



August 9, 2021

VIA CFTC PORTAL

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

Re: OCC Rule Certification Concerning Changes to its Governance Arrangements

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, The Options Clearing Corporation (“OCC”) submits this rule certification to provide OCC’s Board of Directors (“Board”) with the discretion to elect either an Executive Chairman or a Non-Executive Chairman to preside over the Board, provide OCC’s Board and stockholders with the discretion to elect a Management Director, clarify the respective authority and responsibility of any Executive Chairman or Non-Executive Chairman, and make other clarifying, conforming, and administrative changes to OCC’s rules. 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 proposed rule has been submitted to the SEC under the Exchange Act.¹

The proposed changes to OCC’s By-Laws, Rules, Board of Directors Charter and Corporate Governance Principles (“Board Charter”), Audit Committee Charter, Compensation and Performance Committee Charter, Governance and Nominating Committee Charter, Risk Committee Charter, Technology Committee Charter (such committee charters collectively being the “Board Committee Charters”), and Amended and Restated Stockholders Agreement (“Stockholders Agreement”) (all collectively, the “OCC Governing Documents”) have been provided as Exhibits 5A – 5I of OCC filing SR-OCC-2021-007. Material proposed to be added to the OCC Governing Documents is marked by underlining. Material proposed to be deleted from the OCC Governing Documents is marked by strikethrough. OCC has requested confidential treatment for Exhibit I

¹ See SEC File No. SR-OCC-2021-007.

(Stockholders Agreement). All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in OCC's By-Laws and Rules.²

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

Explanation and Analysis

Background

Generally speaking, the board of directors of a company is responsible for its own structure and processes and applies its business judgment to board leadership decisions. A board's leadership structure is determined based on several factors, including the board's culture and practices and the capabilities, leadership styles, expectations, personal characteristics, and relationships of its potential leaders. Board leadership roles are context dependent and evolve depending on the circumstances of the company and the board. Specifically, the board of directors generally has discretion to determine whether, for example, the chairman of the board should also be an employee of the company. An "Executive Chairman" is typically employed by the company and may work for the company on a full-time or part-time basis. An Executive Chairman fulfills responsibilities to manage the board while also being more involved with management decisions and "day-to-day" aspects of the company. A "Non-Executive Chairman" is typically not an employee of the company and focuses on leading and supporting the board.

Article III, Section I of OCC's By-Laws currently requires that the Board be composed of nine Member Directors,³ five Exchange Directors, five Public Directors,⁴ and an Executive Chairman (who also serves as a Management Director⁵). The Board is generally responsible for advising management and overseeing the management of the business and affairs of OCC. The

² OCC's By-Laws and Rules can be found on OCC's public website at <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>. OCC's Board and Board Committee Charters are also available on OCC's public website: <https://www.theocc.com/about/corporate-information/board-charter>.

³ Member Directors include Clearing Members or representatives of a Clearing Member who are selected based on, among other things: (i) consideration of balanced representation among all Clearing Members; (ii) balanced representation of all business activities of Clearing Members; (iii) the nature of the firm with which each prospective Director is associated; (iv) industry affiliations; (v) assuring that not all Member Directors are representatives of the largest Clearing Members based on the prior year's volume; and (vi) developing a mix of Member Directors that includes representatives of Clearing Members that are primarily engaged in agency trading on behalf of retail customers or individual investors.

⁴ Public Directors are independent directors who are not affiliated with any national securities exchange or national securities association or with any broker or dealer.

⁵ Management Directors also serve as employees of the Corporation. See Article III, Section 7 of the OCC By-Laws.

Board performs its oversight role, either directly or indirectly, through delegating certain authority to its committees to ensure that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities as a systemically important financial market utility and that OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe and efficient manner. The Board is also responsible for electing OCC's Executive Chairman and appointing certain key officers of OCC, including but not limited to, OCC's Chief Executive Officer ("CEO") and Chief Operating Officer ("COO").⁶ Each member of OCC's executive management team is ultimately responsible for the day-to-day operations and performance of his or her applicable business area. For example, OCC's Executive Chairman is responsible for certain control functions of the Corporation, including internal audit and public affairs and government relations,⁷ and its CEO is responsible for all aspects of the Corporation's business and of its day-to-day affairs, including enterprise risk management and compliance, and all other aspects of the business of the Corporation that do not report directly to the Executive Chairman.⁸

OCC's Board continually evaluates OCC's governance arrangements, including the composition of the Board and OCC's senior management team. OCC's Board and management structure have evolved over time in response to changing business conditions and regulatory obligations as well as to changes in personnel and the knowledge, skills, and experience of its various Board members and senior officers.⁹ OCC's By-Laws currently require the Board to elect an Executive Chairman from among the employees of OCC.¹⁰ While OCC's By-Laws also contemplate discretion for the Board and stockholders to elect a Management Director,¹¹ the

⁶ See Article IV, Sections 1 and 2 of the OCC By-Laws. The Executive Chairman, CEO, and COO may also delegate authority for certain responsibilities to other senior executives and officers.

⁷ See Article IV, Section 6 of the OCC By-Laws.

⁸ OCC's COO supports the operations of the Corporation in accordance with the directions and under the oversight of the Chief Executive Officer. See Article IV, Section 8 of the OCC By-Laws.

⁹ For example, at the end of 2013, OCC's then Chairman and CEO retired, and the Board changed OCC's governance structure by separating the roles of Chairman and CEO and creating the new Executive Chairman position. See Securities Exchange Act. Release No. 34-70076 (July 30, 2013), 78 FR 47449 (August 5, 2013) (SR-OCC-2013-09). In 2014, upon the resignation of the then President and CEO, the Board composition was changed to include only one Management Director (the Executive Chairman). See Securities Exchange Act. Release No. 34-73785 (December 8, 2014), 79 FR 73915 (December 12, 2014) (SR-OCC-2014-18). In 2017, the roles of Executive Chairman and CEO were temporarily combined and then subsequently separated in 2018. See Securities Exchange Act Release No. 80531 (April 26, 2017), 82 FR 20502 (May 2, 2017) (SR-OCC-2017-002) and Securities Exchange Act Release No. 34-85129 (February 13, 2019), 84 FR 5129 (February 20, 2019) (SR-OCC-2018-015).

¹⁰ See Article IV, Section 1 of the OCC By-Laws.

¹¹ See, e.g., Article III, Sections 1 and 7 of the OCC By-Laws.

Executive Chairman, by virtue of being elected to his or her office, serves as the Management Director.¹²

Proposed Changes

OCC proposes to revise the OCC Governing Documents to give the Board discretion to elect either an Executive or Non-Executive Chairman to preside over the Board. In addition, the proposed rule change would provide OCC's Board and stockholders discretion to elect Management Directors from OCC's management, which would be necessary if OCC does not have an Executive Chairman. The proposed rule change would also provide clarity around the authority and responsibilities of an Executive Chairman versus a Non-Executive Chairman. OCC also proposes to make additional clarifying, conforming, and administrative changes to the OCC Governing Documents. OCC believes the proposed changes would provide appropriate flexibility to the Board to evaluate OCC's governance arrangements, including whether OCC should have an Executive or Non-Executive Chairman, and more quickly adjust the composition of OCC's Board and leadership structure in response to changing business conditions and personnel and the knowledge, skills, and experience of its various Board members and senior officers. The proposed changes are discussed in detail below.

Proposed Changes to OCC's By-Laws

OCC proposes to revise Article III, Section 9 and Article IV, Sections 1 and 6 of its By-Laws to give its Board the discretion to elect either an Executive or Non-Executive Chairman. Under OCC's current By-Laws, OCC's Chairman is described as an "Executive Chairman." As a result of this specificity, even though there is no legal or regulatory requirement that OCC have either an Executive or Non-Executive Chairman, and the Board's desire to cast as wide a net as possible for qualified candidates for an important leadership role, the Board likely would not consider Non-Executive Chairman candidates if the ability to do so were not already in the By-Laws. OCC believes that revising its By-Laws to allow the Board the option to elect either an Executive or Non-Executive Chairman would dramatically increase the potential pool of qualified candidates for the position and enable the Board to select the best Chairman for the company at any given time.

Newly proposed Article III, Section 9 (currently Reserved) would provide that, upon the nomination of the Governance and Nominating Committee, the Board shall elect from among its members a Chairman of the Board (as opposed to an Executive Chairman), and if the Chairman is elected from among the employees of OCC, such Chairman would be an "Executive Chairman" for purposes of OCC's By-Laws and Rules. OCC also proposes to revise Article I of its By-Laws to add a definition for the term "Chairman," which would be defined to mean the individual elected by the Board as the Chairman of the Board pursuant to Article III, Section 9 of the By-Laws and that may be, but would not be required to be, an Executive Chairman. In addition, OCC would revise Article III, Section I of the By-Laws to provide that the Board may have no less than five Public

¹² See e.g., Article IV, Section 1 of the OCC By-Laws.

Directors. The proposed change would allow OCC to have a sixth Public Director serving on its Board if there is a Public Director serving as Chairman.¹³

Pursuant to proposed Article III, Section 9 of the By-Laws, the Chairman would preside at all meetings of the Board of Directors, be responsible for carrying out the policies of the Board, have general supervision over the Board and its activities, and provide overall leadership to the Board of Directors. Additionally, the By-Laws would be revised to provide OCC's Board with additional flexibility to define the role of the Chairman. Article IV, Section 6 of the By-Laws currently states that the Executive Chairman is responsible for certain control functions of OCC, including internal audit and public affairs and government relations, and has supervision of the officers and agents appointed by him. This By-Law requirement would be replaced by a more general statement in proposed Article III, Section 9 that the Chairman would have those powers and perform such duties as the Board may designate. The proposed change would provide appropriate flexibility for the Board to assign or remove responsibilities of the Chairman based on whether such Chairman is an Executive or Non-Executive Chairman and based upon the needs of OCC at a given point in time, as discussed in further detail below. OCC would also make conforming changes to Article IV, Section 8 to clarify that the CEO would be responsible for all aspects of OCC's business and for its day-to-day affairs, except for those that may report directly to the Chairman, as determined by the Board.

OCC also proposes to revise the following sections of its By-Laws so that any Chairman (whether Executive or Non-Executive) retains the authority and responsibility currently given to the Executive Chairman and which OCC believes relate to governance matters appropriately assigned to any Chairman of the Board. This includes the following sections of the By-Laws.

- Article II, Sections 2 and 4 concerning the authority to call and provide notice of meetings of OCC's stockholders;
- Article III, Section 10 concerning the authority to receive notice of resignation of a member of the Board;
- Article III, Section 14 concerning the authority to call special meetings of the Board;
- Article III, Section 15 concerning the authority to exercise emergency powers and call special meetings of the Board during such an emergency;

¹³ OCC notes that the proposed change, along with the potential election of a Management Director that is not an Executive Chairman (discussed below), could result in the Board having up to 21 total directors as opposed to its current 20 directors. OCC also notes that if the Board elects a Non-Executive Chairman that is determined to be an independent Public Director, such a Chairman would be eligible to serve as the chair of any of OCC's Board Committees pursuant to the requirements of each Board Committee Charter. OCC does not believe that the potential addition of a Public Director to its Board, increasing the overall Board size by one director, would materially impact the composition, representation, or decision-making process of the Board.

- Article IV, Sections 2, 3, 9 and 13 concerning the authority to appoint officers, fix the salaries of any appointed officers, and remove such officers;
- Article VIIB, Section 1, Interpretation and Policy .01 concerning the responsibility to promptly provide Non-Equity Exchanges with information the Chairman considers to be of competitive significance to such Non-Equity Exchanges that was disclosed to Exchange Directors at or in connection with any meeting or action of the Board or one of its committees;
- Article IX, Section 12 concerning the authority to sign certificates for shares of OCC; and
- Article IX, Section 14 concerning the authority to suspend the rules of OCC in emergency circumstances.

OCC would also revise its By-Laws to transfer certain responsibilities that currently belong to the Executive Chairman, and that would no longer belong to any Chairman, to OCC's CEO. Specifically, OCC proposes to revise Article VI, Section 11 of the By-Laws to assign the responsibility for participating in the Securities Committee and panels thereof for purposes of contract adjustments to the CEO. OCC also proposes similar changes to its By-Laws concerning the fixing of: (i) underlying interest values of binary and range options (Article XIV, Section 5), (ii) exercise settlement amounts of yield-based Treasury options (Article XVI, Section 4), (iii) exercise settlement amounts of cash-settled securities options other than OTC index options (Article XVII, Section 4), (iv) exercise settlement amounts of cash-settled foreign currency options (Article XXII) in circumstances where certain prices or values are determined to be unavailable or inaccurate for the contracts in question, and (v) the Closing Price for BOUNDS contracts (Article XXIV). OCC believes these responsibilities are best discharged by the CEO – the senior executive of the company directly familiar with the day-to-day operations of the company and with no director-related responsibilities – than an Executive Chairman. Furthermore, the proposed changes would ensure these responsibilities remain clearly and transparently assigned to an executive officer of the company in the event the Board elects a Non-Executive Chairman.

OCC also proposes to revise its By-Laws and Stockholder Agreement to provide OCC's Board and stockholders with the discretion to elect a Management Director. Currently, under the By-Laws and Stockholder Agreement, the Executive Chairman is also elected as the Management Director of OCC. Under the proposed rule change, however, OCC's Board would have the discretion to elect a Non-Executive Chairman. OCC therefore proposes to revise Article VIIA, Section 3 of the By-Laws and Sections 2 and 3 of the Stockholder Agreement to provide the Board and stockholders with the discretion to elect a Management Director if the Board has elected a Non-Executive Chairman should they choose. OCC would also revise Article III, Section 12 of the By-Laws to reflect that any vacancy in the position of Management Director may be filled by the Board until the next meeting of the stockholders and would not be limited to the selection of the Executive

Chairman to serve as Management Director. In addition, OCC proposes to revise Article IV, Sections 1 and 7 of the By-Laws to relocate certain provisions concerning the election of the Vice Chairman of the Board.

Finally, OCC proposes to revise Article III, Section 4 of the By-Laws to remove specific references to various Board committees and their compositions. OCC notes that each of the Board Committee Charters are filed with the SEC and CFTC as rules of OCC, and as a result, this information is unnecessarily duplicated in OCC's By-Laws. OCC believes that maintaining this information in multiple places does not add any benefit to the rules of OCC and only increases the possibility for inconsistent statements among the OCC Governing Documents to the detriment of clear and transparent governance arrangements.¹⁴

Proposed Changes to OCC's Rules

OCC proposes changes to its Rules in connection with the proposed By-Law changes described above. OCC would revise the following Rules so that any Chairman (whether Executive or Non-Executive) retains the following authority and responsibility currently given to the Executive Chairman.

- Rule 505 concerning the authority to extend settlement times upon a determination that an emergency or force majeure condition exists;
- Rule 609A concerning the authority to waive margin deposits in limited circumstances;
- Rule 1006(f) concerning the authority to use Clearing Fund assets to borrow or otherwise obtain funds from third parties;
- Rule 1104, Interpretation and Policy .02 concerning the authority to elect to use one or more private auctions to liquidate collateral, open positions and/or exercised/matured contracts of a suspended Clearing Member; and
- Rule 1110 concerning the authority to appoint an appeals panel to considered and decided appeals by suspended Clearing Members.

