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SECRETARY

December 12, 2011

VIA ELECTRONIC MAIL

David A. Stawick
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2011-17 Rule Certification

Dear Secretary Stawick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commission Regulation 40.6, enclosed is a copy of the above-referenced rule filing submitted by The Options Clearing Corporation (“OCC”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the Commission or December 29, 2011. This rule filing has been, or is concurrently being, submitted to the Securities and Exchange Commission (the “SEC”) under the Securities Exchange Act of 1934 (the “Exchange Act”). The text of the rule is set forth at Item 1 of the enclosed filing.

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

Explanation and Analysis

Article VI, Section 5 of OCC’s By-Laws generally establishes that exchange transactions (*i.e.*, matched trades in an option, future, or other cleared contract) are deemed to be accepted by OCC for clearing at the “commencement time” for such transactions, or in the case of a future, when a matched trade has been properly reported to OCC. The definition of “commencement time” in Article I of OCC’s By-Laws contains substantive provisions establishing specific times when exchange transactions are deemed accepted for clearing for the majority of exchange transactions (*i.e.*, commencement time is when daily position reports are made available to clearing members) as well as exceptions establishing different commencement times for cross-rate currency options, FX Index Options and certain non-competitively executed transactions in cleared futures. However, neither Section 5 of Article VI nor the definition of “commencement time” expressly state that OCC’s “novation” of trades occurs at this time, and the term “novation” is used only once in OCC’s By-Laws — in an interpretation following Section 6 of Article IV (Issuance of Cleared Contracts).

Confusion may also arise from the fact that Article VI, Section 5 of the By-Laws states that futures contracts are accepted for clearing when they are properly reported to OCC,

THE FOUNDATION FOR SECURE MARKETS

rather than at the commencement time of such transactions. This provision appears to give futures contracts more favorable treatment than options, although there is no such result as a practical matter. Section 8 of Article VI provides that, except with respect to trades in certain narrow categories of options, OCC generally has no right to reject any exchange options transaction due to the failure of the purchasing clearing member to pay any amount due to OCC at or before the settlement time.¹ Accordingly, exchange transactions in most option products will inevitably be accepted for clearing and novated under the rules at the commencement time of such transactions simply due to the passage of time. Prior to the 1987 crash, OCC reserved the right to reject trades in options due to non-payment of premiums. However, OCC subsequently gave up that right (with limited exceptions) in order to create greater certainty for clearing members. Therefore, the right to reject an exchange transaction for non-payment is now the exception rather than the rule. When OCC began clearing futures, it was deemed appropriate to state in the By-Laws that futures contracts would be accepted when properly reported because futures do not require premium payments.²

OCC proposes to amend the definition of “commencement time” in Article I of the By-Laws to (i) remove the substantive provisions establishing the specific times when exchange transactions in various products are deemed accepted for clearing (as such provisions should be placed in the Articles governing those products), and (ii) add a cross reference within the definition that will direct the reader to the locations within the By-Laws where the specific times can be found. In connection therewith, OCC proposes to amend Section 5 of Article VI, Section 7 of Article XII, Section 1 of Article XX and Section 1 of Article XXIII to establish the specific commencement times for transactions in various products. OCC also proposes to amend Section 5 of Article VI (i) to expressly state that novation occurs when exchange transactions are accepted for clearing by OCC, and (ii) to delete the language that appears to give futures contracts more favorable treatment than options. Finally, OCC proposes to amend the bracketed language following the definitions in Section 1 of Article XX and Section 1 of Article XXIII to eliminate unnecessary complexity and conform such language stylistically to similar language elsewhere in the By-laws (*e.g.*, the bracketed language following the definitions in Section 1 of Article XXII).

Opposing Views

No opposing views were expressed related to the rule amendments.

¹ The exceptions are contained in the Articles governing specific products. For example, Section 5 of Article XX (addressing cross-rate foreign currency options and Section 7 of Article XXIII (addressing FX Index Options) condition OCC’s acceptance of trades in those products for clearing on the completion of settlement payments in respect of such trades. These exceptions apply because settlements involving foreign currencies in different time zones create heightened exposure to OCC if a Clearing Member were to default.

² Article XII, Section 7 of the By-Laws makes an exception for non-competitively executed futures trades. Because such trades may be executed away from the market price, OCC does not accept them until the initial variation payment is made.

David Stawick
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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 Commission's regulations thereunder.

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

Sincerely,

A handwritten signature in black ink that reads "Stephen Szarmack". The signature is written in a cursive style with a large initial 'S'.

