



THE OPTIONS CLEARING
CORPORATION

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OFFICE OF THE
SECRETARY

August 3, 2011

VIA E-MAIL

Mr. David 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-2011-10 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 of Commodity Futures Trading Commission ("CFTC" or "Commission") Regulation 40.6. This rule filing has been, or is currently 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 CFTC Regulation 40.6(a)(3), OCC states the following: The text of the rules and by-laws are set forth at Item 1 of the enclosed filing. The date of implementation of the rules and by-laws is when the proposed rule filing has been approved by the SEC. No substantive opposing views were expressed to OCC by the governing board or committee members, clearing members of OCC, or market participants that were not incorporated into the rules and by-laws.

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

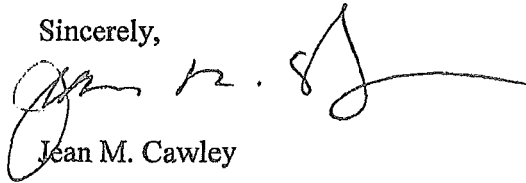
JEAN M. CAWLEY

SENIOR VICE PRESIDENT - DEPUTY GENERAL COUNSEL - CHIEF COMPLIANCE OFFICER
ONE N. WACKER DRIVE, SUITE 500 CHICAGO, ILLINOIS 60606 TEL 312.322.6269 FAX 312.322.6280
JCRAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



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: Heidi Rauh

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 to revise the formula for determining the size of OCC’s clearing fund. This filing replaces File No. SR-OCC-2010-04, as amended, which has been withdrawn.¹

The text of the proposed amendments to OCC’s By-Laws and Rules is set forth below. 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. – B. [No change]

C.

(1) – (13) [No change]

¹ OCC withdrew File No. SR-OCC-2010-04 (the “Prior Clearing Fund Sizing Filing”) in order to submit this filing which: incorporates the amendments proposed to the Prior Clearing Fund Sizing Filing; discusses the adaption of the methodology underlying the formula change to incorporate the effects of implementing the rule changes described in File No. SR-OCC-2007-20 (the “Collateral in Margins Filing”); provides updated comparative data about the impact of the proposed clearing fund sizing formula; and makes additional changes to improve the overall readability of certain rule text.

Clearing Member Group

(14) The term "Clearing Member Group" means a Clearing Member and any Member Affiliates of such Clearing Member.

(14) – (36) [Renumbered as (15) – (37); otherwise no change]

D. – Z. [No change]

* * *

ARTICLE VIII

Clearing Fund

* * *

Application of Clearing Fund

SECTION 5(a) – (g) [No change]

... Interpretations & Policies:

.01. For purposes of paragraph (a) of this Section 5, [a Clearing Member's proportionate] the share of any deficiency to be borne by each such other Clearing Member (i.e., excluding the deficient Clearing Member(s)) shall be a fraction, the numerator of which shall be the amount [of] for such Clearing Member[']s computed contribution to the Clearing Fund] that is denoted as (y) in Rule 1001(b), and the denominator [of which] shall be the sum of those amounts denoted in (y) across all such other Clearing Members (i.e., excluding the deficient Clearing Member(s))]' computed contributions to the Clearing Fund. A Clearing Member's "computed contribution" shall be the Clearing Member's proportionate share of an amount equal to 5%, or such greater percentage as the Board of Directors shall from time to time prescribe by resolution, of the average daily aggregate margin requirement in respect of positions outstanding during the preceding calendar month. Such greater percentage shall be the percentage amount prescribed in Interpretation and Policy .01 to Rule 1001. The average daily aggregate margin requirement shall be calculated by the method set forth in paragraph (b) of Rule 1001.]

.02 - .05 [No change]

* * *

RULES

* * *

Chapter X

Clearing Fund Contributions

* * *

Size of Clearing Fund and Amount of Contribution

RULE 1001. (a) The total size of the Clearing Fund shall be established by the Corporation at an amount determined by the Corporation to be sufficient (within the confidence levels selected by the Corporation) to protect the Corporation against loss under simulated default scenarios that include the default of the single Clearing Member Group whose default would be likely to result in the largest draw against the Clearing Fund as well as an event involving the near-simultaneous default of two randomly-selected Clearing Member Groups as modeled using "Monte Carlo" simulations similar to those referred to in Rule 601(c). Such calculations shall be made on a daily basis, and the size of the Clearing Fund shall be readjusted monthly based upon the average of such daily calculations performed during the preceding calendar month.

