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THE OPTIONS CLEARING CORPORATION
OF THE SECRETARIAT

January 24, 2008

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-2008-02 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 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 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 rule set forth at Item 1 of the enclosed filing complies 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

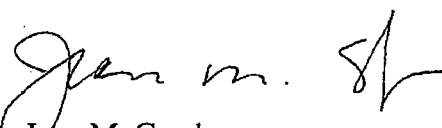
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Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-6269.

Sincerely,


Jean M. Cawley

Attachments

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

OCC-2008-02 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

The Options Clearing Corporation (“OCC” or the “Corporation”) proposes to amend its By-Laws and Rules as set forth below for the purpose of improving the definitions of, and establishing consistent usage for, the terms “settlement price” and “final settlement price” as applied to futures contracts cleared by the Corporation. A definition of “interim settlement price” is also proposed to be added, and OCC is proposing one change in its rules to reflect a change in the services available to Clearing Members. Material proposed to be added to OCC’s By-Laws and Rules as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION**BY-LAWS****ARTICLE I****Definitions**

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

A. - E. [No change]

F.

Final Settlement Price

(1) The term “final settlement price” in respect of a series of futures means the marking price, rate, level, value, or measure of the underlying interest or a contract of such series [at] on the maturity date of such series, as determined in accordance with the By-Laws and Rules [and the Exchange Rules of the Exchange(s), futures market(s) or security futures market(s) on which such series is traded], that is used to calculate (a) the final variation payment in respect of cash-settled futures or (b) the purchase price of the underlying interest in respect of physically settled futures, in the manner set forth in the By-Laws and Rules.

(2) - (12) [No change]

G. - H. [No change]

I.

(1) – (5) [No change]

Interim Settlement Price

(6) The term “interim settlement price” in respect of a series of futures means the marking price of the futures of such series that is used to calculate variation payments in respect of such futures (including intra-day variation payments, if applicable) in the manner set forth in the Exchange Rules of the Exchange(s), futures market(s) or security futures market(s) on which such series is traded.¹

(6) – (11) [Renumbered as (7) - (12); otherwise no change]

J. - L. [No change]

M.

(1) - (8) [No change]

Maturity Date

(9) The term “maturity date” means (i) in respect of a series of futures other than flexibly structured security futures, the date designated by the Exchange(s), futures markets and/or security futures market(s) on which such series is traded as the date [on] as of which the final settlement price for such series is determined, and (ii) in respect of a flexibly structured future, the date agreed upon by the Purchasing Clearing Member and Selling Clearing Member in an Exchange transaction as the date [on] as of which the final settlement price for such future is determined, as such date is reported to the Corporation by the Exchange, futures market or security futures market.

(10) [No change]

¹ The source of the language for the definition of “interim settlement price” is the current definition of “settlement price.” The changes from the current “settlement price” definition are as follows:

The term “interim settlement price” in respect of a series of futures means the [closing settlement price of such series on the Exchange(s), futures market(s) or security futures market(s) on which such series is traded as determined in accordance with the By-Laws and Rules and] daily marking price of the futures of such series that is used to calculate variation payments in respect of such futures (including intra-day variation payments, if applicable) in the manner set forth in the Exchange Rules[, or, in the case of intra-day variation payments for a series of futures, the intra-day marking price determined in accordance with the By-Laws and Rules and Exchange Rules] of the Exchange(s), futures market(s) or security futures market(s) on which such series is traded[that is used to calculate intra-day variation payments].

(8)² [renumbered as (11); otherwise no change]

N. – R. [No change]

S.

(1) – (10) [No change]

Settlement Price

(11) The term “settlement price” in respect of a series of futures means the [closing] interim settlement price or the final settlement price [of such series on the Exchange(s), futures market(s) or security futures market(s) on which such series is traded as determined in accordance with the By-Laws and Rules and Exchange Rules, or, in the case of intra-day variation payments for a series of futures, the intra-day marking price determined in accordance with the By-Laws and Rules and Exchange Rules of the Exchange(s), futures market(s) or security futures market(s) on which such series is traded that is used to calculate intra-day variation payments].