Stephen Szarmack

Enclosure

cc: CFTC Central Region (w/ enclosure)
525 West Monroe Street, Suite 1100
Chicago, IL 60661

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change

by

THE OPTIONS CLEARING CORPORATION

Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934

Item 1. Text of the Proposed Rule Change

The Options Clearing Corporation (“OCC” or the “Corporation”) proposes to amend its By-Laws related to the timing of OCC’s acceptance of exchange transactions for clearing in order to (i) clarify when the “novation” of trades occurs, substituting OCC as buyer to every seller and seller to every buyer and (ii) eliminate language suggesting that futures contracts receive preferential treatment with respect to the timing of their acceptance for clearing. Material proposed to be added to OCC’s By-Laws and Rules as currently in effect is underlined and material proposed to be deleted is enclosed in bold brackets.

THE OPTIONS CLEARING CORPORATION

BY-LAWS

* * *

ARTICLE I

DEFINITIONS

* * *

Definitions

SECTION 1.

A. – B. [No Change]

C.

(1) – (22) [No Change]

Commencement Time

(22) The term “commencement time” [in respect of a cleared contract other than a cross-rate foreign currency option contract or a FX Index Option contract, or a future issued in an exchange-for-physical transaction, a block trade, or other trade designated by a futures market or security futures market reporting the trade as a non-competitively executed trade,] means the time at which Exchange transactions are accepted for clearing by the Corporation as specified in

Section 5 of Article VI. [when the Corporation makes available to the Purchasing Clearing Member and the Selling Clearing Member Daily Position Reports reflecting the Exchange transaction in which such cleared contract was purchased, provided that the “commencement time” for a cleared contract in respect of which the Corporation receives matching trade information on the expiration date or maturity date for such contract, or, if such date is not a business day, on the immediately preceding business day, means the close of trading on the Exchange on which such transaction was effected on such expiration or maturity date or immediately preceding business day, as the case may be. The term “commencement time” in respect of a cross-rate foreign currency option or a FX Index Option contract means the time that is three hours following the settlement time of the Exchange transaction in which such cross-rate foreign currency option or FX Index Option contract was purchased. The commencement time for a future issued in an exchange-for-physical transaction, a block trade, or other trade designated by a futures market or security futures market reporting the trade as a non-competitively executed trade is as specified in Article XII, section 7 of the By-Laws.]

(23) – (35) [No Change]

D. – Z. [No Change]

* * *

ARTICLE VI

Clearance of Exchange Transactions

* * *

Obligations of the Corporation

SECTION 5. Upon the acceptance of an Exchange transaction by the Corporation, the Corporation shall be substituted through novation as the buyer to the seller and the seller to the buyer, the rights of the parties to such transaction shall be solely against the Corporation and the Corporation shall be obligated to the parties in accordance with the provisions of the By-Laws and the Rules. [Except as provided in] Subject to Sections 7 and 8 of this Article VI, [in Section 7 of Article XII, and in Section 5 of Article XX,] an Exchange transaction shall be deemed to have been accepted by the Corporation at the commencement time for such Exchange transaction [or, in the case of a future, when a matched trade has been properly reported to and received by the Corporation]. Except as provided (i) in Section 7 of Article XII in respect of futures issued in exchange-for-physical transactions, block trades, or other trades designated by a futures market or security futures market reporting the trades as non-competitively executed trades, (ii) in Section 1 of Article XX in respect of cross-rate foreign currency options, and (iii) in Section 1 of Article XXIII in respect of foreign currency index options, the commencement time for a cleared contract is the time at which the Corporation makes available to the Purchasing Clearing Member and the Selling Clearing Member Daily Position Reports reflecting the Exchange transaction in which such cleared contract was purchased, provided that the commencement time for a cleared contract in respect of which the Corporation receives matching trade information on

the expiration date or maturity date for such contract, or if such date is not a business day, on the immediately preceding business day, means the close of trading on the Exchange on which such transaction was effected on such expiration or maturity date or immediately preceding business day, as the case may be. Upon the acceptance of an Exchange transaction in respect of cleared contracts, the Corporation shall be obligated as follows:

- (a) In an opening purchase transaction, the Corporation shall be obligated to issue to the Purchasing Clearing Member the number of cleared contracts purchased in such Exchange transaction.
- (b) In a closing purchase transaction, the Corporation shall be obligated to reduce the Purchasing Clearing Member's short position in the cleared security in which the Exchange transaction was effected by the number of contracts purchased in such Exchange transaction.
- (c) In an opening or closing writing transaction, the Corporation shall be obligated to pay, at the time and in the manner specified by the Rules, the Writing Clearing Member the amount of the premium agreed upon in such Exchange transaction.

