

C.F.T.C.  
OFFICE OF THE SECRETARIAT



2010 AUG 23 AM 11 14 THE OPTIONS CLEARING  
CORPORATION

---

August 19, 2010

**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-2010-13 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

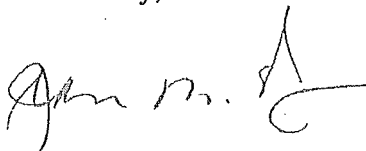
JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM



Mr. David A. Stawick  
Page Two  
August 19, 2010

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-2010-13 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 as set forth below to accommodate a proposal by OneChicago, LLC to list security futures for which the settlement price would be adjusted in response to all cash dividends or distributions by the issuer of the underlying security.

The text of the proposed amendments to OCC’s By-Laws is set forth below. Material proposed to be added to OCC’s By-Laws as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

**THE OPTIONS CLEARING CORPORATION**

**BY-LAWS**

\* \* \*

**ARTICLE XII**

**Futures, Futures Options and Commodity Options**

\* \* \*

**Adjustments to Futures and Futures Options**

**SECTION 3.**

(a) Section 11 of Article VI of the By-Laws shall not apply to futures or futures options. Except as provided in paragraph (k) below, [D]determinations as to whether and how to adjust the terms of futures and futures options to reflect events affecting underlying interests shall be made by the Corporation based on its judgment as to what is appropriate for the protection of investors and the public interest, taking into account such factors as fairness to the buyers and sellers of such futures and futures options, the maintenance of a fair and orderly market in futures on the underlying interest and options on such futures, consistency of interpretation and practice (including consistency with the actions of the Securities Committee in making adjustments to options on the same underlying interest), efficiency of settlement of delivery obligations arising from physically-settled stock futures, and the coordination with other clearing agencies of the clearance and settlement of transactions in the underlying interest. The Corporation may, in addition to determining adjustments to futures and futures options on a case-by-case basis, adopt statements of policy or interpretations having general application to specified types of events. Except as provided in paragraph (k) below, [E]every determination by

the Corporation in respect of futures or futures options pursuant to this Section 3, or pursuant to Section 4 or Section 4A of this Article shall be within the sole discretion of the Corporation. Such determinations shall be conclusive and binding on all investors and not subject to review. The following paragraphs of this Section 3 apply to stock futures only. Special rules for adjustment of index futures and futures options and variance futures and futures options are set out in Section 4. Special rules for adjustment of other cash-settled futures are set out in Section 4A.

(b) [No change]

(c) Except as provided in paragraph (k) below, [I]t shall be the general rule that there will be no adjustments to reflect ordinary cash dividends or distributions or ordinary stock dividends or distributions (collectively, "ordinary distributions") by the issuer of the underlying security.

(d) – (i) [No change]

(j) Notwithstanding the general rules set forth in paragraphs (c) through (i) and (k) of this Section 3 or which may be set forth as interpretations and policies under this Section 3, the Corporation shall have the power to make exceptions in those cases or groups of cases in which, in applying the standards set forth in paragraph (a) of this Section 3, the Corporation shall determine such exceptions to be appropriate. However, the general rules shall be applied unless the Corporation affirmatively determines to make an exception in a particular case or group of cases.

(k) Notwithstanding the general rule set forth in paragraph (c), such security futures as may be designated by the Exchange on which such contracts are traded as subject to this paragraph (k) shall be adjusted for the aggregate amount of all cash dividends or distributions as reported by such Exchange to the Corporation. The settlement price of each such contract on the ex-date shall be adjusted by such aggregate amount of such dividend or distribution, provided that (i) the Exchange has reported such information to the Corporation prior to the ex-date in accordance with the Corporation's requirements, or (ii) the Exchange failed to provide the information on a timely basis or reported incorrect information to the Corporation, but provides such information or corrected information to the Corporation on the ex-date. The Corporation shall have no liability with respect to a dividend or distribution that has not been timely reported by the trading Exchange or for which such Exchange has reported incorrect information without making a timely subsequent correction.

*...Interpretations and Policies:*

.01 - .09 [No change]

.10 Other than as provided for in the By-Laws and Rules, including in paragraph (k) of this Section 3, the Corporation will not adjust officially reported settlement prices, even if the information provided by the Exchange regarding dividends or distributions is subsequently found to have been erroneous, except in extraordinary circumstances. Such circumstances might be found to exist where, for example, the information initially provided by the Exchange is clearly erroneous or the Corporation otherwise learns of the error, and corrected information is promptly provided by the Exchange. In no event will a completed settlement be adjusted due to errors discovered after settlement.

