



THE OPTIONS CLEARING
CORPORATION

August 12, 2009

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

2009 AUG 13 AM 10 57
C.F.T.C.
OFFICE OF THE SECRETARIAT

Re: Rule Filing SR-OCC-2009-14 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

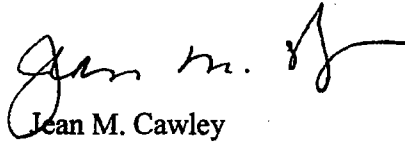
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



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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-2009-14 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. Material proposed to be added to OCC’s By-Laws and Rules as currently in effect is underlined. Material proposed to be deleted is enclosed in bold brackets. The rules are shown without giving effect to changes submitted in SR-OCC-2007-20, which has been approved by the Commission but not yet implemented by OCC.¹

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. – H. [No change]

Index-Linked Security

(12) The term “index-linked security” means a debt security listed on a national securities exchange, the payment upon maturity of which is based in whole or in part upon the performance of an index or indexes of equity securities or futures contracts, one or more physical commodities, currencies or debt securities, or a combination of any of the foregoing.

(3) – (12) [Renumbered as (4) – (13); otherwise no change]

F. – N. [No change]

O.

(1) – (3) [No change]

¹ See SEC Release No. 34-58158 (July 15, 2008) (approving SR-OCC-2007-20).

Option Contract

(4) The term “option contract” or “option” means a put option, a call option, a binary option, a range option or a packaged spread option (as defined in Article XXVI of the By-Laws) issued by the Corporation pursuant to the By-Laws and Rules. The term “stock option contract” means a put or a call, as defined in this Article I for which the underlying security is an equity security, including fund shares, or an index-linked security. The term “Treasury securities option contract” means a put or a call, as defined in Article XIII of the By-Laws. The term “yield-based Treasury option contract” means a put or a call, as defined in Article XVI of the By-Laws. The term “debt securities option contract” means a Treasury securities option contract. The term “foreign currency option contract” means a put or a call, as defined in Article XV of the By-Laws. The term “cross-rate foreign currency option contract” means a put or a call, as defined in Article XX of the By-Laws. The term “cash-settled foreign currency option contract” means a put or a call, as defined in Article XXII of the By-Laws. The term “index option contract” means a put or a call, as defined in Article XVII of the By-Laws. The term “cash-settled option contract” means any option contract that is settled upon exercise by payment of cash rather than delivery of, and payment for, the underlying interest. The term “non-equity securities option contract” means a debt securities option contract (other than an option on an index-linked security), a foreign currency option contract, a cross-rate foreign currency option contract, a cash-settled option contract, or a futures option. The term “futures option” means any option to buy or sell any commodity futures contract traded on, through the facilities of, or subject to the rules of a futures market.

* * *

ARTICLE VI

Clearance of Exchange Transactions

* * *

Adjustments for Stock Option Contracts

SECTION 11A. [Body: No change]

...Interpretations and Policies:

.01- .04 [No change]

.05 When an underlying security is converted into a right to receive a fixed amount of cash, such as in a merger or a call or redemption of an entire class of index-linked securities, outstanding options will be adjusted to require the delivery upon exercise of cash in an amount per share or unit equal to the conversion or redemption price. As a result of such adjustment, the value of all outstanding in-the-money options will become fixed, and all at-the-money and out-of-the-money options will become worthless. No adjustment will ordinarily be made in the event of a call of less than an entire class of index-linked securities.

.06 - .09 [No change]

.10 Interest payments on index-linked securities will, as a general rule, be deemed to be "ordinary cash dividends or distributions" within the meaning of paragraph (c) of this Section 11A.

