



January 24, 2018

VIA ELECTRONIC MAIL

Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2018-004 Rule Certification

Dear Secretary Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6, enclosed is a copy of the above-referenced rule filing submitted by The Options Clearing Corporation (“OCC”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the CFTC or the date the proposed rule is approved by the Securities and Exchange Commission (“SEC”) or otherwise becomes effective under the Securities Exchange Act of 1934 (“Exchange Act”). This rule filing has been submitted to the SEC under the Exchange Act.

OCC has requested confidential treatment for Exhibit 3 to SR-OCC-2018-004, the corporate budget analysis, contained in pages 21-34 of the enclosed filing.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

The purpose of this proposed rule change is to revise OCC’s Schedule of Fees in accordance with its Fee Policy¹ to set OCC’s fees at a level designed to cover OCC’s operating

¹ OCC’s Fee Policy was adopted as part of OCC’s plan for raising additional capital (“Capital Plan”), which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. See Exchange Act Release No. 34-74452 (March 6, 2015), 80 FR 13058 (March 12, 2015) (SR-OCC-2015-02); Exchange Act Release No. 34-74387 (February 26, 2015), 80 FR 12215 (March 6, 2015) (SR-OCC-2014-813) (“Approval Orders”). BATS Global Markets, Inc., BOX Options Exchange LLC, KCG Holdings, Inc., Miami International Securities Exchange, LLC, and Susquehanna International Group, LLP each filed petitions for review of the Approval Order, challenging the action taken by delegated authority. Following review of these petitions, on August 8, 2017, the U.S. Court of Appeals for the D.C. Circuit remanded the Approval Orders to the SEC to further analyze whether the Capital Plan is consistent with the Securities Exchange Act of 1934. Susquehanna Int’l Grp., LLP v.

expenses and maintain a Business Risk Buffer of 25%.² The revised fee schedule would become effective on March 1, 2018.³

OCC's Schedule of Fees is attached hereto as Exhibit 5. Material proposed to be added to OCC's Schedule of Fees as currently in effect is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.⁴

By way of background, OCC implemented its Capital Plan in 2015,⁵ which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. As part of OCC's Capital Plan, OCC adopted a Fee Policy whereby OCC would set clearing fees at a level that covers OCC's operating expenses plus a Business Risk Buffer of 25%.⁶ The purpose of the Business Risk Buffer is to ensure that OCC accumulates sufficient capital to cover unexpected fluctuations in operating expenses, business capital needs, and regulatory capital requirements.

SEC, 866 F.3d 442 (D.C. Cir. 2017). While the SEC further analyzes the Capital Plan, it remains in effect as originally approved by the SEC. See id.

² The Business Risk Buffer is equal to net income before refunds, dividends, and taxes divided by total revenue.

³ OCC recently filed a proposed rule change with the SEC to revise its Fee Policy to provide that proposed fee changes are required to be implemented no sooner than thirty (30) days from the date of filing of the proposed rule change concerning such fee change (as opposed to sixty (60) days). See SR-OCC-2018-001. OCC also has submitted the proposed changes to its Fee Policy to the CFTC under CFTC Regulation 40.6 and expects the proposed changes to be certified on January 24, 2018. OCC notes that implementation of the proposed fee change on March 1, 2018, requires either (i) SEC approval of SR-OCC-2018-001 and certification of the Fee Policy changes in SR-OCC-2018-001 under CFTC Regulation 40.6 or (ii) an exception to the 60-day notice period provision in the Fee Policy authorized by OCC's Board of Directors and the holders of all of the outstanding Class B Common Stock of OCC. OCC's Board of Directors unanimously approved, and the holders of all of the outstanding Class B Common Stock of OCC unanimously consented to, the reduction of the 60-day notice period to 30 days on December 15, 2016.

⁴ OCC's By-Laws and Rules can be found on OCC's public website:
<http://optionsclearing.com/about/publications/bylaws.jsp>.

⁵ See supra note 1.