(12) - (25) [No change]

T. – Z. [No change]

* * *

ARTICLE VI

Clearance of Exchange Transactions

* * *

Terms of Cleared Contracts

SECTION 10. (a) – (c) [No change]

(d) Except to the extent provided otherwise in the By-Laws and Rules with respect to transactions in flexibly structured futures, the variable terms of each series of futures shall be determined by each Exchange, futures market or security futures market at the time such series is first opened for trading on that Exchange, futures market or security futures market. The unit of trading of each series of stock futures shall be designated by the Corporation prior to the time such series of stock futures is first opened for trading. In the absence of such designation for a series of stock futures, the unit of trading shall be 100 shares. The multiplier

² Currently, the definition of “multiplier” is incorrectly numbered “(8)” rather than (11).

for each series of index futures and variance futures shall be determined by each Exchange, futures market or security futures market at the time such series is first opened for trading on such Exchange, futures market or security futures market. The unit of trading [and]or settlement price established for a series of [stock] futures [are]is subject to adjustment in accordance with [Section 4 of] Article XII of the By-Laws. [The multiplier established for a series of index futures or variance futures is subject to adjustment in accordance with Sections 3 and 4 of Article XII of the By-Laws.]

* * *

Shortage of Underlying Securities

SECTION 19. (a) – (c) [No change]

... Interpretations and Policies:

.01 [No change]

.02 [Lead-in language: No change]

1. – 4. [No change]

5. Fixing of Cash Settlement Prices.

In fixing cash settlement prices, the Corporation will ordinarily distinguish between those Clearing Members who file exercise notices in sufficient time to tender the underlying securities and those who file exercise notices thereafter. The term “cut-off date,” as used below, refers to the latest date when a Clearing Member could have exercised a call option contract and tendered the underlying securities in accordance with applicable SEC regulations and the terms of the tender offer.

The Corporation will generally observe the following policies in fixing cash settlement prices:

A. [No Change]

B. Tender Offers Where a Portion of the Shares Tendered are Accepted and Paid For.

(1) [No Change]

(2) Holders who exercised after the cut-off date will be entitled to receive:

(a) [No Change]

(b) the same cash settlement price as holders who exercised on or before the cut-off date, if no reported market existed for the underlying security on the normal exercise settlement date.

C. – D. [No change]

6. Early Payment of Cash Settlement Price to Some Holders.

Where a holder of a call option exercises it after the cut-off date, and a reported market exists for the underlying security on the normal exercise settlement date, the exercising holder will be entitled to receive a cash settlement price based on the underlying security's market value on the normal exercise settlement date regardless of the ultimate outcome of the tender offer (see subparagraphs 5.A.(2)(a), 5.B.(2)(a), and 5.C.(2)(a) above). Accordingly, there will generally be no need to defer fixing cash settlement prices for those holders until the outcome of the tender offer is known. The Corporation's policy will be to fix cash settlement prices and establish new exercise settlement dates for those holders at as early a date as possible.

7. – 8. [No change]

* * *

ARTICLE XII

Futures and Futures Options

Conditions for the Corporation to Clear Futures or Futures Options for an Exchange, Futures Market or Security Futures Market

SECTION 1. The Corporation will clear transactions in futures or futures options effected on an Exchange, futures market or security futures market subject to the following conditions.

(1) In the case of an Exchange or an affiliated futures market, the execution of a clearing agreement between the Exchange or affiliated futures market and the Corporation, which agreement shall, among other things: (i) govern the business relationship between such Exchange or affiliated futures market and the Corporation in respect of the listing of, and clearance of transactions in, futures or futures options, (ii) provide for appropriate indemnification by the Exchange or affiliated futures market of the Corporation, its officers, and directors, and (iii) provide that the Corporation shall cease clearing futures or future options for the Exchange or affiliated futures market and the clearing agreement shall terminate if: (A) the Exchange or affiliated futures market no longer meets all legal and regulatory requirements necessary to list and trade [security] futures or futures options; (B) the Exchange or affiliated futures market terminates the trading of all futures or futures options; or (C) the Exchange or affiliated futures market is in violation, in any material respect, of the clearing agreement.

(2) [No change]

... *Interpretations and Policies:* [No change]

* * *

Adjustments to Futures and Futures Options

SECTION 3. (a) [No change]

(b) Whenever there is a dividend, stock dividend, stock distribution, stock split, reverse stock split, rights offering, distribution, reorganization, recapitalization, reclassification or similar event in respect of any underlying security, or a merger, consolidation, dissolution or liquidation of the issuer of any underlying security, the number of stock futures, the unit of trading[, the](or settlement price) and the underlying security, or any of them, with respect to all outstanding security futures open for trading in the underlying security may be adjusted in accordance with this Section 3. If the Corporation does not learn, or does not learn in a timely manner, of an event for which the Corporation would have otherwise made an adjustment, the Corporation shall not be liable for any failure to make such adjustment or delay in making such adjustment. In making any adjustment determination, the Corporation shall apply the factors set forth in this Section 4 in light of the circumstances known to it at the time such determination is made.

