



THE OPTIONS CLEARING  
CORPORATION

C.F.T.C.  
OFFICE OF THE SECRETARIAT  
2009 JUL 1 PM 3 17

July 1, 2009

**VIA E-MAIL**

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

**Re: Rule Filing SR-OCC-2009-12 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

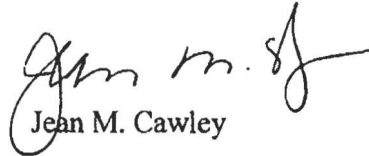
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



Mr. David A. Stawick  
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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-2009-12 cftc.ltr

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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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 proposal of the International Securities Exchange (“ISE”)<sup>1</sup> to introduce for trading cash-settled index options on the ISE Leveraged USD Basket Index (the “ISE FX Index”), which is a foreign currency index, The Options Clearing Corporation (“OCC” or the “Corporation”) proposes to amend the “Index Component” definition in Article XVII of its By-Laws for the purpose of making clear that index options cleared by OCC may include options on foreign currency indexes. Material proposed to be added to OCC’s By-Laws as currently in effect is underlined.

**THE OPTIONS CLEARING CORPORATION****BY-LAWS**

\* \* \*

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

\* \* \*

**Definitions****SECTION 1.**

A. – H. [No change]

**I.****Index Component**

(1) The term "index component" means, in respect of an index option, any security or commodity (including a foreign currency) included in the underlying index.

(2) [No change]

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<sup>1</sup> See SR-ISE-2008-80 (Oct. 22, 2008).

J. – Z. [No change]

\* \* \*

**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 May 19, 2009.

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**

ISE has proposed for trading cash-settled foreign currency index options (“Currency Index Options”) on the ISE USD Leveraged Basket Index (“ISE FX Index”). In its rule filing, ISE states that the ISE FX Index, which is a foreign currency index, tracks two times the performance, relative to the U.S. Dollar, of a basket of the official currencies associated with the other “Group of 10” countries (“G-10”).<sup>2</sup> The ISE FX Index was created by ISE and will be maintained and calculated by an index calculation agent based on a methodology developed by ISE. The ISE FX Index is intended as a benchmark for investors interested in the performance of the US Dollar versus the currencies of other G-10 countries. OCC may clear options on other foreign currency indexes in the future.

Section 3(a)(10) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) defines a “security “ to include “any put, call straddle, option, or privilege entered into on a national securities exchange relating to foreign currency,” and Section 9(g)(1)

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<sup>2</sup> Although there are eleven countries in the G-10, because several of these countries are members of the European Union and use the Euro as their currency, there are only seven currencies associated with the G-10: the US Dollar, the Euro, the Japanese Yen, the British Pound, the Canadian Dollar, the Swiss Franc and the Swedish Krona.

have the authority to regulate the trading of . . . any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency (but not, with respect to any of the foregoing, an option on a contract for future delivery other than a security futures product).” Section 4c(f) of the Commodity Exchange Act, as amended (the “CEA”) excludes from the otherwise exclusive jurisdiction of the Commodity Futures Trading Commission “an option on foreign currency traded on a national securities exchange.” Currency Index Options are options and they will be traded on ISE, a national securities exchange. Also, the Commission has stated that options on an index of foreign currencies qualify as options “relating to foreign currency” within the meaning of Section 3(a)(10) of the Exchange Act and as options “on foreign currency” within the meaning of Section 4c(f) of the CEA.<sup>3</sup> Based on the foregoing, OCC believes that Currency Index Options proposed to be traded on ISE are securities subject to the exclusive jurisdiction of the Commission.

Currency Index Options are similar to other index options cleared by OCC. Therefore, OCC believes that the provisions of its By-Laws and Rules governing index options, as they are currently in effect, are sufficient to support the clearance and settlement of Currency Index Options. The purpose of this rule change is to make a purely technical amendment to the definition of “index component” in Article XVII of the By-Laws to make it more transparent that index options cleared by OCC may include options on foreign currency indexes.

