



June 18, 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-2018-009 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”).

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

Explanation and Analysis

The proposed change by OCC would amend OCC Rule 601(e)(2) regarding customer information in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change is intended to facilitate reporting under CFTC regulations applicable to derivatives clearing organizations (“DCOs”) such as OCC. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.¹

The purpose of the proposed rule change is to amend the provisions of OCC Rule 601(e)(2) with respect to information regarding the identity of customers included in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change removes the provisions that require “a unique alphanumeric customer

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

identifier for each such customer” and that provide that information submitted to OCC pursuant to Rule 601(e)(2) “shall not include any indication of the identity of any customer or other personal information of a customer.” As described below, the removal of these provisions will allow OCC to perform daily reporting consistent with applicable CFTC regulations and associated guidance.

On November 8, 2011, the CFTC adopted reporting rules for DCOs in CFTC Regulation 39.19 that cover daily, quarterly, annual, and event-specific reporting.² The reporting requirements in Regulation 39.19 had a compliance date of November 8, 2012.³ For daily reporting, paragraph (c)(1) of Regulation 39.19 requires DCOs to submit reports with certain initial margin, variation margin, cash flows, and end-of-day positions for each Clearing Member, by house origin and by each customer origin. In adopting these daily reporting requirements, the CFTC stated that “[t]he overall purpose of receiving the daily data is to enable [CFTC] staff to analyze the data on a regular basis so that it can detect certain trends or unusual activity on a timely basis.”⁴

CFTC Regulation 39.19 requires a DCO to report certain information in a format and manner specified by the CFTC.⁵ Since the regulation’s adoption, the CFTC has published a “Guidebook for Daily Reports” (“Guidebook”) that provides guidance and specifications to DCOs for submitting their daily reports under Regulation 39.19. Generally, daily reports must include, for each Clearing Member, information related to initial margin, daily variation margin, daily cash flows related to clearing and settlement, and end-of-day positions, by house origin and by each customer origin, for all futures, options, and swaps positions, and all securities positions held in a segregated account or pursuant to a cross margining agreement. The most recent version of the Guidebook—Version 9.2—was published in December 2017; however, Version 9.1, which was published earlier in 2017, introduced new reporting specifications that can be met only if OCC amends Rule 601(e)(2) as described below. Specifically, Section 2.1.2.2 of the Guidebook requires DCOs (other than exempt DCOs) to “provide the clearing members’ customer information that properly describes the margins reported” by reporting customer names and legal entity identifiers (“LEIs”).

The Guidebook acknowledges that, at the time of its publication, customer-level information may not be available for all DCOs. Indeed, following publication of Version 9.1 of the Guidebook, the CFTC provided informal guidance to DCOs in August 2017 noting that the CFTC was aware that DCOs may not have names and LEIs for all customer accounts that they

² See 17 CFR 39.19(c); see also Derivatives Clearing Organization General Provisions and Core Principles, 76 FR 69334 (Nov. 8, 2011). OCC is a DCO as that term is defined in applicable CFTC regulations. See 17 CFR 1.3.

³ See 76 FR 69334.

⁴ 76 FR 69334, at 69400.

⁵ See 17 CFR 39.19(b).

clear and understood that DCOs and futures commission merchants would begin a project in the near future to obtain names and LEIs for their customers.

OCC makes its daily reports to the CFTC in accordance with Regulation 39.19 based on information it receives from its Clearing Members. OCC Rule 601(e)(2) requires each Clearing Member to submit to OCC on each business day a data file that identifies the positions in segregated futures accounts of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The rule, however, specifically requires Clearing Members to use a “unique alphanumeric customer identifier for each customer” and provides that “such identifiers shall not include any indication of the identity of any customer or other personal information of a customer.” For these segregated futures accounts, OCC prohibits Clearing Members from providing information such as customer name and LEI; thus, OCC does not currently have this information to include in its daily reports to the CFTC and is not able to provide customer-level information with respect to these accounts in accordance with the Guidebook specifications. Consequently, OCC is proposing to delete the customer identifier provisions from Rule 601(e)(2) so that Clearing Members can provide customer names and LEIs to OCC so that it can, in turn, provide this information on daily reports to the CFTC consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19.