⁶ OCC's Schedule of Fees must also meet the requirements set forth in Article IX, Section 9 of OCC's By-Laws. In general, Article IX, Section 9 of OCC's By-Laws requires that OCC's fee structure be designed to: 1) cover OCC's operating expenses plus a business risk buffer; 2) maintain reserves deemed reasonably necessary by OCC's Board of Directors; and 3) accumulate an additional surplus deemed advisable by the Board of Directors to permit OCC to meet its obligations to its clearing members and the public. Clauses 2 and 3 above will only be invoked at the discretion of OCC's Board of Directors and in extraordinary circumstances.

OCC recently reviewed its current Schedule of Fees⁷ against projected revenues and expenses for 2018 in accordance with its Fee Policy to determine whether the Schedule of Fees was sufficient to cover OCC's anticipated operating expenses and achieve a Business Risk Buffer of 25%. In reviewing the Schedule of Fees, OCC analyzed: (i) expenses budgeted for 2018, (ii) projected other revenue streams for 2018, (iii) projected volume "mix," and (iv) projected volume growth for 2018. Based on the foregoing analysis, OCC determined that the current fee schedule is set at a level that would be insufficient to ensure that OCC achieves its Business Risk Buffer of 25% as required under the Fee Policy.⁸ OCC arrived at the proposed fee schedule presented herein by determining the figures that provide the best opportunity for OCC to achieve coverage of its anticipated operating expenses plus a Business Risk Buffer of 25%.

As a result of the aforementioned analysis, OCC proposes to revise its Schedule of Fees as set forth below.⁹

Current Fee Schedule		Proposed Fee Schedule	
Trades with contracts of:	Current Fee	Trades with contracts of:	Proposed Fee
1-1100	\$0.050/contract	1-1018	\$0.054/contract
>1100	\$55/trade	>1018	\$55/trade

OCC proposes to modify its fee schedule to: (i) increase its per contract clearing fee from \$0.050 to \$0.054 per contract and (ii) adjust the quantity of contracts at which the fixed, per trade clearing fee begins from greater than 1100 contracts per trade to greater than 1018 contracts per trade. The proposed changes are designed to target a level of revenues sufficient to cover OCC's operating expenses plus a Business Risk Buffer of 25% while continuing to maintain OCC's existing fixed, per trade fee at a level of \$55 per trade.

In accordance with its Fee Policy, OCC will continue to monitor cleared contract volume and operating expenses in order to determine if further revisions to OCC's Schedule of Fees are required so that monies received from clearing fees cover OCC's operating expenses plus a Business Risk Buffer of 25%.¹⁰

⁷ OCC previously revised its Schedule of Fees effective December 1, 2016, to implement a fee increase in accordance with the Fee Policy.

⁸ OCC has provided a summary of its analysis in confidential Exhibit 3 of the filing.

⁹ These changes are also reflected in Exhibit 5.

¹⁰ Any subsequent changes to OCC's Schedule of Fees would be the subject of a subsequent proposed rule change.

OCC reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Act. During this review, OCC identified the following Core Principles as potentially being impacted:

Public Information. OCC believes that implementing the proposed rule change will be consistent with the Core Principle L, which requires, in part, that each DCO provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the costs associated with using the services of the DCO. OCC believes that by implementing the proposed changes to its Schedule of Fees and by publishing the modified Schedule of Fees to its public website it would provide Clearing Members and other market participants with sufficient information to enable them to identify and evaluate the costs associated with using the services of OCC.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC’s website concurrently with the filing of this submission.

Christopher J. Kirkpatrick
January 24, 2018
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Certification

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

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Justin W. Byrne". The signature is written in a cursive style with a long, sweeping underline.

