



October 17, 2013

VIA ELECTRONIC MAIL

Melissa Jurgens
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Revised Rule Filing SR-OCC-2013-17 Rule Certification

Dear Secretary Jurgens:

On October 11, 2013, pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission Regulation (“CFTC”) 40.6, The Options Clearing Corporation (“OCC”) submitted the above-referenced rule filing to the CFTC. Since that time, OCC has identified several clerical oversights that have since been corrected and, in accordance therewith, enclosed is an updated copy of the above-referenced rule filing. The date of implementation of the rule filing is at least 10 business days following receipt of the rule filing by the CFTC or the date the proposed rule is approved by the Securities and Exchange Commission (the “SEC”) or otherwise becomes effective under the Securities Exchange Act of 1934 (the “Exchange Act”). This rule filing has been, or is concurrently being, submitted to the SEC under the Exchange Act.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

This proposed rule change concerns the OCC Board of Directors (“Board”), Membership/Risk Committee (“MRC”), Audit Committee (“AC”) and Performance Committee (“PC”) Charters (referred to herein as the “Board Charter,” “MRC Charter,” “AC Charter” and “PC Charter,” respectively and “Committee Charters,” collectively).

Board of Directors Charter

The introduction of the Board Charter reconfirms that oversight of the management of the business and affairs of OCC is generally vested in the Board. OCC has not previously adopted a charter for its Board of Directors because OCC’s By-Laws and Rules provide the framework

within which the respective responsibilities of OCC's Board and management have been defined. The Board Charter does not impose any new responsibilities on the Board, but rather reflects the longstanding powers and duties of the Board, as well as underlying practices that have been developed to aid the Board in meeting its obligations. The Board's adoption of a Charter at this time reflects a desire to increase the transparency of the Board's oversight activities for parties outside of OCC, promote accountability, and to align with corporate governance best practices.

The Board Charter would also acknowledge certain parameters applicable to the membership in and organization of the Board, many of which are separately provided for in OCC's By-Laws.¹ The Board Charter would reflect that the size and composition of the Board and qualification standards used in the selection of Directors would be consistent with the corresponding terms of the By-Laws. Actions concerning the election, resignation, and disqualification of Directors, and with respect to the tenure of service of each category of Director, would be required to be taken in accordance with the By-Laws. The Management Director² and Exchange Directors would be required to be elected at each annual stockholder meeting and term limits and the absence of age limits for Directors would be addressed along with responsibilities of any Management or Member Vice Chairman.

The Board Charter would address certain aspects of the membership and organization of the Board with respect to meetings. The Board would meet a minimum of five times each year with special meetings called pursuant to the By-Laws.³ Expectations concerning participation in meetings by Directors would be set out and the Chairman of the Board would be required to set the agenda in consultation with the President and the Secretary.

The Board Charter would provide that the Board is authorized to make inquiries as it deems appropriate in the execution of its duties and may confer with OCC management or

¹ The Board Charter contains cross-references to such applicable provisions of OCC's By-Laws. For ease of readability, those cross-references have not been repeated.

² Pursuant to a recent OCC rule change that has been approved by the Commission, but not yet implemented by OCC, the office of Chairman of OCC will be split into two offices, Executive Chairman and President. Each of the Executive Chairman and the President will be elected as Management Directors by the stockholders at each annual stockholder meeting. *See* File No. SR-OCC-2013-09, 78 FR 47449 (Aug. 5, 2013).

³ The Chairman would be permitted to ask OCC management or others to attend meetings and to provide pertinent information and the Board would be permitted to call executive sessions from which OCC management may be excluded. A majority of the Directors then in office, but not fewer than six Directors, would constitute a quorum for the conduct of business of the Board.

employees.⁴ The Board would elect certain corporate officers annually, as provided for in the By-Laws.

The Board would be permitted to form such committees and subcommittees as it deems appropriate and delegate authority to committee members.⁵ Chairs of the Board committees would be determined in accordance with the terms of the applicable committee charter and any applicable provisions of the By-Laws. Committee assignments would be annually reviewed and approved by the Board subject to the By-Laws. Consistent with the requirements applicable to the Directors serving on the Board, Directors on Board committees would be expected to meet certain standards of preparation and participation.

As a more detailed expression of the Board's responsibility to act as a steward of OCC and ensure it has the critical capabilities to achieve its obligations in a safe, sound, efficient and prudential manner, the Board Charter would identify specific functions and responsibilities of the Board.⁶ The Board Charter would also note that certain functions and responsibilities of the Board are set forth separately in the By-Laws⁷ and that each Director must act in good faith in the best interests of OCC and with due regard for the fiduciary responsibilities owed to OCC. Each Director would also be required to comply with certain conduct requirements.

Committee Charters

⁴ The Board Charter would provide that in discharging its oversight role the Board may hire specialists or rely on outside advisors or specialists and that it would have the authority to approve related fees and terms of retention.

⁵ The Board would be required to establish a written charter for each committee.

⁶ These include the responsibility to oversee: OCC's governance processes in a manner consistent with the Board Charter; processes and framework for assessing, managing and monitoring strategic, financial and operational risk; financial reporting, auditing, accounting and compliance processes; a system of internal controls; major capital expenditures; the development and design of employee compensation, incentive and benefit programs; and compensation of the Chairman and the President. The Board Charter would also specifically require the Board to approve and oversee OCC's business strategies, monitor performance in delivering clearance and settlement services; foster OCC's processes designed to ensure compliance with applicable laws and regulations and conduct business in a legal and ethical manner; assure management succession; and approve OCC's annual budget and corporate plan.

⁷ The Charter would identify the Board's responsibility under the By-Laws to approve applications for clearing membership and initial contributions to the clearing fund, OCC's fee structure as well as rebates, discounts and refunds of clearing fees, and modifications of OCC's By-Laws and Rules. The Board Charter would also identify the responsibility of the Board to determine disqualifications from Board service and fill vacancies, elect corporate officers, conduct hearings in connection with a denial or suspension of membership; and suspend a clearing member.

OCC has long maintained Charters for the MRC, AC and PC (each, a “Committee,” and collectively, the “Committees”). Below is a discussion of the provisions common across all the Committee Charters, followed by a discussion of each Committee Charter’s unique provisions.

The purpose of the Committee Charters is to describe the role each Committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC’s By-Laws and Rules, as well as specify the policies and procedures governing the membership and organization, scope of authority, and specific functions and responsibilities of each Committee. The guidelines for the composition of each Committee, as well as the policies regarding its meeting schedules, quorum rules, minute-keeping and reporting requirements, are set forth in each charter and conform to applicable requirements specified in OCC’s By-Laws and Rules. Each Committee, subject to the direction of the Board, is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to accomplish the purpose and responsibilities set forth in its Charter, and is authorized to further delegate this authority to various subcommittees that it may form. Each Committee is authorized to make inquiries into any matter related to its respective purpose and responsibilities⁸ and to confer with OCC’s management and other employees as it deems appropriate. Additionally, the chair of each Committee would be authorized to act on behalf of its respective Committee in the case that immediate action is required, and it is impractical to convene such Committee.⁹

While each Committee Charter sets forth its own Committee composition requirements, each requires the inclusion of at least one Public Director and empowers the Board to remove or replace any Committee member at any time.

Each Committee Charter sets forth its own meeting schedule, though each empowers its respective chairman to call additional meetings as circumstances dictate. Each Committee Charter specifies that the agenda for each Committee’s meetings would be established by the chairman of the Committee, or its designee, in consultation with the Secretary and OCC’s management. A majority of the members would constitute a quorum, and if the chairman is not present at a meeting the members who are present would designate a member to act as the chairman. All Committees are permitted to call executive sessions from which guests of such Committee may be excluded, and Committee members are permitted to participate in all

⁸ The Committee Charters further permit each Committee to hire specialists or rely on outside advisors or specialists to assist in carrying out the Committee’s activities and confirm the Committee’s authority to approve any related terms of retention and fees. The MRC and PC’s authority under these provisions, however, is subject to Board approval.

⁹ In such instances, the committee chair must, as soon as practicable, report any actions taken to its committee for its ratification.

meetings by conference telephone call or other means of communication that permit all meeting participants to hear each other.¹⁰

Each Committee Charter requires the relevant Committee to review its respective charter annually, with each charter submitted to OCC's Board for reapproval with any such changes that the relevant Committee deems advisable.

The discussion that follows summarizes the key charter provisions associated with the specific functions of the MRC, AC and PC, respectively.

The MRC Charter

The MRC Charter sets forth the MRC's purpose as overseeing OCC's policies and processes for identifying, addressing and reporting on strategic, operational and financial risk as well as OCC's enterprise risk management framework, among other duties, as well as performing those functions delegated to it in OCC's By-Laws and Rules.¹¹ In addition, the MRC Charter clarifies that it is the MRC's responsibility to review periodic reports from OCC's enterprise risk management program and to review and assess that program annually, and that the MRC must provide a report to the Board of Directors on an annual basis that summarizes its activities during the past year.¹²

The MRC Charter requires the MRC to be composed of OCC's Chairman, Member Vice Chairman, and three or more other Member Directors appointed annually by the Board. The MRC is to be chaired by a Public Director. The MRC Charter requires the MRC to meet at least seven times a year.

The MRC Charter sets forth certain responsibilities and functions for the MRC, including but not limited to, the following: reviewing and approving or disapproving certain requests from clearing members, including proposals to become managed clearing members, to expand clearing activities to include additional account types or products, and to participate in stock loan programs; periodically reviewing OCC's initial and ongoing membership requirements and standards; periodically reviewing and recommending modifications to the inputs to OCC's margin formula, the methodologies behind margin and clearing fund requirements, the lists of approved classes of GSE debt securities for margin deposits, and the applicable haircuts for margin; modifying margin requirements; reviewing the adequacy and efficacy of and

¹⁰ Meeting minutes would be required to be kept and circulated with the Board.