(c) – (j) [No change]

Interpretations and Policies: [No change]

Adjustments to Index Futures and Variance Futures and Options on Such Futures

SECTION 4. (a) – (b) [No change]

(c) In the event the Corporation determines that: (i) publication of an index that is an underlying interest or reference variable has been discontinued; (ii) such an index has been replaced by another index; or (iii) the composition or method of calculation of such an index is so materially changed since its selection as an underlying interest or reference variable that it is deemed to be a different index, the Corporation may substitute another index (a “successor index”) as the underlying interest or reference variable. A successor index shall be reasonably comparable, as determined by the Corporation in its discretion, to the original index for which it is substituted. An index may be created specifically for the purpose of becoming a successor index. If the Corporation determines in its discretion not to substitute a successor index, the Corporation may terminate the futures contract and fix a final settlement price in accordance with Section 5 of this Article. Any outstanding options on a futures contract terminated in accordance with the preceding sentence will be automatically exercised if in-the-money based upon the final settlement price for the underlying future or will terminate if out-of-the-money based upon such final settlement price.

(d) – (e) [No change]

[Section 4 of this Article replaces Article VI, Section 11 of the By-Laws.]

Adjustments to Other Cash-Settled Futures

SECTION 4A. (a) *Cash-settled foreign currency futures.* In the event that (i) the currency underlying a cash-settled foreign currency future is officially replaced by a new currency, or (ii) such currency's exchange rate or exchange characteristics with respect to other currencies are officially altered, the Corporation may adjust the underlying interest, unit of trading, settlement price[, final settlement price] or any other terms of futures affected by such event. The Corporation shall determine whether to make adjustments to reflect particular events, and the nature and extent of any such adjustment, 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 the buyers and sellers, the maintenance of a fair and orderly market in futures on the underlying interest, and consistency of interpretation and practice (including consistency with the actions of the Securities Committee in making adjustments to option contracts on the same underlying interest).

(b) *Other cash-settled futures.* In the case of any futures contract that does not require physical delivery of the underlying interest and that is not covered under Section 4 or 4A(a), the Corporation may adjust the underlying interest, unit of trading, settlement price[, final settlement price] or any other terms of such futures if the Corporation determines that an adjustment is appropriate to reflect the occurrence of an event affecting such underlying interest. The Corporation shall determine whether to make adjustments to reflect particular events, and the nature and extent of any such adjustment, 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 the buyers and sellers, the maintenance of a fair and orderly market in futures on the underlying interest, and consistency of interpretation and practice (including consistency with the actions of the Securities Committee in making adjustments to option contracts on the same underlying interest).

[Section 4A of this Article replaces Section 11(a)-(j), and the Interpretations and Policies promulgated thereunder, of Article VI of the By-Laws.]

...*Interpretations and Policies:* [No change]

Unavailability or Inaccuracy of Final Settlement Price

SECTION 5. (a) – (b) [No change]

(c) (1) [No change]

(2) The Corporation may fix the final settlement price for affected futures, 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 buyers and sellers of affected futures, the maintenance of a fair and orderly market in such futures, consistency of interpretation and practice, and consistency with actions taken in related futures or other markets. Without limiting the generality of the foregoing, (A) with respect to affected futures governed by paragraph (a) of

this Section, the Corporation may fix the final settlement price using: (i) the reported price or value for the relevant underlying interest or one or more constituents comprising the 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 underlying interest or one or more constituents comprising the 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 underlying interest or one or more constituents comprising the 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; and (B) with respect to affected futures governed by paragraph (b) of this Section, the Corporation may (i) fix the final settlement price using a price or value, or a combination or average of prices or values, for the relevant underlying interest or one or more constituents comprising the underlying interest as the Corporation deems appropriate or (ii) fix the final settlement price at the most recently determined interim settlement price for the affected future, such that no final variation payment is due.

