



March 21, 2014

**VIA ELECTRONIC MAIL**

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

**Re: Rule Filing SR-OCC-2014-05 Rule Certification**

Dear Secretary Jurgens:

On March 17, 2014, 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, at the request of the Securities and Exchange Commission (“SEC”), has made certain non-substantive updates to the rule filing. The amended schedule of fees has not changed. Attached hereto is the updated version of the rule filing, which has been, or is concurrently being, submitted to the SEC under the Exchange Act. The date of implementation of the rule 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 SEC or otherwise becomes effective under the Securities Exchange Act of 1934 (the “Exchange Act”).

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

**Explanation and Analysis**

The purpose of this proposed rule change is to amend OCC’s Schedule of Fees to reinstate the permanent reduced fee schedule adopted, effective May 1, 2007, for securities options and securities futures.<sup>1</sup> In conjunction with adopting this permanent reduced fee schedule, OCC simultaneously discounted the permanent schedule. Effective January 1, 2008, OCC replaced the May 1, 2007, discounted schedule<sup>2</sup> with the discount remaining in effect until further action of by OCC’s Board of Directors (“Board”). Implementation of this schedule was premised on the discounts not adversely affecting OCC’s ability to meet its expenses and maintain an acceptable level of retained earnings. Article IX, Section 9 of OCC’s By-Laws

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<sup>1</sup> See Exchange Act Release No. 34-55709 (May 4, 2007), 72 FR 26669 (May 10, 2007) (SR-OCC-2007-05). This schedule is applied to futures and futures options as well.

<sup>2</sup> See Exchange Act Release No. 34-57192 (January 24, 2008), 73 FR 5618 (January 30, 2008) (SR-OCC-2007-17).

permits OCC to establish a fee structure to cover operating expenses, to maintain reserves as are deemed reasonably necessary by the Board to provide facilities for the conduct of OCC's business and to accumulate such additional surplus as the Board deems advisable to allow OCC to meet its obligations to clearing members and the general public.

OCC has determined to reinstate its permanent reduced fee schedule. OCC's revenues principally are derived from clearing fees charged to clearing members and OCC's current and projected operating expenses have increased due to current and anticipated regulatory requirements.<sup>3</sup> These requirements include those proposed by the Commission at its meeting on March 12, 2014, requiring OCC to be in a position to cover potential general business losses so that it can continue operations if those losses materialize.<sup>4</sup> OCC's current and anticipated operating expenses have also increased as a result of costs associated with the engagement of outside professionals to address various regulatory issues arising under the Dodd-Frank Act, notably additional expectations and requirements arising from OCC's status as a Systemically Important Financial Market Utility ("SIFMU"), and OCC's assessment of and compliance with international standards applicable to clearing agencies. Employee costs additionally are expected to rise further in 2014 as resources are enhanced to meet current and anticipated regulatory obligations, including increased requirements to produce data, analysis and information to the Commission in connection with its exercise of its supervisory authority over OCC.

As noted above, the Board unanimously determined to reinstate the permanent reduced fee schedule to compensate for these increased expenses. In making this determination, the Board carefully considered the requirements of Article IX, Section 9 of OCC's By-Laws as well as the expectations and obligations imposed upon OCC as a SIFMU in the national system for clearance and settlement. The Board further evaluated the potential for a refund of clearing fees in 2014. While no affirmative decision has been made by the Board regarding such refund, the Board recognized that OCC's current funding, reserve and surplus needs might result in refunds, if any, which are significantly lower in 2014 than in past years.<sup>5</sup> OCC will monitor the impact of returning to the permanent reduced fee schedule as well as OCC's needs to evaluate whether additional action should be taken. For example, changes in revenues as a result of significant fluctuations in cleared volume (upwards or downwards) may prompt a re-assessment

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<sup>3</sup> See Statements of Income and Comprehensive Income in OCC's 2013 Annual Report available on OCC's website, [www.theocc.com](http://www.theocc.com). In 2013, clearing fees represented over 90% of OCC's total revenues. Between 2012 and 2013, OCC's annual expenses increased by approximately 9%. OCC's currently projects a greater increase in expenses in 2014.

<sup>4</sup> See Exchange Act Release No. 34-71699 (March 12, 2014). OCC anticipates that these requirements will need to be met by the end of 2014. The determination to reinstate the permanent reduced fee schedule was based on an analysis of such requirements and such reinstatement being effective April 1, 2014. Implementation thereafter potentially could have required an increase in the fees beyond the reinstatement of the permanent reduced fee schedule.