¹¹ This oversight by the MRC includes, but is not limited to, review of material policies and processes concerning: membership criteria and financial safeguards; member and other counterparty risk exposure assessments; liquidity requirements and maintenance of financial resources; risk modeling and assessments; and default management planning.

¹² The MRC may make other reports to the Board of Directors as it deems appropriate.

recommending modifications to OCC's contingency plans for clearing member failures; periodically reviewing clearing member surveillance standards, and reviewing and advising management with respect to such surveillance; periodically reviewing and assessing, and reviewing reports from, OCC's enterprise risk management program; and performing such other functions specified in OCC's By-Laws and Rules or delegated to it by the Board.

The AC Charter

The AC Charter sets forth the purpose of the AC as assisting the Board in fulfilling its oversight responsibilities, by serving as an independent and objective party to oversee OCC's financial reporting process, system of internal control, and auditing, accounting and compliance environment and processes. The AC's purpose also includes overseeing the audit efforts of OCC's independent accountants and the internal audit department, as well as facilitating open communication among the independent accountants, financial and senior management, internal audit department, compliance department and the Board.

The AC Charter requires that the AC be composed of three or more directors appointed annually by the Board, each of whom must have a working familiarity with basic finance and accounting practices. At least one member, if possible, is required to have accounting or related financial management expertise. The Board is permitted to appoint a Chair of the AC, though in the absence of a Board appointment, the AC should appoint a Chairman by majority vote of the full AC membership. The AC Charter requires the AC to meet at least four times a year.

The AC Charter also assigns specific activities to the AC, including, but not limited to, the following: appointing, overseeing and reviewing OCC's independent accountants, and all fees paid to them; reviewing the annual audit plan, annual internal control attestation engagement, and the annual audited financial statements and related reports; approve any decision of OCC's management to appoint or replace the Chief Compliance Officer; reviewing and approving the Compliance Charter; assessing the performance and effectiveness of the compliance program; reviewing and evaluating any annual compliance report that may as a matter of regulation be certified by the Chief Compliance Officer; reviewing remediation tracking performed by OCC's compliance department in connection with regulatory inspection reports and management's response; reviewing OCC's system to communicate and monitor compliance with and enforcement of OCC's Code of Conduct and the outcome of disciplinary actions taken by OCC; and establishing "whistleblower" procedures for the reporting by personnel of any concerns regarding unethical or illegal conduct.

The PC Charter

The PC Charter sets forth the PC's purpose as assisting the Board in oversight of OCC's overall performance in promptly and accurately delivering clearance, settlement and other designated industry services and in the accomplishment of other periodically-established

corporate goals and objectives given OCC's systemically important status. The PC is also tasked with recommending compensation for certain OCC officers and reviewing and approving the structure and design of employee compensation, incentive and benefit programs.

The PC Charter requires that the PC be composed of OCC's Chairman, Member Vice Chairman and three or more other directors appointed annually by the Board, and that the PC be chaired by OCC's Member Vice Chairman. The PC Charter states that the PC will generally meet in advance of each regularly scheduled Board meeting.

The PC Charter describes the PC's role as one of oversight, including oversight of management's responsibility to identify, organize, and manage the operational, systems, technology, financial, human, and other resources necessary to support OCC's clearance, settlement and other business activities. The PC Charter sets forth additional functions and responsibilities including, but not limited to, the following: regularly scheduled reviews of OCC's Corporate Plan, Budget, executive performance and compensation, employment contracts, changes in OCC's fee structure, and special financial matters; oversight of the administration of OCC's various incentive, bonus, deferred compensation, retirement and welfare plans; periodic assessment of succession plans for key executives; oversight of the compensation, benefits and perquisites of OCC's executive and management personnel, provided that decisions with respect to the individual compensation of the Chairman, Management Vice Chairman, and President shall be made in the form of recommendations to the Board; and any other activities that are consistent with the PC Charter, as the PC or the Board may deem necessary or appropriate.

OCC reviewed the derivatives clearing organization ("DCO") core principles ("Core Principles") as set forth in the Commodity Exchange Act. During this review, OCC identified the following Core Principle as potentially being impacted:

Risk Management. OCC believes that by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities with respect to risk management, as set forth in the DCO Core Principles. OCC's adoption of the Committee Charters will help it implement a framework to monitor and manage the risks to which it is exposed.

Public Information. OCC believes that by implementing the proposed rule change it will be better able to manage the risks associated with discharging its responsibilities with respect to public information, as set forth in the DCO Core Principles. OCC will post the Board Charter and the Committee Charters to its public website thereby providing the public with relevant information regarding OCC's clearance and settlement services.

Opposing Views

No opposing views were expressed related to the rule amendments.

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of the submission on OCC's website concurrently with the filing of this submission.

Certification

OCC hereby certifies that the rule set forth at Item 1 of the enclosed filing complies with the Act and the CFTC's regulations thereunder.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,



Stephen Szarmack
Vice President & Associate General Counsel

Enclosure

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

This proposed rule change by The Options Clearing Corporation (“OCC”) concerns the Charters for the OCC Board of Directors (“Board Charter”) and the Membership/Risk Committee (“MRC Charter”), Audit Committee (“AC Charter”) and Performance Committee (“PC Charter”) of the Board (collectively, the “Committee Charters”).¹ These Charters are attached hereto as Exhibits 5A, 5B, 5C and 5D, respectively.

Item 2. Procedures of the Self-Regulatory Organization

The Board of Directors (the “Board”) adopted the Board Charter on March 7, 2013, approved amendments to the MRC Charter on March 7, 2013, approved amendments to the AC Charter on July 24, 2012, and approved amendments to the PC Charter on July 24, 2012. In connection with approving amendments to the Committee Charters, each Committee Charter was reviewed in its entirety by the Board.

Questions regarding the proposed rule change should be addressed to Stephen Szarmack, Vice President and Associate General Counsel, at (312) 322-4802.

¹ The Board Charter was adopted by the Board of Directors on March 7, 2013. Prior versions existed of the MRC Charter, AC Charter and PC Charter. Each of these Committee Charters were reviewed and amended in 2012 with the MRC Charter being further amended in 2013. The 2013 amendment provided that a Public Director would Chair the Membership/Risk Committee. *See* Securities Exchange Act Release No. 70486 (September 24, 2013), 78 FR 59994 (September 30, 2013) (SR-OCC-2013-12). OCC has not previously submitted the Board Committee Charters as rule changes pursuant to Section 19(b) of the Exchange Act, 15 U.S.C. 78s(b), and Rule 19b-4 thereunder, 17 CFR 240.19b-4, but is now doing so in light of recently provided guidance by the Commission’s staff. Since none of these Charters have been the subject of prior rule filings, the key terms of each Charter, as most recently approved by the Board, are described in more detail below in Item 3.

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

This proposed rule change concerns the Board, Membership/Risk Committee (“MRC”), Audit Committee (“AC”) and Performance Committee (“PC”) Charters.

Board of Directors Charter

The introduction of the Board Charter reconfirms that oversight of the management of the business and affairs of OCC is generally vested in the Board. OCC has not previously adopted a charter for its Board of Directors because OCC’s By-Laws and Rules provide the framework within which the respective responsibilities of OCC’s Board and management have been defined. The Board Charter does not impose any new responsibilities on the Board, but rather reflects the longstanding powers and duties of the Board, as well as underlying practices that have been developed to aid the Board in meeting its obligations. The Board’s adoption of a Charter at this time reflects a desire to increase the transparency of the Board’s oversight activities for parties outside of OCC, promote accountability, and to align with corporate governance best practices.

The Board Charter would also acknowledge certain parameters applicable to the membership in and organization of the Board, many of which are separately provided for in OCC’s By-Laws.² The Board Charter would reflect that the size and composition of the Board and qualification standards used in the selection of Directors would be consistent with the corresponding terms of the By-Laws. Actions concerning the election, resignation, and disqualification of Directors, and with respect to the tenure of service of each category of Director, would be required to be taken in accordance with the By-Laws. The Management

² The Board Charter contains cross-references to such applicable provisions of OCC’s By-Laws. For ease of readability, those cross-references have not been repeated in this Item 3.

Director³ and Exchange Directors would be required to be elected at each annual stockholder meeting and term limits and the absence of age limits for Directors would be addressed along with responsibilities of any Management or Member Vice Chairman.

The Board Charter would address certain aspects of the membership and organization of the Board with respect to meetings. The Board would meet a minimum of five times each year with special meetings called pursuant to the By-Laws.⁴ Expectations concerning participation in meetings by Directors would be set out and the Chairman of the Board would be required to set the agenda in consultation with the President and the Secretary.

The Board Charter would provide that the Board is authorized to make inquiries as it deems appropriate in the execution of its duties and may confer with OCC management or employees.⁵ The Board would elect certain corporate officers annually, as provided for in the By-Laws.

The Board would be permitted to form such committees and subcommittees as it deems appropriate and delegate authority to committee members.⁶ Chairs of the Board

³ Pursuant to a recent OCC rule change that has been approved by the Commission, but not yet implemented by OCC, the office of Chairman of OCC will be split into two offices, Executive Chairman and President. Each of the Executive Chairman and the President will be elected as Management Directors by the stockholders at each annual stockholder meeting. *See* File No. SR-OCC-2013-09, 78 FR 47449 (Aug. 5, 2013).