OCC believes it is appropriate for the Chairman to retain the authority to make certain critical decisions, which primarily involve emergency or exigent circumstances or other activities generally outside of OCC's day-to-day activities. The proposed change would help to ensure the efficient management and operation of OCC in such circumstances if other authorized officers are absent or otherwise unable to perform their duties.

¹⁴ As part of this proposed change, OCC would relocate from the By-Laws to each of the Board Committee Charters the requirement that committee members are selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and serve at the pleasure of the Board.

OCC also proposes conforming changes to its Rules concerning those responsibilities and authorities that would remain with any Executive Chairman of the Corporation. This includes the following:¹⁵

- Rule 1104(b) concerning the authority to delay the immediate liquidation of a suspended Clearing Member's margin deposits and to use such deposits to borrow or otherwise obtain funds from third parties;
- Rule 1106(e) concerning the authority to determine not to close out a suspended Clearing Member's unsegregated long positions or short positions in options or BOUNDS, or long or short positions in futures; and
- Rule 1106(f) concerning the authority to execute hedging transactions to reduce the risk associated with any collateral or positions not immediately liquidated or closed out pursuant to Rules 1104(b) and 1006(e).

While these responsibilities and authorities involve important aspects of OCC's default management process, OCC does not believe they rise to the level of emergency or exigent circumstances. OCC believes it is appropriate for these responsibilities to remain with senior executives more closely familiar with the day-to-day operations of the Corporation. As a result, OCC would not substantively change the requirements in its existing rules.

Proposed Changes to OCC Board Charters

OCC proposes several conforming changes to its Board Charters in connection with the proposed changes to its By-Laws and Rules. OCC also proposes administrative changes to its Board Charters relating to its Board Committee composition requirements. The proposed changes to each of the charters are described below.

Board Charter

OCC proposes to revise its Board Charter to conform to the proposed changes to OCC's By-Laws discussed above. First, OCC would remove the qualifier "Executive" before most occurrences of "Executive Chairman" throughout the charter. In addition, OCC would revise the Board Charter to clarify that those provisions relating to management structure, evaluation, and succession would be applicable only to any Executive Chairman. The proposed changes would also clarify that, with respect to employee compensation, the Board would be responsible for the compensation, incentive, and benefit programs and evaluating the performance of any Executive Chairman. OCC also proposes to revise the Board Charter to reflect that the election of a Management Director would be

¹⁵ OCC notes that the CEO and COO would also continue to have authority to take the following actions.

at the discretion of the Board and provide that a Management Director would no longer be eligible to serve if he or she ceases to hold a senior officer position at OCC, by virtue of which he or she was elected as a Management Director.

OCC also proposes to revise the Board Charter to include the Regulatory Committee in the list of charters required to be established by the Board.¹⁶ In addition, OCC proposes to revise its Board Charter to remove specific requirements around the composition of the Governance and Nominating Committee, which would align with proposed changes to the Governance and Nominating Committee discussed below.

Audit Committee Charter

OCC proposes changes to its Audit Committee Charter regarding the functional and administrative reporting lines for the Chief Audit Executive (“CAE”) and Chief Compliance Officer (“CCO”) and the review and oversight of OCC’s Internal Audit and Compliance functions to accommodate the proposed changes to OCC’s By-Laws. The Audit Committee Charter currently provides that the CAE reports functionally to the Audit Committee and administratively¹⁷ to the Executive Chairman and that the committee consults with the Executive Chairman and CEO in reviewing the performance of the Internal Audit function and CAE. OCC would revise the Audit Committee Charter to state that the CAE would continue to report functionally to the Committee and report administratively to a member of the Management Committee designated by the Committee. As noted above, governance responsibilities may vary depending on OCC’s management structure and the Board’s allocation of responsibilities at a given point in time. The proposed rule change is intended to provide appropriate flexibility for the administrative reporting line of the CAE and in the officers that the committee may consult in their review of the Internal Audit function. OCC also proposes similar changes to the functional and administrative reporting lines of the CCO, who currently reports functionally to the Audit Committee and administratively to the CEO, and to the consultation requirements in reviewing the performance of the CCO and Compliance Department. This would provide for a consistent approach and similar flexibility for the Audit Committee’s oversight of OCC’s Compliance function.

Compensation and Performance Committee Charter

OCC proposes to revise its Compensation and Performance Committee Charter to conform to the proposed changes to OCC’s By-Laws. Specifically, the proposed revisions would reflect that the committee’s responsibilities for reviewing the performance and compensation of OCC’s

¹⁶ See Securities Exchange Act Release No. 87577 (November 20, 2019) 84 FR 65202 (November 26, 2019) (SR-OCC-2019-008).

¹⁷ Administrative reporting may include, for example, reporting concerning budgeting and accounting issues, human resource administration, administration of OCC’s internal policies and procedures, and other day-to-day communication and updates concerning the respective function.

management team, including the executive officers of OCC, would extend to any Executive Chairman of OCC.

Governance and Nominating Committee Charter

OCC proposes to revise its Governance and Nominating Committee Charter to conform to the proposed changes to OCC's By-Laws by clarifying that the Committee would consult with any Chairman in its oversight and advising responsibilities to OCC's Board.

Risk Committee Charter

OCC proposes changes to its Risk Committee Charter regarding the functional and administrative reporting lines for the Chief Risk Officer ("CRO"). Currently, the Risk Committee Charter provides that the CRO reports functionally to the Committee and administratively to the CEO and that the Committee consults with the CEO and other committees as appropriate in reviewing the CRO's performance. OCC proposes to revise the Risk Committee Charter to state that the CRO would continue to report functionally to the Committee and would report administratively to a member of the Management Committee designated by the Committee. The proposed rule change is intended to provide flexibility for the administrative reporting line of the CRO and the particular officers and committees the Risk Committee may consult in their review of the CRO's performance depending on the Board's allocation of responsibilities at a given point in time.

Technology Committee Charter

Finally, OCC proposes to revise its Technology Committee Charter to require that the chair of the committee be a Public Director. The proposed change is intended to align the Technology Committee Charter with OCC's other Board Committee Charters, which also require that a Public Director serves as committee chair. OCC notes that the proposed change would not result in any practical change to the Technology Committee as it is currently chaired by a Public Director.

Compliance with the Act and Regulations Thereunder

OCC reviewed the DCO core principles ("Core Principles") as set forth in the Act, regulations thereunder, and the provisions applicable to a DCO that elects to be subject to the provisions of 17 CFR Subpart C ("Subpart C DCO"). During this review, OCC identified the following Core Principles, regulations and provisions applicable to Subpart C DCOs as potentially being impacted:

Governance fitness standards. OCC believes that implementing the proposed rule change will be aligned with the requirements of Core Principle O.¹⁸ Core Principle O requires, in part, that each DCO establish governance arrangements that are transparent to fulfill public interest

¹⁸ 7 U.S.C. 7a-1(c)(2)(O).

requirements.¹⁹ CFTC Regulation 39.24(b) further implements Core Principle O by requiring, among other things, that a DCO have governance arrangements that: (i) are clear and documented; (ii) include clear and direct lines of responsibility and accountability; (iii) clearly specify the roles and responsibilities of the board of directors, board committees, and management; (iv) describe procedures pursuant to which the board of directors oversees the chief risk officer; and (v) assign responsibility and accountability for risk decisions, including in crises and emergencies.²⁰

As discussed above, the proposed rule change would enable OCC's Board to adjust OCC's governance arrangements in a more timely fashion (particularly as they relate to OCC's Chairman) so that its governance arrangements are continually designed to promote the efficient and effective management and operation of OCC. The proposed rule change would clearly delineate the proposed authority and responsibilities of an Executive Chairman versus a Non-Executive Chairman, including certain authority and responsibilities that may arise in a crisis or emergency situation. OCC also believes the proposed changes to its Board Committee Charters would provide OCC's Board with appropriate flexibility to more quickly adjust the administrative reporting lines for, and oversight of the performance of, OCC's Internal Audit and Compliance functions and key OCC personnel, such as the CAE, CCO, and CRO, taking into account the specific qualifications, experience, competence, character, skills, incentives, integrity or other relevant attributes of Board members and senior officers at any given time. OCC believes the proposed change would provide an appropriate level of clarity and transparency regarding the limited set of officers to which the CAE, CCO, and CRO may report to for administrative purposes and the Board's responsibility for designating such reporting lines. The proposed changes to the Board Committee Charters would not alter the responsibilities of the Board generally or of any of its individual committees or committee members. These responsibilities would continue to be specified in each of the Board Committee Charters. As a result, OCC believes the proposed rule change is reasonably designed to provide for governance arrangements that remain clear and transparent, specify clear and direct lines of responsibility, describe the oversight arrangements of OCC's CRO, and assign responsibility and accountability for certain risk decisions described herein.

In this way, OCC believes the proposed change promotes compliance with Core Principle O under the Act.²¹

¹⁹ See 7 U.S.C. 7a-1(c)(2)(O)(i)(I).

²⁰ See 17 CFR 39.24(b).

²¹ 7 U.S.C. 7a-1(c)(2)(O).

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

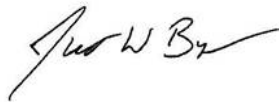
OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the proposed rule change on OCC's website concurrently with the filing of this submission.

Certification

OCC hereby certifies that the rules set forth in Exhibits A - I of the enclosed comply 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
Associate General Counsel

Enclosure(s)

EXHIBIT A



By-Laws

Underlined text indicates new text

~~Strikethrough~~ text indicates deleted text

Article I – Definitions

Definitions

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

* * * * *

C.

* * * * *

Chairman

(11) The term “Chairman” shall mean the individual elected as the Chairman of the Board by the Board of Directors pursuant to Article III, Section 9 of these By-Laws. Such Chairman may be, but is not required to be, an Executive Chairman. References to “Chairman” throughout the Rules and By-Laws shall include an Executive Chairman.

(11) through (38) are renumbered as (12) through (39).

E.

* * * * *

Executive Chairman

(14) The term “Executive Chairman” shall mean ~~the any~~ individual from among the employees of the Corporation elected by the Board of Directors to serve as the ~~Executive~~ Chairman of the Board pursuant to Article ~~IV~~III, Section ~~19~~ of these By-Laws.

* * * * *

Article II – Meetings of Stockholders

* * * * *

Special Meetings

SECTION 2. Special meetings of the stockholders may be called by the ~~Executive~~ Chairman or the Board of Directors, and shall be called by the ~~Executive~~ Chairman upon the written request of a holder of the outstanding Common Stock of the Corporation.

* * * * *

Notice of Meetings

SECTION 4. Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than forty days before the date of the meeting, or in case of a merger or consolidation not less than twenty nor more than forty days before the date of the meeting, either personally or by mail, by or at the direction of the ~~Executive~~ Chairman or the Secretary, or the persons calling the meeting, to each stockholder of record. If mailed, such notice shall be deemed to be delivered when deposited in the United States mails addressed to the shareholder at his address as it appears on the records of the Corporation, with postage thereon prepaid.

* * * * *

Article III – Board Directors

Number of Directors

SECTION 1. The Board of Directors of the Corporation shall be composed of nine Member Directors, the number of Exchange Directors fixed by or pursuant to Section 6 of this Article III, no less than five Public Directors, and may include one Management Director.

* * * * *

Committees

SECTION 4. Subject to applicable law, the Certificate of Incorporation and the other provisions of these By-Laws, the Board of Directors, by resolution passed by a majority of the whole Board of Directors, may designate persons to serve on such committees as it may deem necessary and appropriate, may delegate one or more of its powers to such committees, and may fill any vacancy occurring in any such committee and may remove any member thereof for any reason.

~~(a) *Audit Committee.* On an annual basis, the Board of Directors shall appoint an Audit Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. All of the Audit Committee members will be selected by the Board from among the directors recommended by the then constituted Governance and Nominating Committee after consultation with the Executive Chairman and shall serve at the pleasure of the Board provided that no Management Director may serve on the Audit Committee. The chairman of the Audit Committee shall be designated by the Board from among the Public Director member(s) of the Committee.~~

~~(b) *Compensation and Performance Committee.* On an annual basis, the Board of Directors shall appoint a Compensation and Performance Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. The Compensation and Performance Committee shall consist of the Executive Chairman, the Member Vice Chairman, and at least one Public Director. Consistent with the preceding sentence, all of the Compensation and Performance Committee members will be selected by the Board from among the directors recommended by the then constituted Governance and Nominating Committee after consultation~~

~~with the Executive Chairman and shall serve at the pleasure of the Board. The chairman of the Compensation and Performance Committee shall be designated by the Board from among the Public Director member(s) of the Committee.~~

~~(c) *Governance and Nominating Committee.* On an annual basis, the Board of Directors shall appoint a Governance and Nominating Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. The Governance and Nominating Committee shall consist of at least one Public Director, at least one Exchange Director and at least one Member Director. All of the Governance and Nominating Committee members will be selected by the Board from among the directors recommended by the then constituted Governance and Nominating Committee after consultation with the Executive Chairman and shall serve at the pleasure of the Board. The chairman of the Governance and Nominating Committee shall be designated by the Board from among the Public Director members of the Committee.~~

~~(d) *Regulatory Committee.* The Board of Directors shall appoint a Regulatory Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. The Regulatory Committee members shall consist of all Public Directors of the Corporation. The chairman of the Regulatory Committee shall be designated by the Board or by a majority vote of the Regulatory Committee membership from among the members of the Committee.~~

~~(e) *Risk Committee.* On an annual basis, the Board of Directors shall appoint a Risk Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. The Risk Committee shall consist of the Executive Chairman, at least one Member Director selected on a basis that shall not discriminate against any Exchange, and at least one Public Director and one Exchange Director. Consistent with preceding sentence, all of the Risk Committee members will be selected by the Board from among the directors recommended by the then constituted Governance and Nominating Committee after consultation with the Executive Chairman and shall serve at the pleasure of the Board. The chairman of the Risk Committee shall be a Director designated by the Board from among the Public Director member(s) of the Committee.~~

~~(f) *Technology Committee.* On an annual basis, the Board of Directors shall appoint a Technology Committee, having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. All of the Technology Committee members will be selected by the Board from among the directors recommended by the then constituted Governance and Nominating Committee after consultation with the Executive Chairman and shall serve at the pleasure of the Board. The chairman of the Technology Committee shall be designated by the Board from among the members of the Committee.~~

* * * * *

Chairman of the Board

SECTION 9. ~~[Reserved.]~~(a) Upon the nomination of the Governance and Nominating Committee, the Board of Directors shall elect from among its members a Chairman of the Board. If the Chairman is elected from among the employees of the Corporation, such Chairman shall be

an “Executive Chairman” for purposes of the Corporation’s By-Laws and Rules. The Chairman shall be responsible for carrying out the policies of the Board of Directors. The Chairman shall have general supervision over the Board of Directors and its activities and shall provide overall leadership to the Board of Directors. The Chairman shall preside at all meetings of the Board of Directors and the stockholders. The Chairman shall have such other powers and perform such other duties as the Board of Directors may designate. The Chairman may be responsible for certain functions of the Corporation as determined by the Board of Directors.

