



THE OPTIONS CLEARING
CORPORATION

RECEIVED
CFTC

2011 JAN 20 AM 11:00

OFFICE OF THE
SECRETARIAT

January 19, 2011

VIA E-MAIL

Mr. David A. Stawick
Secretary of the Commission
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2011-02 Rule Certification

Dear Mr. Stawick:

Attached is a copy of the above-referenced rule filing, which The Options Clearing Corporation ("OCC") is submitting pursuant to the self-certification procedures of Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6. This rule filing has been, or is concurrently being, submitted to the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act").

In conformity with the requirements of Regulation 40.6(a)(3), OCC states the following: The text of the rule is set forth at Item 1 of the enclosed filing. The date of implementation of the rule is when the proposed rule filing has been approved by the SEC. No substantive opposing views were expressed to OCC by governing board or committee members, clearing members of OCC, or market participants that were not incorporated into the rule.

OCC hereby certifies that the rules set forth at Item 1 of the enclosed filing comply with the Commodity Exchange Act and the Commission's regulations thereunder.

JEAN M. CAWLEY

SENIOR VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

ONE N. WACKER DRIVE, SUITE 500 CHICAGO, ILLINOIS 60606 TEL 312.322.6269 FAX 312.322.6280

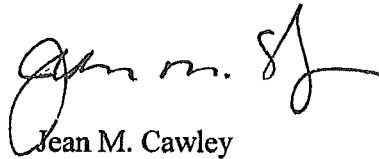
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



Mr. David A. Stawick
Page Two
January 19, 2011

Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-4802.

Sincerely,


Jean M. Cawley

Attachments

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

OCC-2011-02 cftc.ltr

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change
by

THE OPTIONS CLEARING CORPORATION

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

Item 1. Text of the Proposed Rule Change

In connection with the proposed trading of certain options on indexes measuring the relative performance of two reference components, The Options Clearing Corporation ("OCC" or the "Corporation") proposes to amend its By-Laws as set forth below. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION**BY-LAWS**

* * *

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

* * *

Adjustments**SECTION 3.**

(a) – (e) [No change]

(f) In the event that the value of an underlying index designed to measure the relative performance of a reference security or reference index in relation to another reference security or reference index (a "relative performance index") falls below zero, any such negative value of the index will be deemed by the Corporation to be zero; provided, however, that if it is deemed impractical for systems reasons to have an index value of zero, then any index value of zero or below will be deemed to be an economically nominal positive number. Such an adjustment will have the effect of limiting the maximum exercise settlement amount for in-the-money put options on such indexes to the difference between the exercise price and the nominal positive number substituted for the actual index value (times the applicable multiplier). Adjustment in the value of an underlying relative performance index pursuant to this paragraph shall not require any action of an adjustment panel.

(g) In the event that any individual reference security in an underlying relative performance index (as defined in the preceding paragraph) is eliminated as the result of a cash-out merger or other event, the reporting authority may cease to publish the index. In that case, the exercise settlement value of the options would become fixed based upon the last published value for the index, and the Exchange on which such options are traded may determine to accelerate the expiration date for such options (and, in the case of European-style options, their exercisability). The expiration date for such options will ordinarily be accelerated to fall on the

next regularly scheduled expiration date for the same class of options or such other date as the Corporation may establish in consultation with the Exchange on which such options are traded.

[(f)](h) Except as otherwise provided in paragraphs (f) and (g) of this Section 3, determinations [Determinations] with respect to adjustments pursuant to this Section shall be made by an adjustment panel. The provisions of Article VI, Section 11 of the By-Laws shall apply equally to adjustment panels convened pursuant to this Article XVII, Section 3[(e)](g).

[Section 3 of this Article replaces Section 11A of Article VI of the By-Laws.]

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of OCC at
meetings held on September 23, 2008 and May 19, 2009.

Questions regarding the proposed rule change should be addressed to Jean M. Cawley, Senior Vice President, Deputy General Counsel and Chief Compliance Officer, at (312) 322-6269.

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

The purpose of this rule change is to accommodate options on certain indexes measuring the relative performance of one reference security or reference index relative to a second reference security or reference index ("Relative Performance Options"). A reference security may be an exchange-traded fund ("ETF"). The revised rules have been broadly drafted to cover Alpha Options (described below) and any similar product that may be listed on any participant exchange in the future.