(d) [No change]

... **Interpretations and Policies:** [No change]

[Section 5 of this Article replaces Article VI, Section 19 of the By-Laws]

Determination of [Final] Settlement Prices

SECTION 6. (a) Subject to the last sentence of this Section 6(a), the Corporation shall adopt as the interim settlement price in respect of a series of futures the interim settlement price reported to the Corporation by the Exchange, futures market or security futures market on which such series is traded. If contracts of the same series are traded on more than one Exchange, futures market or security futures market, the interim settlement price will be determined by a method mutually agreed upon among the Corporation and all such Exchanges, futures markets and security futures markets, and in the absence of such agreement, by the Corporation. In either case the Corporation shall promptly notify such Exchanges, futures markets and security futures markets of its action. For the purpose of making such determination the Corporation, in its sole discretion, may (i) designate one of the Exchanges, futures markets or security futures markets as the principal market for the relevant series of futures and obtain interim settlement prices for such series solely from such principal market, or (ii) calculate interim settlement prices from prices obtained from some or all of the Exchanges, futures markets or security futures markets in accordance with procedures specified by the Corporation from time to time. The Corporation may adjust interim settlement prices obtained as set forth above in respect of a series of futures if the Corporation determines, in its sole discretion, that (i) adoption of the interim price reported to the Corporation would be inconsistent with the By-Laws or Rules, or (ii) an adjustment is otherwise necessary or appropriate, including, without limitation, to compensate for apparent inaccuracies in price reporting or to reflect changes in the

market price or current level of the underlying interest or changes in market conditions generally.³

[a] (b) The method for determining the final settlement price for a series of futures shall be as specified in the Exchange [rules]Rules of the Exchange, futures market or security futures market on which the series is traded; provided, however, that in the event of any conflict between such Exchange [rules]Rules and the By-Laws and Rules of the Corporation, the By-Laws and Rules of the Corporation shall control. Subject to the last sentence of this Section 6(b), the Corporation shall adopt as the final settlement price in respect of a series of futures the final settlement price determined by the Exchange, futures market or security futures market on which the series is traded in accordance with that specified method at maturity of each series of futures. The final settlement price may be based upon the price or level of the underlying interest or a contract of such series, as applicable, at the close of trading on the maturity date of a future or at the opening of trading on the following business day. It may also be based upon an average of prices or levels during an appropriate period of time. Such price or prices may be taken from the cash or spot markets for the underlying interest or a contract of such series, if applicable, or from prices determined in the futures markets. Final settlement prices are subject to adjustment by the Corporation in accordance with the By-Laws and Rules. Notwithstanding the foregoing, the Corporation retains the authority in its By-Laws and Rules to fix final settlement prices for futures contracts in a variety of circumstances, including but not limited to the failure of such Exchange, futures market or security futures market to provide a final settlement price in a timely fashion.

Interpretations and Policies:

.01 Notwithstanding the provisions of this Section 6 of Article XII of the By-Laws, no [Exchange or security futures market may specify a] method for determining a final settlement

³ The following are the changes made to the language of Rule 1301(d), which has been moved to Section 6(a):

[The current] Subject to the last sentence of this Section 6(a), the Corporation shall adopt as the interim settlement price in respect of [any] a series of futures [shall be as determined for each variation] the interim settlement price reported to the Corporation by the Exchange, futures market or security futures market on which [the]such series [of futures] is traded. If [futures having]contracts of the same [underlying interest and the same maturity date]series are traded on more than one Exchange, futures market or security futures market, the interim settlement price will be determined by a method mutually agreed upon among the Corporation and all such Exchanges, futures markets and security futures markets, and in the absence of such agreement, by the Corporation. In either case the Corporation shall promptly notify the Exchanges, futures markets and security futures markets of its action. For the purpose of making such determination the Corporation, in its sole discretion, may (i) designate one of [them]the Exchanges, futures markets or security futures markets as the principal market for the relevant series of futures and obtain interim settlement prices for such series solely from such principal market, or (ii) calculate [such] interim settlement prices from prices obtained from some or all of [such] the Exchanges, futures markets [and]or security futures markets in accordance with procedures specified by the Corporation from time to time. The Corporation may adjust interim settlement prices obtained as set forth above in respect of a series of futures if the Corporation determines, in its sole discretion, that (i) adoption of the interim price reported to the Corporation would be inconsistent with the By-Laws or Rules, or (ii) an adjustment is otherwise necessary or appropriate, including, without limitation, to compensate for apparent inaccuracies in price reporting or to reflect changes in the market price or current level of the underlying interest or changes in market conditions generally.

price may be used if it [that] is inconsistent with applicable regulations of the Securities and Exchange Commission or the Commodity Futures Trading Commission such as, for example, regulations requiring that the final settlement prices for certain security futures contracts [must] be based on opening prices.

