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THE OPTIONS CLEARING CORPORATION

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February 25, 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-2008-06 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. Implementation of the rule is described in the filing, but subject to the proposed rule being 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

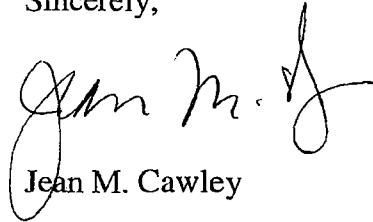
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



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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-2008-06 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 and supplement its Rules, as set forth below, to address certain issues related to its Stock Loan/Hedge Program. Material proposed to be added is underlined. Material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION

RULES

* * *

CHAPTER VI

Margin Requirements

RULE 601.

(a) – (d) [No change.]

(e) Exclusions from Margin Requirement Calculation. The following shall be excluded from the margin requirement calculation for any account pursuant to Rule 601(c) or (d):

(1) – (3) [No change.]

(4) Prior to [insert date that is 3 months from date of Commission’s approval order], margin-ineligible stock loan positions and stock borrow positions.

... Interpretations and Policies:

.01 - .04 [No Change.]

.05 To the extent that stock loan positions and stock borrow positions established in an account pursuant to the Stock Loan/Hedge Program (provided for in Article XXI of the By-Laws and Chapter XXII of the Rules) have collateral set at 102%, an additional margin charge equal to the 2% excess collateral shall be applied to the account of the lending Hedge Clearing Member, and a margin credit equal to the 2% excess collateral shall be applied to the account of the borrowing Hedge Clearing Member. This margin charge/credit shall be an addition to, or a reduction of, the margin requirement otherwise determined for the accounts of the lending and borrowing Clearing Members in accordance with this Rule 601. The foregoing policy shall apply to stock loan and borrow positions established on and after *[insert date that is 1 month from the date of the Commission's approval order]*. On and after *[insert date that is 3 months from the date of the Commission's approval order]*, the policy shall apply to *all* stock loan and borrow positions, regardless of the date when such positions were established.

* * *

CHAPTER XXII

Stock Loan/Hedge Program

RULE 2201. Instructions to the Corporation

(a) A Hedge Clearing Member shall provide standing instructions to the Corporation with respect to matters identified by the Corporation from time to time, including but not limited to (i) the account number of each account with the Depository in which stock loan and stock borrow transactions are to be effected, (ii) the account or accounts with the Corporation in which stock loan positions and stock borrow positions are to be carried, (iii) if the Hedge Clearing Member has been approved to maintain stock loan positions and stock borrow positions in its accounts with the Corporation on a non-margined basis, the account or accounts (if any) with the Corporation that are [to] margin-ineligible, (iv) the account with the Corporation (which may be the Clearing Member's firm account or its combined Market-Makers' account) from and to which mark-to-market payments are to be made, and (v) the Collateral requirement that will be applicable to the stock loan positions of the Hedge Clearing Member (expressed as a percentage of the mark-to-market value of the Eligible Securities that are the subject of the stock loan positions, which percentage may be set at 100% or 102%). The Corporation may also permit a Hedge Clearing Member to provide standing instructions with

respect to other aspects of the Clearing Member's participation in the Stock Loan/Hedge Program. If a Hedge Clearing Member is authorized by the Corporation to create stock loan baskets and stock borrow baskets, the Clearing Member may also provide standing instructions as to whether its stock loan positions or stock borrow positions are to be classified, respectively, in stock loan baskets or stock borrow baskets and, if its stock loan positions or stock borrow baskets are to be classified, as to the index class group in which such positions are to be classified. A Hedge Clearing Member may revise its standing instructions, subject to the Corporation's notice requirements as in effect from time to time.

(b) [No Change.]

... Interpretations and Policies:

01. Notwithstanding the provisions of clause (a)(iii) of Rule 2201, on and after [insert date that is 3 months from the date of the Commission's approval order] no account of any Clearing Member may be designated as "margin-ineligible" and all stock loan and stock borrow positions must be carried on a margin-eligible basis. Accordingly, the requirement of Rule 2201(a)(iii) will become inoperative as of that date.

RULE 2202. Initiation of Stock Loans

(a) – (e) [No change.]

(f) Prior to [insert date that is 1 month from the date of the Commission's approval order], [A] a Clearing Member shall not submit a Stock Loan transaction to the Corporation for clearance in a margin-ineligible account if the transaction would create a stock loan position or stock borrow position in a single eligible stock, aggregating across all margin-ineligible accounts of the Clearing Member, the notional value of which would exceed the Clearing Member's excess net capital. On and after [the date that is 1 month from the date of the Commission's approval order] a Clearing Member shall not be permitted to submit any Stock Loan transaction to the Corporation for clearance on a margin-ineligible basis.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of OCC at a meeting held on July 24, 2007.

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

OCC has decided to take certain steps to provide for the continued growth and development of its Stock Loan/Hedge Program (the "Program"). These include: (i) elimination of the ability of clearing members to carry stock loan and borrow positions without depositing risk margin and (ii) adjusting the amount of required risk margin where stock loan collateral provided by the borrower to the lender exceeds the value of the borrowed stock.

