

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 149		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 014 Amendment No. (req. for Amendments *)	
Filing by Options Clearing Corporation					
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input type="checkbox"/>		Section 19(b)(3)(A) * <input checked="" type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input checked="" type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Section 806(e)(2) * <input type="checkbox"/>		
			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
<b>Description</b> Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Proposed rule change by the Options Clearing Corporation in connection with amendments to its By-Laws and Rules to remove the numerical designation of the paragraphs in those Articles of the By-Laws and Sections of the Rules that list definitions.</div>					
<b>Contact Information</b> Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * <input type="text"/> Last Name * <input type="text"/> Title * <input type="text"/> E-mail * <input type="text" value="RuleFilings@theocc.com"/> Telephone * <input type="text"/> Fax <input type="text"/>					
<b>Signature</b> Pursuant to the requirements of the Securities Exchange of 1934, Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date <input type="text" value="09/18/2025"/> (Title *) By <input type="text"/> (Name *) <div>NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <div>Digitally signed by <input type="text"/> Date: 2025.09.18 15:34:08 -05'00'</div></div>					

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SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EDFS website.

Form 19b-4 Information \*

Add	Remove	View
SR-OCC-2025-014 19b4 (Minor Defin		

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

Exhibit 1 - Notice of Proposed Rule Change \*

Add	Remove	View
SR-OCC-2025-014 Exhibit 1A (Minor		

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \*

Add	Remove	View

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

Exhibit 2- Notices, Written Comments, Transcripts, Other Communications

Add	Remove	View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

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Exhibit Sent As Paper Document

Exhibit 3 - Form, Report, or Questionnaire

Add	Remove	View

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

☐

Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

Add	Remove	View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

Exhibit 5 - Proposed Rule Text

Add	Remove	View
SR-OCC-2025-014 Exhibit 5A (By-Lav		
SR-OCC-2025-014 Exhibit 5B (Rules)		
SR-OCC-2025-014 Exhibit 5C (By-Lav		

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

Partial Amendment

Add	Remove	View

If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**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**

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The Options Clearing Corporation (“OCC”) is filing this proposed rule change with the Securities and Exchange Commission (“Commission” or “SEC”) in connection with amendments to OCC’s By-Laws and Rules to remove the numerical designation of the paragraphs in those Articles of the By-Laws and Sections of the Rules that list definitions, in favor of maintaining the paragraphs in alphabetical order.

OCC filed proposed amendments to OCC’s current By-Laws and Rules as Exhibit 5A and 5B to File No. SR-OCC-2025-014, respectively. However, OCC has received approval for proposed rule changes with future implementation dates that touch on the sections proposed to be amended here.<sup>3</sup> OCC proposes to amend such approved, but not yet implemented, rules to ensure consistency following implementation. Pending amendments to OCC’s By-Laws and Rules that were approved by the Commission in File Nos. SR-OCC-2024-011 and SR-OCC-2024-013 in connection with the upcoming launch of OCC’s new clearance and settlement system, Ovation, are filed as Exhibits 5C and 5D to File No. SR-OCC-2025-014, respectively. OCC filed as Exhibit 5E to File No. SR-OCC-2025-014 amendments to the Default Management Policy (the “Policy”). Material proposed to be added is marked by underlining, and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization

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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> See Securities Exchange Act Release Nos. 101754 (Nov. 26, 2024), 89 FR 95878 (Dec. 3, 2024) (SR-OCC-2024-011); 101621 (Nov. 14, 2024), 89 FR 991825 (Nov. 20, 2024) (SR-OCC-2024-013).

that are not otherwise defined herein have the same meaning as set forth in the By-Laws and Rules.<sup>4</sup>

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

The proposed rule change to OCC's By-Laws and Rules was approved for filing with the Commission by OCC's Board of Directors ("Board") on February 28, 2025, and approved by OCC's Stockholders on September 10, 2025. OCC's General Counsel approved the changes to the Rules and Policies based on authority delegated by the Board.

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

A. Purpose

**Proposed Change**

As a self-regulatory organization ("SRO") that is registered as a covered clearing agency ("CCA") under the Securities Exchange Act of 1934 ("Exchange Act"), as amended,<sup>5</sup> and a derivatives clearing organization ("DCO") under the Commodity Exchange Act,<sup>6</sup> OCC is required to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities.<sup>7</sup> OCC's legal framework is inclusive of its By-Laws and Rules, which constitute a part of the terms and conditions of each cleared contract issued by OCC.<sup>8</sup> Currently, the By-Laws and Rules contain definition sections that list defined terms in numerated

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<sup>4</sup> OCC's By-Laws and Rules can be found on OCC's public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

<sup>5</sup> 15 U.S.C. § 78s.

<sup>6</sup> 7 U.S.C. § 7a-1.

<sup>7</sup> See 17 CFR 240.17ad-22(e)(1) (legal framework requirements applicable to OCC as a CCA); 17 CFR 39.27(b) (legal framework requirements applicable to OCC as a DCO).

<sup>8</sup> See OCC By-Laws Art. VI, Section 10; OCC Rule 204(b)(3).

paragraphs. OCC proposes to remove the paragraph numbering, which is unnecessary to locate or reference definitions in an alphabetized definitions section.

OCC believes that removing the numbering will enable the more efficient maintenance of the By-Laws and Rules.<sup>9</sup> OCC often has multiple and sometimes overlapping proposed changes pending with the Commission at the same time in which OCC proposes to add or delete such definitions. Moreover, certain changes may be subject to delayed implementation for a period during which system changes may be required, such as the approved rule changes that OCC filed in connection with the implementation of Ovation, File Nos. SR-OCC-2024-011 and SR-OCC-2024-013, for which implementation is delayed until that system goes live. Removing the numbering would help to avoid situations in which the resulting re-number from one proposed change may conflict with the numbering in another proposed rule change. In addition, this proposed change is consistent with changes that the Commission recently made to the definition section for the Standards for Covered Clearing Agencies, Exchange Act Rule 17ad-22(a),<sup>10</sup> to remove paragraph numbering in favor of an alphabetized list.<sup>11</sup>

In connection with the removal of the paragraph numbering, OCC would also amend cross-references to those definitions that reference the paragraph numbering in the By-Laws,<sup>12</sup>

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<sup>9</sup> Definitions in the By-Laws are found at Article I, Section 1; Article XIII, Section 1; Article XIV, Section 1; Article XV, Section 1; Article XVI, Section 1; Article XVII, Section 1; Article XXI, Section 1; Article XXIA, Section 1; Article XXII, Section 1; Article XXIV, Section 1; and Article XXVI, Section 1. Definitions the Rules are found at Rule 101.

<sup>10</sup> 17 C.F.R. 240.17ad-22(a).

<sup>11</sup> See Standards for Covered Clearing agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714, 2829 (Jan. 16, 2024) (S7-23-22).

<sup>12</sup> OCC proposes to delete cross references to paragraph numbers throughout the By-Laws including from: (i) the definition of “Related person” in Article I, Section 1 of the By-Laws, (ii) the parenthetical found at the end of Article XIII, Section 3, (iii) the definition of “Expiration Time” in Article XV, Section 1 (iv) the definition of “Series of Options” in Article XVII, Section 1, and (v) Article XVII Section 5(a).

and other rule-filed documents.<sup>13</sup> Specifically, OCC would replace such numerical cross-references with a reference to the term as defined in the applicable definition section. In addition, OCC would standardize the way each definition is introduced by replacing instances of “shall mean” in the By-Laws and Rules with “means” within the definition sections to improve clarity and remove any ambiguity. OCC would also add new definitions for the “Securities Exchange Act” and the “Commodity Exchange Act” to establish a consistent meaning for these terms within OCC’s the By-Laws and Rules. OCC proposes global changes throughout the By-Laws and Rules to apply these new defined terms.<sup>14</sup> Separately, OCC proposes to standardize the use of abbreviated defined terms for the “SEC” and the “CFTC”<sup>15</sup> to improve clarity and consistency of the By-Laws and Rules. OCC would also remove the definition of the term “statutory disqualification” from the By-Laws because that term is defined in greater detail in the existing Rules and is not used elsewhere in the By-Laws following the consolidation of provisions governing membership under the Rules.<sup>16</sup> Removing the definition of that term in the By-Laws would prevent ambiguity about which definition applies. The changes also include

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<sup>13</sup> The Default Management Policy includes footnote with a cross-reference to the definition of “Designated Officer” from Article I, Section 1 of the By-Laws that will be deleted accordingly.

<sup>14</sup> See OCC By-Laws Article I, Section 1 (“Appropriate Regulatory Agency”, “Designated Examining Authority”; “Fund Share”; “Futures Customer”; “International Market”; “Limited Cross-Guaranty Agreement”; “Market-Maker”; “Non-Customer” “Rules”; “Security Future”; “Security Futures Market”; “Statutory Rules”); Article VI, Sections 3, 25; Article VIIA, Sections 1, 5; Article VIIB, Sections 1, 5; OCC Rules 101 (“Non-U.S. Securities Firm”; “Regulatory Organization”; “Statutory Disqualification”); 201, 204, 301; 302; 405; 604; 1102; 1202; 1203.

<sup>15</sup> See OCC By-Laws Article I, Section 1 (“Affiliate”; “Commodity Futures”; “Commodity Option”; “Designated Examining Authority”; “Futures Customer”; “Futures Market”; “JBO Participant”; “Proprietary Market-Maker; Proprietary Market-Maker Account”; “Proprietary Market Professional”; “Statutory Rules”); Article III, Sections 6A, 15; Article VI, Sections 3, 18, 24, 25, 27; Article VIIA, Sections 1, 5; Article VIIB, Sections 1, 5; Article XII, Section 6; OCC Rules 101 (“Non-U.S. Securities Firm”; “Regulatory Organization”); 201; 301; 305; 306A; 601; 604; 609A; 905; 1102; 1202; 1203; 1301A; 2202; 2202A.

<sup>16</sup> See Exchange Act Release No. 97439 (May 5, 2023), 88 FR 30373, 30373 n.10 (May 11, 2023) (SR-OCC-2023-002).

some minor and non-substantive revisions and corrections. Collectively, these proposed changes are technical in nature and do not modify or alter the substance of OCC's By-Laws and Rules; instead, they are designed to improve the clarity of OCC's By-Laws and Rule by ensuring greater internal consistency and reducing ambiguity throughout the rule text.

### **Implementation Timeframe**

The changes in Exhibits 5A, 5B, and 5E would become effective upon OCC's receipt of all necessary regulatory approval. Notwithstanding the immediate effectiveness of those changes, OCC would not implement changes to the rule changes in Exhibits 5C and 5D that OCC filed in connection with the implementation of Ovation, until the implementation of the related changes approved in File Nos. SR-OCC-2024-011 and SR-OCC-2024-013.

#### **B. Statutory Basis**

OCC believes the proposed rule changes are consistent with Section 17A of the Exchange Act and the rules and regulations thereunder. Section 17A(b)(3)(F)<sup>17</sup> of the Exchange Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities and derivatives transactions and protect investors and the public interest. By removing paragraph numbering and reorganizing the definitions sections in alphabetical order throughout OCC's By-Laws and Rules, the proposed rule change facilitates the efficient administration of existing SRO rules that removes any potential confusion. For these reasons, the proposed changes are reasonably designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest in accordance with Section 17A(b)(3)(F) of the Act.<sup>18</sup>

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<sup>17</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>18</sup> Id.



Rule 17ad-22(e)(1) requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. As discussed above, the proposed rule change updates OCC By-Laws and Rules to remove unnecessary numbering used throughout the definition sections and make other minor non-substantive changes intended to improve the clarity and transparency of OCC's By-Laws and Rule. These changes would ensure that OCC's By-Laws and Rules continue to provide a well-founded, clear, transparent, and enforceable legal framework. For those reasons, OCC believes that the proposal is consistent with Rule 17ad-22(e)(1).

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

Section 17A(b)(3)(I) of the Exchange Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act.<sup>19</sup> As discussed above, the proposed changes would remove unnecessary numbering by reorganizing the definition sections in alphabetical order and make non-substantive revisions and corrections. These proposed changes are technical in nature and would have no impact on the rights or obligations of Clearing Members or other participants in a way that would benefit or disadvantage any one participant over another. Accordingly, OCC does not believe that the proposed corrections to its By-Laws and Rules have any impact or would impose any burden on competition.

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<sup>19</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.

**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) or Section 19(b)(7)(D)**

Pursuant to Section 19(b)(3)(A)(i)<sup>20</sup> of the Exchange Act, and Rule 19b-4(f)(1),<sup>21</sup> the proposed rule change is filed for immediate effectiveness. Rule 19b-4(f)(1) provides that proposed rule changes may take effect upon filing if the change is a “stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule.”<sup>22</sup> OCC believes the proposed rule change would facilitate the administration of existing rules by removing unnecessary numbering and reorganizing the definition sections in alphabetical order, while also making non-substantive revisions and corrections. None of the proposed changes would materially affect the meaning, administration, or enforcement of any OCC rules or those subject to delayed implementation.

At any time within 60 days of the filing of the proposed rule change, the SEC summarily may temporarily suspend such rule change if it appears to the SEC 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 Exchange Act. Notwithstanding its immediate effectiveness, implementation

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<sup>20</sup> 15 U.S.C. 78s(b)(3)(A)(i).

<sup>21</sup> 17 CFR 240.19b-4(f)(1).

<sup>22</sup> Id.

of the rule changes will be delayed until they are deemed certified under Commodity Futures Trading Commission Regulation § 40.6.<sup>23</sup>

**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 5A    By-Laws Changes.

Exhibit 5B    Rule Changes.

Exhibit 5C    By-Law Changes from SEC Approved Rule Filings.