\* \* \*

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,

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<sup>3</sup> See Securities Exchange Act Release 22853 (February 11, 1986), in which the Commission approved a proposal of the Philadelphia Stock Exchange (“PHLX”) to trade options on the European Currency Unit (the predecessor to the Euro), which consisted of specified amounts of currencies of ten of the member states of the European Economic Community (the predecessor to the European Union), as securities under Section 3(a)(10) of the Exchange Act.

because they are designed to promote the prompt and accurate clearance and settlement of transactions in, including exercises of, foreign currency index 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 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 is filing the proposed rule change for immediate effectiveness pursuant to Section 19(b)(3) of the Exchange Act and Rule 19b-4(f)(1) thereunder on the basis that the proposed rule change constitutes a clarification with respect to the meaning, administration, or enforcement of an existing rule. However, OCC will not begin to clear and settle foreign currency index options until distribution of a supplement to the options disclosure document, Characteristics and Risks of Standardized Options, addressing such 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**

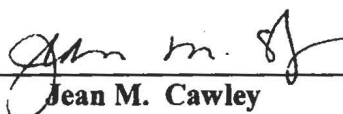
Exhibit 1. Completed notice of the proposed rule change for publication in the Federal Register.



**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 and**  
**Deputy General Counsel**

**EXHIBIT 1**

**SECURITIES AND EXCHANGE COMMISSION**

**(Release No. 34-\_\_\_\_\_ ; File No. SR-OCC-2009-12**

**SELF-REGULATORY ORGANIZATION**

Proposed Rule Change By  
The Options Clearing Corporation

Relating to Clearing Cash-Settled  
Foreign Currency Index Options

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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 \_\_\_\_\_, 2009, 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 the Substance of the Proposed Rule Change**

The proposed rule change would clarify that index options cleared by OCC may include options on foreign currency indexes, including options on the ISE Leveraged USD Basket Index.

## **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**

ISE has proposed for trading cash-settled foreign currency index options (“Currency Index Options”) on the ISE USD Leveraged Basket Index (“ISE FX Index”). In its rule filing, ISE states that the ISE FX Index, which is a foreign currency index, tracks two times the performance, relative to the U.S. Dollar, of a basket of the official currencies associated with the other “Group of 10” countries (“G-10”).<sup>1</sup> The ISE FX Index was created by ISE and will be maintained and calculated by an index calculation agent based on a methodology developed by ISE. The ISE FX Index is intended as a benchmark for investors interested in the performance of the US Dollar versus the currencies of other G-10 countries. OCC may clear options on other foreign currency indexes in the future.

Section 3(a)(10) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) defines a “security “ to include “any put, call straddle, option, or privilege entered into on a national securities exchange relating to foreign currency,” and Section 9(g)(1) of the Exchange Act states, “Notwithstanding any other provision of law, the Commission shall have the authority to regulate the trading of . . . any put, call, straddle, option, or privilege

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<sup>1</sup> Although there are eleven countries in the G-10, because several of these countries are members of the European Union and use the Euro as their currency, there are only seven currencies associated with the G-10: the US Dollar, the Euro, the Japanese Yen, the British Pound, the Canadian Dollar, the Swiss Franc and the Swedish Krona.

to any of the foregoing, an option on a contract for future delivery other than a security futures product).” Section 4c(f) of the Commodity Exchange Act, as amended (the “CEA”) excludes from the otherwise exclusive jurisdiction of the Commodity Futures Trading Commission “an option on foreign currency traded on a national securities exchange.” Currency Index Options are options and they will be traded on ISE, a national securities exchange. Also, the Commission has stated that options on an index of foreign currencies qualify as options “relating to foreign currency” within the meaning of Section 3(a)(10) of the Exchange Act and as options “on foreign currency” within the meaning of Section 4c(f) of the CEA.<sup>2</sup> Based on the foregoing, OCC believes that Currency Index Options proposed to be traded on ISE are securities subject to the exclusive jurisdiction of the Commission.

Currency Index Options are similar to other index options cleared by OCC. Therefore, OCC believes that the provisions of its By-Laws and Rules governing index options, as they are currently in effect, are sufficient to support the clearance and settlement of Currency Index Options. The purpose of this rule change is to make a purely technical amendment to the definition of “index component” in Article XVII of the By-Laws to make it more transparent that index options cleared by OCC may include options on foreign currency indexes.

\* \* \*

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 exercises of, foreign currency index options, and to foster cooperation

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<sup>2</sup> See Securities Exchange Act Release 22853 (February 11, 1986), in which the Commission approved a proposal of the Philadelphia Stock Exchange (“PHLX”) to trade options on the European Currency Unit (the predecessor to the Euro), which consisted of specified amounts of currencies of ten of the member states of the European Economic Community (the predecessor to the European Union), as securities under Section 3(a)(10) of the Exchange Act.

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 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**

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

**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](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2009-12 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-2009-12. 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-

2009-12 in the caption above 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: \_\_\_\_\_