* * *

ARTICLE XV

Foreign Currency Options

* * *

Extraordinary Events

SECTION 3. (a) [No change]

(b) If the Corporation shall in its discretion determine that extraordinary events would prevent the orderly settlement of exercises of foreign currency option contracts in the manner contemplated by the Rules, or impose undue burdens on the Corporation or on Foreign Currency Clearing Members in connection therewith, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and the Rule[-]s, the Corporation shall be empowered to make such adjustments in settlement procedures for affected exercises (including, without limitation, the fixing of United States dollar cash settlement prices deliverable by assigned writers of call options contracts and/or exercising holders of put option contracts in lieu of the trading currency or the underlying currency) as the Corporation in its sole discretion determines to be fair to the parties to such exercises.

[Section 3 of this Article replaces Section 19 of Article VI of the By-Laws.]

* * *

ARTICLE XX

Cross-Rate Foreign Currency Options

* * *

Extraordinary Events

SECTION 3. (a) [No change]

(b) If the Corporation shall in its discretion determine that extraordinary events would prevent the orderly settlement of Exchange transactions in, or exercises of, cross-rate foreign currency option contracts in the manner contemplated by the Rules, or impose undue

burdens on the Corporation or on Cross-Rate Foreign Currency Clearing Members in connection therewith, then, in addition to any other actions that the Corporation may be entitled to take under the By-Laws and the Rules, the Corporation shall be empowered to make such adjustments in premium and exercise settlement procedures for affected option contracts (including, without limitation, the fixing of United States dollar cash settlement prices deliverable (i) in lieu of the trading currency in settlement of Exchange transactions or (ii) in lieu of either the trading currency or the underlying currency (or both) in settlement of exercises) as the Corporation in its sole discretion determines to be fair to the parties to such transactions or exercises.

[Section 3 of this Article replaces Section 19 of Article VI of the By-Laws.]

* * *

RULES

* * *

[Use of Give-Up Service Provider]Reserved

[Rule 404. (a) The Corporation may utilize the services of a give-up service provider for the purpose of providing certain clearing services to Clearing Members that clear Exchange transactions executed on a futures market or a security futures market that has requested such services to be provided in connection with Exchange transactions on its market. If the Corporation utilizes such services, such futures market will report to the give-up service provider rather than directly to the Corporation Exchange transactions executed on such market in any contract for which such services are to be provided.

(b) The Clearing Corporation ("TCC") currently functions as a give-up service provider for the Corporation. In accordance with agreements between the Corporation and TCC, TCC will, before reporting to the Corporation Exchange transactions executed on an affiliated futures market for which TCC functions as give-up service provider: (i) notify each Clearing Member of Exchange transactions reported to TCC by such affiliated futures market for each account of the Clearing Member; (ii) permit the Clearing Member to update certain non-critical trade information with respect to such Exchange transactions; (iii) permit the Clearing Member (the "Giving-Up Clearing Member") to give up a particular account of another Clearing Member (the "Given-Up Clearing Member") with respect to any such Exchange transaction; and (iv) permit the Given-Up Clearing Member to accept an Exchange transaction for which one of its accounts is given-up.

(c) If a Given-Up Clearing Member advises TCC that it accepts the give-up transaction, and TCC reports such acceptance to the Corporation, the Given-Up Clearing Member will be obligated as the Purchasing Clearing Member or Selling Clearing Member, as appropriate, with respect to that transaction. If the Given-Up Clearing Member does not advise TCC that it accepts the give-up transaction or TCC does not report such acceptance to the Corporation, the Giving-Up Clearing Member will be obligated as the Purchasing Clearing Member or Selling Clearing Member, as appropriate, with respect to that transaction.

(d) Each Clearing Member clearing Exchange transactions executed by it or for its account on an affiliated futures market with respect to which the Corporation utilizes the services of TCC, and each Clearing Member accepting such Exchange transactions as a Given-Up Clearing Member: (i) must establish facilities, either directly or through a facilities management arrangement reasonably satisfactory to TCC, for the electronic communication of data and information to and from TCC and (ii) act in the manner and within the time frames required by TCC to ensure that the matched trade information reported by TCC to the Corporation for the account of the Clearing Member is complete, accurate, timely, and otherwise in accordance with the By-Laws and Rules.