Exhibit 5D    Rule changes from SEC Approved Rule Filings.

Exhibit 5E    Default Management Policy Changes.

**Exhibit 5E is omitted and filed separately with the Commission in connection with a request for confidential treatment pursuant to 17 CFR 240.24b-2.**

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<sup>23</sup> 17 CFR 40.6.

## EXHIBIT 1A

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[\_\_\_\_\_] ); File No. SR-OCC-2025-014)

[September \_\_, 2025]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Options Clearing Corporation Concerning amendments to OCC's By-Laws and Rules to remove the numerical designation of paragraphs in those Articles of the By-Laws and Sections of the Rules that list definitions, in favor of maintaining the paragraphs in alphabetical order.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 18, 2025 The Options Clearing Corporation ("OCC" or "Corporation") filed with the Securities and Exchange Commission ("SEC" or "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 paragraph (f) of Rule 19b-4<sup>4</sup> thereunder, such that the proposed rule change was immediately effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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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).

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

This proposed rule change would amend OCC's By-Laws and Rules to remove the numerical designation of the paragraphs in those Articles of the By-Laws and Sections of the Rules that list definitions, in favor of maintaining the paragraphs in alphabetical order.

OCC filed proposed amendments to OCC's current By-Laws and Rules as Exhibit 5A and 5B to File No. SR-OCC-2025-014, respectively. However, OCC has received approval for proposed rule changes with future implementation dates that touch on the sections proposed to be amended here.<sup>5</sup> OCC proposes to amend such approved, but not yet implemented, rules to ensure consistency following implementation. Pending amendments to OCC's By-Laws and Rules that were approved by the Commission in File Nos. SR-OCC-2024-011 and SR-OCC-2024-013 in connection with the upcoming launch of OCC's new clearance and settlement system, Ovation, are filed as Exhibits 5C and 5D to File No. SR-OCC-2025-014, respectively. OCC filed as Exhibit 5E to File No. SR-OCC-2025-014 amendments to the Default Management Policy (the "Policy"). Material proposed to be added is marked by underlining, and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the By-Laws and Rules.<sup>6</sup>

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<sup>5</sup> See Securities Exchange Act Release Nos. 101754 (Nov. 26, 2024), 89 FR 95878 (Dec. 3, 2024) (SR-OCC-2024-011); 101621 (Nov. 14, 2024), 89 FR 991825 (Nov. 20, 2024) (SR-OCC-2024-013).

<sup>6</sup> OCC's By-Laws and Rules can be found on OCC's public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

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

1. Purpose

**Proposed Change**

As a self-regulatory organization ("SRO") that is registered as a covered clearing agency ("CCA") under the Securities Exchange Act of 1934 ("Exchange Act"), as amended,<sup>7</sup> and a derivatives clearing organization ("DCO") under the Commodity Exchange Act,<sup>8</sup> OCC is required to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities.<sup>9</sup> OCC's legal framework is inclusive of its By-Laws and Rules, which constitute a part of the terms and conditions of each cleared contract issued by OCC.<sup>10</sup> Currently, the By-Laws and Rules contain definition sections that list defined terms in numerated paragraphs. OCC proposes to

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<sup>7</sup> 15 U.S.C. § 78s.

<sup>8</sup> 7 U.S.C. § 7a-1.

<sup>9</sup> See 17 CFR 240.17ad-22(e)(1) (legal framework requirements applicable to OCC as a CCA); 17 CFR 39.27(b) (legal framework requirements applicable to OCC as a DCO).

<sup>10</sup> See OCC By-Laws Art. VI, Section 10; OCC Rule 204(b)(3).

remove the paragraph numbering, which is unnecessary to locate or reference definitions in an alphabetized definitions section.

OCC believes that removing the numbering will enable the more efficient maintenance of the By-Laws and Rules.<sup>11</sup> OCC often has multiple and sometimes overlapping proposed changes pending with the Commission at the same time in which OCC proposes to add or delete such definitions. Moreover, certain changes may be subject to delayed implementation for a period during which system changes may be required, such as the approved rule changes that OCC filed in connection with the implementation of Ovation, File Nos. SR-OCC-2024-011 and SR-OCC-2024-013, for which implementation is delayed until that system goes live. Removing the numbering would help to avoid situations in which the resulting re-number from one proposed change may conflict with the numbering in another proposed rule change. In addition, this proposed change is consistent with changes that the Commission recently made to the definition section for the Standards for Covered Clearing Agencies, Exchange Act Rule 17ad-22(a),<sup>12</sup> to remove paragraph numbering in favor of an alphabetized list.<sup>13</sup>

In connection with the removal of the paragraph numbering, OCC would also amend cross-references to those definitions that reference the paragraph numbering in the

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<sup>11</sup> Definitions in the By-Laws are found at Article I, Section 1; Article XIII, Section 1; Article XIV, Section 1; Article XV, Section 1; Article XVI, Section 1; Article XVII, Section 1; Article XXI, Section 1; Article XXIA, Section 1; Article XXII, Section 1; Article XXIV, Section 1; and Article XXVI, Section 1. Definitions the Rules are found at Rule 101.

<sup>12</sup> 17 C.F.R. 240.17ad-22(a).

<sup>13</sup> See Standards for Covered Clearing agencies for U.S. Treasury Securities and Application of the Broker-Dealer Customer Protection Rule With Respect to U.S. Treasury Securities, Exchange Act Release No. 99149 (Dec. 13, 2023), 89 FR 2714, 2829 (Jan. 16, 2024) (S7-23-22).

By-Laws,<sup>14</sup> and other rule-filed documents.<sup>15</sup> Specifically, OCC would replace such numerical cross-references with a reference to the term as defined in the applicable definition section. In addition, OCC would standardize the way each definition is introduced by replacing instances of “shall mean” in the By-Laws and Rules with “means” within the definition sections to improve clarity and remove any ambiguity. OCC would also add new definitions for the “Securities Exchange Act” and the “Commodity Exchange Act” to establish a consistent meaning for these terms within OCC’s the By-Laws and Rules. OCC proposes global changes throughout the By-Laws and Rules to apply these new defined terms.<sup>16</sup> Separately, OCC proposes to standardize the use of abbreviated defined terms for the “SEC” and the “CFTC”<sup>17</sup> to improve clarity and consistency of the By-Laws and Rules. OCC would also remove the definition of the term “statutory disqualification” from the By-Laws because that term is defined in greater detail in the existing Rules and is not used elsewhere in the By-Laws following the

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<sup>14</sup> OCC proposes to delete cross references to paragraph numbers throughout the By-Laws including from: (i) the definition of “Related person” in Article I, Section 1 of the By-Laws, (ii) the parenthetical found at the end of Article XIII, Section 3, (iii) the definition of “Expiration Time” in Article XV, Section 1 (iv) the definition of “Series of Options” in Article XVII, Section 1, and (v) Article XVII Section 5(a).

<sup>15</sup> The Default Management Policy includes footnote with a cross-reference to the definition of “Designated Officer” from Article I, Section 1 of the By-Laws that will be deleted accordingly.

<sup>16</sup> See OCC By-Laws Article I, Section 1 (“Appropriate Regulatory Agency”, “Designated Examining Authority”; “Fund Share”; “Futures Customer”; “International Market”; “Limited Cross-Guaranty Agreement”; “Market-Maker”; “Non-Customer” “Rules”; “Security Future”; “Security Futures Market”; “Statutory Rules”); Article VI, Sections 3, 25; Article VIIA, Sections 1, 5; Article VIIB, Sections 1, 5; OCC Rules 101 (“Non-U.S. Securities Firm”; “Regulatory Organization”; “Statutory Disqualification”); 201, 204, 301; 302; 405; 604; 1102; 1202; 1203.

<sup>17</sup> See OCC By-Laws Article I, Section 1 (“Affiliate”; “Commodity Futures”; “Commodity Option”; “Designated Examining Authority”; “Futures Customer”; “Futures Market”; “JBO Participant”; “Proprietary Market-Maker; Proprietary Market-Maker Account”; “Proprietary Market Professional”; “Statutory Rules”); Article III, Sections 6A, 15; Article VI, Sections 3, 18, 24, 25, 27; Article VIIA, Sections 1, 5; Article VIIB, Sections 1, 5; Article XII, Section 6; OCC Rules 101 (“Non-U.S. Securities Firm”; “Regulatory Organization”); 201; 301; 305; 306A; 601; 604; 609A; 905; 1102; 1202; 1203; 1301A; 2202; 2202A.



consolidation of provisions governing membership under the Rules.<sup>18</sup> Removing the definition of that term in the By-Laws would prevent ambiguity about which definition applies. The changes also include some minor and non-substantive revisions and corrections. Collectively, these proposed changes are technical in nature and do not modify or alter the substance of OCC's By-Laws and Rules; instead, they are designed to improve the clarity of OCC's By-Laws and Rule by ensuring greater internal consistency and reducing ambiguity throughout the rule text.

### **Implementation Timeframe**

The changes in Exhibits 5A, 5B, and 5E would become effective upon OCC's receipt of all necessary regulatory approval. Notwithstanding the immediate effectiveness of those changes, OCC would not implement changes to the rule changes in Exhibits 5C and 5D that OCC filed in connection with the implementation of Ovation, until the implementation of the related changes approved in File Nos. SR-OCC-2024-011 and SR-OCC-2024-013.

### **2. Statutory Basis**

OCC believes the proposed rule changes are consistent with Section 17A of the Exchange Act and the rules and regulations thereunder. Section 17A(b)(3)(F)<sup>19</sup> of the Exchange Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities and derivatives transactions and protect investors and the public interest. By removing paragraph numbering and reorganizing the definitions sections in alphabetical order

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<sup>18</sup> See Exchange Act Release No. 97439 (May 5, 2023), 88 FR 30373, 30373 n.10 (May 11, 2023) (SR-OCC-2023-002).

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).

throughout OCC's By-Laws and Rules, the proposed rule change facilitates the efficient administration of existing SRO rules that removes any potential confusion. For these reasons, the proposed changes are reasonably designed to promote the prompt and accurate clearance and settlement of securities transactions and to protect investors and the public interest in accordance with Section 17A(b)(3)(F) of the Act.<sup>20</sup>

Rule 17ad-22(e)(1) requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent and enforceable legal basis for each aspect of its activities in all relevant jurisdictions. As discussed above, the proposed rule change updates OCC By-Laws and Rules to remove unnecessary numbering used throughout the definition sections and make other minor non-substantive changes intended to improve the clarity and transparency of OCC's By-Laws and Rule. These changes would ensure that OCC's By-Laws and Rules continue to provide a well-founded, clear, transparent, and enforceable legal framework. For those reasons, OCC believes that the proposal is consistent with Rule 17ad-22(e)(1).

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

Section 17A(b)(3)(I) of the Exchange Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Exchange Act. As discussed above, the proposed changes would remove unnecessary numbering by reorganizing the definition sections in alphabetical order and make non-substantive revisions and corrections. These proposed changes are technical in nature and would have no impact on the rights or obligations of Clearing

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<sup>20</sup>

Id.

Members or other participants in a way that would benefit or disadvantage any one participant over another. Accordingly, OCC does not believe that the proposed corrections to its By-Laws and Rules have any impact or would impose any burden on competition.

(C) Clearing Agency'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<sup>21</sup> and paragraph (f) of Rule 19b-4<sup>22</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change 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.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.<sup>23</sup>

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<sup>21</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>22</sup> 17 CFR 240.19b-4(f).

<sup>23</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Regulation 40.6.

#### 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](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2025-014 on the subject line.

##### Paper Comments:

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

All submissions should refer to File Number SR-OCC-2025-014. 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 such filing will be available for inspection and copying at the principal office of OCC and on OCC's website at <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part

or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to File Number SR-OCC-2025-014 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>24</sup>

Secretary

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<sup>24</sup>

17 CFR 200.30-3(a)(12).

**EXHIBIT 5A**



## By-Laws

Blue underlined text indicates new text

~~Red Strikethrough~~ text indicates deleted text

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Green Double Underlined text indicates text moved from another location

**ARTICLE I – DEFINITIONS****Definitions**

\* \* \* \*

A.

**Account**

(+) The term “account” means a separate account established by a Clearing Member with the Corporation pursuant to the provisions of Article VI of the By-Laws.

**Adjustment Increment**

(+) The term “adjustment increment” in respect of options means one cent. The term “adjustment increment” in respect of a series of futures other than stock futures means the minimum increment in settlement prices for such series and in respect of a series of stock futures means \$0.0001.

**Affiliate**

(+) The term “Affiliate,” when used in respect of a Clearing Member, means a clearing member of a Participating CCO whose account with such Clearing Member would not be the account of a “customer” within the meaning of Rules 8c-1 and 15c2-1 of the ~~Securities and Exchange Commission~~ [SEC](#) and, when used in respect of a clearing member of a Participating CCO, means a Clearing Member whose account with such clearing member would be a “proprietary account” within the meaning of Section 1.3(y) of the General Regulations of the ~~Commodity Futures Trading Commission~~ [CFTC](#).

**Affiliated Futures Market**

(+) The term “affiliated futures market” means a futures market or security futures market at least 50% of the equity of which (a) is owned, directly or indirectly, by a Securities Exchange or (b) is owned by any entity that owns, directly or indirectly, at least 50% of the equity in a Securities Exchange.

**Aggregate Exercise Price**

(+) The term “aggregate exercise price” means the exercise price of an option contract multiplied by the number of units of the underlying security covered by the option contract; provided, however, that in the case of option contracts for which the exercise price is expressed as a multiple of the per-unit price, then for purposes of calculating the aggregate exercise price, the unit of trading shall also be modified so as to obtain the same aggregate exercise price as if the exercise price were expressed as a per-unit price.