<sup>5</sup> See OCC's 2013 Annual Report, Footnote 8 to the Notes to the Financial Statements for a description of recent past refunds. Footnote 8 further discusses that OCC's Board sets clearing fees and determines the amounts of refunds, fee reductions and discounts, if any, based upon OCC's current funding needs.

of the fee schedule (downwards or upwards). Cleared volumes also will be evaluated in connection with considering potential refunds for 2014.

The impact of the costs to comply with the new regulatory requirements and reinstate the permanent reduced fee schedule and the potential effect on a 2014 refund, if any, was discussed with each of the clearing members that would be most affected by these changes, most of which are represented on the Board. The vote of the Board to approve this filing included the affirmative votes of the six Member Directors present at the meeting.

The following chart sets forth the revised clearing fee schedule.

<b>Contracts/Trade</b>	<b>Current Discounted Fee Schedule</b>	<b>Standard Fee Schedule (effective April 1, 2014)</b>
1-500	\$0.03/contract	\$0.05/contract
501-1,000	\$0.024/contract	\$0.04/contract
1,001-2,000	\$18.00/trade	\$0.03/contract
>2,000	\$18.00/trade	\$55.00/trade
Market Maker/Specialist Scratch per side	\$0.01	\$0.02

OCC published an Information Memo on March 10, 2014, to all of its clearing members and exchanges notifying them of the changes to the Schedule of Fees that would become effective as of April 1, 2014, and a second Information Memo on March 13, 2014, notifying them of the likely effects on the refunds for 2014. The Information Memos informed clearing members and exchanges that due to current and projected increases in operating expenses related to regulatory requirements, OCC would reinstate the permanent reduced clearing fee schedule adopted May 1, 2007, and that refunds based on 2014 cleared volume are likely to be significantly lower in 2014 as a result of the new regulatory expectations and requirements, but that it was expected that such impacts should not extend beyond 2014 based on current projections.

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

**Risk Management.** OCC believes that by implementing the proposed rule change to modify its Schedule of Fees, it will be better able to manage current and projected operating expenses that have increased due to existing and anticipated regulatory requirements. By eliminating the current discounted fee structure, OCC will be able to cover operating expenses, to maintain reserves as are deemed reasonably necessary by the Board to provide facilities for

the conduct of OCC's business and to accumulate such additional surplus as the Board deems advisable to allow OCC to meet its obligations to clearing members and the general public.

**Public Information.** OCC believes that by implementing the proposed rule change to modify its Schedule of Fee and by publishing the modified fee schedule on its web site and making it publicly available, it therefore provides clearing members and other market participants with sufficient information to allow them to identify and evaluate the costs associated with OCC's 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 be 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,



Scott M. Kalish  
Assistant Secretary

Enclosure



**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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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”) proposes to amend its Schedule of Fees, effective April 1, 2014, to reinstate the previously filed permanent reduced fee schedule as discussed in Item 3 below. The effect of reinstating such fee schedule is reflected in Exhibit 5 attached hereto with material proposed to be added to the current discounted Schedule of Fees marked by underlining and material proposed to be deleted enclosed in bold brackets.

**Item 2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved for filing with the Commission by OCC’s Board of Directors (“Board”) at a meeting held on March 6, 2014. The vote of the Board to approve this filing was unanimous, including the affirmative votes of the six Member Directors present at the meeting.

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**

The purpose of this proposed rule change is to amend OCC’s Schedule of Fees to reinstate the permanent reduced fee schedule adopted, effective May 1, 2007, for securities options and securities futures.<sup>1</sup> In conjunction with adopting this permanent reduced fee schedule, OCC simultaneously discounted the permanent schedule. Effective January 1, 2008, OCC replaced the May 1, 2007, discounted schedule<sup>2</sup> with the discount remaining in effect until further action of by the Board. Implementation of this schedule was premised on the discounts

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<sup>1</sup> See Exchange Act Release No. 34-55709 (May 4, 2007), 72 FR 26669 (May 10, 2007) (SR-OCC-2007-05). This schedule is applied to futures and futures options as well.

<sup>2</sup> See Exchange Act Release No. 34-57192 (January 24, 2008), 73 FR 5618 (January 30, 2008) (SR-OCC-2007-17).

not adversely affecting OCC's ability to meet its expenses and maintain an acceptable level of retained earnings. Article IX, Section 9 of OCC's By-Laws permits OCC to establish a fee structure to cover operating expenses, to maintain reserves as are deemed reasonably necessary by the Board to provide facilities for the conduct of OCC's business and to accumulate such additional surplus as the Board deems advisable to allow OCC to meet its obligations to clearing members and the general public.