* * *

RULES

* * *

Chapter VI

Margins

* * *

Form of Margin Assets

Rule 604. (a) [No change]

(b) *Securities*. The types of securities specified in subparagraphs (1) – (4) of this paragraph (b) may be deposited with the Corporation in the manner specified for each:

(1) – (3). [No change]

(4)(i) Clearing Members may deposit, as hereinafter provided, common and preferred stocks ("stocks") and corporate bonds which meet the standards prescribed below. In order to be eligible for deposit, stocks must have a market value greater than \$3 per share (\$10 per share in the case of preferred stocks) and must be (A) traded on a national securities exchange (B) traded in the Nasdaq Global Market or (C) traded in The Nasdaq Capital Market. Corporate bonds must (A) be listed on a national securities exchange and not in default, (B) have a current market value that is readily determinable on a daily basis, and (C) be rated in one of the four highest rating categories by a nationally recognized statistical rating organization. An issue that is suspended from trading by, or subject to special margin requirements under the rules of, the market that listed or qualified the issue for trading because of volatility, lack of liquidity or similar characteristics, may not be deposited as margin with the Corporation. If the issue is listed or traded on more than one market and the markets do not take the same action, the Corporation will use its discretion to determine which market's actions will be definitive for purposes of this Rule. Each deposit pursuant to this Rule 604 (b)(4) shall be made with respect to a designated account of the Clearing Member. Deposited stocks and bonds shall be valued on a daily basis at 70% of current market value or such lower value as the Membership/Risk Committee of the Corporation may prescribe from time to time with respect to such stocks or bonds, or any of them. In valuing any stock or bond for the purposes of this Rule 604 (b)(4), its current market value shall be deemed to be its price at the close of regular trading hours (as determined by the Corporation) on such national securities exchange or other domestic security market as the Corporation shall determine during the preceding trading day. If such stock or bond was not traded on such market during regular trading hours, the current market value shall be deemed to be the lowest reported bid quotation for such stock or bond at or about the close of regular trading hours on such day. [Equity and debt issues of any one issuer] A single issue, i.e., equity or debt with the same CUSIP number, shall not be valued at an amount in excess of 10% of the

margin requirement in the account for which such securities are deposited. Common stocks deposited pursuant to Rule 610 shall have no value as margin for the purposes of this Rule 604 (b)(4).

(ii) [No change]

(iii) The term “stock”, as used in this Rule 604(b)(4), includes fund shares and index-linked securities, each as defined in Article I of the By-Laws. In order to be eligible for deposit, fund shares and index-linked securities must meet the requirements applicable to stocks under the preceding provisions of this Rule and must be of a class approved by the Corporation for deposit as margin.

(5) [No change]

(c) – (f) [no change]

...Interpretations and Policies:

.01 - .13 [No change]

.14 The Corporation may in its discretion determine that a security which meets the criteria listed in Rule 604(b) is nevertheless disapproved as margin collateral, and therefore not grant margin credit, if it determines that other factors warrant such a result. In making this determination, the Corporation may consider such factors as (i) trading volume, (ii) number of outstanding shareholders, (iii) number of outstanding shares, (iv) the number of securities held which relate to a single issuer or an affiliated group of companies, (vii) volatility and liquidity and (viii) any other factors the Corporation determines are relevant.

* * *

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 September 23, 2008. 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

The purpose of this rule change is to accommodate requests from the options exchanges that OCC clear options based on index-linked securities ("Index-Linked Securities").² Index-Linked Securities are non-convertible debt of a major financial institution that typically have a term of at least one year but not greater than thirty years and that provide for payment at maturity based upon the performance an index or indexes of equity securities or futures contracts, one or more physical commodities, currencies or debt securities, or a combination of any of the foregoing. Index-Linked Securities are traded on a national securities exchange and, although they are technically debt securities, meet the definition of "NMS stock" under Regulation NMS.³ The options exchanges therefore propose to treat options on Index-Linked Securities ("Index-Linked Security Options") as standard equity options for listing and trading purposes, and trading in them will be generally be governed by the same rules that are applicable to trading in other equity options. Exercises of Index-Linked Security Options will be settled by delivery of the underlying securities in the same manner as exercises of equity options.