**Aggregate Purchase Price**

(+) The term “aggregate purchase price” means the total price to be paid by the Receiving Clearing Member against delivery of underlying securities on the delivery date. As used in respect of a stock option, the aggregate purchase price is the exercise settlement amount. As used in respect of a physically-settled stock future, the aggregate purchase price is equal to the final settlement price multiplied by the unit of trading.

**Alternate Settlement Notification**

(+) The term “Alternate Settlement Notification” as used in respect of a physically-settled Treasury future means a notice submitted by the Delivering Clearing Member and the Receiving Clearing Member in respect

of one or more physically-settled Treasury futures that such Clearing Members have agreed to make and take delivery in respect of such physically-settled Treasury future(s) under terms or conditions which differ from the terms and conditions prescribed by paragraphs (a) through (j) of Rule 1302B.

#### **American; American-Style**

~~(8)~~ The term “American” or “American-style,” used in respect of an option contract other than a delayed-start option contract, means that the option contract may be exercised, subject to the provisions of the By-Laws and Rules, at any time from its acceptance by the Corporation until its expiration. When used in respect of a delayed start option contract, the term means that the delayed start option contract may be exercised, subject to the provisions of the By-Laws and Rules, at any time after its exercise price has been set until its expiration.

#### **Annual Meeting**

~~(9)~~ The term “annual meeting” means the annual meeting of the stockholders of the Corporation.

#### **Appropriate Regulatory Agency**

~~(10)~~ The term “appropriate regulatory agency” shall have the meaning given to it in Section 3(a) of the Securities Exchange Act ~~of 1934, as amended.~~

#### **Approved Custodian**

~~(11)~~ The term “approved custodian” means a bank or trust company approved by the Chief Executive Officer, or Chief Operating Officer.

#### **Assigned Clearing Member**

~~(12)~~ The term “Assigned Clearing Member” means the Clearing Member to which the Corporation’s obligations under a cleared contract are assigned in accordance with the Rules upon the exercise of such cleared contract.

#### **Associate Clearinghouse**

~~(13)~~ The term “associate clearinghouse” means a derivatives clearing organization regulated as such under the Commodity Exchange Act or a clearinghouse not located in the United States which, in either case, has agreed with the Corporation to act in clearing transactions in certain cleared securities on behalf of its members. An associate clearinghouse shall be a Clearing Member for purposes of the By-Laws and Rules except to the extent otherwise provided in an agreement between the Corporation and the associate clearinghouse.

#### **Associated Market-Maker**

~~(14)~~ The term “associated Market-Maker” means a person maintaining an account with a Clearing Member as a Market-Maker, specialist, stock market-maker, stock specialist or Registered Trader that is a Related Person of the Clearing Member and shall include any participant, as such, in an account of which 10% or more is owned by an associated Market-Maker, or an aggregate of 10% or more of which is owned by one or more associated Market-Makers.

#### **B.**

#### **Backloaded OTC Option**



(+) The term “Backloaded OTC option” means an OTC option for which the premium payment date communicated to the Corporation by the OTC Trade Source is prior to the business day on which such OTC option is submitted to the Corporation for clearing.

### **Binary Option**

(+) The term “binary option” shall have the meaning given to it in Article XIV of the By-Laws.

### **Board of Directors**

(+) The term “Board of Directors” means the Board of Directors of the Corporation.

### **Borrowing Clearing Member**

(+) The term “Borrowing Clearing Member” means any Clearing Member that borrows Eligible Stock in a Stock Loan.

### **BOUND**

(+) The term “BOUND” means a security issued by the Corporation pursuant to Article XXIV of the By-Laws and Chapter XXV of the Rules.

### **Business Day**

(+) The term “business day” means any day on which the Corporation is open for business for the purpose of conducting money settlement. The term “business day” shall not include the expiration date of any option contract expiring on a Saturday.

### **Buyer**

(+) The term “buyer” used in relation to a future means, as the context requires, a person with a long position in the future or a person purchasing a future in a confirmed trade.

### **By-Laws**

(+) The term “By-Laws” means the By-Laws of the Corporation as the same may be amended from time to time.

### **C.**

### **Call**

(+) The term “call” means an option that provides the holder the right, in accordance with the terms and provisions of the By-Laws and Rules, to purchase from the Corporation the number of units of the underlying interest covered by the option at the aggregate exercise price, or, in the case of a futures option, to enter into a long position in the underlying futures contract, upon the timely exercise of such option.

### **Capped; Capped-Style**

(+) The term “capped” or “capped-style,” used in respect of an option contract, means that the option contract (i) is in a series which has a cap price (as defined, in the case of capped cash-settled options, in Article XVII of the By-Laws) at which all options in such series will be automatically exercised, subject to

the provisions of the By-Laws and Rules, and (ii) may otherwise be exercised, subject to the provisions of the By-Laws and Rules, only on its expiration date.

### **Carrying Clearing Member**

(3) The term “Carrying Clearing Member” means a Clearing Member that has authorized an Executing Clearing Member to direct the transfer of a confirmed trade to a designated account of such Carrying Clearing Member pursuant to a CMTA arrangement.

### **Cash-Settled Foreign Currency Future**

(4) The term “cash-settled foreign currency future” means a future for which the underlying interest is a foreign currency and which is settled at maturity by a final variation payment and does not require delivery of the underlying currency. Cash-settled foreign currency futures are governed by the applicable provisions of Article XII of the By-Laws and Chapter XIII of the Rules.

### **Cash-Settled Stock Future**

(5) The term “cash-settled stock future” means a stock future that is settled at maturity by a final variation payment and does not require delivery of the underlying security.

### **CCC-Eligible**

(6) The term “CCC-eligible,” as used at any point in time with reference to an underlying security ~~shall mean~~ **means** that securities contracts in the underlying security arising from the exercise or maturity of a cleared security are eligible as of that point in time for settlement through the Continuous Net Settlement Accounting Operation of the National Securities Clearing Corporation.

### **CDS**

(7) The term “CDS” means the CDS Clearing and Depository Services Inc. or any successor thereto.

### **Certificate of Incorporation**

(8) The term “Certificate of Incorporation” means the certificate of incorporation of the Corporation as the same may be amended from time to time.

### **CFTC**

(9) The term CFTC means the U.S. Commodity Futures Trading Commission.

### **Chairman**

(10) The term “Chairman” ~~shall mean~~ **means** the individual elected as the Chairman of the Board by the Board of Directors pursuant to Article III, Section 9 of these By-Laws. Such Chairman may be, but is not required to be, an Executive Chairman. References to “Chairman” throughout the Rules and By-Laws shall include an Executive Chairman.

### **Class**

(11) The term “class” means, when applied to options, all option contracts of the same type and style covering the same underlying interest; provided, however, that OTC options and listed options that would

otherwise constitute a single class of options shall constitute separate classes. When applied to futures, the term “class” means all futures covering the same underlying interest.

### **Cleared Contract**

~~(12)~~ The term “cleared contract” means a cleared security or a commodity future, futures options or commodity option that is cleared by the Corporation.

### **Cleared Security**

~~(13)~~ The term “cleared security” means an option contract (other than a futures option or commodity option), a security future or a BOUND.

### **Clearing Fund**

~~(14)~~ The term “Clearing Fund” means the fund established pursuant to Chapter X of the Rules.

### **Clearing Member**

~~(15)~~ The term “Clearing Member” means a person or organization that has been admitted to membership in the Corporation pursuant to the provisions of the By-Laws and Rules. References in the By-Laws or Rules to the term “Clearing Member” preceded by a capitalized reference to an underlying interest or a cleared contract, e.g., a “Stock Clearing Member,” or a “Security Futures Clearing Member,” shall be deemed to be to a Clearing Member approved in accordance with Chapter II of the Rules to clear transactions in options on the specified underlying interest, or in the cleared contract, as applicable, provided that the term “Stock Clearing Member” shall be deemed to include a Clearing Member approved to clear transactions in BOUNDS as well as stock options, the term “Treasury Securities Clearing Member” ~~shall mean~~ means a Clearing Member approved to clear transactions in Treasury Securities options excluding yield-based Treasury options and the term “Index Clearing Member” ~~shall mean~~ means a Clearing Member approved to clear transactions in cash-settled options other than OTC options and flexibly structured options on fund shares that are cash settled. The term “OTC Index Option Clearing Member” means a person that has been approved to clear OTC index options.

### **Clearing Member Group**

~~(16)~~ The term “Clearing Member Group” means a Clearing Member and any Member Affiliates of such Clearing Member.

### **Clearing Member Organization**

~~(17)~~ The term “Clearing Member Organization” means a Clearing Member that is a legal entity rather than a natural person.

### **Closing Purchase Transaction**

~~(18)~~ The term “closing purchase transaction” means a confirmed trade in which the purchaser’s intention is to reduce or eliminate his short position in a series of cleared security.

### **Closing (Sale) Transaction**

~~(19)~~ The term “closing sale transaction” or “closing writing transaction” means a confirmed trade in which

the seller's intention is to reduce or eliminate a long position in a series of cleared security.

## **CMTA**

~~(20)~~ The term “CMTA” (Clearing Member Trade Assignment) means the process by which an Executing Clearing Member directs the transfer of a confirmed trade to a designated account of a Carrying Clearing Member for clearance and settlement.

## **CMTA Agreement**

~~(21)~~ The term “CMTA Agreement” means an agreement between a Carrying Clearing Member and an Executing Clearing Member regarding their respective responsibilities in connection with their CMTA arrangement.

~~(22)~~ Reserved.

## **CMTA Retransfer**

~~(23)~~ The term “CMTA Retransfer” means the process by which an Executing Clearing Member, upon receiving the Return of a position because of the misidentification of the Carrying Clearing Member, transfers the position to the correct Carrying Clearing Member.

## **Commodity Exchange Act**

The term “Commodity Exchange Act” means the Commodity Exchange Act, as amended.

## **Commodity Future**

~~(24)~~ The term “commodity future” means a futures contract within the exclusive jurisdiction of the ~~Commodity Futures Trading Commission~~ CFTC that is traded on, through the facilities of, or subject to the rules of a futures market.

## **Commodity Option**

~~(25)~~ The term “commodity option” means an option contract within the exclusive jurisdiction of the ~~Commodity Futures Trading Commission~~ CFTC that gives the holder of the option the right to buy or sell a specified quantity of a commodity, or in the case where the underlying interest is an index of commodities, to buy or sell the aggregate current index value (as that term is defined in Article XVII) of the underlying index, and that is traded on, through the facilities of, or subject to the rules of a futures market.

## **Common Member**

~~(26)~~ The term “Common Member” means a Clearing Member that is concurrently a member or participant of a Cross-Guaranty Party.

## **Confirmed Trade**

~~(27)~~ The term “confirmed trade” means a transaction for the purchase, writing, or sale of a cleared contract, or for the closing out of a long or short position in a cleared contract, that is (i) effected on or through the facilities of an Exchange and submitted to the Corporation for clearance or (ii) affirmed through the facilities of an OTC Trade Source and submitted to the Corporation for clearance.

*... Interpretations and Policies:*

.01 The term “Exchange transaction” was removed from the By-Laws and Rules and replaced with the term “confirmed trade” to reflect the expansion of the Corporation’s clearing activities into OTC options. “Confirmed trade” is a successor term to the term “Exchange transaction.” Any reference to the term “Exchange transaction” or “exchange transaction” in any agreement to which the Corporation is a party should be interpreted to refer instead to the term “confirmed trade.”

### **Contract**

~~(28)~~ The term “contract” means a single contract in any series of cleared contracts held in a long or short position and a single commodity futures, futures option or commodity option contract cleared by a Participating CCO and held in a long or short position.

### **Contract Month**

~~(29)~~ The term “contract month” in respect of a series of futures means the month and year in which the maturity date of such series occurs.

### **Correspondent Bank**

~~(30)~~ The term “correspondent bank” means the Federal Reserve member bank which has been designated by a Clearing Member pursuant to Chapter XIII of the Rules to perform on behalf of such Clearing Member certain functions in the settlement of physically-settled Treasury futures, or pursuant to Chapter XIV of the Rules to perform on behalf of such Clearing Member certain functions in the settlement of exercises and assignments of Treasury securities options, in each case as described in the Rules.

### **The Corporation**

~~(31)~~ The term “the Corporation” means The Options Clearing Corporation.

### **Correspondent Clearing Corporation**

~~(32)~~ The term “correspondent clearing corporation” means the National Securities Clearing Corporation or any successor thereto which, by agreement with the Corporation, provides facilities for settlements in respect of exercised option contracts or BOUNDS or in respect of delivery obligations arising from physically-settled stock futures.

### **Country of Origin**

~~(33)~~ The term “country of origin” in respect of a particular foreign currency (except the euro and the ECU) means the sovereign government whose official medium of exchange is that foreign currency. In respect of the euro and the ECU, the term “country of origin” has the meaning ascribed to it in the Rules.

### **Cross-Guaranty Party**

~~(34)~~ The term “Cross-Guaranty Party” means a party to a Limited Cross-Guaranty Agreement other than the Corporation.

### **Currency**

~~(35)~~ The term “currency” means the official medium of exchange of a sovereign government, including the euro, and, until the EMU Transition Date, the ECU.

**Customer**

(36) The term “customer” means a “securities customer” or a “futures customer,” as the context requires.

**Customers’ Account**

(37) The term “customers’ account” in respect of a Clearing Member means an account of the Clearing Member on the records of the Corporation which is confined to confirmed trades cleared and positions carried by the Clearing Member on behalf of its securities customers, other than those transactions of Market-Makers which are cleared through a Market-Maker’s account. The term “customers’ account” does not include a segregated futures account or customers’ lien account.