OCC has determined to reinstate its permanent reduced fee schedule. OCC's revenues principally are derived from clearing fees charged to clearing members and OCC's current and projected operating expenses have increased due to current and anticipated regulatory requirements.<sup>3</sup> These requirements include those proposed by the Commission at its meeting on March 12, 2014, requiring OCC to be in a position to cover potential general business losses so that it can continue operations if those losses materialize.<sup>4</sup> OCC's current and anticipated operating expenses have also increased as a result of costs associated with the engagement of outside professionals to address various regulatory issues arising under the Dodd-Frank Act, notably additional expectations and requirements arising from OCC's status as a Systemically Important Financial Market Utility ("SIFMU"), and OCC's assessment of and compliance with international standards applicable to clearing agencies. Employee costs

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<sup>3</sup> See Statements of Income and Comprehensive Income in OCC's 2013 Annual Report available on OCC's website, [www.theocc.com](http://www.theocc.com). In 2013, clearing fees represented over 90% of OCC's total revenues. Between 2012 and 2013, OCC's annual expenses increased by approximately 9%. OCC's currently projects a greater increase in expenses in 2014.

<sup>4</sup> See Exchange Act Release No. 34-71699 (March 12, 2014). OCC anticipates that these requirements will need to be met by the end of 2014. The determination to reinstate the permanent reduced fee schedule was based on an analysis of such requirements and such reinstatement being effective April 1, 2014. Implementation thereafter potentially could have required an increase in the fees beyond the reinstatement of the permanent reduced fee schedule.

additionally are expected to rise further in 2014 as resources are enhanced to meet current and anticipated regulatory obligations, including increased requirements to produce data, analysis and information to the Commission in connection with its exercise of its supervisory authority over OCC.

As noted above, the Board unanimously determined to reinstate the permanent reduced fee schedule to compensate for these increased expenses. In making this determination, the Board carefully considered the requirements of Article IX, Section 9 of OCC's By-Laws as well as the expectations and obligations imposed upon OCC as a SIFMU in the national system for clearance and settlement. The Board further evaluated the potential for a refund of clearing fees in 2014. While no affirmative decision has been made by the Board regarding such refund, the Board recognized that OCC's current funding, reserve and surplus needs might result in refunds, if any, which are significantly lower in 2014 than in past years.<sup>5</sup> OCC will monitor the impact of returning to the permanent reduced fee schedule as well as OCC's needs to evaluate whether additional action should be taken. For example, changes in revenues as a result of significant fluctuations in cleared volume (upwards or downwards) may prompt a re-assessment of the fee schedule (downwards or upwards). Cleared volumes also will be evaluated in connection with considering potential refunds for 2014.

The impact of the costs to comply with the new regulatory requirements and reinstate the permanent reduced fee schedule and the potential effect on a 2014 refund, if any, was discussed with each of the clearing members that would be most affected by these changes, most of which are represented on the Board. The vote of the Board to approve this filing

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<sup>5</sup> See OCC's 2013 Annual Report, Footnote 8 to the Notes to the Financial Statements for a description of recent past refunds. Footnote 8 further discusses that OCC's Board sets clearing fees and determines the amounts of refunds, fee reductions and discounts, if any, based upon OCC's current funding needs.



included the affirmative votes of the six Member Directors present at the meeting.

The following chart sets forth the revised clearing fee schedule.

<b>Contracts/Trade</b>	<b>Current Discounted Fee Schedule</b>	<b>Standard Fee Schedule (effective April 1, 2014)</b>
1-500	\$0.03/contract	\$0.05/contract
501-1,000	\$0.024/contract	\$0.04/contract
1,001-2,000	\$18.00/trade	\$0.03/contract
>2,000	\$18.00/trade	\$55.00/trade
Market Maker/Specialist Scratch per side	\$0.01	\$0.02

OCC published an Information Memo on March 10, 2014, to all of its clearing members and exchanges notifying them of the changes to the Schedule of Fees that would become effective as of April 1, 2014, and a second Information Memo on March 13, 2014, notifying them of the likely effects on the refunds for 2014. The Information Memos informed clearing members and exchanges that due to current and projected increases in operating expenses related to regulatory requirements, OCC would reinstate the permanent reduced clearing fee schedule adopted May 1, 2007, and that refunds based on 2014 cleared volume are likely to be significantly lower in 2014 as a result of the new regulatory expectations and requirements, but that it was expected that such impacts should not extend beyond 2014 based on current projections.