(b) Subject to the subsequent ratification by, and any specific instructions of, the Board of Directors, the Chairman, or a proxy appointed by him, shall have full power and authority, in the name of and on behalf of the Corporation, to vote at his discretion stock of wholly owned subsidiaries of the Corporation, except to the extent that such authority shall be withheld or vested in a different officer or agent of the Corporation by the Board of Directors.

Resignations

SECTION 10. A director may resign at any time by giving written notice of resignation to the ~~Executive~~ Chairman or to the Secretary; ~~provided, however, that in the event a Management Director resigns, he must simultaneously resign his position with the Corporation.~~ A resignation, unless specifically contingent upon its acceptance, will be effective as of its date or as of the effective date specified therein.

* * * * *

Filling of Vacancies and Newly Created Directorships

SECTION 12. A vacancy occurring for any reason among the Member Directors of any Class shall be filled by a majority of the directors then in office, even though they may be less than a quorum, and the person appointed to fill such vacancy shall serve until the next election of such Class and until a successor shall be elected and qualified; provided that the vacancy shall be filled only by the appointment of a person recommended by the Governance and Nominating Committee. A vacancy or newly created directorship occurring for any reason among the Exchange Directors shall be filled by the Exchange entitled to elect such Exchange Director. A vacancy occurring for any reason among the Public Directors shall be filled by a majority of the directors then in office, even though they may be less than a quorum, with a person, not affiliated with any national securities exchange or national securities association or with any broker or dealer in securities, selected as provided in Section 6A of this Article III (including the recommendation of the Governance and Nominating Committee), and the person appointed to fill such vacancy shall serve for the remainder of the predecessor's term of office and until a successor shall be elected and qualified. A vacancy occurring for any reason in the position of Management Director may be filled by a majority of the directors then in office, even though they may be less than a quorum, ~~only with the person elected or appointed to fill the office of Executive Chairman of the Corporation~~ until the next meeting of stockholders.

* * * * *

Meetings

SECTION 14. Regular meetings of the Board of Directors shall be held at such times and at such places as shall from time to time be provided by resolution of the Board of Directors, without notice other than such resolution. Special meetings of the Board of Directors to be held on a business day may be called by the ~~Executive~~ Chairman at any time and shall be called by the Secretary upon the written request of not less than three directors. At least one hour's notice of any special meeting shall be given to each director either in writing, in person, by telephone or by facsimile; provided that the Secretary shall use reasonable efforts to give notices in person or by telephone if less than two days' notice is given. Any action taken at such special meeting called on less than two days' notice shall not remain in effect after the next regular meeting of the Board of Directors unless ratified by the Board of Directors at such regular meeting; provided, however, that nothing herein shall invalidate any acts of the Corporation taken in reliance upon the action of the Board of Directors at such special meeting, nor shall the rights of any person which arise out of action taken by the Board of Directors at such special meeting be affected as a result of the failure of the Board of Directors subsequently to ratify such action at a regular meeting. Neither the business to be transacted nor the purpose of any meeting of the Board of Directors need be specified in any notice of such meeting.

Emergency Powers

SECTION 15. (a) During any emergency which results, directly or indirectly, from an attack (including a terrorist attack) on the United States or on a locality in which the Corporation maintains an office or customarily holds meetings of the Board of Directors, or from a war, armed hostilities, insurrection or other calamity involving the United States or any such locality, or from any nuclear or atomic disaster, or from any other catastrophe, disaster, (including any environmental or natural disaster), communications systems failure, or other similar condition, in which a quorum (as specified in Article III of the By-Laws) of the Board of Directors or a standing committee thereof cannot readily be convened for action (an "Emergency"), the following provisions of this Section 15 shall be operative notwithstanding any other provision in any of the sections (other than Section 110) of the Delaware Corporation Law or in the Certificate of Incorporation, By-Laws or Rules of the Corporation. The ~~Executive~~ Chairman, Chief Executive Officer, Chief Operating Officer or, if it is not feasible for the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer to take such action, then a Designated Officer is authorized to declare the existence of such Emergency and to declare this By-Law to be in effect. The ~~Executive~~ Chairman, Chief Executive Officer, Chief Operating Officer, or such Designated Officer, shall use his best efforts to attempt to consult with officials of the Securities and Exchange Commission ("SEC") prior to declaring the existence of such Emergency; provided, however, that the authority contained herein shall not be conditioned by such consultation. The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of the declaration of an Emergency and the reasons therefor, and a record of such declaration shall be prepared and maintained in the records of the Corporation.

(b) During an Emergency, special meetings of the Board of Directors or a committee thereof may be called by the ~~Executive~~ Chairman, Chief Executive Officer, Chief Operating Officer, or by a Designated Officer of the Corporation at any time. At least thirty minutes notice of any such special meeting shall be given to such of the directors as it may be feasible to reach at the time

by such means as may be deemed feasible at the time by the ~~Executive~~ Chairman, Chief Executive Officer, Chief Operating Officer, or the Designated Officer calling such meeting. Neither the business to be transacted nor the purpose of any such meeting need be specified in the notice thereof.

(c) through (d) [No Change.]

(e) In the event the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer is authorized or directed by the By-Laws, the Rules, any resolution of the Board of Directors or a committee thereof, or any agreement to which the Corporation is a party to take any action, and it is not feasible for such officer to take such action, then such action may be taken by one of the others, and if it is not feasible for any of them to take such action, then such action may be taken by a Designated Officer in the order of priority provided in the resolution of the Board of Directors approving such list.

(f) [No Change.]

* * * * *

Article IV - Officers

Selection by Board of Directors

SECTION 1. ~~Upon the nomination of the Governance and Nominating Committee, an Executive Chairman shall be elected by the Board of Directors from among the employees of the Corporation. Also upon the nomination of the Governance and Nominating Committee, a Vice Chairman of the Board shall be elected by the Board of Directors from among the Member Directors. Such Vice Chairman shall be referred to as the Member Vice Chairman.~~ The Board of Directors shall ~~also~~ elect a Chief Executive Officer, a Chief Operating Officer, who it may, in its discretion, designate as President of the Corporation, a Secretary and a Treasurer, none of whom need be a member of the Board of Directors at the time of such election. The Board of Directors may, but need not, elect one or more Vice Presidents or such other officers as it may from time to time determine are required for the efficient management and operation of the Corporation. An officer shall hold his office for one year and until his successor is elected and qualified or until his earlier death, resignation or removal. Two or more offices may be held by the same person except the offices of Executive Chairman, Chief Operating Officer and Member Vice Chairman.

Appointments by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer

SECTION 2. The ~~Executive~~ Chairman, Chief Executive Officer, and Chief Operating Officer each may appoint such officers, in addition to those elected by the Board of Directors, and such agents as they each shall deem necessary or appropriate to carry out the functions assigned to them, who shall hold their respective positions for such terms and shall exercise such powers and perform such duties as determined from time to time by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, respectively; provided that ~~thean~~ Executive

Chairman and the Chief Executive Officer also shall have the authority to set such terms, powers, and duties of any officer or agent appointed by the Chief Operating Officer. Notwithstanding the foregoing, only the Board of Directors may elect a Chief Executive Officer, Chief Operating Officer, Secretary, or Treasurer of the Corporation.

Removal

SECTION 3. Any officer may be removed by the Board of Directors at any time with or without cause. Any officer or agent appointed by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer may be removed by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, respectively, at any time with or without cause; provided that ~~the an~~ Executive Chairman and the Chief Executive Officer also shall have the authority to remove any officer or agent appointed by the Chief Operating Officer. Such removal shall be without prejudice to the contract rights, if any, of the person removed.

* * * * *

~~Executive Chairman~~

SECTION 6. ~~(a) The Executive Chairman shall be responsible for certain control functions of the Corporation, including internal audit and public affairs and government relations, and shall have supervision of the officers and agents appointed by him. Subject to the provisions of these By-Laws and the Rules, the Executive Chairman shall have the authority to suspend Clearing Members. The Executive Chairman shall preside at all meetings of the Board of Directors and the stockholders.~~

~~(b) Subject to the subsequent ratification by, and any specific instructions of, the Board of Directors, the Executive Chairman, or a proxy appointed by him, shall have full power and authority, in the name of and on behalf of the Corporation, to vote at his discretion stock of wholly owned subsidiaries of the Corporation, except to the extent that such authority shall be withheld or vested in a different officer or agent of the Corporation by the Board of Directors. [Reserved.]~~

Vice Chair~~man~~ of the Board

SECTION 7. Upon the nomination of the Governance and Nominating Committee, a Vice Chairman of the Board shall be elected by the Board of Directors from among the Member Directors. Such Vice Chairman shall be referred to as the Member Vice Chairman. In the absence or disability of the ~~Executive~~ Chairman, the Member Vice Chairman shall preside at meetings of the Board of Directors and the stockholders.

Chief Executive Officer and Chief Operating Officer

SECTION 8. The Board of Directors shall elect a Chief Executive Officer and a Chief Operating Officer. The Chief Executive Officer shall be responsible for all aspects of the Corporation's business and of its day to day affairs, including enterprise risk management and compliance, and

shall be responsible for all aspects of the business of the Corporation, except for those that ~~do not~~ report directly to the ~~Executive~~ Chairman, as determined by the Board of Directors, to promote the efficient and effective management and operation of the Corporation. Subject to the provisions of these By-Laws and the Rules, the Chief Executive Officer and, in his absence, Chief Operating Officer, shall have the authority to suspend Clearing Members. The Chief Operating Officer shall support the operations of the Corporation in accordance with the directions and under the oversight of the Chief Executive Officer and shall have supervision of the officers and agents appointed by them. In the absence or disability of the Chief Executive Officer, the Chief Operating Officer shall fulfill the duties and have the powers of the Chief Executive Officer provided, however, that neither the Chief Executive Officer nor the Chief Operating Officer shall preside at meetings of the Board of Directors or the stockholders.

Vice Presidents

SECTION 9. To the extent such offices are filled by the Board of Directors, the ~~Executive~~ Chairman, the Chief Executive Officer, or the Chief Operating Officer, the Vice Presidents shall perform the respective duties and exercise the respective powers assigned to them by the Board of Directors or the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, as applicable. In the absence or disability of the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, the Vice Presidents shall, in the order of their seniority or such order as may have been specified by the Board of Directors, the ~~Executive~~ Chairman, the Chief Executive Officer, or the Chief Operating Officer at the time of their election, perform the duties and exercise the powers of the ~~Executive~~ Chairman, Chief Executive Officer, and Chief Operating Officer, except that no Vice President shall preside at meetings of the Board of Directors or the stockholders.

* * * * *

Salaries

SECTION 13. The salary, if any, of those officers elected by the Board of Directors shall be fixed by the Board of Directors, and (subject to any contrary action taken by the Board of Directors) the salary, if any, of all other officers, agents and employees appointed by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer shall be fixed by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating, respectively; provided that the ~~Executive~~ Chairman and the Chief Executive Officer also shall have the authority to fix the salary, if any, of any officer or agent appointed by the Chief Operating Officer. Members of the Board of Directors other than full-time employees of the Corporation shall be entitled to compensation for their services as directors at such rates as the Board of Directors may from time to time determine. Members of the Board of Directors may be reimbursed for their reasonable expenses in attending meetings of the Board of Directors or any Committee thereof.

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Article VI – CLEARANCE OF CONFIRMED TRADES

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Adjustment Policies and Procedures

SECTION 11. (a) through (b) [No Change.]

(c) The composition and manner of acting of the Securities Committee and panels comprised of representatives of Securities Exchanges that have authority under the By-Laws and Rules to make certain determinations with respect to cleared contracts shall be as set forth below, unless otherwise provided in the By-Laws and Rules of the Corporation:

(1) The Securities Committee shall consist of one designated representative of each Securities Exchange and the ~~Executive Chairman~~ Chief Executive Officer. The ~~Executive Chairman~~ Chief Executive Officer shall not be a voting member of the Committee or of any panel except in the case of a tie vote, in which case the ~~Executive Chairman~~ Chief Executive Officer shall have the right to cast a vote to break the tie and shall, for such purpose, be deemed to be a voting member.

(2) through (3) [No Change.]

(4) Notwithstanding the foregoing provisions of this Section 11 or any other requirements of the By-Laws and Rules, the ~~Executive Chairman~~ Chief Executive Officer may designate any other representative of the Corporation, and any representative of an Exchange may designate any other representative of such Exchange, to serve in his place at any meeting of the Securities Committee or of any panel. In the event of such designation, the designee shall, for the purposes of such meeting, have all of the powers and duties under this Section 11 of the person designating him. Neither the Corporation nor any Exchange shall designate to serve on any panel (i) any Exchange member or Clearing Member, or any director, officer, partner, or employee of any Exchange member or Clearing Member, or (ii) any person who, to the knowledge of the self-regulatory organization designating such person, is the beneficial holder of a long or short position in the cleared contracts as to which such panel is to make a determination.

* * * * *

Article VIIA - Equity Exchanges

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Stockholders Agreement

SECTION 3. Prior to becoming a participant Exchange, each Equity Exchange entered into a Stockholders Agreement with the Corporation and each of the other Equity Exchanges, which agreement provides, among other things, that the shares of Common Stock acquired by that Exchange (i) shall be voted in favor of the Member Directors as provided in Section 5 of Article III, one or more Public Directors as provided in Section 6A of Article III, and ~~the any~~ Management Director as provided in Section 7 of Article III and that the Exchange shall give its irrevocable proxy to the members of the Governance and Nominating Committee to vote its

shares in such manner in the election of Member Directors, Public Directors, and ~~the any~~ Management Director; (ii) shall not be pledged, hypothecated or otherwise encumbered in any manner whatsoever; and (iii) shall not, except as otherwise provided therein, be sold, assigned, transferred or otherwise disposed of except after first offering all such shares to the Corporation for an aggregate price determined and payable as therein set forth.

* * * * *

Article VIIB - Non-Equity Exchanges

Qualifications

SECTION 1. [No change.]

...Interpretations & Policies:

.01 Non-Equity Exchanges will be promptly provided with information that the ~~Executive~~ Chairman considers to be of competitive significance to such Non-Equity Exchanges that was disclosed to Exchange Directors at or in connection with any meeting or action of the Board of Directors or any Committee of the Board of Directors.

.02 [No change.]

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Article IX – General Provisions

* * * * *

Certificates for Shares

SECTION 12. Certificates representing shares of the Corporation shall be in such form and shall bear such legends as may be determined by the Board of Directors. Such certificates shall be signed by the ~~Executive~~ Chairman, Chief Executive Officer, Chief Operating Officer, or a Vice-President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Corporation. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and the date of issue, shall be entered on the books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in the case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

* * * * *

Suspension of Rules in Emergency Circumstances

SECTION 14. (a) The Corporation's By-Laws, Rules, policies and procedures, or any other rules issued by the Corporation may be waived or suspended, or any time fixed thereby for the doing of any act or acts may be extended, by the Board of Directors, the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer whenever, in his, her, or their judgment (i) an emergency exists and (ii) such suspension, waiver or extension is necessary or advisable for the protection of the Corporation or otherwise in the public interest in order for the Corporation to continue to facilitate the prompt and accurate clearance and settlement of confirmed trades or other transactions and to provide its services in a safe and sound manner. If such determination is made other than by the Board of Directors, then notice must be given to the Board of Directors as soon as practicable.