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

Reporting. OCC believes that implementing the proposed rule change would be consistent with Core Principle J, which requires that each DCO provide to the CFTC all information that the CFTC determines to be necessary to conduct oversight of the DCO.⁶ CFTC Regulation 39.19(c)(1) specifically requires DCOs to submit reports with certain initial margin, variation margin, cash flows, and end-of-day positions for each Clearing Member, by house origin and by each customer origin.⁷ CFTC Regulation 39.19(b) further requires a DCO to report this information in a format and manner specified by the CFTC.⁸ OCC believes the proposed change is consistent with Core Principle J because it would allow OCC to collect certain customer-level data from its Clearing Members to facilitate reporting under CFTC Regulation 39.19 in accordance with the specifications in the Guidebook.

In this regard, the proposed changes would further OCC’s compliance with Core Principle J.

⁶ 7 U.S.C. 7a-1(c)(2)(J).

⁷ See 17 CFR 39.19(b).

⁸ See 17 CFR 39.19(c)(1).

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.

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,



Justin W. Byrne
Vice President, Regulatory Filings

Enclosure

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 21	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 009	Amendment No. (req. for Amendments *)
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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"/>
			Rule		
Pilot <input type="checkbox"/>	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 type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)	
			<input type="checkbox"/> 19b-4(f)(3)	<input checked="" 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 *).

Proposed rule change to facilitate reporting under Commodity Futures Trading Commission regulations applicable to Derivatives Clearing Organizations.

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 * Justin Last Name * Byrne

Title * Vice President, Regulatory Filings

E-mail * jbyrne@theocc.com

Telephone * (202) 971-7238 Fax (312) 322-6280

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 06/15/2018 Vice President, Regulatory Filings

By Justin W. Byrne Justin Byrne, jbyrne@theocc.com

(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 Proposed Rule Change

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ The Options Clearing Corporation (“OCC”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to amend OCC Rule 601(e)(2) regarding customer information in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change is intended to facilitate reporting under Commodity Futures Trading Commission (“CFTC”) regulations applicable to Derivatives Clearing Organizations (“DCOs”) such as OCC.

Material proposed to be added to OCC’s Rules as currently in effect is marked by underlining. Material proposed to be deleted from OCC’s Rules as currently in effect is marked in brackets. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.²

THE OPTIONS CLEARING CORPORATION

RULES

* * *

Chapter VI - Margins

* * *

RULE 601 - Margin Requirements

¹ 15 U.S.C. 78s(b)(1).

² OCC’s By-Laws and Rules can be found on OCC’s public website at <http://optionsclearing.com/about/publications/bylaws.jsp>.

(a) – (d) [no change]

(e) *Margin Requirement Calculation – Segregated Futures Accounts; Calculation of Initial Margin on a Gross Basis*

(1) [no change]

(2) For purposes of calculating the initial margin requirement for segregated futures accounts (including segregated futures professional accounts, internal non-proprietary cross-margining accounts and non-proprietary X-M accounts) pursuant to paragraph (e)(1) of this Rule 601, such initial margin requirement shall equal the aggregate of the initial margin that would be required with respect to all customers of the Clearing Member if the positions of each such customer were treated as being the positions of a separate Clearing Member and held in separate Clearing Member accounts; provided that, for purposes of this calculation, initial margin assets and settlement obligations arising from the exercise, assignment, or maturity of cleared contracts shall not be attributed to such customers, but shall instead be accounted for as if such assets or obligations were attributable to their own separate sub-accounts and thereafter included in the calculation of gross initial margin at the Clearing Member level. Each Clearing Member shall submit to the Corporation on each business day, at or prior to the time specified by the Corporation, a data file that identifies the positions of each futures customer of the Clearing Member[using a unique alphanumeric customer identifier for each such customer. Such identifiers shall not include any indication of the identity of any customer or other personal information of a customer].

(3) [no change]

(f) [no change]

...Interpretations and Policies:

.01 – .07 [no change]

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved for filing with the Commission by the Board of Directors of OCC at a meeting held on May 2, 2018.

Questions should be addressed to Justin 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 the proposed rule change is to amend the provisions of OCC Rule 601(e)(2) with respect to information regarding the identity of customers included in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change removes the provisions that require “a unique alphanumeric customer identifier for each such customer” and that provide that information submitted to OCC pursuant to Rule 601(e)(2) “shall not include any indication of the identity of any customer or other personal information of a customer.” As described below, the removal of these provisions will allow OCC to perform daily reporting consistent with applicable CFTC regulations and associated guidance.