Justin W. Byrne
Vice President, Regulatory Filings

Enclosure

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * <input type="text" value="37"/>	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - <input type="text" value="2018"/> - * <input type="text" value="004"/>
Amendment No. (req. for Amendments *) <input type="text"/>		

Filing by Options Clearing Corporation
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)	
			<input checked="" type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)	

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	Section 3C(b)(2) * <input type="checkbox"/>

Exhibit 2 Sent As Paper Document <input type="checkbox"/>	Exhibit 3 Sent As Paper Document <input type="checkbox"/>
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Description
Provide a brief description of the action (limit 250 characters, required when Initial is checked *).

Contact Information
Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name * Last Name *

Title *

E-mail *

Telephone * Fax

Signature
Pursuant to the requirements of the Securities Exchange Act of 1934,
has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.
(Title *)

Date

By

(Name *)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFF website.

Form 19b-4 Information *

Add Remove View

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A- Notice of Proposed Rule Change, Security-Based Swap Submission, or Advance Notice by Clearing Agencies *

Add Remove View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change, security-based swap submission, or advance notice being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2 - Notices, Written Comments, Transcripts, Other Communications

Add Remove View

Exhibit Sent As Paper Document

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit 3 - Form, Report, or Questionnaire

Add Remove View

Exhibit Sent As Paper Document

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit 4 - Marked Copies

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add Remove View

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change.

Partial Amendment

Add Remove View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

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 purpose of this proposed rule change by The Options Clearing Corporation (“OCC”) is to revise OCC’s Schedule of Fees effective March 1, 2018, to implement an increase in clearing fees in accordance with OCC’s Fee Policy. OCC’s Schedule of Fees is attached hereto as Exhibit 5. Material proposed to be added to OCC’s Schedule of Fees as currently in effect is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.¹

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved for filing with the Commission by OCC’s Compensation and Performance Committee, under delegated authority, on December 12, 2017.

Questions should be addressed to Justin W. Byrne, Vice President, Regulatory Filings, at (202) 971-7238.

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

The purpose of this proposed rule change is to revise OCC’s Schedule of Fees in accordance with its Fee Policy² to set OCC’s fees at a level designed to cover OCC’s operating

¹ OCC’s By-Laws and Rules can be found on OCC’s public website: <http://optionsclearing.com/about/publications/bylaws.jsp>.

² OCC’s Fee Policy was adopted as part of OCC’s plan for raising additional capital (“Capital Plan”), which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. See Exchange Act Release No. 34-74452 (March 6, 2015), 80 FR 13058 (March 12, 2015) (SR-OCC-2015-02); Exchange Act Release No. 34-74387 (February 26, 2015), 80 FR 12215 (March 6, 2015) (SR-OCC-2014-813) (“Approval Orders”). BATS Global Markets, Inc., BOX Options Exchange LLC, KCG Holdings, Inc., Miami International Securities Exchange, LLC, and Susquehanna International Group, LLP each filed petitions for review of the Approval Order, challenging the action taken by delegated authority. Following review of these petitions, on August 8, 2017, the U.S. Court of

expenses and maintain a Business Risk Buffer of 25%.³ The revised fee schedule would become effective on March 1, 2018.⁴

By way of background, OCC implemented its Capital Plan in 2015,⁵ which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. As part of OCC's Capital Plan, OCC adopted a Fee Policy whereby OCC would set clearing fees at a level that covers OCC's operating expenses plus a Business Risk Buffer of 25%.⁶ The purpose of the Business Risk Buffer is to ensure that

Appeals for the D.C. Circuit remanded the Approval Orders to the Commission to further analyze whether the Capital Plan is consistent with the Securities Exchange Act of 1934. Susquehanna Int'l Grp., LLP v. SEC, 866 F.3d 442 (D.C. Cir. 2017). While the Commission further analyzes the Capital Plan, it remains in effect as originally approved by the Commission. See id.

³ The Business Risk Buffer is equal to net income before refunds, dividends, and taxes divided by total revenue.