* * * * *

Article XIV – Binary Options; Range Options

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Unavailability or Inaccuracy of Final Underlying Interest Value

SECTION 5. (a) [No change.]

(b) In the case of a binary option or range option that is traded on a Securities Exchange, determinations by the Corporation under this Section 5 shall be made by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the ~~Executive Chairman~~ Chief Executive Officer. In the case of a binary option or range option that is not traded on a Securities Exchange, determinations under this Section 5 shall be made by the Corporation alone. The panel (or the Corporation, if there is no panel) shall fix the underlying interest value based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of the affected series, the maintenance of a fair and orderly market in the affected series, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel or the Corporation may fix the underlying interest value using: (i) the reported price or value for the relevant underlying interest or index component at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a price or value was reported by the reporting authority; (ii) the reported price or value for the relevant underlying interest or index component at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening price or value is reported by the reporting authority; or (iii) a price or value for the relevant underlying interest or index component at such other time, or representing a combination or average of prices or values at such time or times, as the panel or the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the ~~Executive Chairman~~ Chief Executive Officer and Exchange representatives to designate others to serve in their place on such panels

shall apply equally to panels convened pursuant to this Section. Every determination of a panel or the Corporation pursuant to this Section 5 shall be within the sole discretion of such panel or the Corporation, as the case may be, and shall be conclusive and binding on all investors and not subject to review.

(c) [No Change.]

* * * * *

Article XVI – Yield-Based Treasury Options

* * * * *

Unavailability or Inaccuracy of Settlement Value of Underlying Yield

SECTION 4. (a) If the Corporation shall determine that the settlement value of the underlying yield for any series of yield-based Treasury options (the “affected series”) is unreported, inaccurate, unreliable, unavailable or inappropriate for purposes of calculating the exercise settlement amount for exercised contracts of the affected series, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and Rules, the Corporation shall be empowered to do any or all of the following:

(1) [No change.]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. The exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the ~~Executive Chairman~~ Chief Executive Officer. The panel shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series of options, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel may fix the exercise settlement amount using: (i) the reported value of the underlying yield at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a value was reported by the reporting authority; (ii) the reported value of the underlying yield at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening value is reported by the reporting authority; or (iii) a value for the underlying yield at such other time, or representing a combination or average of values at such time or times, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the ~~Executive Chairman~~ Chief Executive Officer and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every

determination of a panel convened pursuant to this Section shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(3) [No Change.]

(b) [No Change.]

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ARTICLE XVII - Index Options and Certain Other Cash-Settled Options

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Unavailability or Inaccuracy of Current Underlying Interest Value

Effective for Series of Options Opened for Trading After September 16, 2000

SECTION 4. (a) If the Corporation shall determine that the primary market(s) (as determined by the Corporation) for one or more index components did not open or remain open for trading (or that any such components did not open or remain open for trading on such market(s)) on a trading day at or before the time when the current index value for that trading day would ordinarily be determined, or that a current index value or other value or price to be used as, or to determine, the exercise settlement amount (a “required value”) for a trading day is otherwise unreported, inaccurate, unreliable, unavailable or inappropriate for purposes of calculating the exercise settlement amount, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and Rules, the Corporation shall be empowered to do any or all of the following with respect to any series of options on such index (“affected series”):

(1) [No Change.]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. In the case of cash-settled securities options other than OTC index options, the exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the ~~Executive Chairman~~ Chief Executive Officer. In the case of OTC index options or cash-settled commodity options, unless the By-Laws or Rules specifically provide otherwise in respect of a particular class of such options, the exercise settlement amount shall be fixed by the Corporation. The Corporation will consult with the Membership/Risk Committee when appropriate to obtain any additional or supplemental market information or data from the members of such committee that the Corporation believes will be useful in setting such exercise settlement value. The panel (or the Corporation, as the case may be) shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series of options, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel (or the Corporation) may fix the exercise settlement amount using: (i) the reported price or value for the relevant security(ies),

commodity(ies) or underlying interest at the close of regular trading hours (as determined by the Corporation) on the last preceding trading day for which such a price or value was reported by the reporting authority; (ii) the reported price or value for the relevant security(ies), commodity(ies) or underlying interest at the opening of regular trading hours (as determined by the Corporation) on the next trading day for which such an opening price or value is reported by the reporting authority; or (iii) a price or value for the relevant security(ies), commodity(ies) or underlying interest at such other time, or representing a combination or average of prices or values at such time or times, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the ~~Executive Chairman~~ Chief Executive Officer and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination pursuant to this Section shall be within the sole discretion of the Corporation or the panel making such determination, as the case may be, and shall be conclusive and binding on all investors and not subject to review.

(3) [No Change.]

(b) [No Change.]

* * * * *

Article XXII - Cash-Settled Foreign Currency Options

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Unavailability or Inaccuracy of Spot Price

SECTION 4. (a) If the Corporation shall determine that the spot price for the currency underlying any series of cash-settled foreign currency options (the "affected series") is unreported, inaccurate, unreliable, unavailable or inappropriate for purposes of calculating the exercise settlement amount for exercised contracts of the affected series, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and Rules, the Corporation shall be empowered to do any or all of the following with respect to the affected series:

(1) [No Change.]

(2) The Corporation may fix the exercise settlement amount for exercised contracts of an affected series. The exercise settlement amount shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the ~~Executive Chairman~~ Chief Executive Officer. The panel shall fix the exercise settlement amount based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of options of the affected series, the maintenance of a fair and orderly market in such affected series, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, the panel may fix the exercise

settlement amount using: (i) the reported price of the underlying currency at the close of regular trading hours for options on the affected series (as determined by the Corporation) on the last preceding trading day for which such a price was reported by the reporting authority; (ii) the reported price of the underlying currency at the opening of regular trading hours for options on the affected series (as determined by the Corporation) on the next trading day for which such a price is reported by the reporting authority; or (iii) the price of the underlying currency at such other time, or representing a combination or average of prices or quotations at such time or times, and reported in such manner, as the Corporation deems appropriate. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the ~~Executive Chairman~~ Chief Executive Officer and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this Section. Every determination of a panel convened pursuant to this Section shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(3) [No Change.]

(b) [No Change.]

* * * * *

Article XXIV – BOUNDS

* * * * *

Unavailability of Closing Price

SECTION 6. (a) If the underlying security was not traded in the primary market on the business day preceding the expiration date, or if the Corporation determines that a closing price for the underlying security is unreported or otherwise unavailable, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and Rules, the Corporation shall be empowered to do any or all of the following with respect to any series of BOUNDS affected by such event ("affected series"):

(1) [No Change.]

(2) The Corporation may fix the Closing Price for BOUNDS contracts of an affected series. The Closing Price shall be fixed by a panel consisting of two designated representatives of each Exchange on which the affected series is open for trading and the ~~Executive Chairman~~ Chief Executive Officer. The panel shall fix the Closing Price based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to holders and writers of affected BOUNDS contracts, the maintenance of a fair and orderly market in such contracts, and consistency of interpretation and practice. Without limiting the generality of the foregoing, the panel may, if it deems such action appropriate for the

protection of investors and the public interest, fix the Closing Price on the basis of the price at the close of trading on the last preceding trading day for which a Closing Price was reported by the primary market. The provisions of Article VI, Section 11(c) of the By-Laws with respect to the vote required to constitute the determination of a panel, the voting rights of members of such panels, the ability of such panels to conduct their business by telephone or other designated means, and the ability of the ~~Executive Chairman~~ Chief Executive Officer and Exchange representatives to designate others to serve in their place on such panels shall apply equally to panels convened pursuant to this subparagraph. Every determination of a panel convened pursuant to this subparagraph shall be within the sole discretion of such panel and shall be conclusive and binding on all investors and not subject to review.

(b) [No Change.]

* * * * *

EXHIBIT B



OCC Rules

Underlined text indicates new text

~~Strikethrough~~ text indicates deleted text

Chapter V - Daily Cash Settlement

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RULE 505 - Extension of Settlements

The Board of Directors, ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation shall be authorized to extend, to the close of the Federal Reserve Banks' Fedwire Funds Service on a settlement day, any or all times at which the Corporation is obligated to pay a settlement amount to Clearing Members as set forth in the By-Laws, Rules or procedures of the Corporation upon a determination that an emergency or force majeure condition exists which would make such extension necessary or advisable for the protection of the Corporation or is otherwise in the public interest. Such determination and the reasons therefor shall be promptly reported to the SEC, the CFTC and any other regulatory or supervisory agencies having jurisdiction over the Corporation, but the effectiveness of the settlement extension shall not be conditioned upon such report. As soon as practicable after such determination has been made, the Corporation shall notify Clearing Members thereof and, in general terms, what procedures shall be taken by the Corporation in connection therewith. Any determination made under this Rule shall be in the sole discretion of the Board of Directors, ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation, as applicable, and not subject to review. In the event a determination is made by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation, the Board of Directors shall be notified as soon as practicable of the determination. A report detailing any extension of time for settlement shall be prepared and maintained with the records of the Corporation.

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Chapter VI – Margins

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RULE 609A - Waiver of Margin

The ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation shall be authorized to waive, in whole or in part, conditionally or unconditionally, any deposit of margin that would otherwise be required to be made by any Clearing Member in any account at any time during any business day upon a determination that such waiver (i) is advisable in the interest of maintaining fair and orderly markets or is otherwise advisable in the public interest and for the protection of investors, and (ii) is consistent with maintaining the financial integrity of the Corporation. Such officer shall use his best efforts to attempt to consult with officials of the Securities and Exchange Commission prior to granting any such waiver; provided, however, that the authority contained herein shall not be conditioned by such consultation. The Corporation shall advise its Board of Directors and the Securities and Exchange Commission as

soon as practicable in writing of the granting of any such waiver and the reasons therefor, and a record of any such waiver shall be prepared and maintained with the records of the Corporation.

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Chapter X – Clearing Fund Contributions

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RULE 1006 – Purpose and Use of Clearing Fund

(a) through (e) [No Change.]

(f) *Borrowings*. If (i) the Corporation deems it necessary or advisable to borrow or otherwise obtain funds from third parties in order to meet obligations arising out of the default or suspension, or in anticipation of the potential default or suspension, of a Clearing Member or any action taken by the Corporation in connection therewith pursuant to Chapter XI of the Rules or otherwise; or (ii) the Corporation sustains a loss reimbursable out of the Clearing Fund pursuant to paragraph (c) but elects to borrow or otherwise obtain funds from third parties in lieu of immediately charging such loss to the Clearing Fund; or (iii) the Corporation reasonably believes it necessary to borrow to meet its liquidity needs for same-day settlement as a result of the failure of any bank or securities or commodities clearing organization to achieve daily settlement, and in any case the Corporation determines that it will be unable to borrow or otherwise obtain such funds on acceptable terms on an unsecured basis; then the Corporation may take possession of cash or securities deposited by Clearing Members as contributions to the Clearing Fund and securities in which cash contributions to the Clearing Fund have been invested by the Corporation and use such assets to borrow or otherwise obtain funds through any means determined to be reasonable by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation in his discretion (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions); provided, in the case of any transaction effected under the circumstances specified in clause (i) or clause (iii) above, that the funds obtained through such transaction will be used solely for the purposes described in clause (i) or clause (iii), as applicable. The funds obtained by the Corporation pursuant to this paragraph (f), irrespective of how such funds are applied, shall not be deemed to be charges against the Clearing Fund for a period not to exceed thirty days, and, during said period, shall not affect the amount or timing of any charges otherwise required to be made against the Clearing Fund pursuant to this Chapter X. If all or a part of any transaction effected by the Corporation pursuant to this paragraph (f) remains outstanding after thirty days, the Corporation, at the close of business of the thirtieth day (or on the first Business Day thereafter), shall consider the amount of Clearing Fund assets used to support the Corporation's obligations under the outstanding transaction as an actual loss to the Clearing Fund and immediately allocate such loss in accordance with this Chapter X.

(g) through (j) [No Change.]

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Chapter XI – Suspension of a Clearing Member

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RULE 1104 - Creation of Liquidating Settlement Account

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(a) [No Change.]

(b) Notwithstanding the provisions of Rule 1104(a), if ~~the-an~~ Executive Chairman, the Chief Executive Officer, or the Chief Operating Officer shall determine in his discretion, taking into account the size and nature of a suspended Clearing Member's margin deposits and/or contributions to the Clearing Fund, the market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances as such officer deems relevant, that the immediate liquidation of some or all of the suspended Clearing Member's margin deposits and/or contributions to the Clearing Fund would not be in the best interests of the Corporation, other Clearing Members, or the general public, such assets need not be immediately liquidated. In such case, pending the ultimate disposition of the suspended Clearing Member's margin deposits and contributions to the Clearing Fund, ~~the-an~~ Executive Chairman, the Chief Executive Officer, or the Chief Operating Officer of the Corporation may, for purposes of satisfying such Clearing Member's obligations under the By-Laws and Rules, cause the Corporation to use such Clearing Member's margin deposits and/or contributions to the Clearing Fund to borrow or otherwise obtain funds from third parties through any means determined to be reasonable by such officer in his discretion (including, without limitation, pledging such assets as security for loans and/or using such assets to effect repurchase, securities lending or other transactions). Any determination made pursuant to this paragraph shall be reported to the Board of Directors within 24 hours.

(c) through (f) [No Change.]

...Interpretations and Policies:

.01 [No Change.]

.02 (a) For purposes of this Rule 1104 and Rules 1106, 1107, 2210 and 2210A, in order to minimize the execution and liquidity risks associated with (i) liquidating a suspended Clearing Member's margins deposited with the Corporation and Clearing Fund contributions (collectively referred to in this Interpretation and Policy as "Collateral"), (ii) closing out such Clearing Member's open positions in cleared contracts and stock loans (collectively referred to in this Interpretation and Policy as "Open Positions") and (iii) closing out exercised or matured cleared contracts to which such Clearing Member was a party either as the exercising Clearing Member or as the assigned Clearing Member (collectively referred to in this Interpretation and Policy as

“Exercised/Matured Contracts”), the Corporation may elect to use one or more private auctions to liquidate all or any part of such Collateral, Open Positions and/or Exercised/Matured Contracts, as determined by the Board of Directors, the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation. As used in this interpretation, the term “private auction” means an auction open to bidders invited by the Corporation pursuant to this interpretation and with respect to which bidders submit confidential bids. If such determination is made by the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation, the Board of Directors shall be notified as soon as practicable of the determination. The option to elect a private auction process is discretionary; the Corporation may use other procedures as provided for or permitted in the By-Laws and Rules to liquidate a suspended Clearing Member’s Collateral, Open Positions and/or Exercised/Matured Contracts if the Corporation decides that circumstances warrant. The Corporation shall provide prompt notice to the Risk Committee (or other committee of the Board of Directors to which the auction oversight function is delegated) whenever a private auction is expected to be conducted.

(b) through (g) [No Change.]

.03 through .04 [No Change.]

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RULE 1106 - Open Positions

(a) through (d) [No Change.]