(b) The contribution to the Clearing Fund of each Clearing Member (except recently admitted Clearing Members whose contributions are fixed pursuant to Article VIII of the By-Laws) for each calendar month shall be the greater of (x) the minimum clearing fund contribution specified in paragraph [(b)](c) of this Rule or (y) such Clearing Member's proportionate share of the total amount of the Clearing Fund as determined pursuant to paragraph (a) of this Rule [an amount equal to 5%, or such greater percentage as the Board of Directors shall form time to time prescribe by resolution, of the average aggregate margin requirement in respect of positions outstanding during the preceding calendar month]. A Clearing Member's proportionate share shall be a fraction, the numerator of which shall be the daily average number of options and futures contracts, BOUNDS and shares of Eligible Stock underlying stock loan and borrow positions (adjusted by dividing such number of shares by 100), held by such Clearing Member in open positions with the Corporation during the preceding calendar month and the denominator of which shall be the daily average number of options and futures contracts, BOUNDS, and shares of Eligible Stock underlying stock loan and borrow positions (adjusted in the same manner as in the numerator), held by all Clearing Members in open positions with the Corporation during such preceding calendar month. The numerator and denominator shall each include the average daily number of contracts held in paired X-M accounts. Notwithstanding clause (x) of this paragraph [(a)](b), an entity that is an affiliate of a Clearing Member and that also becomes a Clearing Member solely for the purpose of clearing transactions in security futures, commodity futures, futures options, and/or commodity options shall be deemed to be in compliance with the \$150,000 minimum contribution if its contribution is equal to the amount specified in clause (y) of this paragraph and the earlier-admitted Clearing Member is in compliance with the minimum requirement under clause (x).

[(b)](c) The minimum clearing fund contribution shall be \$150,000, or, in the case of an Execution-Only Clearing Member, \$150,000 plus \$15 times the average daily number of contracts executed by such Clearing Member during the preceding calendar month. The average

daily number of contracts executed by an Execution-Only Clearing Member shall equal (i) the sum of all contracts executed by such Clearing Member during the preceding calendar month divided by (ii) the aggregate number of business days in such preceding calendar month.

[(c) For the purposes of this Rule, the average daily aggregate margin requirement in respect of positions outstanding during the preceding calendar month shall be determined by (i) determining, for each business day during the preceding calendar month, the sum of all daily margin required to be deposited on such business day by all Clearing Members and (ii) dividing the sum arrived at in step (i) by the aggregate number of business days in such preceding calendar month. A Clearing Member's proportionate share shall be a fraction, the numerator of which shall be the daily average number of options and futures contracts, BOUNDS and shares of Eligible Stock underlying stock loan and borrow positions (with the number of shares of Eligible Stock underlying each stock loan position and each stock borrow position adjusted by being divided by the unit of trading applicable to option contracts overlying that Eligible Stock), as the case may be, held by such Clearing Member in open positions with the Corporation during the preceding calendar month and the denominator of which shall be the daily average number of options and futures contracts, BOUNDS, and shares of Eligible Stock underlying stock loan and borrow positions (adjusted in the same manner as the numerator), held by all Clearing Members in open positions with the Corporation during such preceding calendar month. Such numerator and such denominator shall each include the average daily number of contracts held in paired X-M accounts.

(d) For purposes of this Rule, the average daily number of contracts executed by an Execution-Only Clearing Member shall be determined by (i) determining, for each business day during the preceding calendar month, the sum of all contracts executed by such Clearing Member and (ii) dividing the sum arrived at in step (i) by the aggregate number of business days in such preceding calendar month.

(e) For purposes of this Rule, the average daily aggregate margin requirement and daily margin requirement shall be determined without reference to margin deposits in the form of securities that were included in the calculation of the minimum expected liquidating value of a Clearing Member account (including sub-account thereof) pursuant to Rule 601.]

...Interpretations and Policies:

.01 [The Board of Directors of the Corporation has prescribed that, at the present time, the percentage amount referred to in paragraphs (a) and (b) of this Rule 1001 shall be not less than 6% and not greater than 7% of the average daily aggregate margin requirement with respect to options and futures contracts, BOUNDS, stock loan and borrow positions, and basket stock loan and borrow positions, respectively. In the event that a percentage amount of 6% produces a Clearing Fund of less than \$1 billion dollars, then the percentage amount shall be increased until a percentage amount of 7% or a Clearing Fund of \$1 billion is reached.] Notwithstanding the foregoing provisions of Rule 1001, in no event shall the total size of the clearing fund be set at less than \$1 billion.

.02 For purposes of determining the total size of the clearing fund, the Corporation shall not use confidence levels of less than 99%.

* * *

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 22, 2009.