**Customers’ Lien Account**

(38) The term “customers’ lien account” in respect of a Clearing Member means an account of the Clearing Member on the records of the Corporation as provided under Article VI, Section 3(i) of the By- Laws.

**D.****Delayed Start Option**

(4) The term “delayed start option” means an option that at the commencement of trading does not have an exercise price but instead has an exercise price setting formula pursuant to which the exercise price will be fixed on the exercise price setting date for the series of delayed start option.

**Delivering Clearing Member**

(2) The term “Delivering Clearing Member,” when used (i) with respect to a call option contract, ~~shall mean~~ means the Assigned Clearing Member; (ii) with respect to a put option contract, ~~shall mean~~ means the Exercising Clearing Member; (iii) with respect to a BOUND, ~~shall mean~~ means a Clearing Member obligated to deliver the underlying securities; and (iv) with respect to a physically-settled future, ~~shall mean~~ means a Clearing Member that has become obligated to make delivery of the interest underlying such future.

**Delivery Date**

(3) The term “delivery date” as used in respect of a physically-settled future the date on which, subject to the specific terms of the futures contract and the By-Laws and Rules, delivery is to be made, and as used in respect of a stock option the exercise settlement date.

**Delivery Intent**

(4) The term “delivery intent” as used in respect of a physically-settled commodity future means a notice submitted (or deemed to be submitted pursuant to the By-Laws or Rules or Exchange Rules) by a Clearing Member that is, or represents, the seller in respect of such physically-settled commodity future, pursuant to the Rules or the Exchange Rules, as applicable, that such Clearing Member intends to make delivery of the underlying interest.

**Delivery Month**

(5) The term “delivery month” as used in respect of a physically-settled commodity future means the calendar month in which delivery is permitted (including any permitted delivery days in the following calendar month) or required to be made under the terms of the particular futures contract.

**Delivery Payment Amount**

~~(6)~~ The term “delivery payment amount” as used in respect of a physically-settled commodity future means the amount due from the buyer and payable to the seller pursuant to the Exchange Rules in respect of the delivery covered by a delivery intent.

**Designated Clearing Organization**

~~(7)~~ The term “Designated Clearing Organization” means the Corporation or a Carrying CCO as designated by a Joint Clearing Member or a Pair of Affiliated Clearing Members as described in Rule 702.

**Designated Examining Authority**

~~(8)~~ The term “Designated Examining Authority” means the self-regulatory organization designated by the SEC pursuant to SEC Rule 17d-1 under the Securities Exchange Act ~~of 1934~~ as having responsibility for examining the Clearing Member or the Clearing Member’s “designated self-regulatory organization”, as defined in the Rules of the ~~Commodity Futures Trading Commission~~ CFTC, as applicable.

**Designated Officer**

~~(9)~~ The term “Designated Officer” ~~shall mean~~ means the Chief Executive Officer, Chief Operating Officer and any officer of the Corporation of the rank of Managing Director or higher to whom the Chief Executive Officer or Chief Operating Officer has delegated authority to perform a duty or exercise a power under these By- Laws and Rules.

**Dividend Equivalent**

~~(10)~~ The term “Dividend Equivalent” has the meaning provided in Section 871(m) of the Internal Revenue Code of 1986, as amended, and related Treasury Regulations and other official interpretations thereof.

**E.****ECU**

~~(11)~~ The term “ECU” means the European Currency Unit.

**EDP Pledge System**

~~(12)~~ The term “EDP Pledge System” ~~shall mean~~ means an electronic data processing system through which Clearing Members and approved custodians may pledge securities and/or cash to the Corporation in accordance with the By-Laws and Rules and that is: (i) operated by the Corporation, or (ii) operated by an approved custodian and approved by the Corporation.

**Eligible Stock**

~~(13)~~ The term “Eligible Stock” means any security that is eligible for lending in the Stock Loan/Hedge Program and the Market Loan Program. A security shall be eligible for lending in the Stock Loan/Hedge Program and the Market Loan Program if and only if (i) the security is an equity security that the Depository has determined is eligible for deposit at the Depository, (ii) the Corporation has not determined to terminate all outstanding Stock Loans and/or Market Loans in respect of such security pursuant to the By-Laws, (iii) the security is a “covered security” within the meaning of Section 18(b)(1) of the Securities Act of 1933, (iv) in the case of securities which are neither underlying securities nor fund shares that have as their reference index an index that underlies any cleared contract, the security is trading at a market price of at least \$3 per

share, as determined by the Corporation. The Corporation may waive requirement (iv) at its discretion upon a determination that other factors, including trading volume, the number of shareholders, the number of outstanding shares, and current bid/ask spreads warrant such result. However, should the market price for a security for which the Corporation has not waived requirement (iv) fall below \$3, no new Stock Loan or Market Loan transactions may be submitted for clearance, but existing positions may be maintained.

### **EMU Effective Date**

~~(4)~~ The term “EMU Effective Date” means the date on which the legacy currencies cease to be units of the euro and the euro becomes the sole medium of exchange of the participating member states.

### **EMU Transition Date**

~~(5)~~ The term “EMU Transition Date” means January 1, 1999, or, if later, the date upon which national currencies of participating member ~~sates~~ states are first replaced by the euro and become units of the euro.

### **Equity Exchange**

~~(6)~~ The term “Equity Exchange” means each national securities exchange that has been qualified for participation in the Corporation pursuant to the provisions of Article VIIA of the By-Laws and any national securities exchange or national securities association to which any of such exchanges transfer their Class A Common Stock and Class B Common Stock of the Corporation in accordance with the Stockholders Agreement referred to in Article VIIA of the By-Laws.

### **Euro**

~~(7)~~ The term “euro” means the single currency that replaces the national currencies of the participating member states from and after the EMU Transition Date.

### **European; European-Style**

~~(8)~~ The term “European” or “European-style,” used in respect of an option contract, means that the option contract may be exercised, subject to the provisions of the By-Laws and Rules, only on its expiration date.

### **Exchange**

~~(9)~~ The term “Exchange” means a Securities Exchange, a futures market, a security futures market or an international market.

### **Exchange Member**

~~(10)~~ The term “Exchange member” means a “member” or “member organization” of an Exchange, as those terms are defined in the Exchange Rules of such Exchange, excluding individuals who are classified as members solely by virtue of their being associated with a member organization of such Exchange.

### **Exchange Rules**

~~(11)~~ The term “Exchange Rules,” when used in respect of any Exchange, means the constitution, certificate of incorporation, by-laws, rules and stated policies, and all written interpretations thereof, or instruments corresponding to the foregoing, as the same may be in effect from time to time, of that Exchange. The term “Exchange Rules” in respect of a confirmed trade effected on or through the facilities of an Exchange means the constitution, certificate of incorporation, by-laws, rules and stated policies, and all written interpretations thereof, or instruments corresponding to the foregoing, as the same may be in effect from time to time, of that Exchange. The term “Exchange Rules” in respect of a cleared contract means the constitution,



certificate of incorporation, by-laws, rules and stated policies, and all written interpretations thereof, as the same may be in effect from time to time, of each Exchange on which such cleared contract is traded.

### **Executing Clearing Member**

(12) The term “Executing Clearing Member” means a Clearing Member that has been authorized by a Carrying Clearing Member to direct confirmed trades to be transferred to a designated account of the Carrying Clearing Member pursuant to such Clearing Members’ CMTA arrangement.

### **Execution-Only Clearing Member**

(13) The term “Execution-Only Clearing Member” ~~shall mean~~ means a Clearing Member approved to act only as a Clearing Member that transfers confirmed trades or allocates positions to other Clearing Members, and not to carry positions in its accounts with the Corporation on a routine basis.

### **Executive Chairman**

(14) The term “Executive Chairman” ~~shall mean~~ means any individual from among the employees of the Corporation elected by the Board of Directors to serve as the Chairman of the Board pursuant to Article III, Section 9 of these By-Laws.

### **Exercise**

(15) The term “exercise” means, with respect to an option contract, an exercise effected in accordance with Chapter VIII of the Rules.

### **Exercise Price**

(16) The term “exercise price” in respect of an option contract means the specified price per unit at which the underlying interest may be purchased (in the case of a call) or sold (in the case of a put) upon exercise of the option contract, provided that the exercise price for certain options may be expressed as a multiple of the per-unit price.

### **Exercise Price Setting Date**

(17) The term “exercise price setting date” means the date, specified at or before the commencement of trading of a series of delayed start options by the Exchange on which such series is trading, on which the exercise price of that series will be fixed by the Exchange using the option’s exercise price setting formula.

### **Exercise Price Setting Formula**

(18) The term “exercise price setting formula” means the formula, specified at or before the commencement of trading of a series of delayed start options by the Exchange on which such series is trading, that will be used by the Exchange to set the exercise price of that series on the exercise price setting date.

### **Exercising Clearing Member**

(19) The term “Exercising Clearing Member” means a Clearing Member that is exercising a cleared contract. As used in respect of an option that is subject to an automatic exercise, the term refers to the Clearing Member in whose accounts an option that is so exercised is carried.

**Expiration Date**

(20) Unless separately defined elsewhere in these By-Laws with regard to a particular option contract, the term “expiration date” as used in respect of an option contract, other than a flexibly structured option, futures option, commodity option, a short term option, a quarterly option, a monthly option, a weekly option, or a BOUND, means: (i) in the case of such an option expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such option contract; and (ii) in the case of such an option expiring on or after February 1, 2015, the third Friday of the expiration month of such option contract, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business; unless, in either case, expiration is accelerated pursuant to Rule 807. Notwithstanding the foregoing, in the case of certain options expiring on or after February 1, 2015 that the Corporation has designated as grandfathered, the term “expiration date” ~~shall mean~~ means the Saturday immediately following the third Friday of the expiration month.

**Expiration Exercise Report**

(21) The term “Expiration Exercise Report” ~~shall mean~~ means information made available online by the Corporation to a Clearing Member with respect to an expiration date identifying, by account, each expiring option contract in each of the Clearing Member’s accounts with the Corporation. Such term shall also include updated versions of any such information made available to a Clearing Member prior to such time with respect to the expiration date as the Corporation shall from time to time specify.

**Expiration Month**

(22) The term “expiration month” in respect of an option contract or a BOUND means the month and year in which such option contract expires.

**Expiration Time**

(23) Except as otherwise specified in the By-Laws and Rules for particular classes of options, the term “expiration time” in respect of an option contract, means 10:59 P.M. Central Time (11:59 P.M. Eastern Time).

**F.****Final Settlement Price**

(+) The term “final settlement price” in respect of a series of futures means the marking price, rate, level, value, or measure of the underlying interest or a contract of such series on the maturity date of such series, as determined in accordance with the By-Laws and Rules, that is used to calculate (a) the final variation payment in respect of cash-settled futures or (b) the purchase price of the underlying interest in respect of physically settled futures, in the manner set forth in the By-Laws and Rules.

**Final Variation Payment**

(2) The term “final variation payment” means the final “mark-to-market” or “variation margin” payment a Clearing Member is obligated to pay to, or entitled to collect from, the Corporation at maturity of a series of futures as determined in accordance with the By-Laws and Rules.

**Firm Account**

(3) The term “firm account” in respect of a Clearing Member means an account established by the Clearing

Member which is confined to confirmed trades cleared and positions carried on behalf of non- customers of the Clearing Member. The term “firm lien account” means a firm account as to which the Corporation shall have a lien on all long positions in the account pursuant to Sections 3(a), (b)(iv), (c)(v), and (k) of Article VI of the By-Laws, and the term “firm non-lien account” means a firm account as to which the Corporation shall have a lien only on unsegregated long positions therein.

### **Flexibly Structured Future**

~~(4)~~ The term “flexibly structured future” means a future having a maturity date and (in the case of an index future) and an index value determinant and an index multiplier that are selected by the buyer and seller of such future within a permissible range of values or alternatives for such terms that is set by the Exchange and that do not correspond to the terms of any regularly listed series of futures; provided that the maturity date is not a date specified by the Corporation as ineligible to be a maturity date.

### **Flexibly Structured Option**

~~(5)~~ The term “flexibly structured option” means an option having variable terms that are negotiated between the parties to a confirmed trade pursuant to Exchange Rules and that do not correspond to the variable terms of any series of non-flexibly structured options previously opened for trading on the Exchange. Flexibly structured options may be physically settled or cash settled pursuant to Exchange Rules. Once a series of non-flexibly structured options is opened for trading on an Exchange, any existing flexibly structured option contracts that have identical variable terms and that physically settle shall be fully fungible with options in such series, and shall cease to be flexibly structured options. Flexibly structured options on fund shares that are cash settled shall not be fungible with flexibly structured options that have identical variable terms but physically settle, and once a series of non-flexibly structured options is opened for trading on an Exchange, any flexibly structured options on fund shares that are cash settled shall not be fungible with options in such series and shall not cease to be flexibly structured options that cash settle.

### **Foreign Currency**

~~(6)~~ The term “foreign currency” means the official medium of exchange of a sovereign government other than the United States Government, including the euro and, until the EMU Transition Date, the ECU.

### **Fund Option**

~~(7)~~ The term “fund option” means a put or a call, as defined in this Article I, as to which the underlying security is fund shares.

### **Fund Share**

~~(8)~~ The term “fund share” means a publicly traded security (as defined in Section 3(a)(10) of the Securities Exchange Act ~~of 1934, as amended~~) that represents an interest in a trust, investment company, commodity pool, or similar entity holding and/or trading in one or more investments and, where the investments are commodities, that is subject to any applicable advisory, exemption or other relief or guidance issued by the CFTC.

### **Future**

~~(9)~~ The term “future” means a security future or a commodity future. The term “non-equity future” means a future other than a stock future. For purposes of Chapter VI of the Rules, the term “non-equity future” shall also include such classes of futures on underlying fund shares as the Corporation may from time to time designate as non-equity futures for such purposes.