⁴ The Chairman would be permitted to ask OCC management or others to attend meetings and to provide pertinent information and the Board would be permitted to call executive sessions from which OCC management may be excluded. A majority of the Directors then in office, but not fewer than six Directors, would constitute a quorum for the conduct of business of the Board.

⁵ The Board Charter would provide that in discharging its oversight role the Board may hire specialists or rely on outside advisors or specialists and that it would have the authority to approve related fees and terms of retention.

⁶ The Board would be required to establish a written charter for each committee.

committees would be determined in accordance with the terms of the applicable committee charter and any applicable provisions of the By-Laws. Committee assignments would be annually reviewed and approved by the Board subject to the By-Laws. Consistent with the requirements applicable to the Directors serving on the Board, Directors on Board committees would be expected to meet certain standards of preparation and participation.

As a more detailed expression of the Board's responsibility to act as a steward of OCC and ensure it has the critical capabilities to achieve its obligations in a safe, sound, efficient and prudential manner, the Board Charter would identify specific functions and responsibilities of the Board.⁷ The Board Charter would also note that certain functions and responsibilities of the Board are set forth separately in the By-Laws⁸ and that each Director must act in good faith in the best interests of OCC and with due regard for the fiduciary responsibilities owed to OCC. Each Director would also be required to comply with certain conduct requirements.

⁷ These include the responsibility to oversee: OCC's governance processes in a manner consistent with the Board Charter; processes and framework for assessing, managing and monitoring strategic, financial and operational risk; financial reporting, auditing, accounting and compliance processes; a system of internal controls; major capital expenditures; the development and design of employee compensation, incentive and benefit programs; and compensation of the Chairman and the President. The Board Charter would also specifically require the Board to approve and oversee OCC's business strategies, monitor performance in delivering clearance and settlement services; foster OCC's processes designed to ensure compliance with applicable laws and regulations and conduct business in a legal and ethical manner; assure management succession; and approve OCC's annual budget and corporate plan.

⁸ The Charter would identify the Board's responsibility under the By-Laws to approve applications for clearing membership and initial contributions to the clearing fund, OCC's fee structure as well as rebates, discounts and refunds of clearing fees, and modifications of OCC's By-Laws and Rules. The Board Charter would also identify the responsibility of the Board to determine disqualifications from Board service and fill vacancies, elect corporate officers, conduct hearings in connection with a denial or suspension of membership; and suspend a clearing member.

Committee Charters

OCC has long maintained Charters for the MRC, AC and PC (each, a “Committee,” and collectively, the “Committees”). Below is a discussion of the provisions common across all the Committee Charters, followed by a discussion of each Committee Charter’s unique provisions.

The purpose of the Committee Charters is to describe the role each Committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC’s By-Laws and Rules, as well as specify the policies and procedures governing the membership and organization, scope of authority, and specific functions and responsibilities of each Committee. The guidelines for the composition of each Committee, as well as the policies regarding its meeting schedules, quorum rules, minute-keeping and reporting requirements, are set forth in each charter and conform to applicable requirements specified in OCC’s By-Laws and Rules. Each Committee, subject to the direction of the Board, is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to accomplish the purpose and responsibilities set forth in its Charter, and is authorized to further delegate this authority to various subcommittees that it may form. Each Committee is authorized to make inquiries into any matter related to its respective purpose and responsibilities⁹ and to confer with OCC’s management and other employees as it deems appropriate. Additionally, the chair of each

⁹ The Committee Charters further permit each Committee to hire specialists or rely on outside advisors or specialists to assist in carrying out the Committee’s activities and confirm the Committee’s authority to approve any related terms of retention and fees. The MRC and PC’s authority under these provisions, however, is subject to Board approval.

Committee would be authorized to act on behalf of its respective Committee in the case that immediate action is required, and it is impractical to convene such Committee.¹⁰

While each Committee Charter sets forth its own Committee composition requirements, each requires the inclusion of at least one Public Director and empowers the Board to remove or replace any Committee member at any time.

Each Committee Charter sets forth its own meeting schedule, though each empowers its respective chairman to call additional meetings as circumstances dictate. Each Committee Charter specifies that the agenda for each Committee's meetings would be established by the chairman of the Committee, or its designee, in consultation with the Secretary and OCC's management. A majority of the members would constitute a quorum, and if the chairman is not present at a meeting the members who are present would designate a member to act as the chairman. All Committees are permitted to call executive sessions from which guests of such Committee may be excluded, and Committee members are permitted to participate in all meetings by conference telephone call or other means of communication that permit all meeting participants to hear each other.¹¹

Each Committee Charter requires the relevant Committee to review its respective charter annually, with each charter submitted to OCC's Board for reapproval with any such changes that the relevant Committee deems advisable.

The discussion that follows summarizes the key charter provisions associated with the specific functions of the MRC, AC and PC, respectively.

¹⁰ In such instances, the committee chair must, as soon as practicable, report any actions taken to its committee for its ratification.

¹¹ Meeting minutes would be required to be kept and circulated with the Board.

The MRC Charter

The MRC Charter sets forth the MRC's purpose as overseeing OCC's policies and processes for identifying, addressing and reporting on strategic, operational and financial risk as well as OCC's enterprise risk management framework, among other duties, as well as performing those functions delegated to it in OCC's By-Laws and Rules.¹² In addition, the MRC Charter clarifies that it is the MRC's responsibility to review periodic reports from OCC's enterprise risk management program and to review and assess that program annually, and that the MRC must provide a report to the Board of Directors on an annual basis that summarizes its activities during the past year.¹³

The MRC Charter requires the MRC to be composed of OCC's Chairman, Member Vice Chairman, and three or more other Member Directors appointed annually by the Board. The MRC is to be chaired by a Public Director. The MRC Charter requires the MRC to meet at least seven times a year.

The MRC Charter sets forth certain responsibilities and functions for the MRC, including but not limited to, the following: reviewing and approving or disapproving certain requests from clearing members, including proposals to become managed clearing members, to expand clearing activities to include additional account types or products, and to participate in stock loan programs; periodically reviewing OCC's initial and ongoing membership requirements and standards; periodically reviewing and recommending modifications to the inputs to OCC's margin formula, the methodologies behind margin and clearing fund

¹² This oversight by the MRC includes, but is not limited to, review of material policies and processes concerning: membership criteria and financial safeguards; member and other counterparty risk exposure assessments; liquidity requirements and maintenance of financial resources; risk modeling and assessments; and default management planning.

¹³ The MRC may make other reports to the Board of Directors as it deems appropriate.

requirements, the lists of approved classes of GSE debt securities for margin deposits, and the applicable haircuts for margin; modifying margin requirements; reviewing the adequacy and efficacy of and recommending modifications to OCC's contingency plans for clearing member failures; periodically reviewing clearing member surveillance standards, and reviewing and advising management with respect to such surveillance; periodically reviewing and assessing, and reviewing reports from, OCC's enterprise risk management program; and performing such other functions specified in OCC's By-Laws and Rules or delegated to it by the Board.

The AC Charter

The AC Charter sets forth the purpose of the AC as assisting the Board in fulfilling its oversight responsibilities, by serving as an independent and objective party to oversee OCC's financial reporting process, system of internal control, and auditing, accounting and compliance environment and processes. The AC's purpose also includes overseeing the audit efforts of OCC's independent accountants and the internal audit department, as well as facilitating open communication among the independent accountants, financial and senior management, internal audit department, compliance department and the Board.

The AC Charter requires that the AC be composed of three or more directors appointed annually by the Board, each of whom must have a working familiarity with basic finance and accounting practices. At least one member, if possible, is required to have accounting or related financial management expertise. The Board is permitted to appoint a Chair of the AC, though in the absence of a Board appointment, the AC should appoint a Chairman by majority vote of the full AC membership. The AC Charter requires the AC to meet at least four times a year.

The AC Charter also assigns specific activities to the AC, including, but not limited to, the following: appointing, overseeing and reviewing OCC's independent accountants,

and all fees paid to them; reviewing the annual audit plan, annual internal control attestation engagement, and the annual audited financial statements and related reports; approve any decision of OCC's management to appoint or replace the Chief Compliance Officer; reviewing and approving the Compliance Charter; assessing the performance and effectiveness of the compliance program; reviewing and evaluating any annual compliance report that may as a matter of regulation be certified by the Chief Compliance Officer; reviewing remediation tracking performed by OCC's compliance department in connection with regulatory inspection reports and management's response; reviewing OCC's system to communicate and monitor compliance with and enforcement of OCC's Code of Conduct and the outcome of disciplinary actions taken by OCC; and establishing "whistleblower" procedures for the reporting by personnel of any concerns regarding unethical or illegal conduct.

The PC Charter

The PC Charter sets forth the PC's purpose as assisting the Board in oversight of OCC's overall performance in promptly and accurately delivering clearance, settlement and other designated industry services and in the accomplishment of other periodically-established corporate goals and objectives given OCC's systemically important status. The PC is also tasked with recommending compensation for certain OCC officers and reviewing and approving the structure and design of employee compensation, incentive and benefit programs.

The PC Charter requires that the PC be composed of OCC's Chairman, Member Vice Chairman and three or more other directors appointed annually by the Board, and that the PC be chaired by OCC's Member Vice Chairman. The PC Charter states that the PC will generally meet in advance of each regularly scheduled Board meeting.

The PC Charter describes the PC's role as one of oversight, including oversight of management's responsibility to identify, organize, and manage the operational, systems,

technology, financial, human, and other resources necessary to support OCC's clearance, settlement and other business activities. The PC Charter sets forth additional functions and responsibilities including, but not limited to, the following: regularly scheduled reviews of OCC's Corporate Plan, Budget, executive performance and compensation, employment contracts, changes in OCC's fee structure, and special financial matters; oversight of the administration of OCC's various incentive, bonus, deferred compensation, retirement and welfare plans; periodic assessment of succession plans for key executives; oversight of the compensation, benefits and perquisites of OCC's executive and management personnel, provided that decisions with respect to the individual compensation of the Chairman, Management Vice Chairman, and President shall be made in the form of recommendations to the Board; and any other activities that are consistent with the PC Charter, as the PC or the Board may deem necessary or appropriate.