The provisions of OCC's By-Laws and Rules applicable to the clearance and settlement of stock options can, with some minor clarifications, accommodate Index-Linked Security Options. In Article I of its By-Laws, OCC is proposing to add a definition of "index-linked security" and to amend the definition of "stock option contract" to include Index-Linked Security options and the definition of "non-equity securities option contract" to clarify that

² See e.g., SR-CBOE-2008-64 (Jun. 19, 2008) and Exch. Act Rel. No. 58204 (Jul. 22, 2008); see SR-NYSEArca-2008-57 (May 29, 2008) and Exch. Act Rel. No. 58203 (Jul. 22, 2008); SR-ISE-2008-86 (Nov. 14, 2008) and Exch. Act Rel. 58985 (Nov. 20, 2008); SR-BSE-2008-50 (Nov. 7, 2008) and Exch. Act Rel. 58941 (Nov. 13, 2008); and SR-PHLX-2008-60 (Sept. 12, 2008) and Exch. Act Rel. 58571 (Sept. 17, 2008).

³ "NMS stock" is defined in Rule 600(b)(47) of Regulation NMS to mean "any NMS security other than an option." The definition of "NMS security" in Rule 600(b)(46) of Regulation NMS includes any security for which

Index-Linked Security options are excluded from the definition. OCC is also proposing to amend Interpretation and Policy .05 to Article VI, Section 11A of its By-Laws to clarify that a call of an entire class of Index-Linked Securities will result in an adjustment of Index-Linked Security Options similar to the adjustment that would be made to stock options in the event of a cash merger, but that a partial call will not result in an adjustment. OCC is also proposing to add an Interpretation and Policy .10 to Article VI, Section 11A of the By-Laws stating that interest payment on Index-Linked Securities will generally be considered “ordinary cash dividends or distributions” within the meaning of paragraph (c) Article VI, Section 11A. In addition, OCC is proposing to add language to Chapter VI, Rule 604(b)(4)(iii) stating that for the purposes of Rule 604, index-linked securities will be treated as stock, assuming they meet the basic listing requirements applicable to stocks. Separately, OCC is proposing to amend Rule 604(b)(4) to conform to its practice of limiting the value of securities with the same CUSIP number, as opposed to securities of the same issuer, to 10% of the margin requirement of an account.

* * * *

The proposed rule change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because it will promote the prompt and accurate clearance and settlement of transactions in Index-Linked Security Options by providing that such options will be cleared and settled subject to the same rules and procedures that have been used successfully by OCC to clear and settle stock options.

transaction reports are collected and disseminated under an effective national market system plan, and because Index-Linked Securities are exchange traded they fall within this definition.

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 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)(2) of the Exchange Act, OCC requests that the Commission accelerate the effectiveness of this Proposed Rule Change. OCC believes that good cause exists for such acceleration because the SEC has approved rule changes of the options exchanges requesting the ability to list Index-Linked Security Options. However, OCC will delay implementation of this rule change until distribution of a supplement to the options disclosure document, *Characteristics and Risks of Standardized Options*, addressing Index-Linked Securities Options.

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

The proposed rule change is not based on a rule of another self regulatory organization or of the Commission.

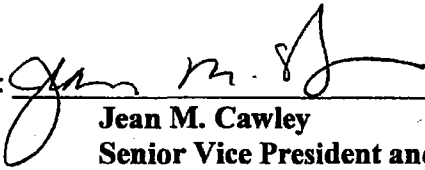
Item 9. Exhibits

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

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-OCC-2009-14

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By
The Options Clearing Corporation

Relating to Options on
Index-Linked Securities

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 accommodate requests from the options exchanges that OCC clear options based on index-linked securities.