⁴ OCC recently filed a proposed rule change with the Commission to revise its Fee Policy to provide that proposed fee changes are required to be implemented no sooner than thirty (30) days from the date of filing of the proposed rule change concerning such fee change (as opposed to sixty (60) days). See SR-OCC-2018-001. OCC also has submitted the proposed changes to its Fee Policy to the Commodity Futures Trading Commission ("CFTC") under CFTC Regulation 40.6 and expects the proposed changes to be certified on January 24, 2018. OCC notes that implementation of the proposed fee change on March 1, 2018, requires either (i) Commission approval of SR-OCC-2018-001 and certification of the Fee Policy changes in SR-OCC-2018-001 under CFTC Regulation 40.6 or (ii) an exception to the 60-day notice period provision in the Fee Policy authorized by OCC's Board of Directors and the holders of all of the outstanding Class B Common Stock of OCC. OCC's Board of Directors unanimously approved, and the holders of all of the outstanding Class B Common Stock of OCC unanimously consented to, the reduction of the 60-day notice period to 30 days on December 15, 2016.

⁵ See supra note 2.

⁶ OCC's Schedule of Fees must also meet the requirements set forth in Article IX, Section 9 of OCC's By-Laws. In general, Article IX, Section 9 of OCC's By-Laws requires that OCC's fee structure be designed to: 1) cover OCC's operating expenses plus a business risk buffer; 2) maintain reserves deemed reasonably necessary by OCC's Board of Directors; and 3) accumulate an additional surplus deemed advisable by the Board of Directors to permit OCC to meet its obligations to its clearing members and the public. Clauses 2 and 3 above will only be invoked at the discretion of OCC's Board of Directors

OCC accumulates sufficient capital to cover unexpected fluctuations in operating expenses, business capital needs, and regulatory capital requirements.

OCC recently reviewed its current Schedule of Fees⁷ against projected revenues and expenses for 2018 in accordance with its Fee Policy, to determine whether the Schedule of Fees was sufficient to cover OCC's anticipated operating expenses and achieve a Business Risk Buffer of 25%. In reviewing the Schedule of Fees, OCC analyzed: (i) expenses budgeted for 2018, (ii) projected other revenue streams for 2018, (iii) projected volume "mix," and (iv) projected volume growth for 2018. Based on the foregoing analysis, OCC determined that the current fee schedule is set at a level that would be insufficient to ensure that OCC achieves its Business Risk Buffer of 25% as required under the Fee Policy.⁸ OCC arrived at the proposed fee schedule presented herein by determining the figures that provide the best opportunity for OCC to achieve coverage of its anticipated operating expenses plus a Business Risk Buffer of 25%.

As a result of the aforementioned analysis, OCC proposes to revise its Schedule of Fees as set forth below.⁹

Current Fee Schedule		Proposed Fee Schedule	
Trades with contracts of:	Current Fee	Trades with contracts of:	Proposed Fee
1-1100	\$0.050/contract	1-1018	\$0.054/contract
>1100	\$55/trade	>1018	\$55/trade

OCC proposes to modify its fee schedule to: (i) increase its per contract clearing fee from \$0.050

and in extraordinary circumstances.

⁷ OCC previously revised its Schedule of Fees effective December 1, 2016, to implement a fee increase in accordance with the Fee Policy. See Securities Exchange Act Release No. 79028 (October 3, 2016), 81 FR 69885 (October 7, 2016) (SR-OCC-2016-012).

⁸ OCC has provided a summary of its analysis in confidential Exhibit 3 of the filing.

⁹ These changes are also reflected in Exhibit 5.

to \$0.054 per contract and (ii) adjust the quantity of contracts at which the fixed, per trade clearing fee begins from greater than 1100 contracts per trade to greater than 1018 contracts per trade. The proposed changes are designed to target a level of revenues sufficient to cover OCC's operating expenses plus a Business Risk Buffer of 25% while continuing to maintain OCC's existing fixed, per trade fee at a level of \$55 per trade.

