



U.S. COMMODITY FUTURES TRADING COMMISSION

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Division of Clearing and Risk

May 4, 2012

ELECTRONIC MAIL

James E. Brown
Executive Vice President, General Counsel
The Options Clearing Corporation
One N. Wacker Drive, Suite 500
Chicago, Illinois 60606

Re: Extension for Compliance with Regulation 39.13(g)(8)(ii)

Dear Mr. Brown:

By correspondence of May 4, 2012, you requested that the Division of Clearing and Risk (Division) grant an extension of 90 days from May 7, 2012, for compliance with the requirements of Commission Regulation 39.13(g)(8)(ii), as it applies to customers that are exchange members or the equivalent under applicable exchange rules, *e.g.*, trading permit holders (member-customers) and to customer omnibus accounts.¹

You have represented that at least one designated contract market for which The Options Clearing Corporation (OCC) serves as the derivatives clearing organization did not know that these margin changes would affect its member-customers and accordingly, you are seeking additional time to address the impact of the changes on member-customers as well as customer omnibus accounts.

The Division herein grants the requested extension to OCC, thereby requiring compliance with Regulation 39.13(g)(8)(ii), as it applies to member-customers and to customer omnibus accounts, no later than August 5, 2012, unless OCC is notified otherwise. This extension is granted by the Division in reliance on the representations contained in your request, and any different, changed, or omitted material facts or circumstances may require termination of the

¹ See 76 Fed. Reg. 69,334, 69,439 (Nov. 8, 2011). Regulation 39.13(g)(8)(ii) provides as follows:

(ii) *Customer initial margin requirements.* A derivatives clearing organization shall require its clearing members to collect customer initial margin, as defined in § 1.3 of this chapter, from their customers, for nonhedge positions, at a level that is greater than 100 percent of the derivatives clearing organization's initial margin requirements with respect to each product and swap portfolio. The derivatives clearing organization shall have reasonable discretion in determining the percentage by which customer initial margins must exceed the derivatives clearing organization's initial margin requirements with respect to particular products or swap portfolios. The Commission may review such percentage levels and require different percentage levels if the Commission deems the levels insufficient to protect the financial integrity of the clearing members or the derivatives clearing organization.

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extension and immediate action by OCC, its clearing members, member-customers, or other FCMs, to facilitate compliance. The Division retains the authority to condition further, modify, suspend, or otherwise restrict the extension granted herein.

Should you have questions regarding this matter, please contact Phyllis P. Dietz, Deputy Director (pdietz@cftc.gov, 202-418-5449) or Heidi M. Rauh, Special Counsel (hrauh@cftc.gov, 312-596-0644).

Sincerely,



Ananda Radhakrishnan
Director

cc: Phyllis P. Dietz
Heidi M. Rauh