...Interpretations and Policies: [No Change]

Payments to Corporation

SECTION 8. Except as provided (i) in Section 7 of Article XII in respect of futures issued in exchange-for-physical transactions, block trades, or other trades designated by a futures market or security futures market reporting the trades as non-competitively executed trades, (ii) in Section 5 of Article XX in respect of cross-rate foreign currency options and (iii) in Section 7 of Article XXIII in respect of foreign currency index options, the Corporation shall have no right to reject any Exchange transaction [in options] or to refuse to issue any [option] cleared contract as a consequence of the failure of the Purchasing Clearing Member to pay any amount due to the Corporation at or before the settlement time for such Exchange transaction.

* * *

ARTICLE XII

Futures, Futures Options and Commodity Options

* * *

Acceptance of Non-Competitively Executed Trades

SECTION 7. The acceptance by the Corporation of any futures transaction that is identified as an “exchange-for-physical” or “EFP,” a “block trade,” or any other non-competitively executed trade in matching trade information reported by an Exchange or in any instruction submitted directly to the Corporation by a Clearing Member, as applicable, shall be subject to the condition that the Corporation shall have received any variation payments due in the accounts of the

purchasing and selling Clearing Members in which the transaction was effected at the first variation settlement after the transaction was reported to the Corporation. Unless such a transaction is rejected as hereinafter provided, the time of such variation settlement shall be the [Commencement Time] commencement time of the transaction. In the event that the Corporation fails to receive any such variation payment when due, the Corporation may (either by a general rule or resolution adopted by the Board of Directors or by action of the officers of the Corporation with respect to specific transactions) reject the transaction. In the event that the transaction is rejected as herein provided, the Corporation shall promptly notify, either orally or in writing, the Clearing Members party to the transaction, and such Clearing Members shall have the remedies (if any) provided in the rules of the Exchange on which the transaction was effected.

... **Interpretations and Policies:** [No Change]

* * *

ARTICLE XX

Cross-Rate Foreign Currency Options

* * *

Definitions

SECTION 1.

A. – C. [No Change]

C.

(1) – (2) [No Change]

Commencement Time

(3) The term “commencement time” in respect of a cross-rate foreign currency option means the time that is three hours following the settlement time of the Exchange transaction in which such cross-rate foreign currency option was purchased.

D. – Z. [No Change]

[Section 1 of this Article adds certain new definitions relevant to cross-rate currency options and replaces or supplements [paragraphs A.(5), C.(1), (9), E.(14), (17), and (20), and P. (6) and (13) of] certain definitions in Section 1 of Article I of the By-Laws as applied to cross-rate currency options [and supplements paragraphs B.(5), S.(12) and U.(5) of that Section]. The terms “Paying Clearing Member” and “Collecting Clearing Member” are defined in respect of cross-rate foreign currency options in Chapter XXI of the Rules.]

* * *

ARTICLE XXIII

Flexibly Structured Index Options Denominated in a Foreign Currency

* * *

Definitions

SECTION 1.

A. – B. [No Change]

C.

(1) – (4) [No Change]

Commencement Time

(5) The term “commencement time” in respect of a FX Index Option contract means the time that is three hours following the settlement time of the Exchange transaction in which such FX Index Option contract was purchased.

(5) [Renumbered as (6); otherwise no change]

D. – Z. [No Change]

[Section 1 of this Article adds certain new definitions relevant to FX Index Options, and replaces or supplements [paragraphs A.(3), C.(1), (4), E.(8), (11), P.(3), (9), S.(2), U.(1) and (2) of] certain definitions in Section 1 of Article I of the By-Laws as applied to FX Index Options [and supplements paragraphs B.(2) and S.(3) of that Section.]

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by OCC’s Board of Directors at a meeting held on December 6, 2011.

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

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

Recently, certain OCC clearing members have expressed uncertainty as to the time when an exchange transaction is accepted for clearing and the “novation” of such transaction occurs under OCC’s By-Laws and Rules. The purpose of this proposed rule change is to make clarifying amendments to provisions of OCC’s By-Laws relating to the timing of OCC’s acceptance or “novation” of exchange transactions in order to provide clearing members with certainty as to when their credit exposure to the original counterparty to a trade is terminated and OCC becomes obligated with respect to such trades.