(e) Exceptions.

(1) Notwithstanding the preceding provisions of this Rule, if ~~the-an~~ Executive Chairman, the Chief Executive Officer, or the Chief Operating Officer shall determine in his discretion, taking into account the size and nature of a suspended Clearing Member’s positions, the market conditions prevailing at the time, the potential market effects of liquidating transactions that might be directed by the Corporation, and such other circumstances as such officer deems relevant, that the closing out of some or all of the suspended Clearing Member’s unsegregated long positions or short positions in options or BOUNDS, or long or short positions in futures, would not be in the best interests of the Corporation, other Clearing Members, or the general public, such positions need not be closed out, provided that any determination made pursuant to this paragraph shall be reported to the Board of Directors within 24 hours. This paragraph shall not apply to positions of any suspended Clearing Member as to which an application for a protective decree may be filed under Section 5(a)(3) of the Securities Investor Protection Act of 1970, as amended, except upon a determination by ~~the-an~~ Executive Chairman, the Chief Executive Officer, or the Chief Operating Officer in his discretion, taking into account the circumstances enumerated in the preceding sentence, that the closing out of the suspended Clearing Member’s open positions in accordance with the other provisions of this Rule would likely result in a loss to the Corporation (after application of such Clearing Member’s margin and

Clearing Fund deposits but before any proportionate charge to the Clearing Fund deposits of other Clearing Members).

(f) *Protective Action.*

If ~~the~~an Executive Chairman, the Chief Executive Officer, or the Chief Operating Officer shall (i) determine that the Corporation is unable, for any reason, to close out in a prompt and orderly fashion any unsegregated long positions or short positions in options or BOUNDS, or long or short positions in futures, or to liquidate any margin deposits of a suspended Clearing Member, or (ii) elect pursuant to Rule 1106(e) not to close out any such positions or pursuant to Rule 1104(b) not to liquidate any such margin deposits, such officer may authorize the execution from time to time for the account of the Corporation, solely for the purpose of reducing the risk to the Corporation resulting from the continued maintenance of such positions or the continued holding of such margin deposits, of hedging transactions, including, without limitation, the purchase or sale of underlying interests or interests deemed similar thereto or option contracts or futures contracts on any such underlying or similar interests. Such officer may delegate to specified officers or agents of the Corporation the authority to determine, within such guidelines, if any, as such officer shall prescribe, the nature and timing of such hedging transactions. Any authorization of hedging transactions shall be reported to the Board of Directors within 24 hours, and any such transactions that are executed shall be reported to the Risk Committee on a daily basis. Any costs or expenses, including losses, sustained by the Corporation in connection with transactions effected for its account pursuant to this paragraph shall be charged to the Liquidating Settlement Account of the suspended Clearing Member, and any gains realized on such transactions shall be credited to such Liquidating Settlement Account; provided, however, that (i) costs, expenses, and gains allocable to the hedging of positions in a Market-Maker's account or a customers' lien account shall be charged or credited, as the case may be, to that account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account; (ii) costs, expenses, and gains allocable to the hedging of positions in a segregated futures account shall be charged or credited, as the case may be, to the Segregated Liquidating Settlement Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account, and (iii) costs, expenses and gains allocable to the hedging of positions in an internal non-proprietary cross-margining account shall be charged or credited, as the case may be, to the Internal Non-Proprietary Cross-Margining Liquidating Settlement Account, and only the excess, if any, of such costs and expenses over the funds available in that account shall be charged to the Liquidating Settlement Account. Reasonable allocations of costs, expenses, and gains among accounts made by the Corporation for the purpose of implementing the proviso to the preceding sentence shall be binding on the Clearing Member and any persons claiming through the Clearing Member and their respective successors and assigns.

(g) [No Change.]

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RULE 1110 - Right of Appeal

A Clearing Member suspended pursuant to this Chapter shall be entitled, upon request, to a written statement of the grounds for its suspension and shall have the right to appeal its suspension in accordance with the following procedure:

(a) [No Change.]

(b) *Consideration of Appeals.* Appeals shall be considered and decided by an appeals panel appointed by the ~~Executive~~ Chairman, composed of two officers or employees of the Corporation and one director. Appeals shall be heard as promptly as possible, and in no event more than fourteen days after the filing of the notice of appeal. The appellant shall be notified of the time, place and date of the hearing not less than three days in advance of such date. At the hearing, the appellant shall be afforded an opportunity to be heard and to present evidence in its own behalf, and may, if it so desires, be represented by counsel. As promptly as possible after the hearing, the panel shall, by the vote of a majority of its members, affirm or reverse the suspension. The appellant shall be notified in writing of the panel's decision; and if the decision shall have been to affirm the suspension, the appellant shall be given a written statement of the grounds therefor.

(c) through (e) [No Change.]

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EXHIBIT C

THE OPTIONS CLEARING CORPORATION BOARD OF DIRECTORS CHARTER AND CORPORATE GOVERNANCE PRINCIPLES

The following Board of Directors Charter and Corporate Governance Principles (“Principles”) have been adopted by the Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) to assist the Board in the exercise of its responsibilities.

The Board is responsible for advising management and overseeing the management of the business and affairs of OCC (except as may otherwise be provided in OCC’s Amended and Restated Certificate of Incorporation or its By-Laws and Rules). The Board discharges its responsibilities in a manner consistent with legal and regulatory requirements applicable to OCC and the expectations of all relevant stakeholders of OCC. In doing so, the Board exercises its authority to provide for governance arrangements that: are clear and transparent; clearly prioritize the safety and efficiency of OCC; support applicable public interest requirements and the objectives of owners and participants; establish that the Board and senior management have appropriate experience and skills to discharge their duties and responsibilities; specify clear and direct lines of responsibility; and consider the interests of clearing members’ customers, securities issuers and holders, and other relevant stakeholders. The Board additionally seeks to: promote the safe and efficient operation of OCC; maintain a sound risk management framework for comprehensively managing the risks that arise in or are borne by OCC in light of OCC’s role as a systemically important financial market utility (“SIFMU”); and pursue objectives that are consistent with the interests of its stakeholders and support the public interest. In consideration of its responsibility to maintain a sound risk management framework for comprehensively managing the risks that arise in or are borne by OCC, the Board has explicitly delegated the management of specific risks to the Board committees. To the extent a specific risk is not retained by the Board or otherwise assigned to a Board committee, such risk shall be overseen by the Risk Committee. Accordingly, the Board is mindful of the public interest as it fulfills its duties by complying with the obligations imposed upon the Board by federal and state laws and regulations applicable to OCC and ensures that major decisions of OCC are appropriately disclosed to relevant stakeholders and to the public. Where the Board is authorized to approve reports or proposals provided to it by management or a committee, the Board may or may not approve such matters in its business judgment. If the Board does not approve such a report or proposal, it shall report to management or the relevant committee(s) that it has not approved such matter and may provide direction as to the revisions or alternative courses of action as appropriate.

These Principles set forth the shared vision of the Board and OCC’s management regarding the governance, management, and oversight practices to be followed at OCC, and reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and management level. The Board may form and delegate authority to committees and may delegate authority to one or more of its members and to one or more designated officers of OCC. However, in all instances, the Board retains the obligation to oversee such delegated activity and to

Board of Directors Charter and Corporate Governance Principles.

Last Revised Date: ~~November 20, 2019~~[TBD]

assure itself that delegation and reliance on the work of such delegates is reasonable.

These Principles are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the OCC Amended and Restated Certificate of Incorporation, the OCC By-Laws, or the Rules of OCC.¹ These Principles are subject to modification from time to time by the Board.

THE MISSION OF THE BOARD

The Board performs an oversight role (either directly or indirectly through delegating certain authority to its committees) to ensure: that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities as a SIFMU in connection with providing its clearance and settlement services, and that OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe and efficient manner.

The Board fulfills its oversight role by:

- Overseeing OCC's governance structures and processes to ensure that the Board is positioned to fulfill its responsibilities effectively and efficiently consistent with these Principles and regulatory requirements, including through regular assessments of Board and individual director performance;
- Ensuring that the Board and senior management have appropriate experience and skills to discharge their respective responsibilities and have established clear and direct lines of responsibility between the Board and senior management;
- Ensuring that risk management, compliance and internal audit personnel have sufficient authority, resources, independence from management, and access to the Board;
- Ensuring that risk management, compliance and internal audit personnel have a direct reporting line to, and oversight by, a risk management committee and an independent audit committee of the Board, respectively;
- Ensuring that the Audit Committee of the Board is independent as determined by the Board;
- Periodically reviewing and approving the amount of compensation for Public Directors;
- Setting expectations about the tone and ethical culture of OCC, and

¹ OCC is subject to comprehensive regulation and supervision by the Securities and Exchange Commission (with respect to its clearing agency registration) and by the Commodity Futures Trading Commission (with respect to its derivatives clearing organization registration). As a SIFMU, OCC is also subject to supervision by the Board of Governors of the Federal Reserve System under Title VIII of the Dodd-Frank Act. Capitalized terms used in these Principles shall have the meanings set forth in OCC's By-Laws and Rules unless otherwise indicated.

reviewing management's efforts to instill an appropriate tone and culture throughout OCC;

- Overseeing management's activities in managing and operating OCC and evaluating senior management's performance in executing its responsibilities;
- Selecting and overseeing and, where appropriate, replacing the **Executive** Chairman, Chief Executive Officer, and the Chief Operating Officer, as well as counseling and advising such officers in the management of OCC's business and affairs;
- Overseeing the development and design of employee compensation, incentive, and benefit programs and evaluating the performance of **the-any** Executive Chairman, **the** Chief Executive Officer, and the Chief Operating Officer and approving the compensation of each such officer;
- Overseeing management succession planning and talent management processes;
- Overseeing OCC's business strategies, including expansions of clearing and settlement services to new business lines and product types, to ensure they reflect the legitimate interests of relevant stakeholders and are consistent with the public interest;
- Monitoring OCC's performance in delivering clearance and settlement services;
- Reviewing and approving major corporate plans and actions, including capital expenditures, the annual budget and corporate plan, financial objectives, operating capital and capital structure, and fee structure, as well as periodically reviewing the types and amounts of insurance coverage available in light of OCC's clearance and settlement services;
- Overseeing OCC's processes and framework for comprehensively managing the range of risks that arise in or are borne by OCC, including the risk management policies, procedures, and systems designed to identify, measure, monitor, and manage such risks consistent within the risk appetite and risk tolerances approved by the Board;
- Assigning responsibility and accountability for risk decisions and overseeing the establishment of policies addressing decision-making in crises and emergencies;
- Overseeing and approving OCC's Recovery and Orderly Wind-Down Plan;
- Overseeing OCC's financial reporting, internal and external auditing,

and accounting and compliance processes, including the approval of major changes in auditing and accounting principles and practices;

- Overseeing OCC's processes designed to ensure compliance with applicable laws and regulations, including banking, securities, and corporation laws and other applicable regulatory guidance and standards, and overseeing OCC's processes designed to conduct business in a legal and ethical manner;
- Overseeing OCC's system of internal controls, including review of the annual study and evaluation of OCC's system of internal accounting controls;
- Overseeing OCC's technology infrastructure, resources, and capabilities to ensure resiliency with regard to OCC's provision of its clearing, settlement, and risk management services; and
- Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulation, including OCC's By-Laws and Rules, or other policies.

BOARD ISSUES

Membership

1. **Size of Board; Composition.** OCC's By-Laws currently provide that ~~the size of the Board shall be up to twenty members and~~ shall be comprised of:
 - Nine directors who represent OCC clearing members ("Member Directors");
 - Five directors designated by and representing each of OCC's Equity Exchanges ("Exchange Directors");
 - ~~Five~~ No less than five directors who are not affiliated with any national securities exchange or national securities association or with any broker or dealer in securities ("Public Directors"); and
 - At the discretion of the Board, One-one Management Director, who may be chosen from the employees of the Corporation ("Management Director").

It is the policy of the Board that the Board at all times reflect the following characteristics:

- Each director shall at all times be committed to discharging effectively OCC's regulatory responsibilities in connection with its provision of clearance and settlement services as a SIFMU;
- Each director shall at all times exhibit high standards of integrity and commitment;
- Each director shall dedicate sufficient time, energy, and attention to ensure the diligent performance of his or her duties, including by attending meetings of the Board and committees of which he or she is a member, and by reviewing in advance all meeting materials;
- The Board shall encompass a range of talent, skill, industry knowledge, and expertise sufficient to provide sound and prudent guidance with respect to all of OCC's business, operations and interests;

Board of Directors Charter and Corporate Governance Principles.

Last Revised Date: ~~November 20, 2019~~ [TBD]

- The Board shall reflect the diversity of OCC’s employees and the employees of the market participants that OCC serves; and
- A substantial portion of directors shall be “independent” of OCC and OCC’s management as defined by applicable regulatory requirements and the judgment of the Board.

The Governance and Nominating Committee is responsible for making recommendations to the Board regarding the composition of the Board as a whole, including whether the Board reflects: the appropriate balance of Member Directors, Exchange Directors, Public Directors and ~~the any~~ Management Director; business specialization, technical skills, diversity (including diverse professional backgrounds); and other desired qualities such as sound judgment and a reputation for integrity.

2. **Board Membership Criteria.** The Board seeks directors from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. In making their nominations, the Governance and Nominating Committee and the Board shall take into consideration applicable board of directors composition requirements of the Securities and Exchange Commission (as well as the Commodity Futures Trading Commission, to the extent applicable to OCC). As provided in OCC’s By-Laws, the Governance and Nominating Committee and the Board also shall use the criteria of the Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”) in considering nominees for election to the Board. In addition, Board members should have the highest professional and personal ethics and values, the relevant expertise and experience required to offer advice and guidance to the ~~Executive~~ Chairman, Chief Executive Officer, and Chief Operating Officer, and other members of senior management, the ability to make independent analytical inquiries, a commitment to discharging effectively OCC’s regulatory responsibilities and an understanding of OCC’s business, and should be willing to devote adequate time and effort to Board responsibilities. Each Board member is expected to ensure that his or her other commitments do not materially interfere with his or her service overall as a director. The Governance and Nominating Committee shall take the foregoing criteria into account in connection with its recommendations for nomination of the Member Directors and Public Directors, as well as other considerations discussed in Section 4 below. In addition, in determining whether to recommend a Member Director or a Public Director for re-election, the Governance and Nominating Committee shall also consider the director’s past performance, including attendance at meetings and participation and contributions to the activities of the Board.

Resignations and disqualifications from the Board shall be addressed as provided in the By-Laws.

3. **Appointment of Governance and Nominating Committee.** ~~As provided in the By-Laws, on~~ an annual basis, the Board shall appoint a Governance and Nominating Committee ~~consisting of at least one Public Director, at least one Exchange Director and at least one Member Director~~ having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. All of the Governance and Nominating Committee members will be selected by the Board from among the directors recommended by the then-constituted

Board of Directors Charter and Corporate Governance Principles.

Last Revised Date: ~~November 20, 2019~~ [TBD]

Governance and Nominating Committee after consultation with the ~~Executive~~ Chairman and shall serve at the pleasure of the Board. The Chair of the Governance and Nominating Committee shall be designated by the Board, after consultation with the ~~Executive~~ Chairman, from among the Public Director members of the Governance and Nominating Committee.

