



Via Electronic Mail to [submissions@cftc.gov](mailto:submissions@cftc.gov) and [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)

August 12, 2013

Ms. Melissa Jurgens  
Secretary  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

Re: Security Futures Products Rule Submission and Rule Certification  
Revisions to Chapter 9 Appendix B

Dear Ms. Jurgens:

Pursuant to section 5c(c)(1) of the Commodity Exchange Act, as amended (the “Act”), and section 41.24 of the regulations promulgated by the Commission under the Act, submitted herewith is an amendment to Chapter 9 Appendix B that allows, in limited circumstances, for OneChicago to correct errors in adjustments to OCX.NoDivRisk products after the ex-dividend date. A similar change is being made to the OCX.NoDivRisk Frequently Asked Questions. OneChicago, LLC (“OCX”) is self-certifying the change.

The proposed revisions are included as Attachment A for Appendix B and Attachment B for the Frequently Asked Questions. Deleted text is shown by a strikethrough (---) and new text is underlined (\_\_\_). These amendments will become effective on August 27, 2013.

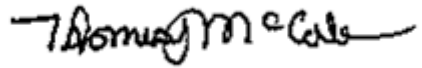
Comments on the amendments have not been solicited and none have been received. The Regulatory Oversight Committee has reviewed and approved the notice.

The amendments is consistent with the Core Principles, in particular Core Principle 12 in that providing for the ability to adjust, even after ex-date, when there are no trades in the intervening time period promotes fair and equitable trading.

There is no new operational impact related to these changes.

On behalf of OneChicago, I hereby certify that the notice to members complies with the Act and the regulations promulgated thereunder and a copy of the submission has been posted on the OneChicago website at [http://www.onechicago.com/?page\\_id=8917](http://www.onechicago.com/?page_id=8917).

Respectfully submitted,

A handwritten signature in black ink that reads "Thomas G. McCabe". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Thomas G. McCabe  
Chief Operating Officer  
OneChicago, LLC

Encl: Attachments

## Attachment A

### Appendix B to Chapter 9

#### OCX.NoDivRisk™ Products Specifications

As provided for in Rule 902(i), the exchange has designated OCX.NoDivRisk products as a class of security futures contracts that shall be adjusted for the aggregate amount of all cash dividends or distributions and shall be reported by the Exchange to the Clearing Corporation as prescribed in their By-Laws. OCX.NoDivRisk products are identified by a “D” as the ending character in the OneChicago symbol.

The significant characteristics of OCX.NoDivRisk products are:

##### **Canceled Distributions**

If all or a portion of a distribution on an OCX.NoDivRisk underlying security is canceled between ex-date and pay date, the Exchange may reverse the original adjustment that was applied on the ex-date by directing OCC to adjust the prior business day’s settlement upward by the amount of the canceled distribution.

##### **Capital Gains**

Capital gains are adjusted for in the OCX.NoDivRisk products.

##### **Cash or Stock distributions**

The OCX.NoDivRisk product will be adjusted for the cash election in the same fashion that it adjusts for regular cash distributions.

##### **Incorrect Distribution Amount**

OneChicago publishes the distribution amount on its website and conveys the amount to the OCC. The exchange will correct any known errors up until the close of business on the ex-date. Any errors in the distribution amount identified post the close of business on the ex-date will not be corrected. Provided however, if post the close of business on the ex-date and prior to the contract expiration, the exchange becomes aware of an incorrect adjustment, or of an adjustment that was not made, and there has been no trading in the product since and including the ex-date but not including the date the exchange becomes aware of the incorrect adjustment, the exchange will cause the adjustment to be made.

##### **Non-Distribution Corporate Events**

All non-distributions corporate events are handled the same between the traditional 1C product and the OCX.NoDivRisk product.

##### **Rounding**

All distributions are summed for the instrument for that day and then rounded to 4 decimals.

##### **Special Dividends**

Special dividends are adjusted for in the OCX.NoDivRisk products as well as our traditional 1C products.

## **Underlying Types-MLPs, Common Stock, REITS, ETFs, UITs, ETNs, etc**

OCX.NoDivRisk products are adjusted for all cash distributions by the underlying security.

### **ADR Distributions**

The OCX.NoDivRisk products overlaying ADRs are adjusted by the gross United States dollar value of the distribution as announced by the home country company on the declaration date.

The OCX.NoDivRisk adjustment may differ from the final United States dollar payment amount, which is normally caused by currency exchange rate fluctuations between the declaration date and the payment date.

For example:

#### Initial Announcement for ABC1D

Announcement Date	7/31/10
Ex-Dividend Date	8/3/10
Approximate Amount	*\$2.0658 USD

\*OneChicago gross adjustment amount

#### Final Announcement for ABC1D

Announcement Date	11/19/10
Payment Date	11/25/10
Actual Amount	\$2.3680 USD

Attachment B



Frequently Asked Questions  
for OCX.NoDivRisk<sup>®</sup>

Revision Date: August 27, 2013

**1. The dividend amount published by the company is 6 decimals, how is that handled for the OCX.NoDivRisk products?**

OneChicago rounds the dividend amount to four decimals for adjustment purposes.