### **Futures Customer**

~~(10)~~ The term “futures customer” means a person whose positions are carried by a futures commission merchant (whether or not such futures commission merchant is registered as a broker or dealer under Section 15(a) or (g) of the Securities Exchange Act ~~of 1934~~) in a futures account required to be segregated under Section 4d of the Commodity Exchange Act and the regulations of the ~~Commodity Futures Trading Commission~~ [CFTC](#) thereunder.

### **Futures Market**

~~(11)~~ The term “futures market” means an entity designated under the Commodity Exchange Act and the rules of the ~~Commodity Futures Trading Commission~~ [CFTC](#) as a contract market that has satisfied all legal and regulatory requirements necessary to serve as a market for commodity futures, futures options or commodity options and acts as such a market.

### **Futures-Only Affiliated Clearing Member**

~~(12)~~ The term “Futures-Only Affiliated Clearing Member” means a Clearing Member admitted to membership solely for the purpose of clearing transactions in security futures, commodity futures, and/or futures options that is a member affiliate of an earlier admitted Clearing Member.

### **Futures Professional**

~~(13)~~ The term “futures professional” means a member of a futures market or security futures market that acts as a floor trader or in the capacity of a market-maker, specialist, or similar liquidity provider under the rules of the futures market or security futures market on which such futures professional’s trading activity is conducted.

## **G.**

### **General Lien**

~~(14)~~ The term “general lien” means a security interest of the Corporation in all or specified assets in a Clearing Member account as security for all of the Clearing Member’s obligations to the Corporation regardless of the source or nature of such obligations.

### **General Lien Account**

~~(2)~~ The term “general lien account” means any account of a Clearing Member with the Corporation over which the Corporation has a general lien over all assets in the account. General lien accounts include, but are not limited to, a firm lien account, a proprietary Market-Maker’s account, proprietary combined Market-Makers’ account or proprietary futures professional account.

### **Given-Up Clearing Member**

~~(3)~~ The term “Given-Up Clearing Member” means a Clearing Member that has authorized a Giving-Up Clearing Member to allocate positions to its account in accordance with Rule 408.

### **Giving-Up Clearing Member**

~~(4)~~ The term “Giving-Up Clearing Member” means a Clearing Member that has been authorized by a Given-Up Clearing Member to allocate positions to the latter’s account in accordance with Rule 408.

## **Government Securities**

(5) The term “Government securities” means securities issued or guaranteed by the United States or Canadian Government, or by any other foreign government acceptable to the Corporation, except Separate Trading of Registered Interest and Principal Securities issued on Treasury Inflation Protected Securities (commonly called TIP-STRIPS). The term “short-term Government securities” means Government securities maturing within one year. The term “long-term Government securities” means all other Government securities.

#### **GSE Debt Securities**

(6) The term “GSE debt securities” means such debt securities issued by Congressionally chartered corporations as the Risk Committee may from time to time approve for deposit as margin.

#### **Guaranty Substitution Payment**

(7) The term “Guaranty Substitution Payment” means a payment that may be made by the Corporation to the correspondent clearing corporation under the terms of an agreement between them, as described in Rule 901, so that the correspondent clearing corporation will not reject settlement obligations for CCC- eligible securities that are directed by the Corporation for settlement through the facilities of the correspondent clearing corporation on account of a Clearing Member that has been suspended, as described in Rule 1102, and for which the correspondent clearing corporation has ceased to act.

#### **H.**

##### **Hedge Loan**

(8) The term “Hedge Loan” means a matched pair of securities contracts for the loan of Eligible Stock made through the Stock Loan/Hedge Program, with one such securities contract being between the Lending Clearing Member and the Corporation as the borrower and the second such securities contract being between the Corporation as the lender and the Borrowing Clearing Member.

##### **Holder**

(9) The term “holder” in respect of an option contract or a BOUND means the person owning the beneficial interest in such option contract or BOUND.

#### **I.**

##### **Index Future**

(10) The term “index future” means a future on an index of securities or commodities.

##### **Index-Linked Security**

(11) The term “index-linked security” means a debt security listed on a national securities exchange, the payment upon maturity of which is based in whole or in part upon the performance of an index or indexes of equity securities or futures contracts, one or more physical commodities, currencies or debt securities, or a combination of any of the foregoing.

##### **Index Multiplier**

(3) The term “index multiplier” (i) as used in reference to an index option contract other than an OTC index option contract, means the dollar amount (as specified by the Exchange on which such contract is traded) by which the current index value is to be multiplied to obtain the aggregate current index value, (ii) as used in reference to an OTC index option contract, means the dollar amount (as agreed upon by the parties to such transaction) by which the current index value is to be multiplied to obtain the aggregate current index value, and (iii) as used in reference to index futures of any series, means the dollar amount (as specified by the Exchange on which such series is traded) by which the final settlement price in respect of such futures is to be multiplied to obtain the final variation payment. Such term replaces the term “unit of trading,” used in reference to other kinds of options.

### **Index Value Determinant**

(4) The term “index value determinant,” used in respect of settlement of flexibly structured index option contracts and futures and OTC options, means the method for determining the current index value on the expiration date or maturity date as that method is reported to the Corporation by the applicable Exchange or OTC Trade Source.

### **Interest Rate Future**

(5) The term “interest rate future” means a commodity future for which the underlying interest is a specified interest rate expressed either as an annualized percentage or as 100 minus the annualized percentage (100 minus the interest rate).

### **Interim Settlement Price**

(6) The term “interim settlement price” in respect of a series of futures means the marking price of the futures of such series that is used to calculate variation payments in respect of such futures (including intra-day variation payments, if applicable) in the manner set forth in the Exchange Rules of the Exchange(s) on which such series is traded.

### **Internal Non-Proprietary Cross-Margining Account**

(9) The term “internal non-proprietary cross-margining account” means an account with the Corporation carried by a Clearing Member or Pair of Affiliated Clearing Members in which positions of non-proprietary Market Professionals in cleared contracts that are eligible for cross-margining treatment in accordance with Article VI, Section 25 of the By-Laws are maintained.

### **International Market**

(7) The term “international market” means any exchange or other person which is not within or subject to the jurisdiction of the United States and which provides facilities for bringing together purchasers and sellers of instruments that would be deemed under the Securities Exchange Act of 1934, as amended, to be securities if transactions in such instruments were effected on a national securities exchange.

### **International Market Agreement**

(8) The term “international market agreement” means an agreement, as the same may be in effect from time to time, between the Corporation and an international market pursuant to which the Corporation (i) acts as a clearing agent in respect of specified transactions effected on the international market and (ii) may issue option contracts. One or more Securities Exchanges may, but need not be, parties to an international market agreement.

### **Internal Non-Proprietary Cross-Margining Account**

~~(9) The term “internal non-proprietary cross-margining account” means an account with the Corporation carried by a Clearing Member or Pair of Affiliated Clearing Members in which positions of non-proprietary Market Professionals in cleared contracts that are eligible for cross-margining treatment in accordance with Article VI, Section 25 of the By-Laws are maintained.~~

### **International Option**

~~(10)~~ The term “international option” means an option contract issued by the Corporation as the result of an international transaction pursuant to an international market agreement. In addition, the Corporation may designate other options belonging to the same class as such options as international options, and may designate confirmed trades in such options as international transactions, for the purposes of some or all of the provisions of the By-Laws and Rules applicable to international options and international transactions, respectively.

### **International Transaction**

~~(11)~~ The term “international transaction” means a confirmed trade effected under the provisions of an international market agreement and shall include such other confirmed trades as the Corporation may designate as international transactions in accordance with the definition of “international option.”

## **J.**

### **JBO Participant**

~~(1)~~ The term “JBO Participant” means a broker-dealer registered with the ~~Securities and Exchange Commission~~ SEC that: (i) maintains a joint back office arrangement with a Clearing Member pursuant to the requirements of Regulation T promulgated by the Board of Governors of the Federal Reserve System; (ii) meets the requirements applicable to JBO Participants as specified in Exchange Rules; and (iii) consents to having his confirmed trades cleared and positions carried in a JBO Participants’ account. A JBO Participant shall be considered a “Market-Maker” for purposes of these By-Laws and Rules, except for purposes of Chapter IV of the Rules, or where the context otherwise requires.

### **JBO Participants’ Account**

~~(2)~~ The terms “JBO Participants’ account” in respect of a Clearing Member means an account established by the Clearing Member which is confined to confirmed trades cleared and positions carried by the Clearing Member on behalf of JBO Participants.

### **Joint Clearing Member; Pair of Affiliated Clearing Members; OCC Clearing Member; CCO Clearing Member**

~~(3)~~ The term “Joint Clearing Member,” in respect of a cross-margining program with one or more Participating CCOs, means a Clearing Member that is also a clearing member of each Carrying CCO. The term “Pair of Affiliated Clearing Members,” (a) in respect of a cross-margining program with one or more Participating CCOs, means two clearing members that are Affiliates of one another, one of which is an OCC Clearing Member and one or the other of which is a clearing member of each Carrying CCO; and (b) in respect of an internal cross-margining program, means two Clearing Members that are Member Affiliates of one another. The term “OCC Clearing Member,” in respect of a cross-margining program with one or more Participating CCOs, means a Clearing Member of the Corporation. The term “CCO Clearing Member,” in respect of a cross-margining program with one or more Participating CCOs, means a clearing member of a particular Carrying CCO.

## **K.**



Reserved.

L.

### Legacy Currency

(+) The term “legacy currency” means a national currency of a participating member state that has been replaced by the euro as the official currency of such participating member state.

### Lending Clearing Member

(2) The term “Lending Clearing Member” means any Clearing Member that lends Eligible Stock in a Stock Loan.

### Lien

(3) The term “lien” ~~shall mean~~ means a “security interest” as defined in applicable provisions of the Uniform Commercial Code as in effect in the relevant jurisdiction and, where used in respect of the Corporation’s security interest in cleared contracts carried in the accounts of Clearing Members, shall include an “issuer’s lien” within the meaning of the 1977 amendments to the Uniform Commercial Code.

### Limited Cross-Guaranty Agreement

(4) The term “Limited Cross-Guaranty Agreement” means an agreement, between the Corporation and one or more other clearing corporations (as defined in Section 3(a) of the “~~of 1934, as amended~~”) and/or one or more clearing organizations (as defined in Regulation §1.3(d) under the Commodity Exchange Act, ~~as amended~~), relating to the cross-guaranty by the Corporation and the other party or parties of certain obligations of a suspended Common Member to the parties to the agreement.

### Loan Market

(5) The term “Loan Market” means an electronic platform included in the Corporation’s Market Loan Program that supports securities lending and borrowing transactions by matching lenders and borrowers based on loan terms that each party is willing to accept.

### Long Position

(6) The term “long position” in respect of a cleared contract other than a future means a person’s interest as the holder (or as an agent for the holder) of one or more contracts in a series of such cleared contracts. In respect of a future, the term “long position” means a person’s position as the buyer of the underlying interest of one or more contracts in a series of futures.

M.

### ~~Market Maker~~

~~(1) The term “Market Maker” means any member of a national securities exchange or association who is not required to be treated as a “customer” under Rule 15c3-3 of the Securities Exchange Act of 1934 and who is acting in a capacity commonly known as a market maker, specialist, stock specialist (including specialist units), Registered Trader, floor trader, or any other member of such market deemed to be acting in a similar capacity under applicable rules of the market on which such member’s trading activity is conducted. In respect of an international market, “Market Maker” shall mean such classes of persons as may be deemed to~~



~~be Market-Makers or specialists pursuant to an international market agreement.~~

### **Market-Maker Account**

~~(2) The term “Market-Maker account” or “Market-Maker’s account” in respect of a Clearing Member means an account established by the Clearing Member which is confined to confirmed trades cleared and positions carried by the Clearing Member in an account that is not required to be segregated under Section 4d of the Commodity Exchange Act on behalf of a Market-Maker; and, unless the context otherwise requires, such term includes (i) a combined Market-Makers’ account, and (ii) a JBO Participants’ account.~~

### **Market Loan**

~~(3) The term “Market Loan” means a loan of Eligible Stock that was effected through a Loan Market and accepted by the Corporation in accordance with the By-Laws and Rules.~~

### **Market Loan Program**

~~(4) The term “Market Loan Program” means the Corporation’s program for processing and maintaining stock loan positions originated through a Loan Market and effecting required payments in respect of such positions, all as further described in the By-Laws and Rules.~~

### **Margin Assets**

~~(5)~~ The term “margin assets” means assets that are held by the Corporation as collateral, but shall not include Clearing Fund deposits, positions in cleared contracts, deposits in lieu of margin or stock loan or borrow positions notwithstanding the Corporation’s security interest therein and/or lien thereon. The term “margin” as it appears in the By-Laws and the Rules shall be interpreted as referring to the margin requirement or margin assets as the context requires.

### **Margin Requirement**

~~(6)~~ The term “margin requirement” means the amount, if any by which the minimum expected liquidating value of the positions in cleared contracts and stock loan and borrow positions in an account is less than zero or any greater amount specified by the Corporation as the “margin requirement” in respect of an account pursuant to Rule 601.

### **Market-Maker**

~~(1)~~ The term “Market-Maker” means any member of a national securities exchange or association who is not required to be treated as a “customer” under Rule 15c3-3 of the Securities Exchange Act of 1934 and who is acting in a capacity commonly known as a market-maker, specialist, stock specialist (including specialist units), Registered Trader, floor trader, or any other member of such market deemed to be acting in a similar capacity under applicable rules of the market on which such member’s trading activity is conducted. In respect of an international market, “Market-Maker” shall mean means such classes of persons as may be deemed to be Market-Makers or specialists pursuant to an international market agreement.