\* \* \*

**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 December 8, 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**

The primary purpose of this proposed rule change is to revise OCC's By-Laws to allow OCC to make adjustments to the settlement price of exchange-designated security futures for all cash dividends or distributions paid by the issuer of the underlying security. Under the current rules, OCC makes such adjustments only for non-ordinary dividends. However, OneChicago, LLC ("OneChicago") has informed OCC that it believes there is a demand for security futures that would be adjusted in response to all cash dividends or distributions. Accordingly, OCC is proposing to amend Section 3 of Article XII of its By-Laws to permit exchanges to designate certain security futures that would be adjusted for ordinary as well as non-ordinary dividends. Exchanges could continue to trade security futures that would be adjusted only in the event of a non-ordinary dividend.

For security futures subject to adjustment for all cash dividends, it would be the exchange's responsibility to inform OCC of the issuance of a cash dividend and the appropriate adjustment amount. Provided that such information (including any corrections thereto) is reported to OCC before a designated cut-off time prior to the ex-date, OCC would then make the

appropriate adjustment to the settlement price of the security futures contract. Such adjustments would be effective before the opening of business on the ex-date.<sup>1</sup> If the exchange failed to report dividend information to OCC on a timely basis or reported incorrect dividend information to OCC, then the exchange may report such information or corrected information to OCC on the ex-date and OCC will effect the adjustment as soon as practicable thereafter. In the event the exchange already opened trading in the security futures contracts affected thereby, the exchange will provide OCC with direction on whether such trades should be cleared or disregarded as provided for in Article VI, Section 7 of OCC's by-laws. Pursuant thereto, disregarded transactions are deemed null and void and given no effect. These procedures are intended to preserve OCC's ability to initiate and conduct nightly processing on a timely basis, but also permit the exchange with the opportunity to report to OCC dividend information that was not available to it before OCC's processing cut-offs or to correct erroneously reported information to ensure an appropriate adjustment to the settlement price for the affected contracts.

In connection with OneChicago's proposal, OneChicago and OCC also have agreed to amend the Security Futures Agreement for Clearing and Settlement Services, dated April 1, 2002 (the "Clearing Agreement") by entering into Amendment No. 1 thereto. Amendment No. 1 would amend Section 5 of the Clearing Agreement to permit OneChicago to designate those security futures contracts for which adjustments will be made in response to all cash dividends and to provide for OneChicago's obligation to furnish OCC with notice of all relevant information regarding such dividends in order for OCC to adjust the settlement price of the affected security future as described above. Amended Section 5 further extends the current

---

<sup>1</sup> The standard method for adjusting futures contracts in response to cash distributions is to decrease the prior day's settlement price by the amount of the dividend. This adjustment is effective at the opening of business on the ex-distribution date and parallels the adjustment made to the price of the underlying stock by the securities exchanges on the ex-distribution date. It is intended to ensure that no futures mark-to-the-market attributable to the adjustment made to the stock price for the dividend will occur.

indemnification provided by OneChicago to OCC to also cover losses resulting from adjusting security futures in accordance with dividend information supplied by OneChicago or failing to adjust in the event OneChicago did not supply OCC with information regarding such an adjustment. Amendment No. 1 to the Clearing Agreement is attached to this filing as Exhibit 5.<sup>2</sup>

\* \* \*

The proposed changes to OCC's By-Laws are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934 (the "Act"), as amended, because they are designed to promote the prompt and accurate clearance and settlement of security transactions, and generally protect investors and the public interest, by allowing the clearing and settling of security futures contracts that reflect the issuance of all cash dividends or distributions on the underlying security. 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.

---

<sup>2</sup> Amendment No. 1, which will be executed after the effectiveness of this filing, would amend and restate Section 5 of the Clearing Agreement. Attached to Exhibit 5 is a comparison between the text of the current Section 5 of the Clearing Agreement and Section 5 as proposed to be amended.



**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)**

OneChicago has asked OCC to request the Commission find good cause to accelerate the effectiveness of this filing. OneChicago has advised OCC that it has developed a campaign to inform and educate market participants about the proposed introduction of security futures contracts for which adjustments would be made in response to all cash dividends and distributions. OneChicago proposes to launch its educational program in advance of introduction of such security futures in September, 2010. However, OneChicago believes the effectiveness of its educational program would be greatly enhanced if the OCC rule change accommodating the introduction of these security futures is approved before the time OneChicago initiates its educational effort.