4. **Selection of Member Directors and Public Directors.** As provided in its Charter, the Governance and Nominating Committee conducts periodic assessments of the overall composition of the Board in light of OCC's current and expected business needs and, as a result of such assessments, the Governance and Nominating Committee shall recommend to the Board specific qualifications that it determines would be desirable to seek in candidates for Member Directors and Public Directors. In light of such assessments, the Governance and Nominating Committee may seek to identify new candidates for the Board who possess the specific qualifications approved by the Board and satisfy the other requirements for Board service, including those set forth in OCC's By-Laws. It is acknowledged that, over time, different skill sets are likely to be determined to be desirable, so that the specific qualifications are likely to change. Moreover, it is acknowledged that it is not expected that the Board will necessarily include all identified skill sets at all times in light of the pool of candidates available to the Governance and Nominating Committee and other considerations such as re-nominating incumbent directors to maintain continuity and particular skills that they may have. In identifying new director candidates, the Governance and Nominating Committee seeks advice and names of candidates from Governance and Nominating Committee members, other members of the Board, members of management, and other public and private sources. The Governance and Nominating Committee may also, but need not, retain a search firm in order to assist it in these efforts.

As provided in the By-Laws, prior to each annual meeting of stockholders, the Governance and Nominating Committee shall nominate for approval by the Board one person for each directorship among the Member Directors and the Public Directors to be filled at such annual meeting. In selecting such nominees, the Governance and Nominating Committee shall follow the Director Nomination Procedure as in effect from time to time. With respect to Public Directors, the Governance and Nominating Committee shall consider whether the candidate lacks material relationships to OCC, OCC's senior management, and other directors such that the Public Director may be considered to be "independent" by the Board. With respect to Member Directors, in order to achieve a balanced representation on the Board among Member Directors, the Board has determined that other considerations are to be taken into account in the nomination of Member Directors, including the volume of business transacted with OCC during the prior year and the mix of Member Directors that are primarily engaged in agency trading on behalf of retail customers or individual investors. As further provided in the By-Laws, the Board shall be responsible for filling vacancies on the Board among the Member Directors or the Public Directors that may occur between annual meetings of stockholders, in each case with a nominee recommended by the Governance and Nominating Committee.

5. **Selection of Exchange Directors.** As provided in the By-Laws, each Exchange Director shall be elected by the Equity Exchange entitled to vote for

Board of Directors Charter and Corporate Governance Principles.

Last Revised Date: ~~November 20, 2019~~[TBD]

such Exchange Director at each annual meeting of stockholders. An individual may be nominated by, elected by, and serve as an Exchange Director for more than one Equity Exchange. As further provided in the By-Laws, a vacancy occurring for any reason among the Exchange Directors shall be filled by the Equity Exchange entitled to elect such Exchange Director.

6. **Selection of Management Director.** As provided in the By-Laws, ~~the Executive Chairman, by virtue of holding his or her office of Executive Chairman, shall be elected as~~ a Management Director may be elected by the stockholders at each annual meeting of the stockholders. If a Management Director shall cease to hold the office by virtue of which he or she was elected as a Management Director, he or she shall simultaneously be disqualified to serve as a Management Director. ~~As further provided in the By-Laws, a vacancy occurring for any reason in the position of Management Director shall be filled by the Board with the person elected or appointed to fill the office of Executive Chairman.~~
7. **Extending Invitation to New Board Members.** The ~~Executive~~ Chairman shall extend the invitation to potential candidates to stand for election to the Board.
8. **Retirement.**

Term Limits. As provided in the By-Laws, Member Directors are limited to serving three consecutive three-year terms; Exchange Directors, Public Directors, and ~~any~~the Management Director do not have term limits. As provided in the Charter for the Governance and Nominating Committee, the Governance and Nominating Committee is responsible for reviewing periodically the continued appropriateness of the term limits applicable to Member Directors set forth in the By-Laws and for recommending to the Board, where appropriate, changes to such provisions.

Retirement Policy. The Board does not favor a mandatory retirement age for directors, therefore no age limitations are imposed with respect to any category of director.

Retirement Policy – Management Director. As provided in the By-Laws, a Management Director is no longer eligible to serve if he or she ceases to hold a senior officer position at OCC ~~the office of Executive Chairman~~ by virtue of which he was elected as a Management Director.

Member Directors Changing Their Employment. If a Member Director ceases to be employed by the Clearing Member Organization that employed him or her at the time of his or her election as a Member Director, the director shall notify the ~~Executive~~ Chairman. As provided in the Charter for the Governance and Nominating Committee, the Governance and Nominating Committee shall assess the appropriateness of such Member Director continuing to serve on the Board, and shall recommend to the Board any action to be taken with respect thereto, consistent with the requirements of the By-Laws concerning the continued eligibility of such person to remain a Member Director. The affected director is expected to act in accordance with the Board's decision following such review. The Governance and Nominating Committee, in accordance with the By-Laws, is responsible for recommending a replacement in the event that

any such resignation is accepted by the Board.

Other Board Commitments. It is the policy of the Board that non-employee directors shall disclose to the ~~Executive~~ Chairman information regarding each other board of directors on which a non-employee director serves at the time of his or her election to the Board, and after election shall advise the ~~Executive~~ Chairman in advance of accepting an invitation to serve on another board, in each case to ensure that such additional board service will not impact such director's ability to serve on OCC's Board and does not create a conflict of interest. ~~The Any~~ Management Director should not accept an invitation to serve on another board without prior approval of the Governance and Nominating Committee.

The ~~Executive~~ Chairman may request the voluntary resignation of a director whose other board service (i) interferes with the director's ability to dedicate sufficient time, energy and attention to the performance of his or her duties as a director of OCC, or (ii) results in the need for the director to recuse himself or herself regularly as a result of conflicts of interest.

Conduct

1. Board Meetings.

Selection of Agenda Items. The ~~Executive~~ Chairman, in consultation with the Chief Executive Officer and Chief Operating Officer, other directors or officers of OCC, and the Corporate Secretary, shall establish the agenda for Board meetings. Any director may request that an item be included on any meeting agenda.

Calling Board Meetings. Meetings of the Board shall be called by the ~~Executive~~ Chairman, his designee, or as provided in the By-Laws.

Attendance. Directors are expected to prepare for, attend, and participate in all Board and applicable committee meetings. Directors should use their best efforts to attend Board and committee meetings in person. When necessary, a director who is unable to attend in person may attend by telephone or other means of communication that allows all participants to hear and speak to each other if appropriate under the circumstances. A director who is unable to attend a meeting (which it is understood will occur on occasion) or who wishes to participate telephonically or use other communications equipment is expected to notify the Corporate Secretary or the ~~Executive~~ Chairman in advance of such meeting. As provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

Distribution of Materials; Board Presentations. It is important for directors to have materials on topics to be discussed sufficiently in advance of a meeting date and for directors to be kept abreast of developments between Board meetings. OCC regularly informs directors of internal and competitive developments between such meetings.

Directors can generally expect to receive summaries/slides of presentations at least a week in advance of a meeting to permit meaningful review and enable

them to prepare for the meeting. Directors should review material distributed in advance of such meetings. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting. OCC operates a board portal for the general dissemination of meeting and other written material to directors.

Attendance of Non-Directors. The Board believes that attendance of key executive officers relevant for the topic being discussed augments the meeting process. Members of OCC's senior management team and other employees may attend Board meetings at the invitation of the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, and provide pertinent information as is necessary. Such persons may be excluded from Executive Sessions either of the Board or any Committee thereof.

The ~~Executive~~ Chairman, Chief Executive Officer, and Chief Operating Officer encourage members of senior management to respond to questions posed by directors relating to their areas of expertise. The Board also believes that members of senior management of OCC can assist the Board with its deliberations and provide critical insights and analyses, particularly when the Board hears presentations on the business plan for the upcoming year. Attendance of such officers allows the most knowledgeable and accountable executives to communicate directly with the Board. It also provides the Board direct access to individuals critical to OCC's succession planning.

Participation in Strategic Issues Discussions. To facilitate the Board's oversight of OCC's major strategic, financial, and business activities, OCC will hold a meeting of the Board and management focused on the overall strategic objectives of OCC each calendar year.

Number of Meetings. The Board shall hold a minimum of five meetings per year with additional meetings called as the Board deems appropriate.

Quorum. Except as may otherwise be provided in the By-Laws, a majority of the Directors then in office, but not less than six (6) Directors, shall constitute a quorum for the transaction of business.

Minutes. The Board shall maintain minutes of all Board meetings, which shall be furnished to the directors for review.

- 2. Executive Sessions.** The Board and each Board committee may call executive sessions from which members of management and invited guests may be excluded. While it is up to the Board and each committee to decide when to call an executive session and who will participate in such sessions, it is expected that management will be excluded from executive sessions or portions thereof at which the discussion concerns management's performance and other matters of interest that non-management Directors wish to discuss outside of management's presence. Individual members of the Board and of a committee also may be excluded from executive sessions or portions thereof at which the discussion concerns a matter as to which that member has an actual or potential

conflict of interest. The Board shall select a director to chair executive sessions in the absence of the ~~Executive~~ Chairman. The Chair or Acting Chair of each committee shall chair an executive session of the committee. The chair of the executive session shall determine if separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into account the sensitivity of the matters to be discussed and the possibility that candor may be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed in executive session.

- 3. Ethics and Conflicts of Interest.** Each director is required to act in good faith in the best interests of OCC and with due regard to the fiduciary responsibilities owed to OCC as a business and SIFMU. The Board has adopted a Code of Conduct for OCC

Directors that includes a Conflict of Interest Policy. The Conflict of Interest Policy incorporates various provisions of applicable corporate law and other standards adopted by OCC to ensure that Board and committee decisions are not impacted by conflicts of interest. Directors are expected to avoid any action, position or interest that conflicts with an interest of OCC, or gives the appearance of a conflict, in accordance with the Conflict of Interest Policy. Each calendar year, OCC solicits information from directors in order to monitor potential conflicts of interest and directors are expected to be mindful of their fiduciary obligations to OCC as set forth in the Code of Conduct. Public Directors are expected to refrain from entering into material business relationships with other directors.

When faced with a situation involving a potential conflict of interest, directors are at all times expected to err on the side of caution and immediately bring to the attention of the ~~Executive~~ Chairman and OCC's General Counsel any matters that may involve conflicts of interest or be reasonably perceived by others to raise questions about potential conflicts even if the director does not believe that an actual conflict exists.

Each director is required to comply with the provisions of the Code of Conduct for OCC Directors, including, without limitation, the provisions relating to conflicts of interest and confidentiality. Directors are required to confirm each calendar year their compliance with the Code of Conduct for OCC Directors.

- 3. Board Compensation.** A Management Director shall not receive additional compensation for service as a director. Because OCC is an industry utility that benefits both clearing members and participant exchanges, Member Directors and Exchange Directors are not paid an annual retainer, but instead are each entitled to be paid \$100 for each meeting attended.

OCC believes that compensation for Public Directors should be competitive. The Compensation and Performance Committee will periodically review the level of the compensation for Public Directors, including how such compensation relates to director compensation of companies of comparable size and complexity. Changes to the compensation for Public Directors will be proposed to the full Board for consideration and approval.

4. **Board Access to Senior Management and Independent Advisors.** In discharging its oversight role, the Board may inquire into any matter it considers appropriate to carry out its duties and responsibilities. Directors should have complete and open access to members of senior management and, as appropriate, to OCC's outside advisors. Directors shall coordinate such access through the ~~Executive~~-Chairman, Chief Executive Officer, or Chief Operating Officer. Directors will use their judgment to assure that this access is not distracting to the business operation of OCC.

The Board shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Board also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Board shall have the right at any time to retain independent outside financial, legal or other advisors. The Board committees may retain independent outside financial, legal or other advisors, and OCC will provide appropriate funding, as determined by the relevant committee, for the payment of reasonable compensation to such advisors. When providing the annual report of its activities to the Board, the relevant committee will include information concerning any engagement of outside advisors and the associated fees and expenses.

5. **Board Interaction with Media and Others.** The Code of Conduct for OCC Directors includes provisions related to inquiries made to directors from media and others (including regulators). Directors are expected to comply with these provisions.
6. **Confidentiality of Information.** In order to facilitate open discussion, confidentiality of information and deliberations is an imperative. As provided in the Code of Conduct for OCC Directors, each director has an affirmative duty to safeguard the confidentiality of information provided to the Board as well as the nature of Board room deliberations.
7. **Board Orientation and Continuing Education.** OCC shall provide new directors with a director orientation program to familiarize such directors with, among other things, OCC's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, the Code of Conduct for OCC Directors, the OCC By-Laws and Rules, the Principles, principal officers, internal auditors, and external auditors. Each director is encouraged to participate in continuing education programs as necessary or appropriate to assist him or her in performing his or her responsibilities as a director. The Corporate Secretary will periodically advise directors of available educational opportunities.
8. **Board and Committee Evaluations.** The Governance and Nominating Committee is responsible for developing and administering an annual self-evaluation of the Board and its committees. The Governance and Nominating Committee shall be responsible for establishing the evaluation criteria, implementing the process for such evaluation, as well as making appropriate recommendations for improving performance. These self-evaluations will focus primarily on the performance of the Board and each committee as a whole and shall concentrate on areas where performance might be improved.

COMMITTEES

1. **Board Committees.** The Board shall establish any standing and other committees that it deems necessary or appropriate to discharge its responsibilities. The Board has established Board-level committees including: Audit, Compensation and Performance, Governance and Nominating, Regulatory, Risk, and Technology. The Board may form a new committee or disband a current committee depending on circumstances. The Board may form such other committees, including subcommittees, as it from time to time deems appropriate, and may delegate authority to one or more designated members of such committees. In addition, the Board may determine to form ad hoc committees or groups from time to time, and determine the composition and areas of responsibility of such committees or groups.
2. **Independence Criteria for Audit Committee Service.** The Board has adopted the following independence criteria with respect to the Audit Committee. ~~The A~~ Management Director does not qualify as independent for Audit Committee purposes provided that any Non-Executive Chairman of OCC shall not be deemed to be a Management Director for this purpose. Exchange Directors, Member Directors, and Public Directors qualify as independent for Audit Committee purposes, subject to an assessment by the Board (through the Governance and Nominating Committee) of individual directors for other disqualifying material relationships with OCC, OCC's senior management and other directors.
3. **Committee Assignments and Chairs.** The Chairs of the committees shall be determined in accordance with the terms of the applicable Committee Charter and, if applicable, the By-Laws. The Board shall have the authority to approve and shall each calendar year review committee assignments.

The Governance and Nominating Committee, after consultation with the ~~Executive~~ Chairman, shall be responsible for making recommendations to the Board with respect to the assignment of directors to various committees, including the designation of Chair. After reviewing the recommendations, the Board shall be responsible for appointing the members to the committees.

Committee assignments and the designation of committee Chairs should be based on the director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of committee assignments or Chairs. The Board believes experience and continuity are more important than rotation and that directors and Chairs should be rotated only if a change is likely to increase Committee performance or facilitate committee work.