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

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

The primary purpose of this proposed rule change is to revise OCC's By-Laws and Rules to establish the size of OCC's clearing fund as the amount that is required, within a confidence level selected by OCC, to sustain possible loss under a defined set of scenarios as determined by OCC. Currently the size of the clearing fund is calculated each month and is equal to a fixed percentage of the average total daily margin requirement for the preceding month, provided that this calculation results in a clearing fund size of \$1 billion or more.²

Under the proposed formula for determining the size of the clearing fund, the level of the fund would be equal to the larger of the amount of the charge to the fund that would result from (i) a default by the single Clearing Member Group whose default would be likely to result in the largest draw against the clearing fund, or (ii) an event involving the near-simultaneous default of two randomly-selected Clearing Member Groups, in each case as

² If the calculation would not result in a size for the clearing fund of \$1 billion or more, the percentage that results in a fund level of at least \$1 billion is applied, provided that in no event will the percentage exceed 7%.

calculated by OCC with a specified confidence level. Initially, the confidence levels employed by OCC in calculating the charge likely to result from a default by OCC's largest Clearing Member Group and the default of two randomly-selected Clearing Member Groups would be 99% and 99.9%, respectively. However, OCC would have the discretion to employ different confidence levels in these calculations in the future, provided that OCC would not employ confidence levels of less than 99% without filing a rule change with the Commission.³ The size of the clearing fund would continue to be recalculated monthly, based on a monthly averaging of daily calculations for the previous month, subject to a requirement that the total clearing fund size be not less than \$1 billion.⁴

The new formula is designed to more directly take into account losses resulting from the Clearing Member default scenarios described above and thereby establish the clearing fund at a size that, without relying on any rights of OCC to require Clearing Members to replenish the clearing fund, is sufficient to cover such losses. The formula is generally consistent with the current "Recommendations for Central Counterparties" published by the Bank for International Settlements and the International Organization of Securities Commissioners. Among the recommendations in this publication are that a clearing organization "maintain sufficient financial resources to withstand, at a minimum, a default by the clearing member to which it has the largest exposure in extreme but plausible market conditions." The publication further advises clearing organizations to plan for the possibility of a default by two or more members in a short time frame.⁵

³ See proposed Interpretation and Policy .02 to Rule 1001.

⁴ See proposed Interpretation and Policy .01 to Rule 1001.

⁵ See Bank for International Settlements and International Organization of Securities Commissions, Recommendations for Central Counterparties (Nov. 2004), available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD176.pdf> (the "2004 Recommendations"). OCC notes that in December 2009 the Committee

In considering whether to revise the formula for determining the size of the clearing fund, OCC compared the size of the clearing fund that would have resulted from application of the revised formula to the actual size of the clearing fund for each month from February, 2008 through September, 2009. This analysis revealed that, for this time period, the size of the clearing fund under the revised formula would have been on average 10% larger than under the current formula. In September and October, 2008, two months of extreme volatility in the U.S. securities markets, the revised formula would have resulted in a clearing fund size of approximately 31% and 27% greater than under the current formula. The average monthly change in the size of the clearing fund and the standard deviation of clearing fund size from month to month for this time period under the two formulas were broadly similar.⁶

Since deciding in September, 2009 that it wished to adopt the revised formula, OCC has continued to compare the size of the clearing fund under the revised formula with the size under the current formula. During 2010, the methodology underlying the revised formula was adapted to incorporate the effects of the implementation of the rule changes described in the Collateral in Margins Filing.⁷ Under those changes, certain types of securities accepted as collateral are analyzed for margin purposes together with positions in cleared products as a single portfolio, affording a more accurate measurement of risk. Over the period February, 2008 through January, 2010 for which comparative data are available prior to the implementation of the

on Payment and Settlement Systems of the Bank for International Settlements ("CPSS") and the Technical Committee of the International Organization of Securities Commissions ("IOSCO") began a comprehensive review of the 2004 Recommendations in order to strengthen and clarify such recommendations based on experience and lessons learned from the recent financial crisis. In March, 2011, the CPSS and IOSCO published for comment the results of such review with comments requested by July 29, 2011. See Bank for International Standard and International Organization of Securities Commissions, Principles for Financial Market Infrastructures (March 2011), available at <http://www.iosco.org/library/pubdocs>.

⁶ Note the comparative data described in this paragraph was obtained using confidence levels set at 99% and above. OCC estimates that using only a 99% confidence level for the months referenced would have lowered by an average of approximately ½% the total size of the clearing fund as determined by the proposed methodology.

⁷ See File No. SR-OCC-2007-20; Release No. 34-58158 (July 15, 2008).