On November 8, 2011, the CFTC adopted reporting rules for DCOs in CFTC Regulation 39.19 that cover daily, quarterly, annual, and event-specific reporting.³ The reporting requirements in Regulation 39.19 had a compliance date of November 8, 2012.⁴ For daily reporting, paragraph (c)(1) of Regulation 39.19 requires DCOs to submit reports with certain initial margin, variation margin, cash flows, and end-of-day positions for each Clearing Member, by house origin and by each customer origin. In adopting these daily reporting requirements, the CFTC stated that “[t]he overall purpose of receiving the daily data is to enable [CFTC] staff to

³ See 17 CFR 39.19(c); see also Derivatives Clearing Organization General Provisions and Core Principles, 76 FR 69334 (Nov. 8, 2011). OCC is a DCO as that term is defined in applicable CFTC regulations. See 17 CFR 1.3.

⁴ See 76 FR 69334.

analyze the data on a regular basis so that it can detect certain trends or unusual activity on a timely basis.”⁵

CFTC Regulation 39.19 requires a DCO to report certain information in a format and manner specified by the CFTC.⁶ Since the regulation’s adoption, the CFTC has published a “Guidebook for Daily Reports” (“Guidebook”) that provides guidance and specifications to DCOs for submitting their daily reports under Regulation 39.19. Generally, daily reports must include, for each Clearing Member, information related to initial margin, daily variation margin, daily cash flows related to clearing and settlement, and end-of-day positions, by house origin and by each customer origin, for all futures, options, and swaps positions, and all securities positions held in a segregated account or pursuant to a cross margining agreement. The most recent version of the Guidebook—Version 9.2—was published in December 2017; however, Version 9.1, which was published earlier in 2017, introduced new reporting specifications that can be met only if OCC amends Rule 601(e)(2) as described below. Specifically, Section 2.1.2.2 of the Guidebook requires DCOs (other than exempt DCOs) to “provide the clearing members’ customer information that properly describes the margins reported” by reporting customer names and legal entity identifiers (“LEIs”).

The Guidebook acknowledges that, at the time of its publication, customer-level information may not be available for all DCOs. Indeed, following publication of Version 9.1 of the Guidebook, the CFTC provided informal guidance to DCOs in August 2017 noting that the CFTC was aware that DCOs may not have names and LEIs for all customer accounts that they

⁵ 76 FR 69334, at 69400.

⁶ See 17 CFR 39.19(b).

clear and understood that DCOs and futures commission merchants would begin a project in the near future to obtain names and LEIs for their customers.

OCC makes its daily reports to the CFTC in accordance with Regulation 39.19 based on information it receives from its Clearing Members. OCC Rule 601(e)(2) requires each Clearing Member to submit to OCC on each business day a data file that identifies the positions in segregated futures accounts of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The rule, however, specifically requires Clearing Members to use a “unique alphanumeric customer identifier for each customer” and provides that “such identifiers shall not include any indication of the identity of any customer or other personal information of a customer.” For these segregated futures accounts, OCC prohibits Clearing Members from providing information such as customer name and LEI; thus, OCC does not currently have this information to include in its daily reports to the CFTC and is not able to provide customer-level information with respect to these accounts in accordance with the Guidebook specifications. Consequently, OCC is proposing to delete the customer identifier provisions from Rule 601(e)(2) so that Clearing Members can provide customer names and LEIs to OCC so that it can, in turn, provide this information on daily reports to the CFTC consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19.

B. Statutory Basis

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed, in general, to protect investors and the public interest.⁷ OCC believes that

⁷ 15 U.S.C. 78q-1(b)(3)(F).

the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.⁸ As noted above, OCC Rule 601(e)(2) requires each Clearing Member to submit to OCC on each business day a data file that identifies the positions in segregated futures accounts of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The proposed rule change would remove this provision and the requirement that “such identifiers shall not include any indication of the identity of any customer or other personal information of a customer.” Once these provisions are removed, Clearing Members can provide this information to OCC, who can then provide it to the CFTC in accordance with the Guidebook specifications. This will enhance the CFTC staff’s ability to perform its oversight function with the information it deems necessary, which promotes the protection of investors and the public interest.

Item 4. Self-Regulatory Organization’s Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the Act.⁹ OCC does not believe that the proposed rule change would impose any burden on competition. Rather, the proposed rule change removes an existing restriction on the data provided to OCC by its Clearing Members regarding customers with segregated futures accounts. As discussed above, this will then allow OCC to provide this information to the CFTC, consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19, who uses the information in performing its statutory mandate.

Item 5. Self-Regulatory Organization’s Statement on Comment on the Proposed Rule Change Received from Members, Participants, or Others

Written comments have not been solicited or received.