4. **Frequency and Length of Board Committee Meetings.** Committee Chairs should regularly consult with the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer to obtain their insights and to optimize committee performance. The committee Chairs, in consultation with the ~~Executive~~ Chairman, Chief Executive Officer, or Chief Operating Officer, as necessary, should establish the frequency and length of committee meetings. The Board agendas shall include regular reports from the Chairs of each of the Board committees.

5. **Development of Committee Agendas.** The committee Chairs, working with the ~~Executive~~ Chairman, should establish committee agendas for the year. All standing committees should meet regularly during the year and receive reports from OCC personnel on developments affecting the committee's work.
6. **Attendance at and Preparation for Committee Meetings.** Directors are expected to attend all meetings of committees to which they are appointed, review all materials in advance and be prepared to participate fully in the committee's meetings.
7. **Charters.** For each standing committee the Board shall establish a written charter which shall set forth the responsibilities of that committee, as well as Committee structure and operations, and any required reporting to the full Board.

For each of the Audit, Compensation and Performance, Governance and Nominating, Regulatory, Risk, and Technology Committees the charter shall set forth the purposes, goals, and responsibilities of such committee, the qualifications for committee membership, and committee reporting to the Board (which shall include a requirement that each committee provide the Board with an annual report summarizing the committee's activities over the prior year). Current versions of these charters shall be available on OCC's website.

MANAGEMENT STRUCTURE, EVALUATION AND SUCCESSION

1. **Management Structure.** OCC's By-Laws provide the Board with the flexibility to select the appropriate management leadership structure for OCC. OCC's ~~current~~ management leadership ~~structure is may be~~ comprised of an Executive Chairman, a Chief Executive Officer, and a Chief Operating Officer, as the Board determines necessary. In making leadership determinations, the Board considers many factors, including the specific needs of the business and what is in the best interests of OCC and the market participants that it serves.
2. **Selection and Evaluation of Management.** As required by the By-Laws, the Board annually elects certain corporate officers including ~~the any~~ Executive Chairman (if applicable), and the Chief Executive Officer, Chief Operating Officer, Secretary, and Treasurer. Each of these officers has the authorities, responsibilities and duties allocated to them as set forth in the By-Laws and Rules and such other duties as may be delegated to them as provided in the By-Laws or otherwise.

The Compensation and Performance Committee shall conduct an annual evaluation of the performance of each of ~~the any~~ Executive Chairman, and the Chief Executive Officer, and Chief Operating Officer, including performance against his or her established goals. The Compensation and Performance Committee shall take such evaluations into consideration in recommending to the Board each such officer's compensation. After reviewing the recommendations of the Compensation and Performance Committee, the Board shall be responsible for establishing each such officer's compensation.

3. **Management Succession Planning.** Succession planning for OCC's senior

Board of Directors Charter and Corporate Governance Principles.

Last Revised Date: ~~November 20, 2019~~ [TBD]

management, including ~~its any~~ Executive Chairman, ~~the~~ Chief Executive Officer, and ~~the~~ Chief Operating Officer, is critical to OCC's long-term success. To assist the Board, ~~the Executive Chairman, Chief Executive Officer, and Chief Operating Officers~~ such officers shall provide an annual succession planning report to the Compensation and Performance Committee. There should also be available, on a continuing basis, the recommendations of ~~the any~~ Executive Chairman, Chief Executive Officer, and Chief Operating Officer as a successor should any of them unexpectedly become unable to serve.

4. **Review Cycle**. These Principles, along with the Fitness Standards, shall be reviewed by the Board at least once every twelve months.

EXHIBIT D

THE OPTIONS CLEARING CORPORATION AUDIT COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established an Audit Committee (the “Committee”) to assist the Board in overseeing OCC’s financial reporting process, OCC’s system of internal control, OCC’s auditing process, OCC’s process for monitoring compliance with applicable laws and regulation, and OCC’s compliance and legal risks. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

II. Membership and Organization

- A. **Composition.** The Committee shall be comprised of three or more directors as appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. All members of the Committee shall be independent from management as determined by the Board of Directors. Management Directors do not qualify as independent and may not serve on the Committee.¹ All members of the Committee shall have a working familiarity with basic finance and accounting practices. At least one member of the Committee shall have accounting or related financial management expertise. The Chair shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.²

¹ In the event OCC has a Non-Executive Chairman, such individual shall not be considered a Management Director.

² ~~In the event OCC has a Non-Executive Chairman, such individual shall not be considered a~~

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. **Meetings**. The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair for the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

The Committee will meet at least once each calendar year with management, the Chief Audit Executive, the Chief Compliance Officer, the Chief Financial Officer, and the external auditors in separate executive sessions to discuss any matters that either side believes should be discussed privately. Between meetings of the Committee, the Chief Audit Executive, the Chief Compliance Officer and the Chief Financial Officer are authorized to communicate directly with the Chair with respect to any of the responsibilities of the Audit Committee.

- C. **Quorum**. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. **Minutes and Reports**. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed

~~Management Director.~~

minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

Delegation. The Committee may form and delegate authority to subcommittees, and may delegate authority to one or more designated members of the Committee, including the approval of non-audit services performed by the external auditors as set forth below. The Committee may also delegate authority to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of

such delegates is reasonable.

IV. Functions and Responsibilities

The Committee's role is that of oversight and its primary duties and responsibilities are to serve as an independent and objective party to oversee:

- OCC's financial reporting process, including the integrity of its financial statements;
- The impact of litigation and other legal matters that may have a material impact on the financial statements;
- OCC's system of internal control;
- The audit efforts of OCC's external auditors and the Internal Audit Department;
- OCC's compliance environment and processes; and
- The facilitation of open communication among the external auditors, the Corporate Finance Department, the Compliance Department, and the Board.

In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of OCC and are not, and do not represent themselves to be, accountants or auditors of OCC. It is not the duty or responsibility of the Committee or its members to conduct fieldwork or other types of auditing, accounting, or compliance reviews or procedures. It is the responsibility of OCC management to develop, implement and maintain appropriate accounting, compliance and financial reporting principles and policies, internal controls and procedures that comply with accounting standards and applicable laws and regulation as well as to identify, manage, monitor and report on compliance and legal risks. The external auditors and the Internal Audit Department of OCC are responsible for planning and carrying out audit work, as appropriate.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review, as appropriate, with management and the external auditor the audited and unaudited financial statements. The Committee is authorized to resolve any disagreements between management and the external auditor regarding financial reporting.
- The Committee is authorized to approve OCC's annual audited financial statements and issuance of the annual financial statements after reviewing such statements with management and the external auditor prior to issuance and receiving management's recommendations with regard to such issuance.

- The Committee is authorized to review with management, the external auditor and Internal Audit (as appropriate) significant financial reporting issues and judgments made in connection with the preparation of financial statements, critical accounting policies and estimates, any major issues regarding accounting principles and financial statement presentation and the effect of regulatory and accounting initiatives.
- The Committee is authorized to approve material changes in accounting principles and practices.
- The Committee shall receive a report each quarter from the General Counsel on existing, pending or threatened litigation and discuss any legal matters that may have a material impact on OCC's financial statements. Each calendar year, the General Counsel shall report on OCC's use of external counsel services, including costs thereof.
- The Committee is authorized to ensure that there is a clear understanding with management and the external auditor that the external auditor is ultimately accountable to the Board and the Committee. The Committee is authorized to review and discuss with the external auditor any audit problems or difficulties and management's response thereto.
- The Committee is authorized to: pre-approve all audit and other services provided by the external auditor each calendar year; approve the fees related to such services, including any adjustments thereto; and review and approve the scope and approach of the external auditor's annual service plan and any adjustments thereto. The Committee shall review reports of the external auditor issued in connection with its annual service plan, as well as any other special reports, and inquire of management regarding steps taken to deal with items raised.
- The Committee shall at least once every calendar year monitor and evaluate the external auditor's qualifications, performance and independence and, based upon such evaluations, recommend to the Board the appointment or dismissal of the external auditor.
- The Committee shall at least once in a calendar year obtain and review reports prepared by the external auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the external auditors and OCC that could be thought to bear on its independence, as well as its independence status within the meaning of the Securities Acts administered by the Securities and Exchange Commission. These reports are to be used to evaluate the external auditor's qualifications, performance, and independence.

- The Committee is authorized to oversee the timing and process for implementing a rotation of the engagement partner of the external auditor as well as any other active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself.
- The Committee is authorized to discuss with the external auditor any significant issues that may be required in accordance with generally accepted auditing standards relating to the conduct of the financial statement audit.
- The Committee is authorized to approve management's recommendation to appoint or replace the Chief Audit Executive. The Chief Audit Executive shall report functionally to the Committee and administratively to ~~the Executive Chairmana~~ member of the Management Committee designated by the Committee.
- The Committee shall review at least once every twelve months the Internal Audit Policy. The Committee is authorized to approve the Internal Audit Policy and ensure there are no unjustified scope restrictions or limitations placed on the Internal Audit Department.
- The Committee shall review the Internal Audit Department process for establishing the risk-based annual internal audit plan, is authorized to approve the annual internal audit plan and deviations to the plan, shall monitor progress against the annual internal audit plan through the receipt of reports on at least a quarterly basis, and is authorized to approve any Chief Audit Executive recommendations for removing or deferring any audits from a previously approved annual internal audit plan.
- The Committee shall monitor ongoing internal audit activities by reviewing reports and other communications prepared by the Internal Audit Department and inquire of management regarding steps taken to deal with items raised.
- The Committee shall oversee the structure, independence and objectivity, staffing, resources and budget of the Internal Audit Department.
- The Committee is authorized to delegate to the Chief Audit Executive the authority to approve, within the co-sourced audit hour limits of the approved annual internal audit plan, the following:
 - Hiring of the internal audit co-sourcing service providers whenever it is determined a specialist is needed to review particular areas of the OCC, to augment the resources available internally within OCC's Internal Audit Department or for any other practical purpose.
 - Reviewing the performance of the internal audit co-sourcing service providers and exercising final approval on the appointment, retention or discharge of such providers.

- Approving the scope of services to be performed by the internal audit co-sourcing service provider.
- The Committee shall review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditor's Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- The Committee shall review at least once every twelve months the Reporting Concerns and Whistleblower Policy, the Code of Conduct and the Compliance Policy. The Committee is authorized to approve each of these policies. The Committee shall discuss with relevant parties, management staff or advisors any material issues, including those relating to questionable accounting or auditing matters, reported under these policies.
- The Committee is authorized to approve management's recommendation to appoint or replace the Chief Compliance Officer. The Chief Compliance Officer shall report functionally to the Committee and administratively to ~~the Chief Executive Officer~~ a member of the Management Committee designated by the Committee.
- Each calendar year, the Committee shall receive a report from the Chief Compliance Officer concerning OCC's system to communicate and monitor compliance with and enforcement of its Code of Conduct and Reporting Concerns and Whistleblower Policy.
- The Committee shall review ongoing compliance monitoring activities by reviewing reports and other communications prepared by the Chief Compliance Officer and inquire of management regarding steps taken to deal with items raised.
- The Committee shall oversee the structure, staffing, resources and budget of the Compliance Department.
- The Committee shall review periodic regulatory inspection reports, management's responses thereto, and the Compliance Department's tracking of remediation by OCC of noted items.
- The Committee is authorized to review and evaluate any Annual Compliance Report certified by the Chief Compliance Officer as required by regulation.
- The Committee shall regularly review with management OCC's system of internal controls. The Committee shall review any (i) significant deficiencies and material weaknesses in the design or operation of internal control, and (ii) any fraud, whether or not material, that involves management or other employees.
- ~~In consultation with the Executive Chairman and Chief Executive Officer, t~~The Committee shall review the performance of the Internal Audit function and the

Chief Audit Executive, and the Compliance function and the Chief Compliance Officer, ~~and determine whether to accept or modify the recommendations of the Executive Chairman or Chief Executive Officer, as appropriate,~~ with respect to the performance assessment and annual compensation for each.

- The Committee is authorized to approve management's decision to hire employees or former employees of the external auditor who were engaged on OCC's account.
- The Committee is authorized to delegate authority to one of its members to approve non-audit services performed by the external auditors, with such decisions communicated regularly to the Committee.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall review its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board.
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

V. Review Cycle

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

EXHIBIT E

THE OPTIONS CLEARING CORPORATION COMPENSATION AND PERFORMANCE COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Compensation and Performance Committee (the “Committee”) to assist the Board in overseeing general business, regulatory capital, investment, corporate planning, compensation and human capital risks as well as executive management succession planning and performance assessment, including recommending to the Board for approval the annual compensation awards of ~~the any~~ Executive Chairman, ~~and the~~ Chief Executive Officer, and Chief Operating Officer. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider the legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

II. Membership and Organization

- A. **Composition.** The Committee shall consist of the ~~Executive~~ Chairman, the Member Vice Chairman, and three or more other directors appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. The Chair of the Committee shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. **Meetings.** The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions

from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair of the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

The Committee shall meet at least once each calendar year with the ~~Executive Chairman and~~ Chief Executive Officer, any Executive Chairman, and any other OCC officers the Committee deems appropriate, to discuss and review the performance and compensation awards of members of the Management Committee. Except as otherwise requested by the other members of the Committee, the ~~Executive Chairman and~~ Chief Executive Officer and any Executive Chairman shall recuse himself from any discussion of his individual compensation, benefits, or perquisites.

- C. **Quorum**. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. **Minutes and Reports**. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. Authority

- A. **Scope**. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or

appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of the OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee, the Administrative Committee, and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

IV. Functions and Responsibilities

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, manage, monitor and report on general business risks, including as they relate to OCC's Corporate Plan and Corporate Budget, capital requirements, human capital, compensation and benefit programs, management succession planning and management performance assessment processes, arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall oversee the annual Corporate Plan and Corporate Budget, including their alignment with OCC's business strategy. The Committee shall review

the annual Corporate Plan and Budget and recommend approval thereof to the Board. The Committee shall receive a quarterly report from management that provides information on performance against the Corporate Plan and Corporate Budget.

- The Committee shall review and have the authority to approve the annual goals and objectives of ~~the any~~ Executive Chairman, and the, Chief Executive Officer, and Chief Operating Officer.
- The Committee shall make recommendations to the Board concerning capital requirements.
- The Committee is authorized to review and approve changes in OCC's fees, including authorizing the filing of regulatory submissions relating thereto.
- The Committee is authorized to review and approve significant unanticipated capital expenditures or, where required, make recommendations with respect thereto to the Board.
- The Committee is authorized to review and recommend to the Board changes to OCC's fee structure.
- The Committee shall oversee Management Committee succession planning and performance assessment processes. At least once every twelve months the Committee shall review the results of Management Committee succession planning activities.
- For each calendar year, the Committee shall review the performance of the members of the Management Committee and have the authority to approve their compensation awards. For each calendar year, the Committee shall assess the performance and make recommendations to the Board regarding the compensation awards of ~~the any~~ Executive Chairman, and the Chief Executive Officer, and ~~the~~ Chief Operating Officer.
- The Committee shall meet at least once each calendar year with ~~the any~~ Executive Chairman, the Chief Executive Officer, and the Chief Operating Officer, and any other corporate officers the Committee deems appropriate to discuss and review the performance and compensation levels (including benefits and perquisites such as sign-on bonuses, retention arrangements, relocation arrangements and other financial commitments of OCC) of members of the Management Committee and certain other key officers, as appropriate.
- The Committee shall oversee the development and administration of OCC's Human Resources programs and policies, including talent acquisition, performance management, training and development, benefits and succession planning for key roles.