(e) TCC functions as a give-up service provider for the Corporation pursuant to a Master Processing Services Agreement between the Corporation and TCC. There are no express or implied warranties or representations provided by TCC (including its subsidiaries and affiliates) to Clearing Members or affiliated futures markets relating to any of the services or facilities provided by TCC in its role as a give-up service provider or otherwise used to support trading on affiliated futures markets or the clearing of Exchange transactions by the Corporation, including but not limited to warranties of merchantability and fitness for a particular purpose.

(f) In no event shall TCC, its subsidiaries or affiliates, or any of their respective governors, directors, officers or employees, be financially responsible for, or otherwise guarantee the payment or return by the Corporation or any third party to, a Clearing Member or any other person, of any original margin or collateral deposit, variation margin, option premium, settlement amount or delivery obligation in respect of any services provided by TCC as a give-up service provider. Except in instances where there has been a finding of willful or wanton misconduct, in which case the party found to have engaged in such conduct cannot avail itself of the protections in this section, neither TCC (including its subsidiaries and affiliates), nor any of their respective governors, directors, officers or employees, shall be liable to any person, including but not limited to a Clearing Member or a customer of a Clearing Member, for any losses, damages, costs or expenses (including, but not limited to, loss of profits, loss of use, direct, indirect, incidental or consequential damages) arising from any failure or malfunction, or any fault in delivery, delay, omission, suspension, inaccuracy or termination, or any other cause, in connection with the furnishing, performance, maintenance, use of or inability to use all or any part of the services provided by TCC to the Corporation. The foregoing shall apply regardless of whether a claim arises in contract, tort, negligence, strict liability or otherwise.

(g) In no event shall TCC be financially responsible for or otherwise guarantee the payment or return, to the Corporation, a Clearing Member or any other person, of any original margin or collateral deposit, variation margin, option premium, settlement amount or delivery obligation in respect of any Exchange transaction.

... Interpretations and Policies:

.01 "As-of Give-Up" Transactions

To the extent not prohibited by Exchange rules or applicable law, a Giving-Up Clearing Member may enter an instruction giving up a Given-Up Clearing Member on an Exchange transaction that was reported to the Corporation on a trade date that precedes the date of the instruction (an "as-of give-up") and shall identify the trade date and the contract price (in the case of a futures contract) or premium (in the case of an option) of the original Exchange transaction. The Given-Up Clearing Member shall have the opportunity to accept the transaction, and if it is not accepted, the as-of give-up will be of no effect. If the Given-Up Clearing Member accepts the as-of give-up, the Corporation will adjust the positions of the Give-Up Clearing Member and the Given-Up Clearing Member accordingly, and will adjust the daily premium or variation settlement amount due to or from the Give-Up Clearing Member and Given-Up Clearing Member as necessary to place each such Clearing Member in the position that it would have been in had the Exchange transaction been given up to the Given-Up Clearing Member originally (without adjustment, however, for the time value of money).

.02 Average Price Transactions

To the extent not prohibited by Exchange rules and applicable law, a Clearing Member may provide average pricing information with respect to Exchange transactions that are reported through TCC, and the Corporation will accept the average price reported to it by TCC as the contract price (in the case of futures contracts) or premium (in the case of options) for all purposes under the By-Laws and Rules.]Reserved.

* * *

Chapter XIII

Futures and Futures Options

* * *

Variation Payments

Rule 1301. (a) At each settlement time for variation payments as set forth below, the Corporation shall determine the amount of the variation payment to be paid or received by buyers and sellers in respect of each outstanding contract in each series of futures. The amount of the variation payment for each such contract shall be equal to the relevant unit of trading (in the case of stock futures and cash-settled foreign currency futures) or multiplier (in the case of index futures, variance futures or interest rate futures) multiplied by: (i) in the case of a contract that was opened since the most recent variation settlement, the current interim settlement price less the contract price at which such contract was opened, (ii) in the case of a contract that was closed since the most recent settlement of variation payments was effected, the contract price at which

such contract was closed less the previous interim settlement price, (iii) in the case of a contract that was neither opened nor closed since the most recent variation settlement, the current interim settlement price less the previous interim settlement price, and (iv) in the case of a contract that was both opened and closed since the most recent variation settlement, the contract price at which such contract was closed less the contract price at which it was opened. If the result of the foregoing calculation is positive, the variation payment shall be owed by the Clearing Member that is, or represents, the seller to the Corporation and by the Corporation to the Clearing Member that is, or represents, the buyer. If the result is negative, the variation payment shall be owed by the Clearing Member that is, or represents, the buyer to the Corporation and by the Corporation to the Clearing Member that is, or represents, the seller.