* * *

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Securities Exchange Act of 1934 ("Act")¹⁴ because the Board Charter and Committee Charters will help ensure that OCC's governance structure is designed to protect investors and the public interest. By creating a Board Charter and making certain amendments to the MRC Charter, AC Charter and PC Charter that clarify the duties and operations of the Board and its Committees OCC will have, as required under Rule 17Ad-22(d)(8), a clear and transparent governance structure that will fulfill the public interests requirements in Section 17A of the Act, support the objectives of OCC's owners and participants, and promote the effectiveness of OCC's risk management procedures.¹⁵

¹⁴ 15 U.S.C. 78q-1(b)(3)(F).

¹⁵ 17 CFR 240.17Ad-22(d)(8).

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 that is not necessary or appropriate in furtherance of the purposes of the Act.¹⁶ This proposed rule change will help ensure that OCC meets regulatory requirements that it has a clear and transparent governance structure, as well as clarify the organization, duties and operation of its Board and Committee, through the adoption of the Board Charter and updated Committee Charters. To the extent OCC's clearing members are affected by proposed rule change, OCC believes that, by clarifying and publishing the terms of the Board and Committee Charters in the public domain, all of its participants will have greater certainty concerning OCC's governance arrangements and that such clarification will facilitate the prompt and accurate settlement of securities transactions. Accordingly, OCC does not believe that the proposed rule will it impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

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.

¹⁶ 15 U.S.C. 78q-1(b)(3)(I).

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19b(7)(D)

Not applicable.

Item 8. Proposed Rule Change Based on Rules for 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. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

Item 11. Exhibits

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

Exhibit 5A Board of Directors Charter

Exhibit 5B Membership/Risk Committee Charter

Exhibit 5C Audit Committee Charter

Exhibit 5D Performance Committee Charter

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:  _____
Stephen M. Szarmack
Vice President and
Associate General Counsel

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]; File No. SR-OCC-2013-17)

October 17, 2013

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Concerning the Board, Membership/Risk Committee, Audit Committee and Performance Committee Charters

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder² notice is hereby given that on October 17, 2013, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change as described in Items I, II and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency’s Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change concerns the charters of OCC’s Board of Directors (“Board Charter”) and the Membership/Risk Committee (“MRC Charter”), Audit Committee (“AC Charter”) and Performance Committee (“PC Charter”) of OCC’s Board of Directors (collectively, the “Committee Charters”).³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The Board Charter was adopted by the Board of Directors on March 7, 2013. Prior versions existed of the MRC Charter, AC Charter and PC Charter. Each of these Committee Charters were reviewed and amended in 2012 with the MRC Charter being further amended in 2013. The 2013 amendment provided that a Public Director would Chair the Membership/Risk Committee. *See* Securities Exchange Act Release No. 70486 (September 24, 2013), 78 FR 59994 (September 30, 2013) (SR-OCC-2013-12). OCC has

II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC 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. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

This proposed rule change concerns the Board, Membership/Risk Committee ("MRC"), Audit Committee ("AC") and Performance Committee ("PC") Charters.

Board of Directors Charter

The introduction of the Board Charter reconfirms that oversight of the management of the business and affairs of OCC is generally vested in the Board. OCC has not previously adopted a charter for its Board of Directors ("Board") because OCC's By-Laws and Rules provide the framework within which the respective responsibilities of OCC's Board and management have been defined. The Board Charter does not impose any new responsibilities on the Board, but rather reflects the longstanding powers and duties of the Board, as well as underlying practices that have been developed to aid the Board in meeting its obligations. The Board's adoption of a Charter at this time reflects a desire to increase the transparency of the

not previously submitted the Board Committee Charters as rule changes pursuant to Section 19(b) of the Exchange Act, 15 U.S.C. 78s(b), and Rule 19b-4 thereunder, 17 CFR 240.19b-4, but is now doing so in light of recently provided guidance by the Commission's staff. Since none of these Charters have been the subject of prior rule filings, the key terms of each Charter, as most recently approved by the Board, are described in more detail below in Item 3.

Board's oversight activities for parties outside of OCC, promote accountability, and to align with corporate governance best practices.

The Board Charter would also acknowledge certain parameters applicable to the membership in and organization of the Board, many of which are separately provided for in OCC's By-Laws.⁴ The Board Charter would reflect that the size and composition of the Board and qualification standards used in the selection of Directors would be consistent with the corresponding terms of the By-Laws. Actions concerning the election, resignation, and disqualification of Directors, and with respect to the tenure of service of each category of Director, would be required to be taken in accordance with the By-Laws. The Management Director⁵ and Exchange Directors would be required to be elected at each annual stockholder meeting and term limits and the absence of age limits for Directors would be addressed along with responsibilities of any Management or Member Vice Chairman.

The Board Charter would address certain aspects of the membership and organization of the Board with respect to meetings. The Board would meet a minimum of five times each year with special meetings called pursuant to the By-Laws.⁶ Expectations concerning

⁴ The Board Charter contains cross-references to such applicable provisions of OCC's By-Laws. For ease of readability, those cross-references have not been repeated in this Item 3.

⁵ Pursuant to a recent OCC rule change that has been approved by the Commission, but not yet implemented by OCC, the office of Chairman of OCC will be split into two offices, Executive Chairman and President. Each of the Executive Chairman and the President will be elected as Management Directors by the stockholders at each annual stockholder meeting. See File No. SR-OCC-2013-09, 78 FR 47449 (Aug. 5, 2013).

⁶ The Chairman would be permitted to ask OCC management or others to attend meetings and to provide pertinent information and the Board would be permitted to call executive sessions from which OCC management may be excluded. A majority of the Directors

participation in meetings by Directors would be set out and the Chairman of the Board would be required to set the agenda in consultation with the President and the Secretary.

The Board Charter would provide that the Board is authorized to make inquiries as it deems appropriate in the execution of its duties and may confer with OCC management or employees.⁷ The Board would elect certain corporate officers annually, as provided for in the By-Laws.

The Board would be permitted to form such committees and subcommittees as it deems appropriate and delegate authority to committee members.⁸ Chairs of the Board committees would be determined in accordance with the terms of the applicable committee charter and any applicable provisions of the By-Laws. Committee assignments would be annually reviewed and approved by the Board subject to the By-Laws. Consistent with the requirements applicable to the Directors serving on the Board, Directors on Board committees would be expected to meet certain standards of preparation and participation.

As a more detailed expression of the Board's responsibility to act as a steward of OCC and ensure it has the critical capabilities to achieve its obligations in a safe, sound, efficient and prudential manner, the Board Charter would identify specific functions and responsibilities

then in office, but not fewer than six Directors, would constitute a quorum for the conduct of business of the Board.

⁷ The Board Charter would provide that in discharging its oversight role the Board may hire specialists or rely on outside advisors or specialists and that it would have the authority to approve related fees and terms of retention.

⁸ The Board would be required to establish a written charter for each committee.

of the Board.⁹ The Board Charter would also note that certain functions and responsibilities of the Board are set forth separately in the By-Laws¹⁰ and that each Director must act in good faith in the best interests of OCC and with due regard for the fiduciary responsibilities owed to OCC. Each Director would also be required to comply with certain conduct requirements.

Committee Charters

OCC has long maintained Charters for the MRC, AC and PC (each, a “Committee,” and collectively, the “Committees”). Below is a discussion of the provisions common across all the Committee Charters, followed by a discussion of each Committee Charter’s unique provisions.

The purpose of the Committee Charters is to describe the role each Committee plays in assisting the Board in fulfilling its responsibilities, as described in OCC’s By-Laws and Rules, as well as specify the policies and procedures governing the membership and

⁹ These include the responsibility to oversee: OCC’s governance processes in a manner consistent with the Board Charter; processes and framework for assessing, managing and monitoring strategic, financial and operational risk; financial reporting, auditing, accounting and compliance processes; a system of internal controls; major capital expenditures; the development and design of employee compensation, incentive and benefit programs; and compensation of the Chairman and the President. The Board Charter would also specifically require the Board to approve and oversee OCC’s business strategies, monitor performance in delivering clearance and settlement services; foster OCC’s processes designed to ensure compliance with applicable laws and regulations and conduct business in a legal and ethical manner; assure management succession; and approve OCC’s annual budget and corporate plan.

¹⁰ The Charter would identify the Board’s responsibility under the By-Laws to approve applications for clearing membership and initial contributions to the clearing fund, OCC’s fee structure as well as rebates, discounts and refunds of clearing fees, and modifications of OCC’s By-Laws and Rules. The Board Charter would also identify the responsibility of the Board to determine disqualifications from Board service and fill vacancies, elect corporate officers, conduct hearings in connection with a denial or suspension of membership; and suspend a clearing member.

organization, scope of authority, and specific functions and responsibilities of each Committee. The guidelines for the composition of each Committee, as well as the policies regarding its meeting schedules, quorum rules, minute-keeping and reporting requirements, are set forth in each charter and conform to applicable requirements specified in OCC's By-Laws and Rules. Each Committee, subject to the direction of the Board, is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to accomplish the purpose and responsibilities set forth in its Charter, and is authorized to further delegate this authority to various subcommittees that it may form. Each Committee is authorized to make inquiries into any matter related to its respective purpose and responsibilities¹¹ and to confer with OCC's management and other employees as it deems appropriate. Additionally, the chair of each Committee would be authorized to act on behalf of its respective Committee in the case that immediate action is required, and it is impractical to convene such Committee.¹²

While each Committee Charter sets forth its own Committee composition requirements, each requires the inclusion of at least one Public Director and empowers the Board to remove or replace any Committee member at any time.