**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.

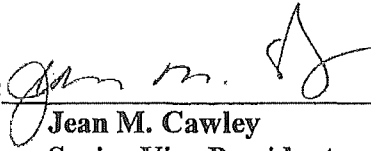
Exhibit 5. Amendment No. 1 to Security Futures Clearing and Settlement Agreement.

**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-2010-13

**SELF-REGULATORY ORGANIZATION**

Proposed Rule Change By  
The Options Clearing Corporation

Relating to OneChicago's  
Proposal to List Security Futures  
Contracts Subject to Adjustment for  
All Cash Dividends or Distributions

---

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 {INSERT DATE}, 2010, 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 a proposal by OneChicago to list security futures contracts which would be adjusted in response to all cash dividends and distributions.

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 to allow OCC to make adjustments to the settlement price of exchange-designated security futures for all cash dividends or distributions paid by the issuer of the underlying security. Under the current rules, OCC makes such adjustments only for non-ordinary dividends. However, OneChicago, LLC ("OneChicago") has informed OCC that it believes there is a demand for security futures that would be adjusted in response to all cash dividends or distributions. Accordingly, OCC is proposing to amend Section 3 of Article XII of its By-Laws to permit exchanges to designate certain security futures that would be adjusted for ordinary as well as non-ordinary dividends. Exchanges could continue to trade security futures that would be adjusted only in the event of a non-ordinary dividend.

For security futures subject to adjustment for all cash dividends, it would be the exchange's responsibility to inform OCC of the issuance of a cash dividend and the appropriate adjustment amount. Provided that such information (including any corrections thereto) is reported to OCC before a designated cut-off time prior to the ex-date, OCC would then make the appropriate adjustment to the settlement price of the security futures contract. Such adjustments

would be effective before the opening of business on the ex-date.<sup>1</sup> If the exchange failed to report dividend information to OCC on a timely basis or reported incorrect dividend information to OCC, then the exchange may report such information or corrected information to OCC on the ex-date and OCC will effect the adjustment as soon as practicable thereafter. In the event the exchange already opened trading in the security futures contracts affected thereby, the exchange will provide OCC with direction on whether such trades should be cleared or disregarded as provided for in Article VI, Section 7 of OCC's by-laws. Pursuant thereto, disregarded transactions are deemed null and void and given no effect. These procedures are intended to preserve OCC's ability to initiate and conduct nightly processing on a timely basis, but also permit the exchange with the opportunity to report to OCC dividend information that was not available to it before OCC's processing cut-offs or to correct erroneously reported information to ensure an appropriate adjustment to the settlement price for the affected contracts.

In connection with OneChicago's proposal, OneChicago and OCC also have agreed to amend the Security Futures Agreement for Clearing and Settlement Services, dated April 1, 2002 (the "Clearing Agreement") by entering into Amendment No. 1 thereto. Amendment No. 1 would amend Section 5 of the Clearing Agreement to permit OneChicago to designate those security futures contracts for which adjustments will be made in response to all cash dividends and to provide for OneChicago's obligation to furnish OCC with notice of all relevant information regarding such dividends in order for OCC to adjust the settlement price of the affected security future as described above. Amended Section 5 further extends the current

---

<sup>1</sup> The standard method for adjusting futures contracts in response to cash distributions is to decrease the prior day's settlement price by the amount of the dividend. This adjustment is effective at the opening of business on the ex-distribution date and parallels the adjustment made to the price of the underlying stock by the securities exchanges on the ex-distribution date. It is intended to ensure that no futures mark-to-the-market attributable to the adjustment made to the stock price for the dividend will occur.

indemnification provided by OneChicago to OCC to also cover losses resulting from adjusting security futures in accordance with dividend information supplied by OneChicago or failing to adjust in the event OneChicago did not supply OCC with information regarding such an adjustment. Amendment No. 1 to the Clearing Agreement is attached to this filing as Exhibit 5.<sup>2</sup>

\* \* \*

The proposed changes to OCC's By-Laws are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934 (the "Act"), as amended, because they are designed to promote the prompt and accurate clearance and settlement of security transactions, and generally protect investors and the public interest, by allowing the clearing and settling of security futures contracts that reflect the issuance of all cash dividends or distributions on the underlying security. 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.