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OCC believes the proposed rule change is consistent with Section 17A(b)(3)(D)<sup>6</sup> of the Securities Exchange Act of 1934, as amended (“Act”), because by eliminating a discount but otherwise leaving the current clearing fee schedule intact, OCC will continue to equitably allocate fees among its clearing members and other market participants. OCC also believes that

<sup>6</sup> 15 U.S.C. 78q-1(b)(3)(D).

the proposed rule change is consistent with Rule 17Ad-22(d)(9)<sup>7</sup> because the fee schedule amended by this rule change is publicly available and therefore provides clearing members and other market participants with sufficient information to allow them to identify and evaluate the costs associated with OCC's services. The proposed rule change is not inconsistent with the existing rules of the OCC including any other rules proposed to be amended.

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

OCC does not believe that the proposed rule change would impose any burden on competition that is not necessary or appropriate in furtherance of the purposes of the Act.<sup>8</sup>

Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency, their customers, and the markets that the clearing agency serves. This proposed rule change primarily affects such users and OCC believes that the proposed modifications would not disadvantage or favor any particular user in relationship to another user because the discount is being eliminated for, and the clearing fees apply equally to, all users of OCC's services.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies, and would not impose a burden on competition that is unnecessary or inappropriate in furtherance of the purposes of the Act.

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<sup>7</sup> 17 CFR 240.17Ad-22(d)(9).

<sup>8</sup> 15 U.S.C. 78q-1(b)(3)(I).

**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.<sup>9</sup>

**Item 6. Extension of Time Period for Commission Action**

Not applicable.

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

Pursuant to Section 19(b)(3)(A)<sup>10</sup> and Rule 19b-4(f)(2)<sup>11</sup>, the proposed rule change is filed for immediate effectiveness inasmuch as it pertains to fees charged to OCC clearing members. 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.<sup>12</sup>

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<sup>9</sup> OCC received a copy of a letter, dated March 20, 2014, from Mr. Howard L. Kramer, Willkie, Farr & Gallagher LLP, on behalf of a group of options market-makers, addressed to Mr. Joseph P. Kamnik, Assistant Director, Division of Trading and Markets, that expressed general concerns about the “size and nature” of OCC planned fee “increases” and that urged the Commission to require this submission to be filed as a “regular way” filing. For the reasons discussed in footnote 4, *supra*, OCC has elected to submit this filing as described in Item 7 below.

<sup>10</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>11</sup> 17 CFR 240.19b-4(f)(2).

<sup>12</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6.

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

Not applicable.

**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 Proposed Rule Change for publication in the Federal Register.

Exhibit 5. OCC Schedule of Fees, effective April 1, 2014.



**SIGNATURES**

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

**THE OPTIONS CLEARING CORPORATION**

By:   
\_\_\_\_\_  
Scott M. Kalish  
Assistant Secretary

## EXHIBIT 1A

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[\_\_\_\_\_]; File No. SR-OCC-2014-05)

March 21, 2014

Clearing Agency; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change to Amend its Schedule of Fees to Reflect the Elimination of a Discount to OCC's Clearing Fee Schedule.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder<sup>2</sup> notice is hereby given that on March 21, 2014, 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. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and Rule 19b-4(f)(2)<sup>4</sup> thereunder.

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

OCC proposes to amend its Schedule of Fees, effective April 1, 2014, to reflect the elimination of a discount to OCC's clearing fee schedule.

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

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f)(2).

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

The purpose of this proposed rule change is to amend OCC's Schedule of Fees to reinstate the permanent reduced fee schedule adopted, effective May 1, 2007, for securities options and securities futures.<sup>5</sup> In conjunction with adopting this permanent reduced fee schedule, OCC simultaneously discounted the permanent schedule. Effective January 1, 2008, OCC replaced the May 1, 2007, discounted schedule<sup>6</sup> with the discount remaining in effect until further action of by the Board. Implementation of this schedule was premised on the discounts not adversely affecting OCC's ability to meet its expenses and maintain an acceptable level of retained earnings. Article IX, Section 9 of OCC's By-Laws permits OCC to establish a fee structure to cover operating expenses, to maintain reserves as are deemed reasonably necessary by the Board to provide facilities for the conduct of OCC's business and to accumulate such additional surplus as the Board deems advisable to allow OCC to meet its obligations to clearing members and the general public.