Each Committee Charter sets forth its own meeting schedule, though each empowers its respective chairman to call additional meetings as circumstances dictate. Each Committee Charter specifies that the agenda for each Committee's meetings would be

¹¹ The Committee Charters further permit each Committee to hire specialists or rely on outside advisors or specialists to assist in carrying out the Committee's activities and confirm the Committee's authority to approve any related terms of retention and fees. The MRC and PC's authority under these provisions, however, is subject to Board approval.

¹² In such instances, the committee chair must, as soon as practicable, report any actions taken to its committee for its ratification.

established by the chairman of the Committee, or its designee, in consultation with the Secretary and OCC's management. A majority of the members would constitute a quorum, and if the chairman is not present at a meeting the members who are present would designate a member to act as the chairman. All Committees are permitted to call executive sessions from which guests of such Committee may be excluded, and Committee members are permitted to participate in all meetings by conference telephone call or other means of communication that permit all meeting participants to hear each other.¹³

Each Committee Charter requires the relevant Committee to review its respective charter annually, with each charter submitted to OCC's Board for reapproval with any such changes that the relevant Committee deems advisable.

The discussion that follows summarizes the key charter provisions associated with the specific functions of the MRC, AC and PC, respectively.

The MRC Charter

The MRC Charter sets forth the MRC's purpose as overseeing OCC's policies and processes for identifying, addressing and reporting on strategic, operational and financial risk as well as OCC's enterprise risk management framework, among other duties, as well as performing those functions delegated to it in OCC's By-Laws and Rules.¹⁴ In addition, the MRC Charter clarifies that it is the MRC's responsibility to review periodic reports from OCC's enterprise risk management program and to review and assess that program annually, and that

¹³ Meeting minutes would be required to be kept and circulated with the Board.

¹⁴ This oversight by the MRC includes, but is not limited to, review of material policies and processes concerning: membership criteria and financial safeguards; member and other counterparty risk exposure assessments; liquidity requirements and maintenance of financial resources; risk modeling and assessments; and default management planning.

the MRC must provide a report to the Board of Directors on an annual basis that summarizes its activities during the past year.¹⁵

The MRC Charter requires the MRC to be composed of OCC's Chairman, Member Vice Chairman, and three or more other Member Directors appointed annually by the Board. The MRC is to be chaired by a Public Director. The MRC Charter requires the MRC to meet at least seven times a year.

The MRC Charter sets forth certain responsibilities and functions for the MRC, including but not limited to, the following: reviewing and approving or disapproving certain requests from clearing members, including proposals to become managed clearing members, to expand clearing activities to include additional account types or products, and to participate in stock loan programs; periodically reviewing OCC's initial and ongoing membership requirements and standards; periodically reviewing and recommending modifications to the inputs to OCC's margin formula, the methodologies behind margin and clearing fund requirements, the lists of approved classes of GSE debt securities for margin deposits, and the applicable haircuts for margin; modifying margin requirements; reviewing the adequacy and efficacy of and recommending modifications to OCC's contingency plans for clearing member failures; periodically reviewing clearing member surveillance standards, and reviewing and advising management with respect to such surveillance; periodically reviewing and assessing, and reviewing reports from, OCC's enterprise risk management program; and performing such other functions specified in OCC's By-Laws and Rules or delegated to it by the Board.

¹⁵ The MRC may make other reports to the Board of Directors as it deems appropriate.

The AC Charter

The AC Charter sets forth the purpose of the AC as assisting the Board in fulfilling its oversight responsibilities, by serving as an independent and objective party to oversee OCC's financial reporting process, system of internal control, and auditing, accounting and compliance environment and processes. The AC's purpose also includes overseeing the audit efforts of OCC's independent accountants and the internal audit department, as well as facilitating open communication among the independent accountants, financial and senior management, internal audit department, compliance department and the Board.

The AC Charter requires that the AC be composed of three or more directors appointed annually by the Board, each of whom must have a working familiarity with basic finance and accounting practices. At least one member, if possible, is required to have accounting or related financial management expertise. The Board is permitted to appoint a Chair of the AC, though in the absence of a Board appointment, the AC should appoint a Chairman by majority vote of the full AC membership. The AC Charter requires the AC to meet at least four times a year.

The AC Charter also assigns specific activities to the AC, including, but not limited to, the following: appointing, overseeing and reviewing OCC's independent accountants, and all fees paid to them; reviewing the annual audit plan, annual internal control attestation engagement, and the annual audited financial statements and related reports; approve any decision of OCC's management to appoint or replace the Chief Compliance Officer; reviewing and approving the Compliance Charter; assessing the performance and effectiveness of the compliance program; reviewing and evaluating any annual compliance report that may as a matter of regulation be certified by the Chief Compliance Officer; reviewing remediation

tracking performed by OCC's compliance department in connection with regulatory inspection reports and management's response; reviewing OCC's system to communicate and monitor compliance with and enforcement of OCC's Code of Conduct and the outcome of disciplinary actions taken by OCC; and establishing "whistleblower" procedures for the reporting by personnel of any concerns regarding unethical or illegal conduct.

The PC Charter

The PC Charter sets forth the PC's purpose as assisting the Board in oversight of OCC's overall performance in promptly and accurately delivering clearance, settlement and other designated industry services and in the accomplishment of other periodically-established corporate goals and objectives given OCC's systemically important status. The PC is also tasked with recommending compensation for certain OCC officers and reviewing and approving the structure and design of employee compensation, incentive and benefit programs.

The PC Charter requires that the PC be composed of OCC's Chairman, Member Vice Chairman and three or more other directors appointed annually by the Board, and that the PC be chaired by OCC's Member Vice Chairman. The PC Charter states that the PC will generally meet in advance of each regularly scheduled Board meeting.

The PC Charter describes the PC's role as one of oversight, including oversight of management's responsibility to identify, organize, and manage the operational, systems, technology, financial, human, and other resources necessary to support OCC's clearance, settlement and other business activities. The PC Charter sets forth additional functions and responsibilities including, but not limited to, the following: regularly scheduled reviews of OCC's Corporate Plan, Budget, executive performance and compensation, employment contracts, changes in OCC's fee structure, and special financial matters; oversight of the

administration of OCC's various incentive, bonus, deferred compensation, retirement and welfare plans; periodic assessment of succession plans for key executives; oversight of the compensation, benefits and perquisites of OCC's executive and management personnel, provided that decisions with respect to the individual compensation of the Chairman, Management Vice Chairman, and President shall be made in the form of recommendations to the Board; and any other activities that are consistent with the PC Charter, as the PC or the Board may deem necessary or appropriate.

OCC believes that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act¹⁶ because the Board Charter and Committee Charters will help ensure that OCC's governance structure is designed to protect investors and the public interest. By creating a Board Charter and making certain amendments to the MRC Charter, AC Charter and PC Charter that clarify the duties and operations of the Board and its Committees OCC will have, as required under Rule 17Ad-22(d)(8), a clear and transparent governance structure that will fulfill the public interests requirements in Section 17A of the Act, support the objectives of OCC's owners and participants, and promote the effectiveness of OCC's risk management procedures.¹⁷

(A) Clearing Agency's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.¹⁸ This

¹⁶ 15 U.S.C. 78q-1(b)(3)(F).

¹⁷ 17 CFR 240.17Ad-22(d)(8).

¹⁸ 15 U.S.C. 78q-1(b)(3)(I).

proposed rule change will help ensure that OCC meets regulatory requirements that it has a clear and transparent governance structure, as well as clarify the organization, duties and operation of its Board and Committee, through the adoption of the Board Charter and updated Committee Charters. To the extent OCC's clearing members are affected by proposed rule change, OCC believes that, by clarifying and publishing the terms of the Board and Committee Charters in the public domain, all of its participants will have greater certainty concerning OCC's governance arrangements and that such clarification will facilitate the prompt and accurate settlement of securities transactions. Accordingly, OCC does not believe that the proposed rule will impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments on the proposed rule change 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 up to 90 days (i) as the Commission may designate 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 or disapprove 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 Commissions 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-2013-17 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2013-17. 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 website (<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 website viewing and printing in the Commission's Public Reference Section, 100 F Street, N.E., Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m.

Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at <http://www.theocc.com/about/publications/bylaws.jsp>

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-2013-17 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission by the Division of Trading and Markets, pursuant to delegated Authority.¹⁹

Kevin M. O'Neill
Deputy Secretary

Action as set forth recommended herein
APPROVED pursuant to authority delegated by
the Commission under Public Law 87-592.
For: Division of Trading and Markets

By: _____

Print Name: _____

Date: _____

¹⁹ 17 CFR 200.30-3(a)(12).

EXHIBIT 5A

The entire Board of Directors Charter is proposed to be added.

* * *

THE OPTIONS CLEARING CORPORATION
BOARD OF DIRECTORS
CHARTER

I. INTRODUCTION

Oversight of the management of the business and affairs of The Options Clearing Corporation (“OCC” or the “Corporation”) is vested in its Board of Directors (the “Board”) except as may otherwise be provided in OCC’s Certificate of Incorporation or its by-laws and rules.¹ The Board discharges its responsibilities in a manner consistent with legal and regulatory requirements applicable to OCC and the expectations of OCC’s stakeholders (i.e., stockholders, clearing members, cleared markets, market participants, and regulatory authorities). In doing so, the Board exercises its authority to promote the safe, sound and efficient operation of OCC and the development of safe, sound and prudent principles for risk assessment, monitoring and management in light of OCC’s role as a systemically important financial market utility.