(b) – (c) [No change]

[(d) The current settlement price in respect of any series of futures shall be as determined for each variation settlement by the Exchange, futures market or security futures market on which the series of futures is traded. If futures having the same underlying interest and the same maturity date are traded on more than one Exchange, futures market or security futures market, the Corporation, in its sole discretion, may (i) designate one of them as the principal market for the relevant series of futures and obtain settlement prices for such series solely from such principal market, or (ii) calculate such settlement prices from prices obtained from some or all of such Exchanges, futures markets and security futures markets in accordance with procedures specified by the Corporation from time to time. The Corporation may adjust settlement prices obtained as set forth above in respect of a series of futures if the Corporation determines, in its sole discretion that an adjustment is necessary or appropriate, including, without limitation, to compensate for apparent inaccuracies in price reporting or to reflect changes in the market price of the underlying interest or changes in market conditions generally.]³

[(e) d] On the business day following the maturity date of a series of futures, the Corporation shall determine the final variation payment to be made on each contract in such series in accordance with the procedures specified in paragraph (a) above except that the final settlement price shall be used in place of [a] an interim settlement price determined in accordance with [paragraph (d) of this Rule] Section 6(a) of Article XII of the By-Laws. [The final settlement price shall be determined by, or in accordance with procedures determined by, the Exchange, futures market or security futures market on which the series of futures is traded. If such series is traded on more than one Exchange, futures market or security futures market, the Corporation shall establish a procedure to ensure that a single final settlement price for the series is established.] Settlement of the final variation payments shall be effected in accordance with Chapter V of the Rules at the settlement time for option premiums on the business day following the maturity date.

... *Interpretations and Polices:* [No change]

³ The language of Rule 1301(d) is being modified and moved to Article XII, Section 6(a) of OCC's By-Laws.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by OCC's Board of Directors at a meeting held on September 23, 2003.

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

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

Purpose of Rule Change

The primary purpose of this proposed rule change is to revise OCC's By-Laws and Rules to eliminate any inconsistencies in the use of the terms "settlement price" and "final settlement price" and clarify the roles of OCC and the exchanges on which futures are traded in determining the daily and, if applicable, intra-day settlement price and the final settlement price of a series of futures contracts. OCC is also proposing one change in its rules to reflect a change in the services available to Clearing Members.

The two key components of the proposed rule change involve the definition of "settlement price" and "final settlement price" as used in OCC's By-Laws and Rules and the location of the language governing the manner in which settlement prices are determined. Currently, the prices used to calculate daily or intra-day variation payments are referred to simply as "settlement prices" rather than "interim settlement prices." The term "settlement price" does not encompass the term "final settlement price," which is separately defined to refer only to the price used to determine the value of a contract at maturity. There are provisions of OCC's By-Laws and Rules that apply equally to daily (or intra-day) settlement prices and final

settlement prices, and accordingly OCC is proposing to revise the definition of “settlement price” to encompass both types of prices. The term “interim settlement price” would be used to refer to prices used to determine daily and intra-day variation payments. In addition, the definition of “final settlement price” would be revised in recognition of the possibility that prices determined in the futures markets themselves, as opposed to prices determined in the cash markets for the underlying interests, may sometimes be used to determine the final settlement price. OCC is proposing to move the language regarding the establishment of the interim settlement price for futures from Rule 1301(d) to Article XII, Section 6 of OCC’s By-Laws. OCC believes that this language more logically belongs in Article XII, which currently governs only the establishment of final settlement prices.

Proposed Changes to By-Laws

OCC is proposing to introduce the new term “interim settlement price” in Article I, Section 1 of its By-Laws in respect of futures to refer to what is currently defined simply as “settlement price,” and to use the term “settlement price” to encompass both interim settlement prices and final settlement prices for futures.

OCC is proposing to redefine and simplify the term “final settlement price” in Article I, Section 1 of the By-Laws, eliminating the reference to “Exchange Rules,” which are relevant to some, but not all, determinations of the final settlement price and are referenced elsewhere in the By-Laws and Rules where relevant. The definition addresses what is meant by “final settlement price” in respect of a series of futures, *i.e.*, the marking price, rate, level, value, or measure of the designated interest on the maturity date of such series. It further addresses the uses of the final settlement price, *i.e.*, to calculate the final variation payment in respect of cash-settled futures and the purchase price of the underlying interest in respect of physically settled

futures. The definition does not address the manner in which the final settlement price is determined, which is covered in Article XII, Section 6(b) as proposed to be amended.