### **Market-Maker Account**

~~(2)~~ The term “Market-Maker account” or “Market-Maker’s account” in respect of a Clearing Member means an account established by the Clearing Member which is confined to confirmed trades cleared and positions carried by the Clearing Member in an account that is not required to be segregated under Section 4d of the Commodity Exchange Act on behalf of a Market-Maker; and, unless the context otherwise requires, such term includes (i) a combined Market-Makers’ account, and (ii) a JBO Participants’ account.

**Market Loan**

~~(3)~~ The term “Market Loan” means a loan of Eligible Stock that was effected through a Loan Market and accepted by the Corporation in accordance with the By-Laws and Rules.

**Market Loan Program**

~~(4)~~ The term “Market Loan Program” means the Corporation’s program for processing and maintaining stock loan positions originated through a Loan Market and effecting required payments in respect of such positions, all as further described in the By-Laws and Rules.

**Market Professional**

~~(10)~~ The term “Market Professional” means (i) any Market-Maker as defined in the Rules and (ii) any member of, or firm owning a membership in, a commodity exchange for which the Corporation or a Participating CCO is the clearing organization, to the extent he is trading for his own account and not for the account of others.

**Marking Price**

~~(11)~~ The term “marking price,” as used on any business day in respect of a cleared contract, stock loan or borrow position, underlying interest, or other asset or liability in a Clearing Member account means the most recent market value reasonably ascertainable (or the most recent reasonably ascertainable contract price, in the case of a future), as determined by the Corporation in its discretion, subject to such additional provisions of the By-Laws and Rules as may be applicable to the determination of marking prices for particular cleared contracts, stock loan or borrow positions, underlying interests or other assets or liabilities. The Corporation may, in certain circumstances, use different marking prices for the same asset or liability depending upon the purpose for which the marking price is used.

**Matched-Book Borrowing Clearing Member**

~~(7)~~ The term “Matched-Book Borrowing Clearing Member” ~~shall mean~~ means, with respect to any Matched-Book Positions in the Stock Loan/Hedge Program, the Clearing Member that borrows Eligible Stock from a Clearing Member maintaining Matched-Book Positions in that Eligible Stock.

**Matched-Book Lending Clearing Member**

~~(8)~~ The term “Matched-Book Lending Clearing Member” ~~shall mean~~ means, with respect to any Matched-Book Positions in the Stock Loan/Hedge Program, the Clearing Member that lends Eligible Stock to a Clearing Member maintaining Matched-Book Positions in that Eligible Stock.

**Matched-Book Positions**

~~(9)~~ The term “Matched-Book Positions” ~~shall mean~~ means Hedge Loan positions in which a single Clearing Member borrows Eligible Stock from a Matched-Book Lending Clearing Member and lends an equal or lesser amount of the same Eligible Stock to a Matched-Book Borrowing Clearing Member.

**Market Professional**

~~(10) The term “Market Professional” means (i) any Market Maker as defined in the Rules and (ii) any member of, or firm owning a membership in, a commodity exchange for which the Corporation or a~~

~~Participating CCO is the clearing organization, to the extent he is trading for his own account and not for the account of others.~~

### **Marking Price**

~~(11) The term “marking price,” as used on any business day in respect of a cleared contract, stock loan or borrow position, underlying interest, or other asset or liability in a Clearing Member account means the most recent market value reasonably ascertainable (or the most recent reasonably ascertainable contract price, in the case of a future), as determined by the Corporation in its discretion, subject to such additional provisions of the By Laws and Rules as may be applicable to the determination of marking prices for particular cleared contracts, stock loan or borrow positions, underlying interests or other assets or liabilities. The Corporation may, in certain circumstances, use different marking prices for the same asset or liability depending upon the purpose for which the marking price is used.~~

### **Maturity Date**

~~(12)~~ The term “maturity date” means (i) in respect of a series of futures other than flexibly structured security futures, the date designated by the Exchange(s) on which such series is traded as the date on or as of which the final settlement price for such series is determined, and (ii) in respect of a flexibly structured future, the date agreed upon by the Purchasing Clearing Member and Selling Clearing Member in a confirmed trade as the date on or as of which the final settlement price for such future is determined, as such date is reported to the Corporation by the Exchange.

### **Member Affiliate**

~~(13)~~ The term “Member Affiliate” means an affiliated entity of a Clearing Member that controls, is controlled by, or under common control with, the Clearing Member.

### **Monthly Option**

~~(14)~~ The term “monthly option” means an option of a series of stock options or index options that expires on the last trading day of a calendar month. The term “monthly index option” means a monthly option on an index.

### **Multiplier**

~~(15)~~ The term “multiplier” as used in reference to a cash-settled option contract, cash-settled future or other cash-settled cleared contract for which there is no unit of trading means the amount by which a premium price, exercise price, underlying interest value, contract price, settlement price, final settlement price or other value is to be multiplied, as provided in the By-Laws and Rules relating to particular cleared contracts, for the purpose of determining an extended value such as in determining an aggregate exercise price, aggregate underlying interest value, premium payment, variation payment or final variation payment.

N.

### **Non-Customer**

~~(16)~~ The term “non-customer” in respect of any person carrying an account with a broker or dealer (other than an account that is required to be segregated under Section 4d of the Commodity Exchange Act) means a person that is not a customer of such broker or dealer as defined in Rules 8c-1 and 15c2-1 under the Securities Exchange Act of 1934. In addition, the term “non-customer” shall include a Member Affiliate that (a) has consented to having its securities account at a Clearing Member treated as a non-customer account; (b) has executed a non-conforming subordination agreement which has been filed with the Clearing

Member's Designated Examining Authority (in a form approved by such Designated Examining Authority), pursuant to which the Member Affiliate (i) has agreed to subordinate its claims against the Clearing Member in respect of such account to the claims of "customers" as defined in Rule 15c3-3 of the Securities Exchange Act ~~of 1934~~; (ii) provides written acknowledgment that its securities account is not covered by the Securities Investor Protection Act of 1970 and that any credit balances in the account are not subject to foreign investor protection (including appropriate disclosure of these two points if the Member Affiliate's assets are not proprietary); (iii) contains a written representation that the subordinated assets (funds and securities) are not those of U.S. customers; and (c) has attached to such non-conforming subordination agreement an opinion of counsel to the effect that the Member Affiliate is legally authorized to subordinate its claims against such Clearing Member to the claims of other Rule 15c3-3 customers; provided, however, that the requirements set forth in clauses (a), (b) and (c) shall not apply to a Member Affiliate that is registered as a broker-dealer under the Securities Exchange Act ~~of 1934~~.

### **Non-Equity Exchange**

~~(2)~~ The term "Non-Equity Exchange" means each national securities exchange or national securities association that has qualified for participation in the Corporation pursuant to the provisions of Article VIIB of the By-Laws and any national securities exchange or national securities association to which any such exchange transfers its Promissory Note in accordance with the Noteholders Agreement referred to in Section VIIB of the By-Laws.

### **Non-Proprietary Market Professional**

~~(3)~~ The term "non-proprietary Market Professional" means a Market Professional other than a proprietary Market Professional.

### **O.**

### **OCC Proprietary X-M Account; OCC Non-Proprietary X-M Account; CCO Proprietary X-M Account; CCO Non-Proprietary X-M Account; Set of X-M Accounts**

~~(4)~~ The term "OCC cross-margin account" or "OCC X-M account" means an account carried by a Joint Clearing Member or the OCC Clearing Member of a Pair of Affiliated Clearing Members at the Corporation in which options positions subject to cross-margining treatment are maintained. The term "CCO cross-margin account" or "CCO X-M account" means an account carried by a Joint Clearing Member or the CCO Clearing Member of a Pair of Affiliated Clearing Members at a Carrying CCO in which futures options, commodity options and futures contracts subject to such cross-margining treatment are maintained. A "proprietary X-M account" means an X-M account that is confined to the confirmed trades and positions of non-customers of the carrying Clearing Member and other proprietary Market Professionals. A "non-proprietary X-M account" means an X-M account that is confined to the confirmed trades and positions of Market Professionals that are neither non-customers of the carrying Clearing Member nor other proprietary Market Professionals. The term "set of X-M accounts," which may consist of two X-M accounts ("paired accounts") or three or more X-M accounts, means the OCC X-M account (proprietary or non-proprietary) and each corresponding CCO X-M account of a Joint Clearing Member or a Pair of Affiliated Clearing Members carried at the Carrying CCO(s).

### **Opening Purchase Transaction**

~~(2)~~ The term "opening purchase transaction" means a confirmed trade in which the purchaser's intention is to create or increase a long position in a series of cleared contracts.

### **Opening Sale (Writing) Transaction**

(3) The term “opening sale transaction” or “opening writing transaction” means a confirmed trade in which the seller’s intention is to create or increase a short position in a series of cleared contracts.

### **Option Contract**

(4) The term “option contract” or “option” means a put option, a call option, a binary option, a range option or a packaged spread option (as defined in Article XXVI of the By-Laws) issued by the Corporation pursuant to the By-Laws and Rules. The term “stock option contract” means a put or a call, as defined in this Article I for which the underlying security is an equity security, including fund shares, or an index-linked security. The term “Treasury securities option contract” means a put or a call, as defined in Article XIII of the By-Laws. The term “yield-based Treasury option contract” means a put or a call, as defined in Article XVI of the By-Laws. The term “debt securities option contract” means a Treasury securities option contract. The term “foreign currency option contract” means a put or a call, as defined in Article XV of the By-Laws. The term “cash-settled foreign currency option contract” means a put or a call, as defined in Article XXII of the By-Laws. The term “index option contract” means any option contract the underlying interest of which is a securities index or commodities index. The term “cash-settled option contract” means any option contract that is settled upon exercise by payment of cash rather than delivery of, and payment for, the underlying interest. The term “non-equity securities option contract” means a debt securities option contract (other than an option on an index-linked security), a foreign currency option contract, a cash-settled option contract, or a futures option. The term “futures option” means any option to buy or sell any commodity futures contract traded on, through the facilities of, or subject to the rules of a futures market.

### **Origination Date**

(5) The term “origination date” means the date when the bilateral option was entered into by the parties to such bilateral option, as communicated to the Corporation by the OTC Trade Source.

### **OTC Index Option**

(6) The term “OTC index option” means an “OTC option,” as defined in this Article I, that is an index option.

### **OTC Option**

(7) The term “OTC option” means an “option contract,” as defined in this Article I, with variable terms that are negotiated bilaterally between the parties to such transaction (subject to any specific requirements applicable to such products as set forth in the By-Laws and Rules), and that is affirmed through the facilities of an OTC Trade Source and submitted to the Corporation for clearing as a confirmed trade.

### **OTC Trade Source**

(8) The term “OTC Trade Source” means any electronic messaging system approved by the Corporation through which transactions in OTC options may be affirmed by the parties to such transactions and submitted to the Corporation for clearance.

### **OTC Trade Source Rules**

(9) The term “OTC Trade Source Rule,” when used in respect of any OTC Trade Source, means the rules, agreements, policies and procedures of the OTC Trade Source applicable to users or participants of the OTC Trade Source.

### **P.**

**Participating CCO; Carrying CCO**

(+) The term “Participating CCO” means a clearing organization (as defined in Regulation §1.3(d) under the Commodity Exchange Act, ~~as amended~~) that has established a cross-margining program with the Corporation. The term “Carrying CCO,” as used in respect of a particular set of X-M Accounts, means a Participating CCO that carries one of such set of X-M Accounts.

**Participating CCO Agreement**

(+) The term “Participating CCO Agreement” means an agreement between or among the Corporation and one or more Participating CCOs as further described in Section 24 of Article VI of the By-Laws.

**Participating Member State**

(+) The term “participating member state” means a member state of the European Union that participates in European Economic and Monetary Union.

**Physically-Settled Commodity Future**

(+) The term “physically-settled commodity future” means a commodity future that is settled through physical delivery of the underlying interest.

**Physically-Settled Metals Future**

(+) The term “physically-settled metals future” means a physically-settled commodity future for which the underlying interest is a metal.

**Physically-Settled Stock Future**

(+) The term “physically-settled stock future” means a stock future that requires the seller to deliver, and the buyer to pay for, the underlying security on the delivery date.

**Physically-Settled Treasury Future**

(+) The term “physically-settled Treasury future” means a physically-settled commodity future for which the underlying interest is either a specific Treasury security or any Treasury security constituting a deliverable grade Treasury security.

**Pledge**

(+) The term “pledge,” when used as a noun, ~~shall mean~~ means a “security interest” within the meaning of the Uniform Commercial Code as in effect in the relevant jurisdiction and, when used as a verb, ~~shall mean~~ means the creation of such a security interest.

**Premium**

(+) The term “premium” in respect of any confirmed trade in option contracts means the aggregate price of such option contracts agreed upon between the purchaser and seller in such transaction. In the case of a transaction in stock options, the premium is equal to the agreed upon premium per unit multiplied by the unit of trading for the series of options multiplied by the number of contracts subject to the confirmed trade. As used in respect of any confirmed trade in BOUNDS, the word “premium” means the trade price.

**Price Differential Spread**

~~(10)~~ The term “Price Differential Spread” has the meaning given to it in Rule 1301A(a).

**Primary Market**

~~(11)~~ The term “primary market” in respect of an underlying security means the principal market in which the underlying security is traded.

**Proprietary Futures Professional Account**

~~(12)~~ The term “proprietary futures professional account” in respect of a Clearing Member means an account of the Clearing Member on the records of the Corporation which is confined to confirmed trades cleared and positions carried by the Clearing Member on behalf of futures professionals who are not futures customers.