Capitalized terms used in this Charter shall have the meanings set forth in OCC’s by-laws and rules unless otherwise indicated.

II. MEMBERSHIP AND ORGANIZATION

- A. Size and Composition. As provided for in the by-laws, the Board presently is comprised of one (1) Management Director who is also the Chairman of the Board and the chief executive officer of OCC; five (5) Exchange Directors representing each of OCC’s Equity Exchanges (i.e. stockholders); nine (9) Member Directors representing OCC clearing members; and three (3) Public Directors. Board size may be increased or decreased as specified in the by-laws.¹
- B. Qualification Standards. As provided for in the by-laws, the Board has adopted certain criteria to be used by designated persons in considering nominees for service as a Director (i.e., a member of OCC’s Board). The Fitness Standards for Directors, Clearing Members and Others (“Fitness Standards”), as adopted and amended by the Board, set forth such criteria and is attached hereto. Such Fitness Standards are periodically reviewed by the Board. In addition, the by-laws set forth other

¹ For example, Article III, Section 8 of OCC’s by-laws states that the Board shall not take action in respect of matters as to which the Corporation has agreed to limit its authority under the provisions of its agreements with its Equity Exchanges. Such provisions include the requirement that amendment of certain by-law provisions requires the unanimous consent of OCC’s stockholders.

considerations to be taken into account in the nomination of Member Directors for purposes of achieving balanced representation on the Board among Member Directors. Those considerations include the various business activities of clearing members and their geographical distribution.ⁱⁱ

- C. Election of Directors, Resignation and Disqualification. Election of the categories of Directors shall occur as provided in the by-laws. Resignations and disqualifications from the Board as well as the filling of any vacancy shall be addressed as provided in the by-laws.ⁱⁱⁱ
- D. Tenure, Term and Age Limitations. The tenure of service of each category of Director is specified in OCC's by-laws. The Management Director and the Exchange Directors are elected at each annual stockholder meeting. There are no term limitations with respect to such categories of Directors. Each class of Member Director and Public Director is elected to a term of three years subject to the term limitations set forth in the by-laws. No age limitations are imposed with respect to any category of Director.^{iv}
- E. Vice Chairmen of the Board. If elected by the Board and serving, the Management Vice Chairman of the Board shall have the responsibilities and duties set forth in the by-laws in the event of the absence or disability of the Chairman. The Member Vice Chairman, who is elected by the Board from the Member Directors, shall have the responsibilities and duties set forth in the by-laws, including those in the event of the absence or disability of the Chairman and the Management Vice Chairman, if elected and serving.^v
- F. Meetings. Generally, the Board regularly meets a minimum of five times per year. Directors are expected to attend all meetings of the Board, review all materials in advance and be prepared to participate fully in the meeting. Special meetings may be called as provided for in the by-laws. Briefing materials are generally distributed in advance of each Board meeting.^{vi}

The Chairman of the Board, in consultation with the President as well as the Secretary, shall establish the agenda for each Board meeting. A Director may request that an item be included on any meeting agenda. The Chairman may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Board may call executive sessions from which guests of the Board may be excluded. Directors may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.

- G. Quorum. Except as may otherwise be provided in the by-laws, a majority of the Directors then in office, but not less than six (6) Directors, shall constitute a quorum of the Board for the conduct of business.^{vii}
- H. Minutes. The Secretary or such other person appointed by the Board will prepare the minutes of each meeting of the Board, which shall be furnished to the Directors for review.^{viii}

III. AUTHORITY

- A. Scope. Except as otherwise provided in the Certificate of Incorporation and the by-laws, the Board oversees the management of the business and affairs of OCC. As required by the by-laws, the Board annually elects certain corporate officers including the Chairman of the Board (who also is the Management Director and chief executive officer), the Secretary, and the Treasurer. Each of these officers has the authorities, responsibilities and duties set forth in the by-laws and rules and such other duties as may be delegated to them in accordance with the by-laws. The Board may, but need not, elect a President. If elected, the President has the authorities, responsibilities and duties assigned to such office under the by-laws.^{ix}

In discharging its oversight role, the Board may inquire into any matter it considers appropriate to carry out its duties and responsibilities. The Board shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

The Board shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Board also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Board Committees and Delegation. The Board shall establish any standing and other committees that it deems necessary or appropriate to discharge its responsibilities. The Board presently has established three standing committees: the Audit Committee, the Membership/Risk Committee and the Performance Committee.^x

For each standing Committee the Board shall establish a written charter which shall set forth the responsibilities of that Committee, as well as Committee structure and operations, and any required reporting to the full Board. The Chairs of such Committees shall be determined in accordance with the terms of the applicable Committee Charter and, if applicable, the by-laws. Subject to and as provided in the by-laws, the Board shall approve and annually review Committee assignments. Directors are expected to attend all meetings of Committees to which they are appointed, review all materials in advance and be prepared to participate fully in the Committee's meetings.

The Board may form such other committees, including subcommittees, as it from time to time deems appropriate, and may delegate authority to one or more designated members of such committees.

- C. Review of Charter. This Charter shall be periodically reviewed by the Board of Directors.

IV. FUNCTIONS AND RESPONSIBILITIES

The Board performs an oversight role to ensure that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities in connection with its provision of clearance and settlement services as an industry utility. The Board is responsible for acting as a steward of OCC to make certain OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe, sound, efficient and prudential manner.

Either directly or indirectly through delegating certain responsibilities to its Committees, the Board has the following functions to discharge its management oversight responsibilities:

- To oversee governance processes in a manner consistent with this Charter, including reviewing Committee charters and reports of Committee activities, effecting Committee appointments, and periodically evaluating the Fitness Standards;
- To approve and oversee OCC's business strategies, including expansions of clearing and settlement services to new business lines;
- To monitor OCC's performance in delivering clearance and settlement services;
- To oversee OCC's processes and framework for assessing, managing and monitoring strategic, financial and operational risk;
- To oversee OCC's financial reporting, auditing, accounting and compliance processes;
- To foster OCC's processes designed to ensure compliance with applicable laws and regulations and to conduct business in a legal and ethical manner;
- To oversee OCC's system of internal controls;
- To oversee major capital expenditures and to approve the annual budget and corporate plan;
- To assure management succession; and
- To oversee the development and design of employee compensation, incentive and benefit programs and to regularly evaluate senior management performance and approve the compensation of the Chairman and President, if elected and serving.

In addition, the Board shall perform such functions and responsibilities as set forth in OCC's by-laws and rules, including, but not limited to:

- Determining disqualifications from Board service and making appointments to fill vacancies among the Management Director, Member Directors and Public Directors as specified in the by-laws^{xi};
- Electing designated corporate officers^{xii};

- Approving applications for clearing membership and initial contributions to the clearing fund of newly admitted clearing members, subject to the by-laws and rules^{xiii};
- Approving OCC's fee structure consistent with the by-law requirements as well as rebates, discounts and refunds of clearing fees^{xiv};
- Approving additions to, amendments of, and deletions from OCC's by-laws and rules subject to the provisions of the by-laws^{xv};
- Conducting convened hearings in connection with a denial of membership or a suspension determination^{xvi};
- Suspending a clearing member^{xvii}; and
- Performing such other functions reserved to the Board under the by-laws and rules.

V. DUTIES AND RESPONSIBILITIES OF DIRECTORS

Each Director is required to act in good faith in the best interests of OCC and with due regard to the fiduciary responsibilities owed to OCC as a business and systemically important financial market utility. In addition, each Director is required to comply with the provisions of the Code of Conduct for OCC Directors, including, without limitation, the provisions relating to conflicts of interest and confidentiality.

i Article III, Section 1
ii Article III, Sections 2, 5, 6, 6A and 7.
iii Article III, Sections 5, 6, 6A, 7 10, 11 and 12.
iv Article III, Sections 2, 6, 6A and 7; Article IV, Section 1.
v Article IV, Section 1 and 7.
vi Article III, Section 14.
vii Article III, Section 13.
viii Article IV, Section 10.
ix Article III, Section 8, Article IV Sections 1, 2 and 5.
x Article III, Section 9.
xi See end note iii.
xii See end note ix.
xiii Article V, Section 2; Article VIII, Section 2.
xiv Article III, Section 8; Article IX, Section 9.
xv Article XI, Sections 1 and 2.
xvi Article V, Section 2; Rule 1110.
xvii Article III, Section 8; Rule 1102.

The Options Clearing Corporation: Fitness Standards for Directors, Clearing Members and Others

The Options Clearing Corporation Fitness Standards

The Board of Directors and the stockholders of The Options Clearing Corporation (the "Corporation") have established qualification and fitness standards (the "Fitness Standards") for (i) directors, (ii) Clearing Members, and (iii) any person affiliated with a director or a Clearing Member. The criteria of the applicable Fitness Standards shall be used in nominating directors and in admitting Clearing Members or otherwise granting direct access to the settlement or clearing activities of the Corporation.