While the final settlement price of a series of stock futures is normally determined on the basis of the value of the underlying stock at maturity, at least one futures exchange clearing through OCC consistently uses the value of the futures contract itself, *i.e.*, the settlement price, on the maturity date as the basis for determining the final settlement price. Accordingly, in addition to the above changes, OCC is proposing to revise the term “final settlement price” to account for the use in some instances of the value of the futures contract rather than of the underlying interest in determining this price.

OCC is proposing to make certain technical corrections to the definition of the term “maturity date.”

OCC is also proposing to modify Article VI, Section 10(d) of OCC’s By-Laws, which currently refers to the adjustment of the unit of trading and settlement price for a series of stock futures, to reflect its current procedures under which one or the other of the unit of trading or settlement price, but not both, is subject to adjustment. OCC also proposes to correct certain erroneous references in this subsection.

The term “settlement price” is used in various locations within Article VI, Section 19, Article XV, Section 3 and Article XX, Section 3 of OCC’s By-Laws in a manner that is wholly unrelated to the settlement price for security futures. In each section, to make this clear, under the proposed changes the word “cash” has been placed before “settlement price” in each location where the term appears.

OCC is proposing to make a correction to Article XII, Section 1 by replacing the term “security future” with “future,” which includes both commodity and security futures.

Article XII, Section 3 would be revised to reflect OCC's current procedures under which the unit of trading or settlement price, but not both, may be adjusted in connection with stock splits, stock dividends and similar corporate events. In addition, OCC proposes to make modifications to Article XII, Sections 4, 4A and 5 under which the terms "interim settlement price," "final settlement price" and "settlement price" are used in a manner consistent with their new or revised definitions. OCC is proposing to move the language governing the manner in which interim settlement prices are determined from Rule 1301(d) to Article XII, Section 6(a) to precede the provision governing the determination of final settlement prices covered in Section 6(b). As a result of the transfer of the content of Rule 1301(d) to Article XII, Section 6, this section now governs the manner in which both interim settlement prices and final settlement prices are determined, while Rule 1301 addresses only variation payments.

In addition to moving the language of former Rule 1301(d) to Article XII, Section 6(a) of the By-Laws, OCC is proposing to modify the language. The modifications make it clear that OCC determines the interim settlement price used to establish the amount of the required variation payment, but does so on the basis of an interim settlement price reported to OCC by the relevant exchange. A similar change is proposed in Article XII, Section 6(b) and Interpretation and Policy .01 to this section. Generally, OCC would simply adopt the price it receives from the exchange, but it has broad authority to disregard that price if it appears erroneous or otherwise defective. The changes also clarify OCC's responsibility in connection with settlement prices of series of security futures that are traded on more than one exchange.

Proposed Changes to Rules

OCC proposes to delete Rule 404, relating to its use of a give-up service provider, because it no longer has a relationship with a give-up service provider. OCC proposes to

redesignate Rule 1301(e) as Rule 1301(d) as a result of the transfer of former Rule 1301(d) to Article XII, Section 6 of the By-Laws. The portion of Rule 1301(e) governing the determination of final settlement prices would be deleted; this subject is covered by Article XII, Section 6(b) of the By-Laws. Changes would also be made to Rule 1301 to make the use of the terms “interim settlement price,” “final settlement price” and “settlement price” consistent with their new or revised definitions.

* * *

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 futures, 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 establishing consistent usage for the terms “settlement price” and “final settlement price” and by revising the definition of “final settlement price” to account for the use in some instances of the prices determined in the futures markets themselves, rather than the prices determined in the cash markets, to determine the final settlement price for futures. The proposed rule change is not inconsistent with the By-laws and Rules of OCC, including those 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 material impact on competition.

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

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

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.

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

Pursuant to Section 19(b)(3)(A), the proposed rule change is filed for immediate effectiveness inasmuch as it constitutes a stated policy, practice or interpretation with respect to the meaning, administration, or enforcement of an existing rule.

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.

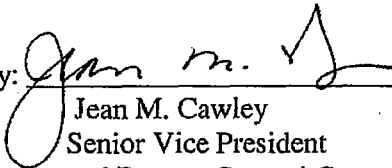
Item 9. Exhibits

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

SIGNATURES

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

THE OPTIONS CLEARING CORPORATION

By:  _____
Jean M. Cawley
Senior Vice President
and Deputy General Counsel