Collateral in Margins Filing, the size of the clearing fund under the revised formula would have been on average 3% larger than under the current formula. Including also the further months of July, 2010 through June, 2011, for which comparative data are available since the implementation of the Collateral in Margins Filing, the corresponding percentage increase is 2%.

The existing formula for determining the size of the clearing fund was intended to establish the fund at a level reasonably designed to cover losses resulting from one or more Clearing Member defaults, and OCC believes that it has served that purpose adequately. Nevertheless, OCC believes that the proposed amended formula is a better predictor of the actual losses that would be likely to result from such defaults. The existing formula takes potential losses into account only indirectly, by setting the size of the clearing fund as a percentage of average margin requirements. The revised formula would directly take into account various types of default scenarios, and therefore in OCC's view be more likely to result in a level for the clearing fund that is adequate in the event such scenarios occur. The new formula would therefore more closely align the size of the clearing fund with its intended purpose of absorbing losses resulting from Clearing Member defaults, thereby avoiding a disruption of the clearance process even during extreme market conditions. Article VIII, Section 6 of OCC's By-Laws, which obligates Clearing Members to make good deficiencies in their clearing fund deposits resulting from pro rata charges or otherwise (subject to a cap equal to 100% of a Clearing Member's then required deposit if it promptly withdraws from membership and closes out or transfers its open positions) would remain unchanged.

The revised formula for determining the size of OCC's clearing fund will be implemented 60 days after notice to the Clearing Members.

* * *

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 tie the level of OCC's clearing fund more closely to the estimated loss that would result from Clearing Member defaults, and therefore to protect investors and the public interest. The proposed rule change is not inconsistent with any 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 have any material adverse 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. To OCC's knowledge, no comments were submitted in response to the notice of filing of proposed rule change published with respect to the Prior Clearing Fund Sizing Filing. See Release No. 34-62371 (June 24, 2010).

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)

Not applicable.

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

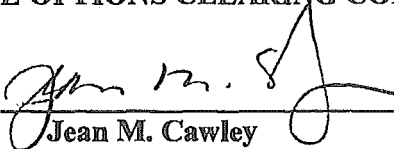
Exhibit 1 Completed notice of the proposed rule change for publication in the Federal Register.

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:

A handwritten signature in black ink, appearing to read "Jean M. Cawley", written over a horizontal line.

Jean M. Cawley
Senior Vice President,
Deputy General Counsel and CCO

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-OCC-2011-10

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By
The Options Clearing Corporation

Relating to Changing the Method Used to
Determine Clearing Fund Size

Comments requested within _____ days
after the date of this publication.

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 August 3, 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 change the method by which the clearing fund size is determined.

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 primary purpose of this proposed rule change is to revise OCC's By-Laws and Rules to establish the size of OCC's clearing fund as the amount that is required, within a confidence level selected by OCC, to sustain possible loss under a defined set of scenarios as determined by OCC. Currently the size of the clearing fund is calculated each month and is equal to a fixed percentage of the average total daily margin requirement for the preceding month, provided that this calculation results in a clearing fund size of \$1 billion or more.¹

Under the proposed formula for determining the size of the clearing fund, the level of the fund would be equal to the larger of the amount of the charge to the fund that would result from (i) a default by the single Clearing Member Group whose default would be likely to result in the largest draw against the clearing fund, or (ii) an event involving the near-simultaneous default of two randomly-selected Clearing Member Groups, in each case as calculated by OCC with a specified confidence level. Initially, the confidence levels employed by OCC in calculating the charge likely to result from a default by OCC's largest Clearing Member Group and the default

¹ If the calculation would not result in a size for the clearing fund of \$1 billion or more, the percentage that results in a fund level of at least \$1 billion is applied, provided that in no event will the percentage exceed 7%.

of two randomly-selected Clearing Member Groups would be 99% and 99.9%, respectively. However, OCC would have the discretion to employ different confidence levels in these calculations in the future, provided that OCC would not employ confidence levels of less than 99% without filing a rule change with the Commission.² The size of the clearing fund would continue to be recalculated monthly, based on a monthly averaging of daily calculations for the previous month, subject to a requirement that the total clearing fund size be not less than \$1 billion.³

The new formula is designed to more directly take into account losses resulting from the Clearing Member default scenarios described above and thereby establish the clearing fund at a size that, without relying on any rights of OCC to require Clearing Members to replenish the clearing fund, is sufficient to cover such losses. The formula is generally consistent with the current “Recommendations for Central Counterparties” published by the Bank for International Settlements and the International Organization of Securities Commissioners. Among the recommendations in this publication are that a clearing organization “maintain sufficient financial resources to withstand, at a minimum, a default by the clearing member to which it has the largest exposure in extreme but plausible market conditions.” The publication further advises clearing organizations to plan for the possibility of a default by two or more members in a short time frame.⁴

² See proposed Interpretation and Policy .02 to Rule 1001.