- The Committee shall oversee OCC's employee benefit, retiree benefit, and welfare benefit programs and plans, as well as the operation and administration thereof, including funding obligations (if any).
- At least once every twelve months, the Committee shall provide a report to the Board (with more frequent reporting as the Committee deems necessary or advisable under the circumstances) relating to: (i) actions taken by the Committee with respect to its review of OCC's retirement and welfare benefit plans, (ii) the financial position and performance of such plans, and (iii) adherence to investment guidelines, in each case, where applicable.
- The Committee shall oversee the Administrative Committee. The Committee shall be authorized to: approve the charter of the Administrative Committee and any changes thereto, appoint and remove members of the Administrative Committee, and oversee and monitor the activities of the Administrative Committee with regard to the matters set forth in the Administrative Committee's charter.
- The Committee shall be authorized to adopt new compensation, retirement and welfare benefit plans and to amend or terminate existing plans other than such plans that require Board action to approve, amend or terminate.
- No less frequently than every two years, the Committee shall review the compensation of Public Directors and recommend to the Board any changes thereto.
- At least once every twelve months, the Committee shall review OCC's insurance program.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

V. Review Cycle

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

EXHIBIT F

THE OPTIONS CLEARING CORPORATION GOVERNANCE AND NOMINATING COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Governance and Nominating Committee (the “Committee”) to assist the Board in overseeing OCC’s corporate governance processes, including assessing that OCC’s governance arrangements are clear and transparent, establishing the qualifications necessary for Board service to ensure that the Board is able to discharge its duties and responsibilities, identifying and recommending to the Board candidates eligible for service as Public Directors and Member Directors, and resolving certain conflicts of interests. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

II. Membership and Organization

- A. Composition. The Committee will be composed of at least one Public Director, one Exchange Director, and one Member Director. No Management Director will be a member of the Committee. ~~All of the Committee members will be selected by the Board from among the Directors recommended by the Committee after consultation with the Executive Chairman, and shall serve at the pleasure of the Board.~~ Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Committee Chair will be designated by the Board from among the Public Director Committee members. In the absence of the Chair at any meeting of the Committee, those members of the Committee present will designate a Committee member to serve as the Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. Meetings. The Committee shall meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Chair or its designee shall, in consultation with management, as well as the Corporate

Secretary, prepare an agenda in advance of each meeting. The members of the Committee may ask members of management or others to attend meetings and provide pertinent information as necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair for an executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

- C. Quorum. A majority of the Committee members will constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. Authority

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including fees and expenses associated therewith. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

IV. Functions and Responsibilities

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall identify for purposes of making recommendations to the Board the criteria, skills, experience, expertise, attributes and professional backgrounds (collectively, "Standards") desirable in directors to ensure the Board is able to discharge its duties and responsibilities.
- The Committee shall identify, screen and review individuals qualified to be elected or appointed, as the case may be, to serve as Member Directors and Public Directors, consistent with the Standards approved by the Board (including evaluation of incumbent directors for potential re-nomination, taking into consideration, among other things, an incumbent director's past performance, including attendance at meetings and participation and contributions to the activities of the Board), after consultation with the ~~Executive~~ Chairman.
- The Committee shall assess the appropriateness of a director continuing to serve on the Board where such director submits his or her offer to resign upon the director ceasing to hold the principal occupation or business association that such director held when originally invited to join the Board, and recommend to the Board any

action to be taken related thereto, consistent with the requirements of the By-Laws concerning the continued eligibility of such person to remain a director.

- The Committee shall review at least every three years the composition of the Board as a whole for consistency with public interest and regulatory requirements, including whether the Board reflects the appropriate balance across the categories of directors (i.e., Member Directors, Exchange Directors, Public Directors and Management Director).
- The Committee shall review at least every three years the continued appropriateness of the term limits applicable to Member Directors set forth in the By-Laws and recommend to the Board, where appropriate, changes to such provisions.
- The Committee shall review at least once every twelve months the Board's Charter and Corporate Governance Principles and the charters of the Board's committees for consistency with the public interest and other regulatory requirements, transparency of the governance process, and other sound governance practices.
- The Committee shall recommend to the Board, where appropriate, changes to the charters of the Board and its committees, including this Charter.
- Each calendar year, the Committee shall review and advise the Board with regard to whether directors are independent as defined by the Board.
- The Committee shall advise the Board with respect to committee structure, operations and charters, including:
 - Reviewing periodically the committee structure of the Board; and
 - Recommending to the Board for its approval the appointment of directors to Board committees and assignment of committee Chairs, in each case after consultation with the ~~Executive~~ Chairman.
- The Committee shall consider and advise the Board on matters pertaining to director leadership development and Board succession planning.
- For each calendar year, the Committee shall develop and recommend to the Board, and coordinate and provide oversight of, the annual process of self-evaluation of the role and performance of the Board's committees and directors in the governance of OCC.
- The Committee shall oversee, review and consider changes to the orientation program for new directors and continuing director training and education opportunities.

- The Committee shall review and consider changes to OCC's policies on conflicts of interest of directors, including the OCC Directors Code of Conduct, and recommend such changes to the Board. The Committee shall review any director conflicts of interest and the manner in which they are to be monitored and resolved.
- The Committee shall have the authority to approve all material changes to written policies related to related party transactions and recommend such changes to the Board for approval. The Committee shall review and, if appropriate, approve or ratify any related party transactions involving OCC, in accordance with the written policy governing such transactions.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Board for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies, or delegated to it by the Board.
- The Committee shall perform any other duties consistent with this Charter as the Committee deems necessary or appropriate, or as the Board shall further delegate to the Committee.

V. Review Cycle

The Committee shall review this Charter at least once every twelve months. The Committee shall submit this Charter to the Board for approval, with such changes, if any, as the Committee deems advisable.

EXHIBIT G

THE OPTIONS CLEARING CORPORATION RISK COMMITTEE CHARTER

I. Purpose

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Risk Committee (the “Committee”) to assist the Board in overseeing OCC’s financial, collateral, risk model and third party risk management processes. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation. Additionally, the Committee is responsible for performing those functions delegated to the Committee under OCC’s By-Laws and Rules. In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

II. Membership and Organization

- A. Composition. The Committee shall consist of (i) the Executive Chairman, (ii) at least one Exchange Director, (iii) at least one Member Director, and (iv) at least one Public Director, each of whom shall be appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

Meetings. The Committee will meet at least six times a year, inclusive of joint meetings with other Board committees. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The

Committee may call executive sessions from which members of management and invited guests of the Committee may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or the Acting Chair, as applicable, will serve as chair for the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, in person attendance is preferred. The Committee shall meet regularly, and at least once each calendar year, with members of management and the Chief Risk Officer in separate executive sessions to discuss any matters that either side believes should be discussed privately. Between meetings of the Committee, the Chief Risk Officer is authorized to communicate directly with the Chair with respect to any of the responsibilities of the Committee.

- B. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- C. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. Authority

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and

responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

From time to time, the Committee may receive reports and guidance relating to financial risk issues from, among others, the OCC Financial Risk Advisory Council and, in the exercise of its fiduciary judgment, shall take such guidance into account in the performance of its functions and responsibilities.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

The Committee shall perform its responsibilities in accordance with this Charter and applicable regulatory requirements.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

IV. Functions and Responsibilities

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, manage, monitor and report on financial, collateral, risk model and third party risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review at least once every twelve months the adequacy of OCC's management of risks related to credit exposures, including its margin and clearing fund methodologies. The Committee shall have the authority to approve all material changes to written policies with respect to the management of risks related to credit exposures and recommend such changes to the Board for approval. The Committee shall receive a monthly report from management that provides information on the effectiveness of the management of risks related to credit exposures, including the results of (i) a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and (ii) a sensitivity analysis of OCC's margin model and a review of the margin model's parameters and assumptions for back testing.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of collateral risks. The Committee shall have the authority to approve all material changes to written policies related to the management of collateral risks and recommend such changes to the Board for approval. The Committee shall receive a quarterly report from management that provides information on the effectiveness of OCC's management of collateral risks.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of liquidity risks. The Committee shall have the authority to approve all material changes to written policies with respect to the management of liquidity risks and recommend such changes to the Board for approval. The Committee shall receive a monthly report from management that provides information on the effectiveness of OCC's management of liquidity risks, including the results of a comprehensive analysis of existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs and resources.
- The Committee shall review at least once every twelve months the adequacy of OCC's secured committed liquidity facilities, including an analysis of the size and composition of such facilities, and recommend approval thereof to the Board.
- The Committee shall oversee OCC's risk models and risk model validation process. The Committee shall have the authority to approve all material changes to written policies with respect to risk model management and recommend such changes to the Board for approval. The Committee shall review and have the authority to approve all new risk models and material changes to existing risk models, except that the Committee shall refer material changes to OCC's margin and clearing fund methodologies to the Board, which the Board shall have the authority to approve. Additionally, the Committee shall review and have the authority to approve the annual risk model validation plan and plan deviations, and any Chief Risk Officer recommendations for removing or deferring any risk model validation from a previously approved risk model validation plan. The Committee shall receive a quarterly report from the Chief Risk Officer that provides information on progress against the annual risk model validation plan and measures being taken by management regarding findings made. The

Committee also shall review the results of any third party validations of OCC's risk models and, if any, recommended actions and remediation plans.

- The Committee shall review and have the authority to approve new products that materially impact OCC's established risk profile or introduce novel or unique financial, risk model and third party risks and shall refer such products to the Board for approval.
- The Committee shall oversee OCC's Recovery and Orderly Wind-Down Plan. The Committee shall review and have the authority to approve at least once every twelve months the adequacy of OCC's Recovery and Orderly Wind-Down Plan and recommend approval thereof to the Board. The Committee shall have the authority to approve all material changes to the Recovery and Orderly Wind-Down Plan and recommend such changes to the Board.
- The Committee shall consider and discuss reports and guidance from the Financial Risk Advisory Council relating to financial risk issues that may impact the options and futures industries, including the potential impact on the businesses of OCC, linked relationships and participants.
- The Committee shall oversee the framework for Clearing Membership, including (i) periodically reviewing and revising, as appropriate, OCC's initial and ongoing requirements for Clearing Membership, (ii) overseeing the processes established for reviewing and monitoring Clearing Membership (including in respect of the continuance of potentially problematic members), and (iii) making recommendations to the Board, as applicable, for final determination in respect of the foregoing. At least once each calendar year, the Committee shall review the investigation and enforcement outcomes of disciplinary actions taken by the OCC against Clearing Members through its established processes.
- The Committee shall at least once every twelve months review the adequacy of OCC's management of third party risks. The Committee shall receive a quarterly report from management that provides information on the effectiveness of OCC's management of third party risks, including key linked and vendor relationships.
- The Committee shall have the authority to approve management's recommendation to appoint or replace the Chief Risk Officer. The Chief Risk Officer shall report functionally to the Committee and administratively to ~~the Chief Executive Officer~~ a member of the Management Committee designated by the Committee. The Committee shall at least once every twelve months review and have the authority to approve the Chief Risk Officer's goals and objectives and any material changes thereto. The Committee, ~~in consultation with the Chief Executive Officer and upon consideration of input from the other committees, as appropriate,~~ shall at least once every twelve months review the performance of the Chief Risk Officer, ~~and determine whether to accept or modify the recommendations of the Chief Executive Officer~~ with respect to performance assessment and annual compensation for the Chief Risk Officer.

- The Committee shall at least once every twelve months review the structure and staffing of OCC's financial risk management and corporate risk management functions.
- The Committee shall review the results of any audits (internal and external), regulatory examinations and third party assessment reports as to financial, collateral, risk model and third party risk management processes or any other matter relating to the areas that the Committee oversees, as well as management's responses and remediation efforts pertaining to such examinations and reports.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board, including authorizing the filing of regulatory submissions pursuant to such delegation.
- The Committee shall perform any other duties consistent with this Charter as the Committee deems necessary or appropriate, or as the Board shall further delegate to the Committee.

V. Review Cycle

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

EXHIBIT H

THE OPTIONS CLEARING CORPORATION TECHNOLOGY COMMITTEE CHARTER

I. Purpose

The Board of Directors (“Board”) of The Options Clearing Corporation (“OCC”) has established a Technology Committee (the “Committee”) to assist the Board in overseeing OCC’s information technology (“IT”) strategy and other company-wide operational capabilities. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider the legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

II. Membership and Organization

Composition. The Committee shall be comprised of three or more directors as appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. The Chair of the Committee shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair. In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of OCC and are not, and do not represent themselves to be, technology experts.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- A. **Meetings.** The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of

management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or the Acting Chair, as applicable, will serve as chair for an executive session. The Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone is discouraged.

The Committee shall meet regularly, and no less than once each calendar year, with members of management in separate executive sessions to discuss any matters that either side believes should be discussed privately. The Committee shall meet regularly, and no less than once each calendar year, in separate executive sessions with the Chief Security Officer (“CSO”) in order to provide for the CSO’s autonomy and independence. Between meetings of the Committee, the CSO is authorized to communicate directly with the Chair with respect to any of the responsibilities of the Committee.

- B. **Quorum**. A majority of the Committee members shall constitute a quorum for the transaction of business.
- C. **Minutes and Reports**. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor may be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including fees and expenses associated therewith.

Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

IV. Functions and Responsibilities

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, manage, monitor and report on IT and other operational risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review at least once every twelve months OCC's IT and operational strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives. The Committee shall have the authority to approve major IT and operational initiatives, recommend any major capital expenditures to implement to the Board and the IT and operational budget for each calendar year.
- The Committee shall receive a quarterly report from management that provides information on management's progress in executing on major IT initiatives, technology architecture decisions (as applicable) and IT priorities as well as overall IT performance, including metrics concerning technology investments, talent management, and system availability, integrity, capacity and performance.
- The Committee shall review material changes to the operational execution and delivery of core clearing and settlement services and has the authority to recommend approval thereof to the Board.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of information security risks. The Committee shall have the authority to approve all material changes to written policies related to the management of information security risks and recommend such changes to the Board for approval. The Committee shall receive a quarterly report from management that provides information on the effectiveness of the management of information security risks, including metrics concerning security incidents, systems intrusions and vulnerability management.
- The Committee shall oversee and receive a quarterly report from management on OCC's Business Continuity and Disaster Recovery Programs. The report shall include the progress on executing the annual test plan and achieving recovery time objectives.
- The Committee shall oversee and receive a quarterly report on OCC's major operational initiatives. The report shall provide information on any major operational initiatives and metrics on the effectiveness of OCC's operations with reference to key indicators.
- The Committee shall monitor and oversee the overall adequacy of OCC's IT and operational control environment, including the implementation of key controls in response to regulatory requirements.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.

- Each calendar year, the Committee shall review its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board.
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

V. Review Cycle

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

Exhibit I

[Redacted Under CFTC Regulation 40.8]