---

<sup>2</sup>Amendment No. 1, which will be executed after the effectiveness of this filing, would amend and restate Section 5 of the Clearing Agreement. Attached to Exhibit 5 is a comparison between the text of the current Section 5 of the Clearing Agreement and Section 5 as proposed to be amended.

**III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action**

Pursuant to Section 19(b)(2) of the Exchange Act, the Commission may not approve any proposed rule change prior to the 30<sup>th</sup> day after the date of publication of the notice of filing thereof, unless the Commission finds good cause for doing and publishes its reasons for so finding. At the request of OneChicago, OCC has requested the Commission find good cause to accelerate the effectiveness of this filing. OneChicago has advised OCC that it has developed a campaign to inform and educate market participants about the proposed introduction of security futures contracts for which adjustments would be made in response to all cash dividends and distributions. OneChicago proposes to launch its educational program in advance of introduction of such security futures in September, 2010. However, OneChicago believes the effectiveness of its educational program would be greatly enhanced if the OCC rule change accommodating the introduction of these security futures is approved before OneChicago initiates its educational effort. The Commission hereby finds that there is good cause for approving the proposed rule change before the 30<sup>th</sup> day after the date of publication of notice of the filing thereof in the Federal Register in order to facilitate OneChicago's plan to educate and inform investors using security futures of the adjustment process. Accordingly, pursuant to Section 19(b)(2) of the Exchange Act, the Commission find good cause to approve the proposed rule change on an accelerated basis.

**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-2010-13 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-2010-13. 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-2010-13 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: \_\_\_\_\_

**AMENDMENT NO. 1 TO THE SECURITY FUTURES AGREEMENT FOR CLEARING  
AND SETTLEMENT SERVICES**

This Amendment No. 1 to the Security Futures Agreement for Clearing and Settlement Services, dated April 1, 2002 (the "Agreement") is entered into this [ ] day of [MONTH], 2010, by The Options Clearing Corporation (the "Corporation") and OneChicago, LLC (the "Market").

WHEREAS, the Agreement provides for the engagement of the Corporation by the Market to provide clearing and settlement services for the security futures that are traded on the Market;

WHEREAS, the parties desire to amend the Agreement to provide for the clearing of securities futures contracts that are adjusted to reflect ordinary cash dividends or distributions or ordinary stock dividends or distributions issued for the security underlying such contract, and to provide for the indemnification by the Market of the Corporation in the making of such adjustments;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties agree as follows:

1. **Section 5 of the Agreement is hereby deleted and, in lieu thereof, the following is substituted:**
  - (a) Matched Trade Reports. The Market agrees that on each business day it will compile a matched trade report of all security futures transactions and all "exchange-for-physical" transactions effected by its members on that business day, and will furnish such report to the Corporation by such time or times, or on a real-time basis upon the implementation of a real-time reporting facility between the Market and the Corporation, as the Corporation may reasonably prescribe, taking into consideration the ability of the Market to provide such information within such time frames on a cost-effective basis. In no event will the Market be required to furnish such reports to the Corporation earlier than the time by which Options Exchanges are required to furnish reports of security options transactions.
  - (b) Daily Settlement Prices. The Market shall each business day, at such time and in such manner as the parties may agree, notify the Corporation of the settlement price of each security futures contract. The Corporation shall adopt such settlement price as the basis for determining the official settlement price for the business day, except in the case of manifest error or inconsistency with its By-Laws and Rules or in any other case in which the Corporation reasonably believes such settlement price does not reasonably reflect the value or price of the contract, in which case the Corporation, using its best efforts to consult with the Market, shall

determine the official settlement price for such day; provided, however, that in the case of fungible contracts traded on more than one exchange or market, the daily settlement price will be determined by a method mutually agreed among the Corporation and all such exchanges, and in the absence of such agreement, as specified by the Corporation. In any case in which the Corporation fixes a daily settlement price other than (i) a price supplied by the Market or (ii) a price determined by a method mutually agreed among the Corporation and all exchanges trading a fungible contract, the Corporation will promptly notify the Market and any associate clearinghouses thereof.