Fitness Standards for Directors

The Corporation's By-Laws contain governance standards designed to provide fair representation to stockholders and Clearing Members. The Board currently has 18 members consisting of nine Clearing Member directors ("Member Directors"), five directors nominated by the stockholder exchanges ("Exchange Directors"), three directors who are not affiliated with any national securities exchange, national securities association or broker or dealer in securities (the "Public Directors"), and the Corporation's Chairman (the "Management Director"). Member Directors are divided into three equal classes elected for staggered three-year terms. The Nominating Committee consists of one Public Director nominated by the Chairman with the approval of the Board of Directors and elected for a three-year term and six other non-director members which are divided into two equal classes elected for staggered two-year terms. Prior to each annual meeting of stockholders, the Nominating Committee nominates a slate of nominees for election to the class of Member Directors and the class of non-director members of the Nominating Committee whose terms expire at that meeting. Each Exchange Director serves a one-year term and is nominated by one of the five stockholder exchanges, although a single Exchange Director may represent more than one exchange. The Public Directors are divided into three classes each composed of one member elected for staggered three-year terms (with the exception of the initial Class I Public Director who serves a one-year term ending in 2013 after which the Class I Public Director will be elected for a three-year term) and are nominated by the Chairman, with the approval of the Board of Directors. The Management Director, who is the Corporation's Chairman, serves a one-year term. This governance structure was carefully designed to meet the statutory requirements of "fair representation" and facilitates the performance of the Corporation's role as a market utility.

The criteria below shall be used by the Nominating Committee, the stockholder exchanges, and the Board of Directors in considering nominees for election to the Board and service on the Disciplinary Committee.

Criteria Applicable to all Directors

- Characteristics essential for effectiveness as a member of the Board, including, but not limited to, integrity, objectivity, sound judgment, and leadership;
- Expertise and experience in an area relevant to governance of the Corporation, including, but not limited to: (i) strategic planning, such as new business development, expansion of markets, products and customers, and joint venture development; (ii) risk management relevant to risks such as credit, market, liquidity, operational, legal and regulatory compliance, payment systems, clearance and settlement, new products, risk modeling, risk valuation, and systemic risk management; (iii) technology, such as infrastructure, applications development and maintenance,

information security, and disaster recovery; (iv) operations; (v) trading; (vi) business management; (vii) finance; (viii) audit; (ix) governmental and legislative relationship management; (x) compensation and human resources; and (xi) legal, regulatory, and compliance expertise.

- Substantial seniority in own firm;
- Knowledge of securities and/or futures industries;
- Appropriate educational credentials or other certifications;
- For current directors eligible for re-election, length of service on the Board and attendance, and participation, and contribution at Board and committee meetings; and
- Appropriate weight given to diversity factors.

In addition, no person shall be qualified to serve on the Board if such person:

- is subject to a "statutory disqualification" under Section 3(a)(39) of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- may be refused registration under the Commodity Exchange Act ("CEA") pursuant to Section 8a(2) of the CEA; or
- has a history of serious disciplinary offenses, including, but not limited to, those that would be disqualifying under Commodity Futures Trading Commission ("CFTC") Regulation § 1.63.

Additional Criteria for Member Directors

- Balanced representation among all Clearing Members;
- Balanced representation of all business activities of Clearing Members;
- Nature of the firm each prospective director is associated with;
- Industry affiliations; and
- Geographical distribution of Clearing Members.

Additional Criteria for Exchange Directors

- Ownership of common stock of the Corporation by the exchange nominating an Exchange Director.

Additional Criteria for the Public Directors

- No affiliation with any national securities exchange or national securities association or with any broker or dealer in securities, as stated in the Corporation's By-Laws.

Fitness Standards for Clearing Members

Clearing Members of the Corporation are subject to extensive regulation by either or both of the SEC and the CFTC, or, or in the case of Non-U.S. Securities Firms, the regulatory authority of the country or countries in which the firm conducts business. Clearing Member applicants must be:

- Registered as a broker or dealer under the Exchange Act;
- A futures commission merchant registered under Section 4f(a)(1) of the CEA; or
- A Non-U.S. Securities Firm, as defined in the By-Laws.

The Membership/Risk Committee may refuse to admit any person as a Clearing Member if the person is subject to a “statutory disqualification” under Section 3(a)(39) of the Exchange Act. No person shall be qualified to be admitted as a Clearing Member if the person may be refused registration under the CEA pursuant to Section 8a(2) of the CEA.

Fitness Standards for Affiliates and Access Persons

No person affiliated, within the meaning of Section 5b(c)(2)(O) of the CEA, with a director of the Corporation or a Clearing Member (“Affiliates”) shall:

- meet criteria for refusal to register a person under Section 8a(2) of the CEA; unless
- the Membership/Risk Committee finds that there are special circumstances warranting the waiver of such disqualification with respect to the Affiliate.

With respect to Affiliates, the Board shall be entitled to rely on a certification from the relevant director or Clearing Member that, to the best of such person’s knowledge, none of its affiliates is subject to disqualification pursuant to the Corporation’s Fitness Standards and that such person will notify the Corporation if at any time such director or Clearing Member becomes aware that any such affiliate fails to meet the Fitness Standards.

Section 5b(c)(2)(O)(ii)(IV) of the CEA requires each derivative clearing organization (“DCO”) to establish Fitness Standards for persons with direct access to the settlement or clearing activities of the DCO (“Access Persons”). The Corporation believes that there are presently no persons with such access other than the Clearing Members.

EXHIBIT 5B

The Membership/Risk Committee Charter, as amended, appears below.

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**THE OPTIONS CLEARING CORPORATION
MEMBERSHIP/RISK COMMITTEE CHARTER**

I. PURPOSE

The Board of Directors of OCC (the “Board”) has established a Membership/Risk Committee (the “Committee”) to assist the Board in overseeing the Corporation’s policies and processes for identifying and addressing strategic, operational and financial (i.e., credit, market, liquidity and systemic) risks. The Committee is responsible for overseeing the overall enterprise risk management framework implemented by management, including reviewing material policies and processes relating to (i) membership criteria and financial safeguards, (ii) member and other counterparty risk exposure assessments, (iii) liquidity requirements and maintenance of financial resources, (iv) risk modeling and assessments, and (v) default management planning. The Committee is also responsible for performing those functions delegated to the Committee under the Corporation’s By-Laws and Rules.

II. MEMBERSHIP AND ORGANIZATION

- A. Composition. The Committee shall consist of the Chairman, the Member Vice Chairman, and three or more other Member Directors appointed annually by the Board. At least one member of the Committee shall be a Public Director. The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by a Public Director. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.
- B. Meetings. Generally, the Committee will meet at least seven times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.

A Committee member shall recuse himself from any matter in which his firm has an interest, other than a common interest shared with Clearing Members generally or a particular class of Clearing Members.

- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable. Copies of Committee minutes shall be circulated to the Board. On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. AUTHORITY

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities. The Committee shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

Subject to the approval of the Board, the Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee.
- C. Authority of the Chair. The Chair of the Committee may act on behalf of the Committee in such circumstances when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as practicable to the Committee for its ratification.

IV. FUNCTIONS AND RESPONSIBILITIES

The Committee's role is one of oversight. Management is responsible for identifying, addressing and reporting on strategic, operational and financial risks arising from the Corporation's clearance, settlement and other business activities in light of the Corporation's role as an important financial market utility.

The Membership/Risk Committee shall have the following functions and responsibilities in discharging its oversight role:

- To review applications for Clearing Membership and recommend approval or disapproval thereof to the Board on such conditions as the Committee may deem appropriate.

- To conduct hearings, as required by the By-Laws, if requested by applicants whose applications are proposed to be disapproved by the Committee.
- To approve or disapprove continued Clearing Membership by (i) Clearing Members that propose to become managed Clearing Members and (ii) managed Clearing Members after termination of their facilities management agreements, and to ratify, modify or reverse temporary approvals of such requests by the Chairman, the Management Vice Chairman, or the President.
- To review and approve or disapprove requests by Clearing Members to expand clearing activities to include additional account types and/or products, and to ratify, modify, or reverse temporary approvals of such requests by the Chairman, the Management Vice Chairman, or the President.
- To review and approve or disapprove requests by Clearing Members to participate in the Stock Loan Programs.
- To periodically review the Corporation's initial and ongoing requirements for Clearing Membership and to recommend to the Board such changes therein as the Committee deems appropriate.
- If required, to develop and recommend to the Board membership requirements and standards for entities other than broker-dealers.
- To periodically review the inputs to the Corporation's margin formula and modify them to the extent that the Committee deems such action consistent with the protection of the Corporation, Clearing Members, or the general public.
- To increase the amount of margin required in respect of any contract or position if the Committee deems such increase advisable for the protection of the Corporation, Clearing Members, or the general public.
- To establish and periodically review guidelines for requiring the deposit of additional margin for the purpose of protecting the Corporation, Clearing Members, or the general public.
- To periodically review the methodologies used for determining margin and clearing fund requirements and to recommend to the Board such changes therein as the Committee deems appropriate.
- To periodically review Clearing Member surveillance criteria and make such changes therein as the Committee deems appropriate.
- To review, as appropriate, the adequacy and effectiveness of the Corporation's contingency plan for Clearing Member failures and to approve or recommend to the Board such changes therein as the Committee deems appropriate.

- To review the financial and operational condition of Clearing Members that are subject to closer than normal surveillance (Watch Levels III and IV) and impose such restrictions on their activities, consistent with the By-Laws and Rules, as the Committee deems appropriate.
- To advise management regarding actions to be taken with respect to Clearing Members that are subject to closer than normal surveillance or are otherwise in or approaching financial or operational difficulty.
- To review in accordance with the Rules, if timely requested by a Clearing Member, and to modify or reverse, restrictions and/or requirements imposed on the Clearing Member by the Chairman, the Management Vice Chairman, or the President pursuant to Rule 305.
- To approve classes of GSE debt securities for deposit as margin.
- To prescribe intervals for revaluing debt securities deposited as margin or clearing fund deposits as provided in the Rules.
- To specify “haircuts” for securities deposited as margin as provided in the Rules.
- To make the determinations regarding approval of non-U.S. institutions to issue letters of credit provided for in the Interpretations under Rule 604.
- To review periodic reports from the Enterprise Risk Management program.
- To review and assess OCC’s Enterprise Risk Management program annually.
- To perform such other functions as shall from time to time be assigned to it by the By-Laws and Rules or delegated to it by the Board.