Background and General Description of Rule Change

OCC's Stock Loan/Hedge Program is provided for in Article XXI of the By-Laws and Chapter XXII of the Rules, and provides a means for OCC clearing members to submit certain stock loan/borrow transactions ("stock loan transactions") to OCC for clearance. The stock and the stock loan collateral moves through the facilities of the Depository Trust Company from the lending clearing member (the "lender") to the borrowing clearing member (the "borrower") and

vice-versa when the stock is returned in the same way that such transactions are ordinarily effected. Where the stock loan transaction is submitted to OCC for clearance, however, OCC is substituted as the lender to the borrower and the borrower to the lender, and thereafter guarantees performance of the stock loan transaction with respect to delivery and return of stock and collateral and the making of daily mark-to-market payments between the lender and borrower, which are effected through OCC's cash settlement system.

One advantage of submitting stock loan transactions to OCC is that the stock loan and borrow positions then reside in the clearing member's options accounts at OCC and, to the extent that they offset the risk of options positions carried in the same account, may reduce the clearing member's margin requirement in the account. OCC's risk is, in turn, reduced by having the benefit of the hedge. Nevertheless, OCC currently permits qualified clearing members to elect to submit stock loan and borrow transactions to OCC on a "margin ineligible basis," meaning that the positions are excluded from OCC's margin calculations for the account containing those positions. Margin-ineligible stock loan and borrow positions do not reduce the margin requirement for the account to reflect any offsetting value they might have, nor does OCC collect additional margin to reflect the risk of those positions. The election is made by each clearing member on an account-by-account basis so that all stock loan and borrow positions in a particular account are carried on a margin ineligible basis or none are. In order to carry stock loan and borrow positions on a margin ineligible basis, a clearing member must meet

heightened standards of creditworthiness as set forth in Interpretation and Policy .06 under Section 1 of Article V of OCC's By-Laws.

While OCC believes that the current credit-based risk management approach has been adequate to date, given historical Program activity levels, OCC also believes that a more conservative approach is warranted to provide for further growth of the Program and greater market volatility. OCC therefore seeks to better manage the market risk resulting from open stock loan and borrow positions by applying its standard margining approach to all such positions.

Another potential exposure that OCC seeks to address arises from the stock loan market practice of requiring the borrower to overcollateralize a position by giving the lender cash collateral equal to 102% of the position's current market value. OCC's rules provide that OCC's guarantee of Program transactions extends to the full value of the collateral exchanged as part of a stock loan transaction. Therefore, if a lender were to fail, even if the stock could be sold out at 100% of the marking price, the borrower would be left with a 2% deficiency, for which OCC would be liable. Managing this potential exposure will be accomplished as follows: (a) an additional margin charge will be applied to lenders executing stock loans at 102% in an amount equal to the 2% excess collateral; and (b) borrowers will receive a margin credit in an equal amount. These new margin charges/credits are independent of, and in addition to, the risk margin determined by STANS that will be collected and maintained from both lenders and

borrowers.

In connection with the submission of this filing, OCC is seeking confirmation from the Commission staff, either informally or through a no-action request, that the proposed rule change would not have adverse consequences to clearing members under Rule 15c3-1, the Commission's net capital rule. OCC will not implement this rule filing until it obtains such confirmation.

In order to minimize any potential disruptive impact associated with these changes in the margin treatment of stock loan and borrow positions, OCC will apply two initial phase-in periods. There will be a one-month grace period (beginning from the date of Commission approval of this rule filing) before the changes are applied to any positions. For the next two months, all new positions must be submitted on a margin-eligible basis and will be subject to the overcollateralization provisions, but positions that were carried on a margin-ineligible basis as of the date of the approval order will not be required to be margined or subject to the overcollateralization provisions. After the end of that initial three-month period, all stock loan and borrow positions in all accounts must be carried on a margin-eligible basis and will be subject to the overcollateralization provisions, regardless of when the positions were established.

Rule Amendments Applicable to Changes in the Program.

OCC proposes the following amendments to its Rules to achieve the above-referenced initiative, and accommodate and facilitate the continued growth and development of the Program.

1. *Margin Requirements—Rule 601*

OCC will amend Rule 601(e) to eliminate its current category of “margin-ineligible” accounts, and instead apply its standard margining approach to all Program positions using its “STANS” system. This change will become effective three months following the date of the Commission’s order approving this rule filing. In addition, a new interpretation .05 would be added to Rule 601 setting forth the additional margin charges and credits, and the implementation schedule, applicable to stock loan and borrow positions that have collateral set at 102%.

2. *Instructions to the Corporation—Rule 2201*

Rule 2201(a) is proposed to be amended to provide that, with respect to standing instructions that clearing members provide to OCC, the requirement to notify OCC of the fact that the clearing member is approved to maintain stock loan positions and stock borrow positions in its accounts on a non-margined basis, and the account or accounts that are to be margin-ineligible, shall become inapplicable three months from the SEC’s approval order. After that time, OCC will have eliminated the ability to carry any stock loan or borrow positions on a

“margin-ineligible” basis.

3. *Initiation of Stock Loans—Rule 2202*

Rule 2202(f) is proposed to be amended to specify that, after one month from the SEC’s approval order, a Clearing Member shall not be able to submit any new Stock Loan transaction to the Corporation for clearance in a margin-ineligible account.

* * *

The proposed changes to OCC’s 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 stock loan transactions, 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 margin requirements designed to enhance OCC’s protection against the risk of carrying stock loan and borrow positions. 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 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.

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 Securities Exchange Act of 1934.

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

Not applicable.

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

Not applicable.

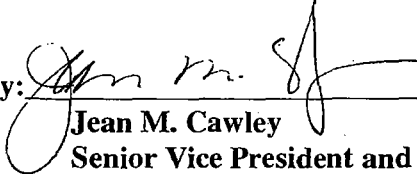
Item 9. Exhibits

Exhibit 1. Completed Notice of 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 and
Deputy General Counsel