⁸ Id.

⁹ 15 U.S.C. 78q-1(b)(3)(I).

Item 6. Extension of Time Period for Commission Action

Not applicable.

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) of the Act¹⁰ and Rule 19b-4(f)(6)¹¹ thereunder, the proposed rule change is filed for immediate effectiveness because it (i) does not significantly affect the protection of investors or the public interest; (ii) does not impose any significant burden on competition; and (iii) by its terms, would not become operative for 30 days after the date of filing, or such shorter time as the Commission may designate.¹² As described above, this proposed rule change is designed to allow OCC to collect certain customer-level data from its Clearing Members to facilitate reporting under CFTC Regulation 39.19 and the Guidebook. While this reporting facilitates CFTC staff's ability to perform its oversight function with the information it deems necessary, which helps to protect investors and the public interest, OCC does not believe that the proposed changes to its Rules alone would significantly affect the protection of investors or the public interest. Under existing Rule 601(e)(2), Clearing Members currently provide OCC with a data file that identifies the positions of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The proposed rule change would simply remove certain restrictions on the type of customer identifying information that Clearing Members may provide to OCC so that OCC can in turn collect and provide this information on daily reports to the CFTC in a manner and form

¹⁰ 15 U.S.C. 78s(b)(3)(A).

¹¹ 17 CFR 240.19b-4(f)(6).

¹² OCC provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission.

consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19. Moreover, OCC does not believe that the proposed rule change would impose any burden on competition. Rather, the proposed rule change removes an existing restriction on the data provided to OCC by its Clearing Members regarding customers with segregated futures accounts to enable OCC to report such information to the CFTC who uses the information in performing its statutory mandate.

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.¹³

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

Item 11. Exhibits

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

¹³ Notwithstanding the foregoing, implementation of the proposed rule change will be delayed until the proposed rule change is deemed certified under CFTC Regulation 40.6. See 17 CFR 40.6.

SIGNATURES

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: _____

Justin W. Byrne
Vice President, Regulatory Filings

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]; File No. SR-OCC-2018-009)

June __, 2018

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Facilitate Reporting Under Commodity Futures Trading Commission Regulations Applicable to Derivatives Clearing Organizations

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 June 15, 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)³ of the Act and Rule 19b-4(f)(6)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 amend OCC Rule 601(e)(2) regarding customer information in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change is intended to facilitate reporting under Commodity Futures Trading Commission (“CFTC”) regulations

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ 15 U.S.C. 78s(b)(3)(A).

⁴ 17 CFR 240.19b-4(f)(6).

applicable to Derivatives Clearing Organizations (“DCOs”) such as OCC. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.⁵

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 the proposed rule change is to amend the provisions of OCC Rule 601(e)(2) with respect to information regarding the identity of customers included in data provided to OCC identifying the positions of each futures customer of a Clearing Member for purposes of calculating the initial margin requirement for segregated futures accounts. The proposed rule change removes the provisions that require “a unique alphanumeric customer identifier for each such customer” and that provide that information submitted to OCC pursuant to Rule 601(e)(2) “shall not include any indication of the identity of any customer or other personal information of a customer.” As described below, the removal of these provisions will allow OCC to perform daily reporting consistent with applicable CFTC regulations and associated guidance.

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On November 8, 2011, the CFTC adopted reporting rules for DCOs in CFTC Regulation 39.19 that cover daily, quarterly, annual, and event-specific reporting.⁶ The reporting requirements in Regulation 39.19 had a compliance date of November 8, 2012.⁷ For daily reporting, paragraph (c)(1) of Regulation 39.19 requires DCOs to submit reports with certain initial margin, variation margin, cash flows, and end-of-day positions for each Clearing Member, by house origin and by each customer origin. In adopting these daily reporting requirements, the CFTC stated that “[t]he overall purpose of receiving the daily data is to enable [CFTC] staff to analyze the data on a regular basis so that it can detect certain trends or unusual activity on a timely basis.”⁸

CFTC Regulation 39.19 requires a DCO to report certain information in a format and manner specified by the CFTC.⁹ Since the regulation’s adoption, the CFTC has published a “Guidebook for Daily Reports” (“Guidebook”) that provides guidance and specifications to DCOs for submitting their daily reports under Regulation 39.19. Generally, daily reports must include, for each Clearing Member, information related to initial margin, daily variation margin, daily cash flows related to clearing and settlement, and end-of-day positions, by house origin and by each customer origin, for all futures, options, and swaps positions, and all securities positions held in a segregated account or pursuant to a cross margining agreement. The most recent version of the Guidebook—Version 9.2—was published in December 2017; however, Version 9.1, which was

⁶ See 17 CFR 39.19(c); see also Derivatives Clearing Organization General Provisions and Core Principles, 76 FR 69334 (Nov. 8, 2011). OCC is a DCO as that term is defined in applicable CFTC regulations. See 17 CFR 1.3.