In accordance with its Fee Policy, OCC will continue to monitor cleared contract volume and operating expenses in order to determine if further revisions to OCC's Schedule of Fees are required so that monies received from clearing fees cover OCC's operating expenses plus a Business Risk Buffer of 25%.¹⁰

B. Statutory Basis

Section 17A(b)(3)(D) of the Securities Exchange Act of 1934, as amended ("Act"), requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹¹ The proposed fee schedule was set in accordance with the criteria set forth in OCC's Capital Plan, which requires that OCC's fees be set at a level designed to cover OCC's operating expenses and maintain a Business Risk Buffer of 25%.¹² OCC believes the proposed fee change is reasonable because the fee increase would be set at a level intended only to facilitate the maintenance of OCC's Business Risk Buffer of 25%, which is designed to ensure that OCC accumulates sufficient capital to cover unexpected fluctuations in operating expenses, business capital needs, and regulatory capital requirements. Moreover, OCC believes that the proposed fee change would result in an equitable allocation of

¹⁰ Any subsequent changes to OCC's Schedule of Fees would be the subject of a subsequent proposed rule change filed with the Commission.

¹¹ 17 U.S.C. 78q-1(b)(3)(D).

¹² See supra note 2.

fees among its participants because it would be equally applicable to all market participants. As a result, OCC believes that the proposed fee schedule provides for the equitable allocation of reasonable fees in accordance with Section 17A(b)(3)(D) of the Act.¹³ 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

Section 17A(b)(3)(I) of the Act¹⁴ requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule change would have any impact or impose a burden on competition. Although this proposed rule change affects clearing members, their customers, and the markets that OCC serves, OCC believes that the proposed rule change would not disadvantage or favor any particular user of OCC's services in relationship to another user because the proposed clearing fees apply equally to all users of OCC. Accordingly, OCC does not believe that the proposed rule change would have any impact or impose a 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

¹³ 17 U.S.C. 78q-1(b)(3)(D).

¹⁴ 15 U.S.C. 78q-1(b)(3)(I).

the Act.¹⁵

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

Pursuant to Section 19(b)(3)(A)(ii)¹⁶ of the Act, and Rule 19b-4(f)(2) thereunder,¹⁷ the proposed rule change is filed for immediate effectiveness as it constitutes a change in fees charged to OCC clearing members. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.¹⁸

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

Not applicable.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

¹⁵ 15 U.S.C. 78s(b)(2).

¹⁶ 15 U.S.C. 78s(b)(3)(A)(ii).

¹⁷ 17 CFR 240.19b-4(f)(2).

¹⁸ Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Regulation 40.6.

Item 11. Exhibits

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

Exhibit 3. OCC Corporate Budget Analysis

Exhibit 5. Proposed changes to OCC Schedule of Fees, effective March 1, 2018.

CONFIDENTIAL TREATMENT IS REQUESTED FOR EXHIBIT 3

PURSUANT TO SEC RULE 24b-2

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:

Justin W. Byrne
Vice President, Regulatory Filings

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]; File No. SR-OCC-2018-004)

January __, 2018

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Revise The Options Clearing Corporation's Schedule of Fees

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on January 19, 2018, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)(ii)³ of the Act and Rule 19b-4(f)(2)⁴ thereunder so that the proposal was effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change by OCC would revise OCC's Schedule of Fees effective March 1, 2018, to implement an increase in clearing fees in accordance with OCC's Fee Policy.⁵ The proposed changes to the Schedule of Fees can be found in

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ OCC's Fee Policy was adopted as part of OCC's plan for raising additional capital ("Capital Plan"), which was put in place in light of proposed regulatory

Exhibit 5 to the proposed rule change. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.⁶