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

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

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

The purpose of this rule change is to accommodate requests from the options exchanges that OCC clear options based on index-linked securities (“Index-Linked Securities”).¹ Index-Linked Securities are non-convertible debt of a major financial institution that typically have a term of at least one year but not greater than thirty years and that provide for payment at maturity based upon the performance an index or indexes of equity securities or futures contracts, one or more physical commodities, currencies or debt securities, or a combination of any of the foregoing. Index-Linked Securities are traded on a national securities exchange and, although they are technically debt securities, meet the definition of “NMS stock” under Regulation NMS.² The options exchanges therefore propose to treat options on Index-Linked Securities (“Index-Linked Security Options”) as standard equity options for listing and trading purposes, and trading in them will be generally be governed by the same rules that are applicable

¹ See e.g., SR-CBOE-2008-64 (Jun. 19, 2008) and Exch. Act Rel. No. 58204 (Jul. 22, 2008); see SR-NYSEArca-2008-57 (May 29, 2008) and Exch. Act Rel. No. 58203 (Jul. 22, 2008); SR-ISE-2008-86 (Nov. 14, 2008) and Exch. Act Rel. 58985 (Nov. 20, 2008); SR-BSE-2008-50 (Nov. 7, 2008) and Exch. Act Rel. 58941 (Nov. 13, 2008); and SR-PHLX-2008-60 (Sept. 12, 2008) and Exch. Act Rel. 58571 (Sept. 17, 2008).

² “NMS stock” is defined in Rule 600(b)(47) of Regulation NMS to mean “any NMS security other than an option.” The definition of “NMS security” in Rule 600(b)(46) of Regulation NMS includes any security for which transaction reports are collected and disseminated under an effective national market system plan, and because Index-Linked Securities are exchange traded they fall within this definition.

to trading in other equity options. Exercises of Index-Linked Security Options will be settled by delivery of the underlying securities in the same manner as exercises of equity options.

The provisions of OCC's By-Laws and Rules applicable to the clearance and settlement of stock options can, with some minor clarifications, accommodate Index-Linked Security Options. In Article I of its By-Laws, OCC is proposing to add a definition of "index-linked security" and to amend the definition of "stock option contract" to include Index-Linked Security options and the definition of "non-equity securities option contract" to clarify that Index-Linked Security options are excluded from the definition. OCC is also proposing to amend Interpretation and Policy .05 to Article VI, Section 11A of its By-Laws to clarify that a call of an entire class of Index-Linked Securities will result in an adjustment of Index-Linked Security Options similar to the adjustment that would be made to stock options in the event of a cash merger, but that a partial call will not result in an adjustment. OCC is also proposing to add an Interpretation and Policy .10 to Article VI, Section 11A of the By-Laws stating that interest payment on Index-Linked Securities will generally be considered "ordinary cash dividends or distributions" within the meaning of paragraph (c) Article VI, Section 11A. In addition, OCC is proposing to add language to Chapter VI, Rule 604(b)(4)(iii) stating that for the purposes of Rule 604, index-linked securities will be treated as stock, assuming they meet the basic listing requirements applicable to stocks. Separately, OCC is proposing to amend Rule 604(b)(4) to conform to its practice of limiting the value of securities with the same CUSIP number, as opposed to securities of the same issuer, to 10% of the margin requirement of an account.

* * * *

The proposed rule change is consistent with the requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because it will promote the prompt and accurate

clearance and settlement of transactions in Index-Linked Security Options by providing that such options will be cleared and settled subject to the same rules and procedures that have been used successfully by OCC to clear and settle stock options.

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

Pursuant to Section 19(b)(2) of the Exchange Act, OCC has requested the Commission to accelerate the effectiveness of the proposed rule change prior to the thirtieth day after the date of publication notice in the Federal Register. The Commission finds good cause for approving the rule change prior to the thirtieth day after publication because the options exchanges' rule filings for index-linked security options have been approved by the Commission, but the exchanges will not be able to commence trading such options until OCC's rule change is approved. However, OCC will delay implementation of this rule change until distribution of a supplement addressing index-linked security options to the options disclosure document, *Characteristics and Risks of Standardized Options*, is distributed.

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-2009-14 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-2009-14. 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-2009-14 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: _____