- (c) Final Settlement Price. The Corporation shall determine the final settlement price in respect of a series of security futures in accordance with its By-Laws and Rules. If the Corporation determines that the primary market(s) (as determined by the Corporation) for the underlying security in respect of a maturing stock future, or one or more component securities of the underlying index in respect of a maturing narrow-based index future, did not open or remain open for trading at or before the time when the settlement price for such futures would ordinarily be determined, or that the price or other value used to determine the final settlement price is unreported or otherwise unavailable, or is clearly erroneous, then the Corporation shall notify any associate clearinghouses of its determination and, using its best efforts to consult with the Market, shall determine the final settlement price in conformity with the By-Laws and Rules of the Corporation and shall promptly notify the Market and any associate clearinghouses of its action.
- (d) Adjustments. The Market may designate, by written notice to the Corporation in such form as the Corporation shall prescribe, certain security futures contracts to be adjusted by the Corporation, pursuant to the Corporation's By-Laws and Rules, to reflect, as the case may be, all cash dividends or distributions or all stock dividends or distributions issued with respect to the security underlying such contract. For security futures contracts so designated by the Market, the Market shall provide all relevant information (as determined by the Corporation) regarding each cash dividend or distribution or stock dividend or distribution necessary in order for the Corporation to make such adjustments, including without limitation the amount of such dividend or distribution (or any corrections thereto), to the Corporation regarding such adjustments by the cut-off time (as periodically designated by the Corporation), on the trading day before the "ex-date" in respect of the relevant dividend or distribution, and the Corporation shall make such adjustments to the settlement price of each affected contract in accordance with the Corporation's By-Laws and Rules. If the Market fails to provide such information to the Corporation prior to the cut-off time on the day before the relevant ex-date or has provided the Corporation with incorrect information, the Market may provide such information or corrected information to the Corporation on

the ex-date. In the event the Market has issued to the Corporation any matched trade reports of transactions in the security futures affected by such adjustment, the Market shall promptly instruct the Corporation whether such transactions shall be cleared or disregarded as provided for in the Corporation's By-Laws and Rules. Notwithstanding the foregoing, the Market agrees to implement commercially reasonable measures and procedures in order to provide the Corporation with all necessary information by the Corporation's cut-off time on the day prior to the ex-date in order to limit the possibility of disruption to the Corporation's operations and processing timeframes on the ex-date itself.

- (e) Indemnification. The Market shall indemnify the Corporation, and its directors, officers, committee members and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement based on (i) the Corporation's use of a settlement price supplied by the Market in determining the official settlement price; provided, however, that no such indemnification obligation shall exist in the event the Corporation has not adopted the settlement price supplied by the Market; and provided further that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula; or (ii) the Corporation's adjustment of any security futures contract in accordance with the information received from the Market pursuant to Section 5(d), or the failure to make such an adjustment because of the failure of the Market to provide OCC with the required information in a timely manner, or for which the Market has reported incorrect information regarding adjustments to be made pursuant to Section 5(d) without making a timely subsequent correction. The provisions of Section 17 hereof shall apply to such indemnity as if such indemnity were provided under Section 17(b)(ii) hereof.

[This space intentionally left blank.]

2. This Amendment No. 1 to the Agreement shall be effective on the execution hereof by all parties. Except as specifically amended herein, the Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed. The parties agree that this Amendment No. 1 may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

**Agreed to:**

**The Options Clearing Corporation**

**OneChicago, LLC**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**Its:** \_\_\_\_\_

**[Comparison of Provisions Between Old and New Section 5 of the OCC-OneChicago Clearing Agreement: Material Marked by Strikethrough is to be deleted; Material Marked by Underlining is to be added.]**

**Section 5. Comparison of Security Futures Transactions; Settlement Prices.**

- (a) Matched Trade Reports. The Market agrees that on each business day it will compile a matched trade report of all security futures transactions and all "exchange-for-physical" transactions effected by its members on that business day, and will furnish such report to the Corporation by such time or times, or on a real-time basis upon the implementation of a real-time reporting facility between the Market and the Corporation, as the Corporation may reasonably prescribe, taking into consideration the ability of the Market to provide such information within such time frames on a cost-effective basis. In no event will the Market be required to furnish such reports to the Corporation earlier than the time by which Options Exchanges are required to furnish reports of security options transactions.
- (b) Daily Settlement Prices. The Market shall each business day, at such time and in such manner as the parties may agree, notify the Corporation of the settlement price of each security futures contract. The Corporation shall adopt such settlement price as the basis for determining the official settlement price for the business day, except in the case of manifest error or inconsistency with its By-Laws and Rules or in any other case in which the Corporation reasonably believes such settlement price does not reasonably reflect the value or price of the contract, in which case the Corporation, using its best efforts to consult with the Market, shall determine the official settlement price for such day; provided, however, that in the case of fungible contracts traded on more than one exchange or market, the daily settlement price will be determined by a method mutually agreed among the Corporation and all such exchanges, and in the absence of such agreement, as specified by the Corporation. In any case in which the Corporation fixes a daily settlement price other than (i) a price supplied by the Market or (ii) a price determined by a method mutually agreed among the Corporation and all exchanges trading a fungible contract, the Corporation will promptly notify the Market and any associate clearinghouses thereof. ~~The Market shall indemnify the Corporation, and its directors, officers, committee members and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement based on the Corporation's use of a settlement price supplied by the Market in determining the official settlement price; provided, however, that no such indemnification obligation shall exist in the event the Corporation has not adopted the settlement price supplied by the Market; and provided further~~