**Proprietary Market-Maker; Proprietary Market-Maker Account**

~~(13)~~ The term “proprietary Market-Maker” in respect of a Clearing Member carrying an account that is not required to be segregated under Section 4d of the Commodity Exchange Act means a Market-Maker that is (A) a non-customer of such Clearing Member or (B) a Related Person of such Clearing Member that (i) is not a customer of such Clearing Member for purposes of Rule 15c3-3 of the ~~Securities and Exchange Commission~~ SEC, (ii) does not carry the accounts of persons who are customers of such Market-Maker for purposes of Rule 15c3-3, and (iii) has consented to be treated as a proprietary Market-Maker for purposes of the By-Laws and Rules. The term “proprietary Market-Maker” shall include any participant, as such, in an account that is not required to be segregated under Section 4d of the Commodity Exchange Act of which 10% or more is owned by a proprietary Market-Maker. The term “proprietary Market-Maker account” means an account established by a Clearing Member which is confined to the confirmed trades cleared and positions carried by the Clearing Member on behalf of a proprietary Market-Maker.

**Proprietary Market Professional**

~~(14)~~ The term “proprietary Market Professional” in respect of a Clearing Member means a Market Professional that is (A) a non-customer of such Clearing Member or (B) a Related Person of such Clearing Member that (i) is not a customer of such Clearing Member for purposes of Rule 15c3-3 of the ~~Securities and Exchange Commission~~ SEC, (ii) does not carry the accounts of persons who are customers of such Market Professional for purposes of Rule 15c3-3, and (iii) has consented to be treated as a proprietary Market Professional for purposes of the By-Laws and Rules including any applicable Participating CCO Agreement. The term “proprietary Market Professional” shall include any participant, as such, in an account of which 10% or more is owned by a proprietary Market Professional.

**Proprietary X-M Account Agreement; Non-Proprietary X-M Account Agreement; X-M Pledge Account Agreement**

~~(15)~~ The term “X-M Account Agreement” means an agreement among (i) a Joint Clearing Member, one or more Carrying CCOs, and the Corporation, or (ii) a Pair of Affiliated Clearing Members, one or more Carrying CCOs and the Corporation, for the purposes described in Section 24 of Article VI of the By-Laws. The term “Proprietary X-M Account Agreement” means an X-M Account Agreement relating to a proprietary X-M account, and the term “Non-Proprietary X-M Account Agreement” means an X-M Account Agreement relating to a non-proprietary X-M account.

**Purchasing Clearing Member**

~~(16)~~ The term “Purchasing Clearing Member” means the Clearing Member acting as, or on behalf of, the



purchaser of a cleared contract.

## **Put**

~~(17)~~ The term “put” means an option that provides the holder the right, in accordance with the terms and provisions of the By-Laws and Rules, to sell to the Corporation the number of units of the underlying interest covered by the option, at the aggregate exercise price, or, in the case of a futures option, to enter into a short position in the underlying futures contract, upon the timely exercise of such option.

## **Q.**

### **Quarterly Option**

~~(4)~~ The term “quarterly option” means an option of a series of stock options or index options that expires on the last business day of a calendar quarter. The term “quarterly index option” means a quarterly option on an index.

## **R.**

### **Range Option**

~~(4)~~ The term “range option” shall have the meaning given to it in Article XIV of the By-Laws.

### **Receiving Clearing Member**

~~(2)~~ The term “Receiving Clearing Member,” when used (i) with respect to a call option contract ~~shall mean~~ means the Exercising Clearing Member; (ii) with respect to a put option contract, ~~shall mean~~ means the Assigned Clearing Member; and (iii) with respect to a BOUND or a physically-settled future, ~~shall mean~~ means a Clearing Member entitled to receive the underlying interest and obligated to make payment therefor.

### **Reference Variable**

~~(3)~~ The term “reference variable” means the price or value of a security, commodity, future, currency, asset, index, or other thing, the variance or other measure of variability of which is used as the underlying interest for a cleared contract.

### **Related Person**

~~(4)~~ A person is a “Related Person” of a Clearing Member if such person: (1) is a business affiliate that controls, or is controlled by or under common control with any officer, director, or general or special partner of the Clearing Member; (2) is a Member Affiliate other than a non-customer of the Clearing Member; or (3) is an employee whose duties include: (A) managing the business of the Clearing Member or any portion thereof, (B) handling the transactions, positions or funds of any customer of the Clearing Member or of such Clearing Member itself, (C) maintaining the records which relate to trades or funds of any customer of the Clearing Member or of such Clearing Member, or (D) signing or cosigning any checks or drafts on behalf of the Clearing Member; (4) is a spouse or minor dependent living in the same household as any such employee or in the same household as any non-customer of the Clearing Member; provided, however, that the term Related Person shall not include any person who is a non-customer of the Clearing Member. For the purpose of this paragraph ~~R-(3)~~, direct or indirect ownership of 10% or more, in the aggregate, of the equity of any entity shall be deemed conclusively to confer control of that entity.

### **Reporting Authority**



(5) When used in respect of any cash-settled contract, the term “reporting authority” ~~shall mean~~ means the source that is relied upon by the Corporation as the official source for the current price or value of the underlying interest. In respect of flexibly structured options on fund shares that are cash settled, the reporting authority shall be the same institution or reporting service used by the Corporation for physically settled equity options with the same underlying interest.

### **Representative**

(6) The term “Representative” in respect of a Clearing Member Organization means a director, senior officer, principal, or a general partner of such Clearing Member Organization or an entity that controls, is controlled by, or under common control with the Clearing Member.

### **Restricted Lien**

(7) The term “restricted lien” means a security interest of the Corporation in specified assets (including any proceeds thereof) in an account of a Clearing Member with the Corporation as security for the Clearing Member’s obligations to the Corporation arising from such account or, to the extent so provided in the By-Laws or Rules, a specified group of accounts that includes such account including, without limitation, obligations in respect of all confirmed trades effected through such account or group of accounts, short positions maintained in such account or group of accounts, and exercise notices assigned to such account or group of accounts.

### **Restricted Lien Account**

(8) The term “restricted lien account” means any account of a Clearing Member with the Corporation over which the Corporation has a restricted lien with respect to specified assets (including any proceeds thereof) in such account. Restricted lien accounts include but are not limited to, a firm non-lien account, a non-proprietary Market-Maker’s account, a non-proprietary combined Market-Makers’ account, a customer lien account, a customers’ account, a JBO Participants’ account and a segregated futures account.

### **Return**

(9) The term “Return” means the process by which a Carrying Clearing Member transfers back to an Executing Clearing Member, for one or more reasons specified in the CMTA Agreement between the Clearing Members, a position resulting from a confirmed trade transferred by the Executing Clearing Member to an account of the Carrying Clearing Member.

### **Rules**

(10) The term “Rules” means the rules of the Corporation as the same may be amended from time to time; provided, however, that for purposes of the Uniform Commercial Code, the phrase “rule adopted by a clearing corporation” ~~shall mean~~ means any of the Rules and By-Laws of the Corporation and any stated interpretation that would be deemed to be a “rule of a clearing agency” within the meaning of the Securities Exchange Act of 1934.

### **S.**

### **SEC**

(11) The term SEC means the U.S. Securities and Exchange Commission.

### **Securities Customer**

~~(2)~~ The term “securities customer” means a person having a securities account at a broker or dealer other than a non-customer of such broker or dealer.

### **Securities Exchange**

~~(3)~~ The term “Securities Exchange” means an Equity Exchange or a Non-Equity Exchange.

### **Securities Exchange Act**

The term “Securities Exchange Act” means the Securities Exchange Act of 1934, as amended.

### **Security Future**

~~(4)~~ The term “security future” has the same meaning as provided in Section 3(a) (55) of the Securities Exchange Act of ~~1934, as amended~~.

### **Security Futures Market**

~~(5)~~ The term “security futures market” means any market, other than a Securities Exchange, that (i) has been designated as a contract market under Section 5f or 6 of the Commodity Exchange Act; (ii) is registered as a national securities exchange under Section 6(a) or (g), or as a national securities association under Section 15A(a), of the Securities Exchange Act ~~of 1934~~; and (iii) has satisfied all other legal and regulatory requirements necessary to trade security futures.

### **Segregated Futures Account**

~~(6)~~ The term “segregated futures account” in respect of a Clearing Member means an account of the Clearing Member on the records of the Corporation which is confined to confirmed trades cleared and positions carried by the Clearing Member on behalf of futures customers.

### **Segregated Futures Professional Account**

~~(7)~~ The term “segregated futures professional account” in respect of a Clearing Member means an account of the Clearing Member on the records of the Corporation which is confined to confirmed trades cleared and positions carried by the Clearing Member on behalf of futures professionals who are futures customers. A segregated futures professional account is a type of segregated futures account.

### **Segregated Long Position**

~~(8)~~ The term “segregated long position” ~~shall mean~~ means that portion of a long position in a cleared security, other than a security future, in a firm non-lien or customers’ account which has been segregated on the books and records of the Corporation in accordance with the Rules.

### **Seller**

~~(9)~~ The term “seller” means, as the context requires, a person with a short position in a future or a person selling a future in a confirmed trade.

### **Selling Clearing Member**

~~(10)~~ The term “Selling Clearing Member,” in respect of a confirmed trade in options or BOUNDS, means the Writing Clearing Member and, in respect of a confirmed trade in futures, means the Clearing Member acting as, or on behalf of, the seller.

## Series

~~(11)~~ The term “series,” when used in respect of options, means all option contracts of the same class and having otherwise identical terms including exercise price (or, in the case of delayed start option contracts that do not yet have a set exercise price, the same exercise price setting formula and exercise price setting date), expiration date, unit of trading, settlement method and, in the case of futures options or commodity options, series marker if any; and when used in respect of futures, means all futures of the same class having identical terms, including the same maturity date and series marker, if any.

## Series Marker

~~(12)~~ The term “series marker” used in respect of futures or futures option or commodity options means a unique identifier assigned to an Exchange (or by mutual agreement among them, a group of such Exchanges) on which such futures or futures options or commodity options are traded that may be used to cause such futures or futures options or commodity options to be non-fungible with otherwise identical futures traded on other Exchanges.

## Settlement Day

~~(13)~~ The term “settlement day”, when used in respect of amounts owed by Clearing Members to the Corporation or by the Corporation to Clearing Members to settle confirmed trades and/or stock loan transactions, means: (i) the first business day following the Corporation’s receipt of a report of confirmed trade information from the Exchange on which the transaction was effected or a report of a completed stock loan from the Depository, or (ii) with respect to transactions in cleared contracts effected in trading sessions beginning on one calendar day and ending on the next calendar day, the business day after the day on which trading ends, as applicable, unless a different settlement day is specified in the Corporation’s By-Laws, Rules or procedures.

## Settlement Price

~~(14)~~ The term “settlement price” in respect of a series of futures means the interim settlement price or the final settlement price.

## Short Position

~~(15)~~ The term “short position” in respect of options or BOUNDS means a person’s obligation as the writer (or as an agent for the writer) of one or more option contracts of a series of options or one or more BOUNDS of a series of BOUNDS. In respect of futures, the term “short position” means a person’s position as the seller (or as an agent for the Seller) of the underlying interest under one or more contracts in a series of futures.

## Short Term Option

~~(16)~~ The term “short term option” means an option of a series of options that pursuant to Exchange Rules expires one week after it is opened for trading. Short term option series may be opened in any option class.

## ~~Statutory Disqualification~~

~~(17) The term “statutory disqualification” shall have the meaning given to it in Section 3(a) of the Securities Exchange Act of 1934, as amended.~~

## Statutory Rules

(18) The term “statutory rules” in respect of the Corporation means the Certificate of Incorporation, the By-Laws, the Rules, and such of the stated policies, practices and interpretations of the Corporation as are deemed to be rules and have become effective under the Securities Exchange Act of 1934, as amended, and the rules and regulations of the ~~Securities and Exchange Commission~~ [SEC](#) thereunder.

### **Stock Borrow Position**

(19) The term “stock borrow position” means the position of a Borrowing Clearing Member in respect of a Stock Loan.

### **Stock Future**

(20) The term “stock future” means a security future for which the underlying security is an equity security or an index-linked security.

### **Stock Loan**

(21) The term “Stock Loan” means either a “Hedge Loan” or a “Market Loan” or both as the context requires.

### **Stock Loan/Hedge Program**

(22) The term “Stock Loan/Hedge Program” means the Corporation’s program for processing and monitoring Stock Loans and hedging stock loan positions and stock borrow positions against stock option positions, all as further described in the By-Laws and Rules.

### **Stock Loan Position**

(23) The term “stock loan position” means the position of a Lending Clearing Member in respect of a Stock Loan.

### **Stock Market-Maker; Stock Specialist**

(24) The term “stock specialist” or “stock market-maker” means a member of a national securities exchange or national securities association who is acting as a market-maker or specialist, or a group of such members acting as a specialist unit, pursuant to the rules of such exchange or association in a stock that is an underlying security in respect of any stock option contract issued by the Corporation.

### **Style of Option**

(25) The term “style of option” means the classification of an option as an American option, a European option or a capped option.

T.

### **Trade Date**

(+) The term “trade date” in respect of any confirmed trade effected on or through the facilities of an Exchange means the day on which such transaction occurred except that the trade date in respect of confirmed trades in cleared contracts that are effected in trading sessions beginning on one calendar day and ending on the next calendar day shall be deemed to be the calendar day on which such trading ends. The term “trade date” in respect of any confirmed trade in OTC options means the day on which such transaction

is accepted by the Corporation for clearance.

### **Trade Price**

(2) The term “trade price” in respect of a confirmed trade in market baskets of a particular class means the price of such market baskets agreed upon in such transaction. The term “trade price” in respect of a confirmed trade in BOUNDS means the price of such BOUNDS agreed upon in such transaction.