OCC has determined to reinstate its permanent reduced fee schedule. OCC's revenues principally are derived from clearing fees charged to clearing members and OCC's current and projected operating expenses have increased due to current and anticipated

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<sup>5</sup> See Exchange Act Release No. 34-55709 (May 4, 2007), 72 FR 26669 (May 10, 2007) (SR-OCC-2007-05). This schedule is applied to futures and futures options as well.

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regulatory requirements.<sup>7</sup> These requirements include those proposed by the Commission at its meeting on March 12, 2014, requiring OCC to be in a position to cover potential general business losses so that it can continue operations if those losses materialize.<sup>8</sup> OCC's current and anticipated operating expenses have also increased as a result of costs associated with the engagement of outside professionals to address various regulatory issues arising under the Dodd-Frank Act, notably additional expectations and requirements arising from OCC's status as a Systemically Important Financial Market Utility ("SIFMU"), and OCC's assessment of and compliance with international standards applicable to clearing agencies. Employee costs additionally are expected to rise further in 2014 as resources are enhanced to meet current and anticipated regulatory obligations, including increased requirements to produce data, analysis and information to the Commission in connection with its exercise of its supervisory authority over OCC.

As noted above, the Board unanimously determined to reinstate the permanent reduced fee schedule to compensate for these increased expenses. In making this determination, the Board carefully considered the requirements of Article IX, Section 9 of OCC's By-Laws as well as the expectations and obligations imposed upon OCC as a SIFMU in the national system

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<sup>8</sup> See Exchange Act Release No. 34-71699 (March 12, 2014). OCC anticipates that these requirements will need to be met by the end of 2014. The determination to reinstate the permanent reduced fee schedule was based on an analysis of such requirements and such reinstatement being effective April 1, 2014. Implementation thereafter potentially could have required an increase in the fees beyond the reinstatement of the permanent reduced fee schedule.



for clearance and settlement. The Board further evaluated the potential for a refund of clearing fees in 2014. While no affirmative decision has been made by the Board regarding such refund, the Board recognized that OCC's current funding, reserve and surplus needs might result in refunds, if any, which are significantly lower in 2014 than in past years.<sup>9</sup> OCC will monitor the impact of returning to the permanent reduced fee schedule as well as OCC's needs to evaluate whether additional action should be taken. For example, changes in revenues as a result of significant fluctuations in cleared volume (upwards or downwards) may prompt a re-assessment of the fee schedule (downwards or upwards). Cleared volumes also will be evaluated in connection with considering potential refunds for 2014.

The impact of the costs to comply with the new regulatory requirements and reinstate the permanent reduced fee schedule and the potential effect on a 2014 refund, if any, was discussed with each of the clearing members that would be most affected by these changes, most of which are represented on the Board. The vote of the Board to approve this filing included the affirmative votes of the six Member Directors present at the meeting.

The following chart sets forth the revised clearing fee schedule.

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Market Maker/Specialist Scratch per side	\$0.01	\$0.02

<sup>9</sup> See OCC's 2013 Annual Report, Footnote 8 to the Notes to the Financial Statements for a description of recent past refunds. Footnote 8 further discusses that OCC's Board sets clearing fees and determines the amounts of refunds, fee reductions and discounts, if any, based upon OCC's current funding needs.

OCC published an Information Memo on March 10, 2014, to all of its clearing members and exchanges notifying them of the changes to the Schedule of Fees that would become effective as of April 1, 2014, and a second Information Memo on March 13, 2014, notifying them of the likely effects on the refunds for 2014. The Information Memos informed clearing members and exchanges that due to current and projected increases in operating expenses related to regulatory requirements, OCC would reinstate the permanent reduced clearing fee schedule adopted May 1, 2007, and that refunds based on 2014 cleared volume are likely to be significantly lower in 2014 as a result of the new regulatory expectations and requirements, but that it was expected that such impacts should not extend beyond 2014 based on current projections.

OCC believes the proposed rule change is consistent with Section 17A(b)(3)(D)<sup>10</sup> of the Act, because by eliminating a discount but otherwise leaving the current clearing fee schedule intact, OCC will continue to equitably allocate fees among its clearing members and other market participants. OCC also believes that the proposed rule change is consistent with Rule 17Ad-22(d)(9)<sup>11</sup> because the fee schedule amended by this rule change is publicly available and therefore provides clearing members and other market participants with sufficient information to allow them to identify and evaluate the costs associated with OCC's services. The proposed rule change is not inconsistent with the existing rules of the OCC including any other rules proposed to be amended.