~~that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula. The provisions of Section 17 hereof shall apply to such indemnity as if such indemnity were provided under Section 17(b)(ii) hereof.~~<sup>1</sup>

(c) Final Settlement Price. The Corporation shall determine the final settlement price in respect of a series of security futures in accordance with its By-Laws and Rules. If the Corporation determines that the primary market(s) (as determined by the Corporation) for the underlying security in respect of a maturing stock future, or one or more component securities of the underlying index in respect of a maturing narrow-based index future, did not open or remain open for trading at or before the time when the settlement price for such futures would ordinarily be determined, or that the price or other value used to determine the final settlement price is unreported or otherwise unavailable, or is clearly erroneous, then the Corporation shall notify any associate clearinghouses of its determination and, using its best efforts to consult with the Market, shall determine the final settlement price in conformity with the By-Laws and Rules of the Corporation and shall promptly notify the Market and any associate clearinghouses of its action.

~~(d) Adjustments. The Market may designate, by written notice to the Corporation in such form as the Corporation shall prescribe, certain security futures contracts to be adjusted by the Corporation, pursuant to the Corporation's By-Laws and Rules, to reflect, as the case may be, all cash dividends or distributions or all stock dividends or distributions issued with respect to the security underlying such contract. For security futures contracts so designated by the Market, the Market shall provide all relevant information (as determined by the Corporation) regarding each cash dividend or distribution or stock dividend or distribution necessary in order for the Corporation to make such adjustments, including without limitation the amount of such dividend or distribution (or any corrections thereto), to the Corporation regarding such adjustments by the cut-off time (as periodically designated by the Corporation), on the trading day before the "ex-date" in respect of the relevant dividend or distribution, and the Corporation shall make such adjustments to the settlement price of each affected contract in accordance with the Corporation's By-Laws and Rules. If the Market fails to provide such information to the Corporation prior to the cut-off time on the day before the relevant ex-date or has provided the Corporation with incorrect information, the Market may provide such information or corrected information to the Corporation on the ex-date. In the event the Market has issued to the Corporation any~~

---

<sup>1</sup> Indemnification provisions have been relocated to new paragraph (e).

matched trade reports of transactions in the security futures affected by such adjustment, the Market shall promptly instruct the Corporation whether such transactions shall be cleared or disregarded as provided for in the Corporation's By-Laws and Rules. Notwithstanding the foregoing, the Market agrees to implement commercially reasonable measures and procedures in order to provide the Corporation with all necessary information by the Corporation's cut-off time on the day prior to the ex-date in order to limit the possibility of disruption to the Corporation's operations and processing timeframes on the ex-date itself.<sup>2</sup>

- (e) Indemnification. The Market shall indemnify the Corporation, and its directors, officers, committee members and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement based on (i) the Corporation's use of a settlement price supplied by the Market in determining the official settlement price; provided, however, that no such indemnification obligation shall exist in the event the Corporation has not adopted the settlement price supplied by the Market; and provided further that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula; or (ii) the Corporation's adjustment of any security futures contract in accordance with the information received from the Market pursuant to Section 5(d), or the failure to make such an adjustment because of the failure of the Market to provide OCC with the required information in a timely manner, or for which the Market has reported incorrect information regarding adjustments to be made pursuant to Section 5(d) without making a timely subsequent correction. The provisions of Section 17 hereof shall apply to such indemnity as if such indemnity were provided under Section 17(b)(ii) hereof.<sup>3</sup>

---

<sup>2</sup> Newly added to address OneChicago's adjustment proposal.

<sup>3</sup> Relocated indemnity provisions plus newly added language to address OneChicago's adjustment proposal.