Background

Article VI, Section 5 of OCC’s By-Laws generally establishes that exchange transactions (*i.e.*, matched trades in an option, future, or other cleared contract) are deemed to be accepted by OCC for clearing at the “commencement time” for such transactions, or in the case of a future, when a matched trade has been properly reported to OCC. The definition of “commencement time” in Article I of OCC’s By-Laws contains substantive provisions establishing specific times when exchange transactions are deemed accepted for clearing for the majority of exchange transactions (*i.e.*, commencement time is when daily position reports are made available to clearing members) as well as exceptions establishing different commencement times for cross-rate currency options, FX Index Options and certain non-competitively executed transactions in cleared futures. However, neither Section 5 of Article VI nor the definition of “commencement time” expressly state that OCC’s “novation” of trades occurs at this time, and

the term “novation” is used only once in OCC’s By-Laws — in an interpretation following Section 6 of Article IV (Issuance of Cleared Contracts).

Confusion may also arise from the fact that Article VI, Section 5 of the By-Laws states that futures contracts are accepted for clearing when they are properly reported to OCC, rather than at the commencement time of such transactions. This provision appears to give futures contracts more favorable treatment than options, although there is no such result as a practical matter. Section 8 of Article VI provides that, except with respect to trades in certain narrow categories of options, OCC generally has no right to reject any exchange options transaction due to the failure of the purchasing clearing member to pay any amount due to OCC at or before the settlement time.¹ Accordingly, exchange transactions in most option products will inevitably be accepted for clearing and novated under the rules at the commencement time of such transactions simply due to the passage of time. Prior to the 1987 crash, OCC reserved the right to reject trades in options due to non-payment of premiums. However, OCC subsequently gave up that right (with limited exceptions) in order to create greater certainty for clearing members. Therefore, the right to reject an exchange transaction for non-payment is now the exception rather than the rule. When OCC began clearing futures, it was deemed appropriate to state in the By-Laws that futures contracts would be accepted when properly reported because futures do not require premium payments.²

¹ The exceptions are contained in the Articles governing specific products. For example, Section 5 of Article XX (addressing cross-rate foreign currency options and Section 7 of Article XXIII (addressing FX Index Options) condition OCC’s acceptance of trades in those products for clearing on the completion of settlement payments in respect of such trades. These exceptions apply because settlements involving foreign currencies in different time zones create heightened exposure to OCC if a Clearing Member were to default.

² Article XII, Section 7 of the By-Laws makes an exception for non-competitively executed futures trades. Because such trades may be executed away from the market price, OCC does not accept them until the initial variation payment is made.

Proposed By-Law Changes

OCC proposes to amend the definition of “commencement time” in Article I of the By-Laws to (i) remove the substantive provisions establishing the specific times when exchange transactions in various products are deemed accepted for clearing (as such provisions should be placed in the Articles governing those products), and (ii) add a cross reference within the definition that will direct the reader to the locations within the By-Laws where the specific times can be found. In connection therewith, OCC proposes to amend Section 5 of Article VI, Section 7 of Article XII, Section 1 of Article XX and Section 1 of Article XXIII to establish the specific commencement times for transactions in various products. OCC also proposes to amend Section 5 of Article VI (i) to expressly state that novation occurs when exchange transactions are accepted for clearing by OCC, and (ii) to delete the language that appears to give futures contracts more favorable treatment than options. Finally, OCC proposes to amend the bracketed language following the definitions in Section 1 of Article XX and Section 1 of Article XXIII to eliminate unnecessary complexity and conform such language stylistically to similar language elsewhere in the By-laws (*e.g.*, the bracketed language following the definitions in Section 1 of Article XXII).

* * *

The proposed changes to OCC’s By-Laws are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), because they are clarifying amendments that do not adversely affect OCC’s obligations with respect to the prompt and accurate clearance and settlement of securities

transactions or the protection of securities investors and the public interest. The proposed rule change is not inconsistent with any rules of OCC.

Item 4. Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any material burden on competition.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.

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

Rule 19b-4(f)(1) promulgated under Section 19(b)(3) of the Exchange Act provides that a rule change submitted by a self regulatory organization may take effect upon filing with the Commission if it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. OCC is filing the proposed rule change for immediate effectiveness pursuant to Rule 19b-4(f)(1) on the basis that this rule

change is intended merely to make OCC's By-Laws more easily interpretable and will not make any substantive change in the timing of acceptance and novation of exchange transactions in any product class.

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

The proposed rule change is not based on a rule change of another self-regulatory organization.


Item 9. Exhibits

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

THE OPTIONS CLEARING CORPORATION

By: 

Stephen Szarmack
Vice President and Associate
General Counsel

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____; File No. SR-OCC-2011-17

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By
The Options Clearing Corporation

Relating to Novation of Trades at OCC

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. 78s(b)(1), notice is hereby given that on _____, 2011, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change would make clarifying amendments to provisions of OCC's By-Laws relating to the timing of OCC's acceptance or "novation" of exchange transactions in order to provide clearing members with certainty as to when their credit exposure to the original counterparty to a trade is terminated and OCC becomes obligated with respect to such trades.

