

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-62942; File No. SR-OCC-2010-16)

September 20, 2010

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change Relating to Weekly Options And Monthly Options

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”),¹ notice is hereby given that on September 15, 2010, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission the proposed rule change as described in Items I and II 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. Self-Regulatory Organization’s Statement of the Terms of the Substance of the Proposed Rule Change

The proposed rule change would accommodate options that expire on (a) any Friday of a calendar month other than the third Friday of a calendar month (“Weekly Options”) or (b) on the last trading day of a calendar month (“Monthly Options”).

II. Self-Regulatory Organization’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 such statements.

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

¹ 15 U.S.C. 78s(b)(1).

The purpose of this proposed rule change is to accommodate Weekly Options and Monthly Options. The Chicago Board Options Exchange, Inc. (“CBOE”), is proposing to trade Weekly Options and Monthly Options on broad-based indexes (“Weekly Index Options” and “Monthly Index Options,” respectively).² Series of Weekly Index Options will expire on a Friday of a calendar month other than the third Friday and Monthly Index Options will expire on the last trading day of a calendar month. If the last trading day of the month is a Friday, CBOE would opt to list Monthly Index Options over Weekly Index Options. Weekly Index Options and Monthly Index Options would be European-style, P.M.-settled contracts. CBOE proposes for these contracts to be subject to “automatic exercise procedures,” meaning that these contracts would automatically be exercised at expiration without the opportunity for the clearing member to submit contrary exercise instructions if immediately prior to expiration the contract’s settlement amount or exceeds a certain predetermined amount.

Weekly Options and Monthly Options can be cleared and settled by OCC with relatively minor revisions to current By-laws and Rules to provide for options that expire on a monthly or weekly schedule as proposed by CBOE.³ Therefore, OCC proposes amending Article I, Section 1 of its by-laws to include definitions covering Weekly and Monthly Options. Changes to Rule 801, which relates to the submission of exercise notices, would be made to permit a Weekly or Monthly Option to be exercised on the business day before the expiration date and to include Weekly Index Options and Monthly Index Options in the listing of options series subject to

² Securities Exchange Act Release No. 62658 (Aug. 5, 2010), 75 FR 49010 (Aug. 12, 2010).

³ OCC’s By-laws and Rules already accommodate equity and index options that expire on a day other than a Saturday following the third Friday of the month. For example, they accommodate quarterly options, which expire on the last business day of a calendar quarter, and short term options, which expire a week after their introduction for trading. Quarterly index options and short term index options are also subject to automatic exercise procedures.

automatic exercise. Changes to Interpretation and Policy .03 to Rule 805, which relates to expiration date exercise processing, would be made to permit OCC to specify time frames for submitting exercise instructions and furnishing reports with respect to Weekly and Monthly Options on equity interests that are different than those time frames effect for conventional options.⁴ A conforming change to Rule 1804, which supplements Rule 805, also would be made to add Weekly Index Options and Monthly Index Options to the list of options series subject to automatic exercise.

OCC states that the proposed changes to OCC's By-Laws and Rules are consistent with the purposes and requirements of Section 17A of the Act⁵ because they are designed to permit OCC to perform clearing services for products that are subject to the jurisdiction of the SEC without adversely affecting OCC's obligations with respect to the prompt and accurate clearance and settlement of securities transactions or the protection of investors and the public interest. They accomplish this purpose by applying substantially the same rules and procedures to transactions in Monthly Index Options and Weekly Index Options as OCC applies to transactions in other options with a nonconventional expiry date, including Quarterly Index Options. The proposed rule change is not inconsistent with any rules of OCC, including any rules proposed to be amended.

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

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

⁴ Interpretation .03 would also be amended to clarify that it covers equity options with non-conventional expiration dates as opposed to index options with nonconventional expiration dates, which are subject to automatic exercise as described in Rule 1804.

⁵ 15 U.S.C. 78q-1.

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

OCC has not solicited or received written comments relating to the proposed rule change. OCC will notify the Commission of any written comments it receives.

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 (i) as the Commission may designate up to ninety days of such date 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 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 No. SR-OCC-2010-16 on the subject line.

Paper comments:

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

All submissions should refer to File No. SR-OCC-2010-16. 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 Web site viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 am and 3:00 pm. Copies of such filing also will be available for inspection and copying at OCC's principal office and on OCC's Web site at <http://www.theocc.com/publications/rules/proposed_changes/proposed_changes.jspU>. 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 submission should refer to File No. SR-OCC-2010-16 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.⁶

Florence E. Harmon
Deputy Secretary

⁶ 17 CFR 200.30-3(a)(12).