NASDAQ OMX PHLX LLC ("Phlx") is proposing to list options ("Alpha Options"¹) on NASDAQ OMX Alpha Indexes ("Alpha Indexes"), a family of indexes developed by NASDAQ OMX Group, Inc. ("Nasdaq"). Alpha Indexes are calculated based on two ETFs or other reference securities underlying options that are also traded on Phlx. For example, an Alpha Index may measure the relative total return of two non-ETF securities, two ETFs or one ETF and one non-ETF security (the first component of each pair the "Target Component" and the second component the "Benchmark Component"). The Alpha Index is calculated by measuring the total return performance of the Target Component relative to the total return performance of the Benchmark Component, based upon prices of transactions on the primary listing exchange of each underlying component. Each Alpha Index will initially be set at 100.00. Alpha Options will be cash-settled, European-style options. In the event of a corporate event that eliminates one of the underlying components of an Alpha Index, Nasdaq will cease calculation of the Alpha Index for that pair of underlying components and all outstanding option positions will be immediately settled at the last disseminated price of that Alpha Index.

Relative performance options are highly similar to other index options cleared by OCC except for the identity and nature of the underlying index. Therefore, OCC believes that the provisions of its By-Laws and Rules governing index options, as they are currently in effect, are generally sufficient to support the clearance and settlement of relative performance options. However, minor modifications are needed to support Alpha Options and other types of relative performance options that may be introduced in the future. For example, the current rule provisions do not account for the possibility of an index having a negative value as could occur for certain relative performance indexes. If this should ever occur, the index value would be

¹ See SR-Phlx-2010-176, Release No. 34-63575, December 17, 2010.

deemed to be equal to zero or, because certain systems may not accept a zero index value, a near-zero positive amount. Therefore, OCC proposes to modify its By-Laws to provide for such potential adjustment of the index value by either the listing exchange or OCC.

In addition, OCC's current By-Laws do not account for the possibility that an expiration date may be accelerated when a reference security (*i.e.*, an individual reference security and not a reference index) that is one of the components of an underlying relative performance index ceases to be published as a result of a cash-out merger or similar corporate event. If the value of an underlying relative performance index ceases to be published as a result of such an event, the value of the overlying options would become fixed. OCC therefore proposes to modify its By-Laws to provide that OCC will either accelerate or not accelerate the expiration in consultation with the relevant exchange on which the index underlying a Relative Performance Option is listed.

* * *

The proposed changes to OCC's By-Laws and Rules are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because they are designed to promote the prompt and accurate clearance and settlement of transactions in, including the expiry of, relative performance options, and to foster cooperation and coordination with persons engaged in the clearance and settlement of such transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of such transactions, and, in general, to protect investors and the public interest. They accomplish this purpose by applying substantially the same rules and procedures to these transactions as OCC applies to transactions in other index options. The

proposed rule change is not inconsistent with the existing rules of OCC, including any rules proposed to be amended.

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

OCC does not believe that the proposed rule change would impose any burden on competition.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Changed Received from Members, Participants or Others

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

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period for Commission action on the proposed rule change.

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

OCC requests that the Commission accelerate the effectiveness of this filing to the extent necessary to make it effective not later than the effectiveness of Phlx's proposed rule filing relating to relative performance options on Alpha Indexes. OCC believes there is good cause for such accelerated effectiveness because Phlx will not be able to commence trading such option products, even if its filing is approved, until OCC's rule change is approved. However, OCC will delay implementation of this rule change until distribution of a supplement to the

options disclosure document, Characteristics and Risks of Standardized Options, addressing relative performance options.

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

The proposed rule change is not based on a rule change of another self-regulatory organization.

Item 9. Exhibits

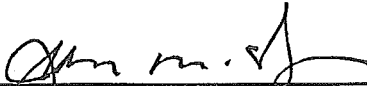
Exhibit 1. Completed notice of the proposed rule change for publication in the Federal Register.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has caused this filing to be signed on its behalf by the undersigned hereunto duly authorized.