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

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

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

Recently, certain OCC clearing members have expressed uncertainty as to the time when an exchange transaction is accepted for clearing and the “novation” of such transaction occurs under OCC’s By-Laws and Rules. The purpose of this proposed rule change is to make clarifying amendments to provisions of OCC’s By-Laws relating to the timing of OCC’s acceptance or “novation” of exchange transactions in order to provide clearing members with certainty as to when their credit exposure to the original counterparty to a trade is terminated and OCC becomes obligated with respect to such trades.

Background

Article VI, Section 5 of OCC’s By-Laws generally establishes that exchange transactions (*i.e.*, matched trades in an option, future, or other cleared contract) are deemed to be accepted by OCC for clearing at the “commencement time” for such transactions, or in the case of a future, when a matched trade has been properly reported to OCC. The definition of “commencement time” in Article I of OCC’s By-Laws contains substantive provisions

establishing specific times when exchange transactions are deemed accepted for clearing for the majority of exchange transactions (*i.e.*, commencement time is when daily position reports are made available to clearing members) as well as exceptions establishing different commencement times for cross-rate currency options, FX Index Options and certain non-competitively executed transactions in cleared futures. However, neither Section 5 of Article VI nor the definition of “commencement time” expressly state that OCC’s “novation” of trades occurs at this time, and the term “novation” is used only once in OCC’s By-Laws — in an interpretation following Section 6 of Article IV (Issuance of Cleared Contracts).

Confusion may also arise from the fact that Article VI, Section 5 of the By-Laws states that futures contracts are accepted for clearing when they are properly reported to OCC, rather than at the commencement time of such transactions. This provision appears to give futures contracts more favorable treatment than options, although there is no such result as a practical matter. Section 8 of Article VI provides that, except with respect to trades in certain narrow categories of options, OCC generally has no right to reject any exchange options transaction due to the failure of the purchasing clearing member to pay any amount due to OCC at or before the settlement time.¹ Accordingly, exchange transactions in most option products will inevitably be accepted for clearing and novated under the rules at the commencement time of such transactions simply due to the passage of time. Prior to the 1987 crash, OCC reserved

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the right to reject trades in options due to non-payment of premiums. However, OCC subsequently gave up that right (with limited exceptions) in order to create greater certainty for clearing members. Therefore, the right to reject an exchange transaction for non-payment is now the exception rather than the rule. When OCC began clearing futures, it was deemed appropriate to state in the By-Laws that futures contracts would be accepted when properly reported because futures do not require premium payments.²

Proposed By-Law Changes

OCC proposes to amend the definition of “commencement time” in Article I of the By-Laws to (i) remove the substantive provisions establishing the specific times when exchange transactions in various products are deemed accepted for clearing (as such provisions should be placed in the Articles governing those products), and (ii) add a cross reference within the definition that will direct the reader to the locations within the By-Laws where the specific times can be found. In connection therewith, OCC proposes to amend Section 5 of Article VI, Section 7 of Article XII, Section 1 of Article XX and Section 1 of Article XXIII to establish the specific commencement times for transactions in various products. OCC also proposes to amend Section 5 of Article VI (i) to expressly state that novation occurs when exchange transactions are accepted for clearing by OCC, and (ii) to delete the language that appears to give futures contracts more favorable treatment than options. Finally, OCC proposes to amend the bracketed language following the definitions in Section 1 of Article XX and Section 1 of Article XXIII to eliminate unnecessary complexity and conform such language stylistically to similar language

² Article XII, Section 7 of the By-Laws makes an exception for non-competitively executed futures trades. Because such trades may be executed away from the market price, OCC does not accept them until the initial variation payment is made.

elsewhere in the By-laws (e.g., the bracketed language following the definitions in Section 1 of Article XXII).

* * *

The proposed changes to OCC's By-Laws are consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), because they are clarifying amendments that do not adversely affect OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions or the protection of securities investors and the public interest. The proposed rule change is not inconsistent with any rules of OCC.

B. Self-Regulatory Organization's Statement on Burden on Competition

OCC does not believe that the proposed rule change would impose any burden on competition.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act and paragraph (f) of Rule 19b-4 thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission may summarily abrogate such rule if it appears to the

Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2011-17 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-OCC-2011-17. 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 Web site (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be

available for inspection and copying in the Commission's Public Reference Section, 100F Fifth Street, N.E., Washington, D.C. 20549-1090. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-OCC-2011-17 in the caption above and should be submitted on or before [insert date 21 days from publication in the Federal Register.] _____.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.

Secretary

Dated: _____