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<sup>10</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>11</sup> 17 CFR 240.17Ad-22(d)(9).

(B) 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.<sup>12</sup>

Changes to the rules of a clearing agency may have an impact on the participants in a clearing agency, their customers, and the markets that the clearing agency serves. This proposed rule change primarily affects such users and OCC believes that the proposed modifications would not disadvantage or favor any particular user in relationship to another user because the discount is being eliminated for, and the clearing fees apply equally to, all users of OCC's services.

For the foregoing reasons, OCC believes that the proposed rule change is in the public interest, would be consistent with the requirements of the Act applicable to clearing agencies, and would not impose a burden on competition that is unnecessary or inappropriate 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

Pursuant to Section 19(b)(3)(A)<sup>13</sup> and Rule 19b-4(f)(2)<sup>14</sup>, the proposed rule change is filed for immediate effectiveness inasmuch as it pertains to fees charged to OCC clearing

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<sup>12</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>13</sup> 15 U.S.C. 78s(b)(3)(A).

members. 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.<sup>15</sup>

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2014-05 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-2014-05. 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

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<sup>14</sup> 17 CFR 240.19b-4(f)(2).

<sup>15</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this rule change is deemed certified under CFTC Regulation §40.6.



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-2014-05 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.<sup>16</sup>

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: \_\_\_\_\_

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<sup>16</sup> 17 CFR 200.30-3(a)(12).

**EXHIBIT 5**

**THE OPTIONS CLEARING CORPORATION  
SCHEDULE OF FEES – [JANUARY 2013] APRIL 2014**

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**CLEARING MEMBER**

**CLEARING**

**Clearing Fees [\*]**

<b>Trades with contracts of:</b>	
1 – 500	\$ <u>.05</u> [3] <u>per contract</u>
501 – 1000	\$ <u>.04</u> [24] <u>per contract</u>
1001 – 2000	\$ <u>.03</u> <u>per contract</u> [18.00 per trade]
Greater than 2000	\$ <u>55.00</u> [18.00] per trade

[\*Discounted fees in effect until further action by the OCC Board of Directors.]

**New Products**

From the first day of listing through the end of the following calendar month: \$ 0.00

Thereafter reverts to the clearing fees specified above.

Market Maker/Specialist Scratch per side	\$ 0.02[1]
Minimum Monthly Clearing Fee	\$ 200.00
Exercise Fee – per line item on exercise notice	\$ 1.00

**MEMBERSHIP**

New Clearing Member Qualification Fee	\$ 4,000.00
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**Stock and Market Loan Program Transaction Fees**

Per transaction assessed against each lender and borrower	\$ 1.00
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**STAMPS**

Clearing Member Authorization Stamp per stamp	\$ 23.00
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**ANCILLARY SERVICES**

**TIER I**

- ENCORE Access
- MyOCC Access
- Data Service – proprietary position and trade data (includes transmission to service bureau)
- Report Bundle
- Series File
- Special Settlement File
- Open Interest File
- Prices File
- Stock Loan File
- Theoretical Profit and Loss Values
- Leased line charges are additional \$ 1,500.00 per month

**Additional Clearing Member:**

No Charge

**TIER II**

- ENCORE Access
- MyOCC Access
- Data Service – proprietary position and trade data (includes transmission to service bureau)
- Report Bundle
- Leased line charges are additional \$ 1,000.00 per month

**TIER III**

- ENCORE Access
- MyOCC Access
- \$650.00 per month

**TIER IV** (Stock Loan Only)

- ENCORE Access
- MyOCC Access
- \$ 300.00 per month

LEASED LINE SERVICES

T1 line to a Midwest Destination	\$1,000.00 per month, per line
T1 line to an East Coast Destination	\$1,500.00 per month, per line
T1 line to a West Coast Destination	\$2,000.00 per month, per line

CLEARING MEMBER/NON-CLEARING MEMBER

PUBLICATIONS/BROCHURES

Disclosure Documents	\$ .45
OCC/ICC By-Laws and Rules	\$ 47.00

(Updates can be obtained on a subscription basis for \$47.00 per year.)

NON-CLEARING MEMBER

SERIES INFORMATION

Non-Clearing Member

Non-Distribution	\$1,750.00 per month
Distribution	\$3,000.00 per month
Real Time Data	\$250.00 per month (in addition to fees listed above)

PRICES INFORMATION

Non-Clearing Member	\$3,000.00 per month
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THEORETICAL PROFIT AND LOSS VALUES\*

Non-Clearing Member	\$1,000.00 per month
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