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

The purpose of this proposed rule change is to revise OCC's Schedule of Fees in accordance with its Fee Policy to set OCC's fees at a level designed to cover OCC's

capital requirements applicable to systemically important financial market utilities, such as OCC. See Exchange Act Release No. 34-74452 (March 6, 2015), 80 FR 13058 (March 12, 2015) (SR-OCC-2015-02); Exchange Act Release No. 34-74387 (February 26, 2015), 80 FR 12215 (March 6, 2015) (SR-OCC-2014-813) ("Approval Orders"). BATS Global Markets, Inc., BOX Options Exchange LLC, KCG Holdings, Inc., Miami International Securities Exchange, LLC, and Susquehanna International Group, LLP each filed petitions for review of the Approval Order, challenging the action taken by delegated authority. Following review of these petitions, on August 8, 2017, the U.S. Court of Appeals for the D.C. Circuit remanded the Approval Orders to the Commission to further analyze whether the Capital Plan is consistent with the Securities Exchange Act of 1934. Susquehanna Int'l Grp., LLP v. SEC, 866 F.3d 442 (D.C. Cir. 2017). While the Commission further analyzes the Capital Plan, it remains in effect as originally approved by the Commission. See id.

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operating expenses and maintain a Business Risk Buffer of 25%.⁷ The revised fee schedule would become effective on March 1, 2018.⁸

By way of background, OCC implemented its Capital Plan in 2015,⁹ which was put in place in light of proposed regulatory capital requirements applicable to systemically important financial market utilities, such as OCC. As part of OCC's Capital Plan, OCC adopted a Fee Policy whereby OCC would set clearing fees at a level that covers OCC's operating expenses plus a Business Risk Buffer of 25%.¹⁰ The purpose of the Business Risk Buffer is to ensure that OCC accumulates sufficient capital to cover

⁷ The Business Risk Buffer is equal to net income before refunds, dividends, and taxes divided by total revenue.

⁸ OCC recently filed a proposed rule change with the Commission to revise its Fee Policy to provide that proposed fee changes are required to be implemented no sooner than thirty (30) days from the date of filing of the proposed rule change concerning such fee change (as opposed to sixty (60) days). See SR-OCC-2018-001. OCC also has submitted the proposed changes to its Fee Policy to the Commodity Futures Trading Commission ("CFTC") under CFTC Regulation 40.6 and expects the proposed changes to be certified on January 24, 2018. OCC notes that implementation of the proposed fee change on March 1, 2018, requires either (i) Commission approval of SR-OCC-2018-001 and certification of the Fee Policy changes in SR-OCC-2018-001 under CFTC Regulation 40.6 or (ii) an exception to the 60-day notice period provision in the Fee Policy authorized by OCC's Board of Directors and the holders of all of the outstanding Class B Common Stock of OCC. OCC's Board of Directors unanimously approved, and the holders of all of the outstanding Class B Common Stock of OCC unanimously consented to, the reduction of the 60-day notice period to 30 days on December 15, 2016.

⁹ See supra note 5.

¹⁰ OCC's Schedule of Fees must also meet the requirements set forth in Article IX, Section 9 of OCC's By-Laws. In general, Article IX, Section 9 of OCC's By-Laws requires that OCC's fee structure be designed to: 1) cover OCC's operating expenses plus a business risk buffer; 2) maintain reserves deemed reasonably necessary by OCC's Board of Directors; and 3) accumulate an additional surplus deemed advisable by the Board of Directors to permit OCC to meet its obligations to its clearing members and the public. Clauses 2 and 3 above will only be invoked at the discretion of OCC's Board of Directors and in extraordinary circumstances.

unexpected fluctuations in operating expenses, business capital needs, and regulatory capital requirements.

OCC recently reviewed its current Schedule of Fees¹¹ against projected revenues and expenses for 2018 in accordance with its Fee Policy, to determine whether the Schedule of Fees was sufficient to cover OCC's anticipated operating expenses and achieve a Business Risk Buffer of 25%. In reviewing the Schedule of Fees, OCC analyzed: (i) expenses budgeted for 2018, (ii) projected other revenue streams for 2018, (iii) projected volume "mix," and (iv) projected volume growth for 2018. Based on the foregoing analysis, OCC determined that the current fee schedule is set at a level that would be insufficient to ensure that OCC achieves its Business Risk Buffer of 25% as required under the Fee Policy.¹² OCC arrived at the proposed fee schedule presented herein by determining the figures that provide the best opportunity for OCC to achieve coverage of its anticipated operating expenses plus a Business Risk Buffer of 25%.