**2. How are capital gains distribution handled for the OCX.NoDivRisk product?**

As with the traditional 1C OCX products, capital gains are adjusted for in the OCX.NoDivRisk product. OneChicago will identify the capital gains distribution amount and inform OCC and the marketplace of the adjustment. If a company reports both a capital gains and an ordinary dividend going ex on the same day, OCX will report only a combined number.

**3. What time and how will OCX publish the adjustment amounts?**

OCX will publish the adjustment amounts by posting a notice on its website and by sending a corporate events email. OCC will also publish a corporate event memo.

OCX memos will ordinarily be published at approximately 1:00 pm and/or 6:~~1500~~ pm and again at approximately 8:~~1545~~ pm.

**4. What happens if OCX publishes an incorrect adjustment amount including if OCX does not publish any adjustment?**

Market is open

Upon becoming aware of the error, OCX ~~may~~ will halt the impacted market, publish the correct adjustment amount and determine if the trades executed prior to the halt should stand or be busted.

If the market was halted, Fifteen minutes after the correct adjustment has been published by OCX, it will re-open the affected markets.

Market has not yet opened

Upon becoming aware of the error, OCX will publish the correct adjustment amount. If 15 minutes prior to the open, OCX has not published the correct adjustment amount, OCX ~~may~~ will delay the open for that product until 8:45.

After the close of business on the ex-dividend date

Any errors in the distribution amount identified post the close of business on the ex-date will not be corrected. Provided however, if post the close of business on the ex-date and prior to the contract expiration, the exchange becomes aware of an incorrect adjustment, including an adjustment that was not made, and there has been no trading in the product

since and including the ex-date but not including the date the exchange becomes aware of the incorrect adjustment, the exchange will cause the adjustment to be made.

**5. How are special dividends handled for OCX.NoDivRisk?**

Like the traditional 1C contract, the 1D OCX.NoDivRisk contract will be adjusted for special dividends using the existing processes.

**6. How are other Corporate Events such as Mergers, Splits, etc handled for the OCX.NoDivRisk products?**

All corporate events with the exception of cash distributions (dividends, capital gains, etc) are handled the same between the traditional 1C product and the new OCX.NoDivRisk product.

**7. How are distributions from ADRs, Limited Partnerships, HOLDRs, ETFs, and Unit Investment Trusts handled?**

The intent of the OCX.NoDivRisk products suite is to adjust for all cash distributions by the underlying (stock) instrument. Distributions for all NoDivRisk products are handled the same, regardless of the type of underlying security i.e. ADRs, Limited Partnerships, etc. The distribution amounts are the gross dollar value as initially announced by the home country company.

In the case of ADRs, the adjusted amount may differ from the final payment amount. This difference is normally caused by currency exchange rate fluctuations between the dividend ex-date and the payment date. Typically the home country makes an announcement, and then at some point in the future a final amount with a payable date is announced at which point the home country's currency is converted to U.S. dollars. Because the NoDivRisk products are adjusted on ex-date and oftentimes the pay date has not been realized yet, the value that is adjusted is the most current information available.

See example below:

**Table 1: Initial Announcement for PTR1D**

Announcement Date	8/31/10
Ex-Dividend Date	9/3/10
Approximate Amount	*\$2.0658 USD

\*OneChicago gross adjustment amount

**Table 2: Final Announcement for PTR1D**

Announcement Date	10/19/10
Payment Date	10/25/10
Actual Amount	\$2.3680 USD

**8. How does OCX handle approximate ADR dividend amount.**

The OCX.NoDivRisk product will be adjusted by the reported gross dividend approximate amount on the related ex-date. The adjustment will be treated in the same fashion that adjustments are handled for regular cash distributions.

**9. How are “Cash or Stock Option” distribution events handled?**

The OCX.NoDivRisk product will be adjusted for the cash option in the same fashion that it adjusts for regular cash distributions. OneChicago will identify the cash distribution amount and convey it to the OCC and the marketplace.

**10. Are there income tax impacts to the adjustment on ex-date?**

The tax impacts for the OCX.NoDivRisk adjustments are the same as for the long established Special Dividends adjustments for the traditional 1C futures. Please consult your tax advisor for additional guidance.

**11. How do firms report large trader positions for OCX.NoDivRisk products?**

The OCX.NoDivRisk products and the traditional 1C products are aggregated together for purposes of determining whether the positions meet the reportable level and the position limit level. In order to distinguish the OCX.NoDivRisk 1D products from the traditional 1C products, firms should use the OCX code when reporting the positions.

**12. Are open orders in the OneChicago Central Limit Order Book on CBOEdirect adjusted for the OCX.NoDivRisk products?**

GTC orders prices are not adjusted Member firms must determine if existing GTC orders terms meet their client’s wishes and cancel or cancel/replace orders as appropriate.

Any questions can be directed to [info@OneChicago.com](mailto:info@OneChicago.com) or 312.424.8507.

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All matters pertaining to rules and specifications herein are made subject to and are superseded by official OneChicago LLC rules. Current OneChicago LLC rules should be consulted in all cases concerning contract specifications.