SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Extension of Review Period of Advance Notice To Establish the Legal and Operational Framework for Providing Central Clearing of OTC Index Options on the S&P 500 Index That Are Negotiated Bilaterally in the Over-the-Counter Market and Submitted to OCC for Clearance

October 26, 2012.

On August 30, 2012, the Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change and Advance Notice SR–OCC–2012–14 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) \(^1\) and Rule 19b–4 thereunder. \(^2\) The proposed rule change was published for comment in the Federal Register on September 18, 2012 \(^3\) and the Advance Notice was published for comment in the Federal Register on September 27, 2012. \(^4\)

Section 806(e)(1)(G) of the Payment, Clearing, and Settlement Supervision Act of 2010 (“Clearing Supervision Act”) \(^5\) provides that changes proposed in an Advance Notice may be implemented if the Commission does not object to the proposed changes within 60 days of the later of (i) the date that the Advance Notice was filed with the Commission or (ii) the date that any additional information requested by the Commission is received, unless extended as described below. The date that is 60 days from the time of the filing is October 29, 2012. Pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, \(^6\) the Commission may extend the review period for an additional 60 days if the proposed changes raise novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension.

The Commission finds it is appropriate to extend the review period for the Advance Notice. In particular, the Advance Notice is novel because OCC does not currently provide clearing services for OTC products and because no registered clearing agency currently provides clearing services for OTC S&P 500 Index options.

Accordingly, the Commission, pursuant to 806(e)(1)(H) of the Clearing Supervision Act, \(^7\) extends the review period for an additional 60 days so that the Commission shall have until December 28, 2012 to issue an objection or non-objection of the Advance Notice (File No. SR–OCC–2012–14).

By the Commission.

Kevin M. O’Neill,
Deputy Secretary.

SECURITIES AND EXCHANGE COMMISSION


Self-Regulatory Organizations; Options Clearing Corporation; Order Approving Proposed Rule Change Relating to Financial Reporting by Canadian Clearing Members

October 26, 2012.

I. Introduction

On September 5, 2012, the Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“SEC” or “Commission”) the proposed rule change SR–OCC–2012–15 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) \(^1\) and Rule 19b–4 thereunder. \(^2\) The proposed rule change was published for comment in the Federal Register on September 19, 2012. \(^3\) The Commission received no comment letters. This order approves the proposed rule change.

II. Description

The proposed rule change would make technical “housekeeping” changes to OCC’s By-Laws and Rules relating to financial reporting by Canadian clearing members to reflect the Investment Industry Regulatory Organization of Canada’s (“IIROC”) adoption of the International Financial Reporting Standards.

OCC Rule 310, through cross-references to interpretive provisions of OCC Rule 306—Financial Reports and

\(^{7}\) Id.

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OCC Rule 308-Audits, allows Canadian clearing members to elect to file their Joint Regulatory Financial Questionnaire and Reports (“JRFQR”) with OCC, instead of filing SEC Form X–17A–5, to discharge their financial reporting requirements to OCC. In addition, other provisions of OCC’s rules (Rules 301, 302, 303, 304, 306 and 308) reference information Canadian clearing members report on their JRFQR. IIROC, the primary regulator of Canada’s securities industry, replaced the JRFQR with “Form 1” of the International Financial Reporting Standards. OCC proposes to replace references to the JRFQR within its By-Laws and Rules with references to “Form 1.”

III. Discussion

Section 17A(b)(3) (F) of the Act requires that, among other things, a clearing agency be organized and its rules designed to safeguard securities and funds in its custody or control or for which it is responsible. The proposed rule change will allow OCC to efficiently monitor the financial health of its clearing members and is intended to facilitate Canadian clearing members’ compliance with OCC’s By-Laws and Rules by aligning OCC’s financial reporting requirements, as they pertain to Canadian clearing members, with those of the IIROC. It is also intended to ensure OCC has appropriate information about Canadian clearing members’ capital withdrawals, which will no longer be reported to OCC on a monthly basis. As such, it will help OCC to safeguard the securities and funds in its custody or control or for which it is responsible.

IV. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act, that the proposed rule change (File No. SR–OCC–2012–15) be, and hereby is, approved.

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

Kevin M. O’Neill,
Deputy Secretary.

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SECURITIES AND EXCHANGE COMMISSION

Self-Regulatory Organizations; The NASDAQ Stock Market LLC; Order Instituting Proceedings To Determine Whether To Approve or Disapprove Proposed Rule Change To Amend Rule 4626—Limitation of Liability

October 26, 2012.

I. Introduction

On July 23, 2012, The NASDAQ Stock Market LLC (“Nasdaq” or “Exchange”) filed with the Securities and Exchange Commission (”Commission”), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”) 1 and Rule 19b–4 thereunder,2 a proposed rule change to amend Exchange Rule 4626—Limitation of Liability (“accommodation proposal”). The proposed rule change was published for comment in the Federal Register on August 1, 2012.3 The Commission received 11 comment letters on this proposal 4 and a response letter from Nasdaq.5 On September 12, 2012, the Commission extended the time period in which to either approve the accommodation proposal, disapprove the accommodation proposal, or determine that the accommodation proposal is inconsistent with the requirements of the Act and the rules and regulations thereunder.


4 OCC does not propose to amend Rule 310 since it does not specifically use the term, “Joint Regulatory Financial Questionnaire and Reports.”

5 OCC does not propose to amend Rule 310 since it does not specifically use the term, “Joint Regulatory Financial Questionnaire and Reports.”