V. REVIEW CYCLE

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.

EXHIBIT 5C

The Audit Committee Charter, as amended, appears below.

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**THE OPTIONS CLEARING CORPORATION
AUDIT COMMITTEE CHARTER**

I. PURPOSE

The Board of Directors of OCC (the “Board”) has established an Audit Committee (the “Committee”) to assist the Board of Directors in overseeing the Corporation’s financial reporting process, the Corporation’s system of internal control, and the Corporation’s auditing, accounting, and compliance processes. The Committee’s role is that of oversight and its primary duties and responsibilities are to:

- Serve as an independent and objective party to oversee (i) the Corporation’s financial reporting process, including the integrity of its financial statements, (ii) the Corporation’s system of internal control, and (iii) the Corporation’s compliance environment and processes.
- Oversee the audit efforts of the Corporation’s independent accountants and the internal audit department.
- Facilitate open communication among the independent accountants, financial and senior management, the internal audit department, the compliance department, and the Board of Directors.

In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of the Corporation and are not, and do not represent themselves to be, accountants or auditors of the Corporation. It is not the duty or responsibility of the Committee or its members to conduct field work or other types of auditing, accounting, or compliance reviews or procedures. Management of the Corporation is responsible for maintaining appropriate accounting, compliance and financial reporting principles and policies and internal controls and procedures that comply with accounting standards and applicable laws. The independent accountants and the internal audit department of the Corporation are responsible for planning and carrying out a proper audit.

II. MEMBERSHIP AND ORGANIZATION

- A. Composition. The Committee shall be comprised of three or more directors as appointed annually by the Board. At least one Committee member shall be a Public Director. The Board may remove or replace any member of the Committee at any time. All members of the Committee shall have a working familiarity with basic finance and accounting practices, and if possible, at least one member of the Committee shall have accounting or related

financial management expertise. Unless a Chair is elected by the full Board, the members of the Committee should designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.

- B. Meetings. The Committee will meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.
- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable. Minutes of Committee meetings shall be circulated to the Board. On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. AUTHORITY

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities. The Committee shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.
- B. Delegation. The Committee may form and delegate authority to subcommittees, and may delegate authority to one or more designated members of the Committee including the approval of non-audit services performed by the independent accountant as set forth below.
- C. Authority of the Chair. The Chair of the Committee may act on behalf of the Committee in such circumstances when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as practicable to the Committee for its ratification.

IV. ACTIVITIES

The following shall be the common recurring activities of the Committee in carrying out its oversight function. These activities are set forth as a guide with the understanding that the Committee may modify this guidance as appropriate given the circumstances.

The Committee shall:

- Have a clear understanding with management and the independent accountants that the independent accountants are ultimately accountable to the Board and the Committee.
- Appoint and oversee the independent accountants or discharge the independent accountants, determine appropriate compensation for their services, and pre-approve all audit services provided, subject to annual approval by the Board.
- Review and approve the scope and approach of the annual audit plan and the annual internal control attestation engagement with the independent accountants.
- Review the Corporation's annual audited financial statements with management and the independent accountants prior to issuance.
- Review reports of the independent accountants issued in connection with the annual audit and the annual internal control attestation engagement, as well as any other special reports, and inquire of management regarding steps taken to deal with items raised.
- Discuss with the independent accountants any significant issues that may be required in accordance with generally accepted auditing standards relating to the conduct of the financial statement audit.
- Obtain and review annually reports prepared by the independent accountant describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the independent accountant and the Corporation that could be thought to bear on its independence, as well as its independence status within the meaning of the Securities Acts as administered by the Securities and Exchange Commission.
- Pre-approve non-audit services with the independent accountants.
- Review fees paid to the independent accountants.
- Review and approve the Internal Audit Department Charter and the Compliance Charter.
- Approve management's decision to appoint or replace the senior internal audit executive and Chief Compliance Officer.
- Assess the performance and the effectiveness of the compliance program, including monitoring, testing and issue resolution processes.

- Review the Corporation's system to communicate and monitor compliance with and enforcement of its Code of Conduct.
- Review periodic regulatory inspection reports, management's responses thereto, and the compliance department's tracking of remediation by the Corporation of noted items.
- Review the investigation and enforcement outcomes of disciplinary actions taken by the Corporation through its established processes.
- Review and evaluate any Annual Compliance Report certified by the Chief Compliance Officer as required by regulation.
- Review periodic reports on the Corporation's enterprise risk management program and the corporate security program.

V. GENERAL

The Committee shall:

- Approve management's decision to hire employees or former employees of the independent accountants who were engaged on the Corporation's account.
- Have the authority to obtain advice, at the Corporation's expense, from independent counsel, accountants, or others to assist it in fulfilling its duties.
- Have the ability to delegate authority to one of its members to approve non-audit services performed by the independent accountant, with such decisions communicated regularly to the Committee.
- Establish "whistleblower procedures" for the reporting by personnel of any concerns regarding unethical or illegal conduct; questionable accounting, internal controls, or auditing matters; or fraudulent, deliberate errors or misrepresentations in financial reporting.
- The Committee shall also have the authority to perform any other duties consistent with this Charter, as the Committee or Board deems necessary.

VI. REVIEW CYCLE

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.

EXHIBIT 5D

The Performance Committee Charter, as amended, appears below.

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**THE OPTIONS CLEARING CORPORATION
PERFORMANCE COMMITTEE CHARTER**

I. PURPOSE

The Board of Directors (the “Board”) has established a Performance Committee (the “Committee”) to assist the Board in (i) overseeing the overall performance of the Corporation in promptly and accurately delivering clearance, settlement and other designated industry services, and the accomplishment of other periodically established corporate goals and objectives in light of the Corporation’s role as an important financial market utility; (ii) recommending the compensation of the Management Director, the Management Vice Chairman, and the President to the Board and approving the compensation of certain other officers; and (iii) reviewing and approving the structure and design of employee compensation, incentive and benefit programs.

II. MEMBERSHIP

- A. Composition. The Committee shall consist of the Chairman, the Member Vice Chairman, and three or more other directors appointed annually by the Board of Directors. At least one member of the Committee shall be a Public Director. The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by the Member Vice Chairman. The Committee shall be chaired by the Member Vice Chairman. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.
- B. Meetings. Generally, the Committee will meet in advance of each regularly scheduled Board meeting. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which guests of the Committee may be excluded. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other.
- C. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings and shall make such reports to the Board as deemed necessary or advisable.

On an annual basis, the Committee shall provide a report to the Board summarizing its activities during the previous year.

III. AUTHORITY

A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities. The Committee shall confer with management and other employees of the Corporation to the extent it may deem necessary or appropriate to fulfill its duties.

Subject to the approval of the Board, the Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists.

B. Delegation. The Committee may form and delegate authority to subcommittees, including the Administrative Committee, and may delegate authority to one or more designated members of the Committee.

C. Authority of the Chair. The Chair of the Committee may act on behalf of the Committee in such circumstances when immediate action is required and it is impractical to convene the Committee. In such instances, the Chair shall report on any actions taken as soon as practicable to the Committee for its ratification.

IV. FUNCTIONS AND RESPONSIBILITIES

The Committee's role is one of oversight. Management is responsible for identifying, organizing, and managing the operational, systems, technology, financial, human, and other resources necessary to support the Corporation's clearance, settlement and other business activities in light of its role as an important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- To review the Corporate Plan and Budget for each fiscal year at the beginning of the year and make recommendations to the Board regarding the adoption and revision thereof.
- To review anticipated capital expenditures included in the annual Budget and to review and approve significant unanticipated capital expenditures or, where appropriate, recommend approval thereof to the Board.
- To review the Corporation's performance under the approved Corporate Plan and Budget at each regularly scheduled meeting.

- At the end of each year, to review executive performance and compensation and make recommendations to the Board regarding the compensation of the Chairman, the Management Vice Chairman, and the President.
- To oversee the administration of the Corporation's compensation plans, including the Incentive Compensation Program, the Capital Accumulation Plan, the Discretionary Bonus Program, the Special Retention Program, the Executive Deferred Compensation Plan, and any other deferred compensation plans.
- To oversee the administration of the Corporation's retirement and retiree benefit plans, including but not limited to the Retirement Plan, the Supplemental Executive Retirement Plan, the Retirement Savings Plan, and the Retiree Welfare Plan.
- To oversee the administration of the Corporation's welfare benefit plans, including but not limited to the Flexible Benefit Plan.
- To adopt new compensation, retirement and welfare plans and to amend or terminate existing plans other than the Capital Accumulation Plan (which by its terms requires Board action to amend or terminate).
- To review employment contracts and approve the same, or, in the case of contracts with the Chairman, the Management Vice Chairman, or the President, to make recommendations to the Board with respect to the approval thereof.
- In general, to oversee the compensation, benefits, and perquisites of the Corporation's executive and management personnel, provided that decisions with respect to the individual compensation of the Chairman, the Management Vice Chairman, and the President and any special benefits or perquisites for those officers shall be made in the form of recommendations to the Board.
- To review and recommend to the Board, as necessary, changes in the Corporation's fee structure.
- To review special financial matters as requested by the Board.
- To periodically assess, as deemed necessary or appropriate, succession plans for key executives.
- To perform such other activities consistent with the Charter, as the Committee or the Board may deem necessary or appropriate.

V. REVIEW CYCLE

The Committee will review this Charter annually. The Committee shall submit this Charter to the Board for reapproval, with such changes, if any, as the Committee deems advisable.