³ See proposed Interpretation and Policy .01 to Rule 1001.

⁴ See Bank for International Settlements and International Organization of Securities Commissions, Recommendations for Central Counterparties (Nov. 2004), available at <http://www.iosco.org/library/pubdocs/pdf/IOSCOPD176.pdf> (the “2004 Recommendations”). OCC notes that in December 2009 the Committee on Payment and Settlement Systems of the Bank for International Settlements (“CPSS”) and the Technical Committee of the International Organization of Securities Commissions (“IOSCO”) began a comprehensive review of the 2004 Recommendations in order to strengthen and clarify such recommendations based on experience and lessons learned from the recent financial crisis. In March, 2011, the CPSS and IOSCO published for comment the results of such review with comments requested by July 29, 2011. See Bank for International Standard and

In considering whether to revise the formula for determining the size of the clearing fund, OCC compared the size of the clearing fund that would have resulted from application of the revised formula to the actual size of the clearing fund for each month from February, 2008 through September, 2009. This analysis revealed that, for this time period, the size of the clearing fund under the revised formula would have been on average 10% larger than under the current formula. In September and October, 2008, two months of extreme volatility in the U.S. securities markets, the revised formula would have resulted in a clearing fund size of approximately 31% and 27% greater than under the current formula. The average monthly change in the size of the clearing fund and the standard deviation of clearing fund size from month to month for this time period under the two formulas were broadly similar.⁵

Since deciding in September, 2009 that it wished to adopt the revised formula, OCC has continued to compare the size of the clearing fund under the revised formula with the size under the current formula. During 2010, the methodology underlying the revised formula was adapted to incorporate the effects of the implementation of the rule changes described in the Collateral in Margins Filing.⁶ Under those changes, certain types of securities accepted as collateral are analyzed for margin purposes together with positions in cleared products as a single portfolio, affording a more accurate measurement of risk. Over the period February, 2008 through January, 2010 for which comparative data are available prior to the implementation of the Collateral in Margins Filing, the size of the clearing fund under the revised formula would have been on average 3% larger than under the current formula. Including also the further months of

International Organization of Securities Commissions, Principles for Financial Market Infrastructures (March 2011), available at <http://www.iosco.org/library/pubdocs>.

⁵ Note the comparative data described in this paragraph was obtained using confidence levels set at 99% and above. OCC estimates that using only a 99% confidence level for the months referenced would have lowered by an average of approximately ½% the total size of the clearing fund as determined by the proposed methodology.

⁶ See File No. SR-OCC-2007-20; Release No. 34-58158 (July 15, 2008).

July, 2010 through June, 2011, for which comparative data are available since the implementation of the Collateral in Margins Filing, the corresponding percentage increase is 2%.

The existing formula for determining the size of the clearing fund was intended to establish the fund at a level reasonably designed to cover losses resulting from one or more Clearing Member defaults, and OCC believes that it has served that purpose adequately. Nevertheless, OCC believes that the proposed amended formula is a better predictor of the actual losses that would be likely to result from such defaults. The existing formula takes potential losses into account only indirectly, by setting the size of the clearing fund as a percentage of average margin requirements. The revised formula would directly take into account various types of default scenarios, and therefore in OCC's view be more likely to result in a level for the clearing fund that is adequate in the event such scenarios occur. The new formula would therefore more closely align the size of the clearing fund with its intended purpose of absorbing losses resulting from Clearing Member defaults, thereby avoiding a disruption of the clearance process even during extreme market conditions. Article VIII, Section 6 of OCC's By-Laws, which obligates Clearing Members to make good deficiencies in their clearing fund deposits resulting from pro rata charges or otherwise (subject to a cap equal to 100% of a Clearing Member's then required deposit if it promptly withdraws from membership and closes out or transfers its open positions) would remain unchanged.

The revised formula for determining the size of OCC's clearing fund will be implemented 60 days after notice to the Clearing Members.

* * *

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 tie the level of OCC's clearing fund more closely to the estimated loss that would result from Clearing Member defaults, and therefore to protect investors and the public interest.

The proposed rule change is not inconsistent with any 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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period (i) as the Commission may designate up to 90 days of such date if it finds such longer period to be appropriate and publishes its reasons for so finding, or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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-2011-10 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-2011-10. 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, 100 F 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-2011-10 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: _____