⁷ See 76 FR 69334.

⁸ 76 FR 69334, at 69400.

⁹ See 17 CFR 39.19(b).

published earlier in 2017, introduced new reporting specifications that can be met only if OCC amends Rule 601(e)(2) as described below. Specifically, Section 2.1.2.2 of the Guidebook requires DCOs (other than exempt DCOs) to “provide the clearing members’ customer information that properly describes the margins reported” by reporting customer names and legal entity identifiers (“LEIs”).

The Guidebook acknowledges that, at the time of its publication, customer-level information may not be available for all DCOs. Indeed, following publication of Version 9.1 of the Guidebook, the CFTC provided informal guidance to DCOs in August 2017 noting that the CFTC was aware that DCOs may not have names and LEIs for all customer accounts that they clear and understood that DCOs and futures commission merchants would begin a project in the near future to obtain names and LEIs for their customers.

OCC makes its daily reports to the CFTC in accordance with Regulation 39.19 based on information it receives from its Clearing Members. OCC Rule 601(e)(2) requires each Clearing Member to submit to OCC on each business day a data file that identifies the positions in segregated futures accounts of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The rule, however, specifically requires Clearing Members to use a “unique alphanumeric customer identifier for each customer” and provides that “such identifiers shall not include any indication of the identity of any customer or other personal information of a customer.” For these segregated futures accounts, OCC prohibits Clearing Members from providing information such as customer name and LEI; thus, OCC does not currently have this information to include in its daily reports to the CFTC

and is not able to provide customer-level information with respect to these accounts in accordance with the Guidebook specifications. Consequently, OCC is proposing to delete the customer identifier provisions from Rule 601(e)(2) so that Clearing Members can provide customer names and LEIs to OCC so that it can, in turn, provide this information on daily reports to the CFTC consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19.

(2) Statutory Basis

Section 17A(b)(3)(F) of the Act requires, among other things, that the rules of a clearing agency be designed, in general, to protect investors and the public interest.¹⁰ OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act.¹¹ As noted above, OCC Rule 601(e)(2) requires each Clearing Member to submit to OCC on each business day a data file that identifies the positions in segregated futures accounts of each futures customer of the Clearing Member using a unique alphanumeric customer identifier for each such customer. The proposed rule change would remove this provision and the requirement that “such identifiers shall not include any indication of the identity of any customer or other personal information of a customer.” Once these provisions are removed, Clearing Members can provide this information to OCC, who can then provide it to the CFTC in accordance with the Guidebook specifications. This will enhance the CFTC staff’s ability to perform its oversight function with the information it deems necessary, which promotes the protection of investors and the public interest.

¹⁰ 15 U.S.C. 78q-1(b)(3)(F).

¹¹ Id.

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

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the Act.¹² OCC does not believe that the proposed rule change would impose any burden on competition. Rather, the proposed rule change removes an existing restriction on the data provided to OCC by its Clearing Members regarding customers with segregated futures accounts. As discussed above, this will then allow OCC to provide this information to the CFTC, consistent with the CFTC staff guidance on daily reporting requirements under Regulation 39.19, who uses the information in performing its statutory mandate.

(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

Pursuant to Section 19(b)(3)(A) of the Act¹³ and Rule 19b-4(f)(6)¹⁴ thereunder, the proposed rule change is filed for immediate effectiveness because it does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days from the date on which it was filed, or such shorter time as the Commission may designate.¹⁵

¹² 15 U.S.C. 78q-1(b)(3)(I).

¹³ 15 U.S.C. 78s(b)(3)(A).

¹⁴ 17 CFR 240.19b-4(f)(6).

¹⁵ OCC provided the Commission with written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule

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.¹⁶

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-2018-009 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.

All submissions should refer to File Number SR-OCC-2018-009. 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

change, at least five business days prior to the date of filing of the proposed rule change or such shorter time as designated by the Commission.

¹⁶ Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Rule 40.6.

<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-2018-009 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.¹⁷

Eduardo A. Aleman
Assistant Secretary

¹⁷ 17 CFR 200.30-3(a)(12).