: Amendment No. 1 reflects the portions of the referenced filing that are being modified by such amendment. The date of implementation of the referenced rule filing, including this Amendment No. 1, is when the proposed rule has been approved by the SEC. 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 this Amendment No. 1 to the referenced filing complies with the Commodity Exchange Act and the Commission's regulations thereunder.

JEAN M. CAWLEY

SENIOR VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

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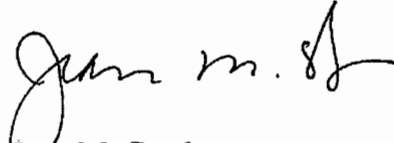
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Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-6269.

Sincerely,



Jean M. Cawley

Attachments

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

2007-06 A-1 cftc.ltr

PARTIAL AMENDMENT

As requested by the staff, The Options Clearing Corporation ("OCC") hereby submits this partial amendment, constituting Amendment No. 1, to its rule filing SR-OCC-2007-06, filed on April 20, 2007, in which OCC proposed to amend its by-laws and rules to accommodate credit default basket options as proposed for trading by CBOE. The purpose of this Amendment No. 1 is to (i) correct an erroneous cross-reference found in Rule 1501, as proposed to be modified in OCC-2007-06, and (ii) revise the Item 3 description relating to the margining of credit default baskets. Material proposed to be deleted by this partial amendment is marked by a line through such material (i.e., strikethrough), and material to be added is underscored with a broken line. All other markings are as set forth in OCC-2007-06.

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THE OPTIONS CLEARING CORPORATION

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RULES

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Chapter XV

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Automatic Exercise of Credit Default Options and Credit Default Basket Options

RULE 1501. (a) In the case of a credit default option, a Clearing Member shall automatically be deemed to have exercised such option on any business day on which a credit event confirmation is received by the Corporation before the credit event confirmation deadline. A credit event confirmation received after such deadline shall be deemed to have been received by the Corporation on the following business day; provided, however, that a credit event confirmation received after the credit event confirmation deadline on the business day before the last scheduled trading day and before the expiration time on the expiration date will be deemed to have been received on the expiration date. If a credit event confirmation is received after the credit event confirmation deadline on the expiration date and before the expiration time, the Corporation may extend the exercise settlement date pursuant to Rule 1503(e)(b).

(b) In the case of a credit default basket option, a Clearing Member shall automatically be deemed to have exercised such option on any business day on which a credit event confirmation is received by the Corporation with respect to a particular reference entity before the credit event confirmation deadline. A credit event confirmation received after such deadline shall be deemed to have been received by the Corporation on the following business day; provided, however, that a credit event confirmation received after the credit event confirmation deadline on the business day before the last scheduled trading day and before the

expiration time on the expiration date will be deemed to have been received on the expiration date. If a credit event confirmation is received after the credit event confirmation deadline on the expiration date and before the expiration time, the Corporation may extend the exercise settlement date pursuant to Rule 1503(e)(b). A multiple-payout credit default basket option shall be deemed to be exercised each time a credit event is confirmed in accordance with this paragraph (b) with respect to a different reference entity; provided, however, that a credit event may be confirmed only once with respect to any single reference entity. A single-payout credit default basket option will be deemed to be exercised only the first time that a credit event is confirmed in accordance with this paragraph (b) with respect to a reference entity and cannot be exercised with respect to any other reference entity thereafter.

[Rule 1501 supplements Rule 805 and replaces Rule 802.]

Revision to Item 3 Description

OCC also proposes to amend the Item 3 description of OCC-2007-06 as it relates to the margining of credit default options. Specifically, OCC proposes to revise the first full paragraph of Section 6, entitled "Special Margin Requirements – Rule 601; Deposits in Lieu of Margin – Rule 1506", under the heading "By-Law and Rule Amendments Applicable to CDBOs", as follows:

As in the case of CDOs, OCC will not initially margin CDBOs through its usual "STANS" system in the same way that other options are margined. Because of the CDBOs' fixed payout feature of CDOs and CDBOs, further systems development is needed to accommodate these options in STANS on a portfolio basis. Until such development is completed, OCC has determined elements of STANS will be used to determine expected liquidating value of each class of CDBOs (and CDOs) by extracting certain information regarding the default probability from the listed equity options on the common stock of the reference entity and the market price of the CDOs or CDBOs. Expected liquidating values can then be derived from simulated price movements in the stock over a range of values. Thus, general principles of STANS will be applied, but each class of CDOs and CDBOs will be treated as a separate portfolio and not included within the entire portfolio of a particular account except that, in the case where a firm has a net long position in CDO contracts that are not required to be segregated and the risk

~~computed under this methodology is less than 100% of the premium value of the net long position, the excess long value will be used to cover requirements associated with other cleared contracts. This margin methodology will result in a more conservative risk estimate than if the contracts were fully integrated in STANS since offsets in the risk calculation between these products and others will not be recognized except to the extent of any excess long value. to require that writers of such options post margin in a fixed amount based on the maximum potential exercise settlement amount. In the case of single payout CDBOs, that amount will initially be set at 100% of the maximum potential payout, but OCC would have discretion to reduce the requirement to something less than 100% if research, analysis and experience suggest that a lower percentage is sufficient. In the case of multiple payout CDBOs, the amount will be set at a percentage of the maximum potential payout reflecting the low probability of simultaneous credit events affecting multiple reference entities. Initially, long positions in CDBOs will be valued at zero and will provide no offset against margin requirements on the shorts. Again, based on research, analysis and experience, OCC may determine to give some value to the longs. Ultimately, CDBOs and CDOs will be incorporated into the STANS system and valued and margined on a risk portfolio basis as are other options.~~