As a result of the aforementioned analysis, OCC proposes to revise its Schedule of Fees as set forth below.¹³

Current Fee Schedule		Proposed Fee Schedule	
Trades with contracts of:	Current Fee	Trades with contracts of:	Proposed Fee
1-1100	\$0.050/contract	1-1018	\$0.054/contract
>1100	\$55/trade	>1018	\$55/trade

¹¹ OCC previously revised its Schedule of Fees effective December 1, 2016, to implement a fee increase in accordance with the Fee Policy. See Securities Exchange Act Release No. 79028 (October 3, 2016), 81 FR 69885 (October 7, 2016) (SR-OCC-2016-012).

¹² OCC has provided a summary of its analysis in confidential Exhibit 3 of the filing.

¹³ These changes are also reflected in Exhibit 5.

OCC proposes to modify its fee schedule to: (i) increase its per contract clearing fee from \$0.050 to \$0.054 per contract and (ii) adjust the quantity of contracts at which the fixed, per trade clearing fee begins from greater than 1100 contracts per trade to greater than 1018 contracts per trade. The proposed changes are designed to target a level of revenues sufficient to cover OCC's operating expenses plus a Business Risk Buffer of 25% while continuing to maintain OCC's existing fixed, per trade fee at a level of \$55 per trade.

In accordance with its Fee Policy, OCC will continue to monitor cleared contract volume and operating expenses in order to determine if further revisions to OCC's Schedule of Fees are required so that monies received from clearing fees cover OCC's operating expenses plus a Business Risk Buffer of 25%.¹⁴

(2) Statutory Basis

Section 17A(b)(3)(D) of the Act, requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants.¹⁵ The proposed fee schedule was set in accordance with the criteria set forth in OCC's Capital Plan, which requires that OCC's fees be set at a level designed to cover OCC's operating expenses and maintain a Business Risk Buffer of 25%.¹⁶ OCC believes the proposed fee change is reasonable because the fee increase would be set at a level intended only to facilitate the maintenance of OCC's Business Risk Buffer of 25%, which is designed to ensure that OCC accumulates sufficient capital to cover unexpected fluctuations in operating expenses, business capital needs, and regulatory capital

¹⁴ Any subsequent changes to OCC's Schedule of Fees would be the subject of a subsequent proposed rule change filed with the Commission.

¹⁵ 17 U.S.C. 78q-1(b)(3)(D).

¹⁶ See supra note 5.

requirements. Moreover, OCC believes that the proposed fee change would result in an equitable allocation of fees among its participants because it would be equally applicable to all market participants. As a result, OCC believes that the proposed fee schedule provides for the equitable allocation of reasonable fees in accordance with Section 17A(b)(3)(D) of the Act.¹⁷ The proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act¹⁸ requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule change would have any impact or impose a burden on competition. Although this proposed rule change affects clearing members, their customers, and the markets that OCC serves, OCC believes that the proposed rule change would not disadvantage or favor any particular user of OCC's services in relationship to another user because the proposed clearing fees apply equally to all users of OCC. Accordingly, OCC does not believe that the proposed rule change would have any impact or impose a burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments on the proposed rule change were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

¹⁷ 17 U.S.C. 78q-1(b)(3)(D).

¹⁸ 15 U.S.C. 78q-1(b)(3)(I).

Pursuant to Section 19(b)(3)(A)(ii)¹⁹ of the Act, and Rule 19b-4(f)(2) thereunder,²⁰ the proposed rule change is filed for immediate effectiveness as it constitutes a change in fees charged to OCC Clearing Members. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.²¹

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2018-004 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Brent J. Fields, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

¹⁹ 15 U.S.C. 78s(b)(3)(A)(ii).