THE OPTIONS CLEARING CORPORATION

By: _____



Jean M. Cawley

**Senior Vice President,
Deputy General Counsel and
Chief Compliance Officer**

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-OCC-2011-02)

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By
The Options Clearing Corporation

Relating to Relative Performance Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 2011, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would accommodate options on certain indexes measuring the relative performance of one reference security or reference index relative to a second reference security or reference index ("Relative Performance Options").

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

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

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

The purpose of this rule change is to accommodate options on certain indexes measuring the relative performance of one reference security or reference index relative to a second reference security or reference index ("Relative Performance Options"). A reference security may be an exchange-traded fund ("ETF"). The revised rules have been broadly drafted to cover Alpha Options (described below) and any similar product that may be listed on any participant exchange in the future.

NASDAQ OMX PHLX LLC ("Phlx") is proposing to list options ("Alpha Options"¹) on NASDAQ OMX Alpha Indexes ("Alpha Indexes"), a family of indexes developed by NASDAQ OMX Group, Inc. ("Nasdaq"). Alpha Indexes are calculated based on two ETFs or other reference securities underlying options that are also traded on Phlx. For example, an Alpha Index may measure the relative total return of two non-ETF securities, two ETFs or one ETF and one non-ETF security (the first component of each pair the "Target Component" and the second component the "Benchmark Component"). The Alpha Index is calculated by measuring the total return performance of the Target Component relative to the total return performance of the Benchmark Component, based upon prices of transactions on the primary listing exchange of

¹ See SR-Phlx-2010-176, Release No. 34-63575, December 17, 2010.

each underlying component. Each Alpha Index will initially be set at 100.00. Alpha Options will be cash-settled, European-style options. In the event of a corporate event that eliminates one of the underlying components of an Alpha Index, Nasdaq will cease calculation of the Alpha Index for that pair of underlying components and all outstanding option positions will be immediately settled at the last disseminated price of that Alpha Index.

Relative performance options are highly similar to other index options cleared by OCC except for the identity and nature of the underlying index. Therefore, OCC believes that the provisions of its By-Laws and Rules governing index options, as they are currently in effect, are generally sufficient to support the clearance and settlement of relative performance options. However, minor modifications are needed to support Alpha Options and other types of relative performance options that may be introduced in the future. For example, the current rule provisions do not account for the possibility of an index having a negative value as could occur for certain relative performance indexes. If this should ever occur, the index value would be deemed to be equal to zero or, because certain systems may not accept a zero index value, a near-zero positive amount. Therefore, OCC proposes to modify its By-Laws to provide for such potential adjustment of the index value by either the listing exchange or OCC.

In addition, OCC's current By-Laws do not account for the possibility that an expiration date may be accelerated when a reference security (*i.e.*, an individual reference security and not a reference index) that is one of the components of an underlying relative performance index ceases to be published as a result of a cash-out merger or similar corporate event. If the value of an underlying relative performance index ceases to be published as a result of such an event, the value of the overlying options would become fixed. OCC therefore proposes to modify its By-Laws to provide that OCC will either accelerate or not accelerate the

expiration in consultation with the relevant exchange on which the index underlying a Relative Performance Option is listed.

* * *

The proposed changes to OCC's By-Laws and Rules are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because they are designed to promote the prompt and accurate clearance and settlement of transactions in, including the expiry of, relative performance options, and to foster cooperation and coordination with persons engaged in the clearance and settlement of such transactions, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of such transactions, and, in general, to protect investors and the public interest. They accomplish this purpose by applying substantially the same rules and procedures to these transactions as OCC applies to transactions in other index options. The proposed rule change is not inconsistent with the existing rules of OCC, including any rules proposed to be amended.

B. Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

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

OCC has requested that the Commission approve the proposed rule change prior to the thirtieth day after publication of the notice of filing. The Commission finds good cause for approving the proposed rule change prior to the thirtieth day after publication of the notice because such approval will allow Phlx to commence trading in Relative Performance Options without unnecessary delay.

IV. Solicitation of Comments

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

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2011-02 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-OCC-2011-02. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the

proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 100F Fifth Street, N.E., Washington, D.C. 20549-1090. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-OCC-2011-02 and should be submitted on or before [insert date 21 days from publication in the Federal Register.] _____.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Secretary

Dated: _____