²⁰ 17 CFR 240.19b-4(f)(2).

²¹ Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Rule 40.6.

All submissions should refer to File Number SR-OCC-2018-004. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at <https://www.theocc.com/about/publications/bylaws.jsp>.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-OCC-2018-004 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²²

Eduardo A. Aleman
Assistant Secretary

Action as set forth recommended herein
APPROVED pursuant to authority delegated
by the Commission under Public Law 87-
592.

For: Division of Trading and Markets

By: _____

Print Name: _____

Date: _____

²² 17 CFR 200.30-3(a)(12).

EXHIBIT 5

THE OPTIONS CLEARING CORPORATION
SCHEDULE OF FEES – ~~DECEMBER 2016~~ MARCH 2018

CLEARING MEMBER

CLEARING

<p>Clearing Fees Trades with contracts of:</p> <p>0 – 11001018 \$.050<u>.054</u> Greater than 11001018 \$ 55.00/trade</p> <p>New Products</p> <p>Unless otherwise agreed to by OCC and the applicable exchange, from the first day of listing through the end of the following calendar month: \$ 0.00</p> <p>Linkage per side* \$ 0.02</p> <p>Minimum Monthly Clearing Fee \$ 200.00</p> <p>Exercise Fee – per line item on exercise notice \$ 1.00</p>	<p style="text-align: center;">MEMBERSHIP</p> <p>New Clearing Member Qualification Fee \$ 4,000.00</p> <p>Stock and Market Loan Program Transaction Fees Per transaction assessed against each lender and borrower \$ 1.00</p> <p>Stock and Market Loan Program Borrower Fees Monthly annualized charge on average daily notional outstanding balance 0.4 basis point</p> <p>STAMPS Clearing Member Authorization Stamp \$ 23.00 per stamp</p>
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* A Linkage transaction that includes more than 2,750 contracts will be charged a flat fee of \$55.00 per trade per side.

ANCILLARY SERVICES

TIER I

- ENCORE Access
- MyOCC Access
- Data Service – proprietary position and trade data (includes transmission to service bureau)
- Report Bundle
- Series File
- Special Settlement File
- Open Interest File
- Prices File
- Stock Loan File
- Theoretical Profit and Loss Values
- Leased line charges are additional
\$ 1,500.00 per month

TIER II

- ENCORE Access
- MyOCC Access
- Data Service – proprietary position and trade data (includes transmission to service bureau)
- Report Bundle
- Leased line charges are additional
\$ 1,000.00 per month

TIER III

- ENCORE Access
- MyOCC Access
\$ 650.00 per month

Additional Clearing Member:

No Charge

TIER IV (Stock Loan Only)

- ENCORE Access
- MyOCC Access
\$ 300.00 per month

LEASED LINE SERVICES

T1 line to a Midwest Destination	\$1,000.00 per month, per line
T1 line to an East Coast Destination	\$1,500.00 per month, per line
T1 line to a West Coast Destination	\$2,000.00 per month, per line

CLEARING MEMBER/NON-CLEARING MEMBER

PUBLICATIONS/BROCHURES

Disclosure Documents	\$.45
OCC/ICC By-Laws and Rules	\$ 47.00

(Updates can be obtained on a subscription basis for \$47.00 per year.)

NON-CLEARING MEMBER

SERIES INFORMATION

Non-Clearing Member

Non-Distribution	\$1,750.00 per month
Distribution	\$3,000.00 per month
Real Time Data	\$250.00 per month (in addition to fees listed above)

PRICES INFORMATION

Non-Clearing Member	\$3,000.00 per month
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THEORETICAL PROFIT AND LOSS VALUES*

Non-Clearing Member	\$1,000.00 per month
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ESCROW BANKS

ESCROW PROGRAM FEES

Escrow Bank Monthly Program Fee	\$200.00
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ALL FEES ARE SUBJECT TO CHANGE

For further information, contact Member Services at 1-800-621-6072.