### **Trading Currency**

(3) The term “trading currency” means the currency in which premium and/or exercise prices are denominated for a class of foreign currency options. Premium and exercise price are ordinarily denominated in the same currency; but in the case of certain classes of options, the premium may be denominated in the underlying currency. In such cases, the term “trading currency” may refer to the currency in which the premium is denominated, the currency in which the exercise price is denominated, or both of them, as the context requires. For clarity, the currency in which the premium is denominated is sometimes referred to as the premium currency, and the currency in which the exercise price is denominated is sometimes referred to as the exercise currency.

### **Treasury Bill**

(4) The term “Treasury bill” means a Treasury security sold at original issuance at a discount from par with a term to maturity of one year or less.

### **Treasury Bond**

(5) The term “Treasury bond” means a Treasury security with a term to maturity of more than ten years at the time of original issuance.

### **Treasury Note**

(6) The term “Treasury note” means a Treasury security with a term to maturity of at least one year but no more than ten years at the time of original issuance.

### **Treasury Security**

(7) The term “Treasury security” means a bond, note, bill, or other evidence of indebtedness issued by the United States Treasury. The term “deliverable grade Treasury security” means a Treasury security meeting the specifications set forth in Chapter 13 of the Rules for Treasury securities that are deliverable in respect of physically-settled Treasury futures. The term “issue of Treasury securities” in respect of Treasury bonds or Treasury notes means all such bonds or notes having the same maturity date and coupon rate. All Treasury bills having the same maturity date shall be deemed to be of the same issue.

### **Type of Option**

(8) The term “type of option” means the classification of an option contract as a put, a call, a binary option, a range option, a packaged butterfly spread option, a packaged vertical call spread option or a packaged vertical put spread option.

U.

**Underlying Currency**

(+) The term “underlying currency” means the currency which is required to be delivered upon the exercise of a class of foreign currency options.

**Underlying Interest**

(+) The term “underlying interest” means the underlying security, commodity, future, currency, asset, index or other variable that is the subject of a cleared contract.

**Underlying Security**

(+) The term “underlying security” when used in respect of any contract other than a cash-settled contract means the security or other asset which the Corporation is obligated to sell or purchase upon exercise or maturity of the contract. When used in respect of a cash-settled contract, the term means the index or other underlying interest on which the exercise settlement amount or final settlement price is based.

**Underlying Variance**

(+) The term “underlying variance” or “variance” means the variability of a reference variable over a specified period as measured by the futures market on which the overlying variance future is traded or as measured by a reporting authority designated by that futures market.

**Unit of Trading**

(+) The term “unit of trading” in respect of any series of options or futures means the number of units of the underlying interest which have been designated by the Corporation as the minimum number to be the subject of a single option contract or single future in such series. In the absence of any such designation for a series of options or futures in which the underlying security is a common stock the unit of trading shall be 100 shares.

**Unsegregated Long Position**

(+) The term “unsegregated long position” ~~shall mean~~ means any long position or portion thereof in a firm non- lien or securities customers’ account which is not a segregated long position and all long positions maintained in firm lien accounts, Market-Makers’ accounts and JBO Participants’ accounts. Except when used in Chapter XI of the Rules, said term shall also include any exercised option or any expired BOUND for which, in either case, settlement has not yet been made, regardless of the account in which it is maintained, provided that for the purpose of calculating margin under Chapter VI of the Rules, such exercised options or expired BOUNDS carried in customers’ accounts and firm non-lien accounts shall be treated as unsegregated only to the extent specifically provided therein. All long positions in futures are unsegregated long positions.

V.

**Variable Terms**

(+) The term “variable terms” in respect of a series of option contracts other than OTC options means the name of the underlying interest, the exercise price (or, in respect of a series of delayed start options that does not yet have a set exercise price, the exercise price setting formula and exercise price setting date), the index value determinant and the index multiplier (in the case of a flexibly structured index option), the cap interval (in the case of a capped option) and the expiration date of such option contract. In addition to these variable

terms, flexibly structured options on fund shares may settle physically or settle in cash. The term “variable terms” in respect of a series of OTC options means the terms of such options that are permitted to be negotiated bilaterally between the parties within the range of values specified by the Corporation therefor as set forth in the By-Laws and Rules. “Variable terms,” when used in respect of a series of futures means the name of the underlying interest, the maturity date, the method of determining the final settlement price, and the series marker, if any, and in the case of a flexibly structured index future, the index value determinant and the index multiplier.

#### **Variance Future**

(2) The term “variance future” means a commodity future for which the underlying interest is a variance.

#### **Variation Payment**

(3) The term “variation payment” means the “mark-to-market” payment or “variation margin” payment that a buyer or seller of futures is obligated to pay to, or entitled to collect from, the Corporation from time to time in accordance with the By-Laws and Rules applicable to futures.

W.

#### **Weekly Option**

(4) The term “weekly option” means an option of a series of stock options or index options that has a weekly tenor and that expires on any day as provided in Exchange Rules. The term “weekly index option” means a weekly option on an index.

#### **Writer**

(2) The term “writer” in respect of an option contract or a BOUND means the person who, directly or indirectly, has agreed to perform the Corporation’s obligations on such option contract or BOUND or on an option contract or BOUND of the same series in accordance with the By-Laws and the Rules and Exchange Rules.

#### **Writing Clearing Member**

(3) The term “Writing Clearing Member” means the Clearing Member acting as, or on behalf of, the writer (as defined, in the case of, in this Article I, and in the case of BOUNDS, in Article XXIV of the By-Laws) of a cleared contract.

X. – Z.

Reserved.

\* \* \* \*

**ARTICLE III – BOARD OF DIRECTORS**

\* \* \* \*

**Public Directors**

SECTION 6A. Prior to each annual meeting of stockholders at which one or more Public Directors are to be elected, the Governance and Nominating Committee shall, for each directorship among the Public Directors to be filled at such annual meeting, nominate one person who is not an associated person or employee of an: (i) entity that is registered or exempt from registration with the ~~Securities and Exchange Commission~~ SEC or ~~Commodity Futures Trading Commission~~ CFTC or (ii) affiliate of such an entity described in (i) and submit a list of its nominations in writing to the Board of Directors. The Board of Directors shall either approve such nominations or instruct the Governance and Nominating Committee regarding the submission of revised nominations, and at the annual meeting the stockholders entitled to vote thereon shall elect as Public Director(s) such person(s) as shall have been nominated by the Governance and Nominating Committee and approved by the Board of Directors. The Public Directors shall be divided into three classes, designated as Class I, Class II and Class III, respectively. The Public Director elected at the 2011 annual meeting will be designated as a Class II Public Director. One of the two Public Directors appointed prior to the 2013 annual meeting will be designated as a Class I Public Director and the other will be designated as a Class III Public Director. The successor of the initial Class I Public Director shall be elected at the 2013 annual meeting of stockholders, the successor of the initial Class II Public Director at the 2014 annual meeting and the successor of the initial Class III Public Director at the 2015 annual meeting. One of the two Public Directors first appointed or elected after the 2014 annual meeting as a result of the increase of the number of Public Directors from three to five will be designated as a Class I Public Director and the other will be designated as a Class III Public Director so that, following such appointment or election, there shall be two Class I Public Directors, one Class II Public Director and two Class III Public Directors. The successor of the Class III Public Director appointed or elected as described in the preceding sentence shall be elected at the 2015 annual meeting of stockholders and the successor of the Class I Public Director appointed or elected as described in the preceding sentence shall be elected at the 2016 annual meeting. Except as provided above in the case of the initial Class I Public Director and the initial Class III Public Director, and in the preceding sentence of this Section 6A for the Class I Public Director and the Class III Public Director referred to therein, each Public Director shall serve until a successor is elected and qualified, or until the earlier death, disqualification, resignation, or removal of such Director.

\* \* \* \*

**Emergency Powers**

SECTION 15. (a) During any emergency which results, directly or indirectly, from an attack (including a terrorist attack) on the United States or on a locality in which the Corporation maintains an office or customarily holds meetings of the Board of Directors, or from a war, armed hostilities, insurrection or other calamity involving the United States or any such locality, or from any nuclear or atomic disaster, or from any other catastrophe, disaster, (including any environmental or natural disaster), communications systems failure, or other similar condition, in which a quorum (as specified in Article III of the By-Laws) of the Board of Directors or a standing committee thereof cannot readily be convened for action (an “Emergency”), the following provisions of this Section 15 shall be operative notwithstanding any other provision in any of the sections (other than Section 110) of the Delaware Corporation Law or in the Certificate of Incorporation, By-Laws or Rules of the Corporation. The Chairman, Chief Executive Officer, Chief Operating Officer or, if it is not feasible for the Chairman, Chief Executive Officer, or Chief Operating Officer to take such action, then another officer who is a Designated Officer is authorized to declare the existence of such Emergency and to declare this By-Law to be in effect. The Chairman, Chief Executive Officer, Chief Operating Officer, or such Designated Officer, shall use his best efforts to attempt to consult with officials of the ~~Securities and Exchange Commission~~ (“SEC”) prior to declaring the existence of such Emergency; provided, however, that



the authority contained herein shall not be conditioned by such consultation. The Corporation shall advise the SEC as soon as practicable by telephone, and confirmed in writing, of the declaration of an Emergency and the reasons therefor, and a record of such declaration shall be prepared and maintained in the records of the Corporation.

(b) – (c) [No change]

(d) Notwithstanding the provisions of Article XI of these By-Laws, the By-Laws or the Rules of the Corporation may be amended by the Board of Directors at any meeting of the Board of Directors held during an Emergency upon the affirmative vote of a majority of the directors in attendance at any such meeting; provided, however, that any such amendment adopted by less than the vote required by Article XI shall not remain in force or effect for a period of longer than thirty days following the termination of such Emergency. The Corporation shall, if practicable, file with the ~~Commodity Futures Trading Commission~~ (“CFTC”) any rule change relating to commodity futures, futures options or commodity options adopted in response to an Emergency prior to implementation of the rule. If it is not practicable to file such rule change with the CFTC prior to its implementation, the Corporation shall file the rule change with the CFTC at the earliest possible time, and in no event more than 24 hours after implementation.

(e) – (f) [No change]

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**ARTICLE VI – CLEARANCE OF CONFIRMED TRADES**

\* \* \* \*

**Maintenance of Accounts**

## SECTION 3. (a) – (e) [No change]

(f) Every Clearing Member conducting a public business in which it effects confirmed trades for futures customers shall also establish and maintain a segregated futures account, which shall be confined to the confirmed trades in futures, futures options and commodity options of such Clearing Member's futures customers. Notwithstanding the preceding sentence, in the case of those futures customers for which a Clearing Member effects transactions that are futures professionals, the Clearing Member is not required to maintain a segregated futures account under this paragraph (f), but instead may maintain a segregated futures professional account, as provided in paragraph (j) below. The Clearing Member, on behalf of itself and each futures customer on whose behalf positions may be maintained in the segregated futures account, agrees that the Corporation shall have a restricted lien on all positions, margin and other funds and property in such account as security for the Clearing Member's obligations to the Corporation for the positions in that account and in any segregated futures professional account maintained by the Clearing Member pursuant to paragraph (j) below. The Corporation shall comply with applicable provisions of the CEA and applicable regulations and orders of the ~~Commodity Futures Trading Commission~~ [CFTC](#) pertaining to the holding of segregated funds by clearing organizations of contract markets.

## (g) – (i) [No change]

(j) A segregated futures professional account, which shall be confined to the confirmed trades in futures, futures options and commodity options of the Clearing Member's futures customers who are futures professionals. The Clearing Member, on behalf of itself and each futures professional on whose behalf positions may be maintained in the segregated futures professional account, agrees that the Corporation shall have a restricted lien on all positions, margin and other funds in such account as security for the Clearing Member's obligations to the Corporation arising from that account and any segregated futures account maintained by the Clearing Member pursuant to paragraph (f) above and that the Corporation may close out the positions in the account and apply the proceeds thereof at any time without prior notice to the Clearing Member or any futures professional. The Corporation shall comply with applicable provisions of the CEA and applicable regulations and orders of the ~~Commodity Futures Trading Commission~~ [CFTC](#) pertaining to the holding of segregated funds by clearing organizations of contract markets.

(k) A proprietary futures professional account, which shall be confined to the confirmed trades of futures professionals whose transactions are not required to be treated as the transactions of securities customers or of futures customers. The Clearing Member, on behalf of itself and each other futures professional on whose behalf positions may be maintained in the proprietary futures professional account, agrees that the Corporation shall have a general lien on all positions and on all other securities, margin and other funds in such account, and the Corporation may close out the positions in the account and apply the proceeds thereof at any time without prior notice to the Clearing Member or any futures professional. Such account shall be a "firm lien account."

. . . Interpretations and Policies:

.01 The following requirements shall apply to carrying the following types of accounts: (i) a Clearing Member must be registered as a broker-dealer under Section 15(b)(1) or (2) of the Securities Exchange Act of ~~1934~~ in order to carry an account under paragraph (e) of this Section; and (ii) a Clearing Member must be registered as a futures commission merchant under Section 4f(a)(1) of the Commodity Exchange Act in

order to carry an account under paragraphs (f) or (j) of this Section.

.02 In any “proprietary account” a Clearing Member is permitted to carry both cleared contracts that are “securities” as defined in Section 3(a)(10) of the Securities Exchange Act ~~of 1934~~ and cleared contracts that are commodity futures, futures options or commodity options subject to regulation under the Commodity Exchange Act and the margin requirements applicable to any such proprietary account shall be determined under Rule 601 based upon the net liquidating value of all positions carried in the account. Accordingly, all such proprietary accounts are deemed to be held subject to a “cross-margining agreement or similar arrangement” for purposes of Section 561(b)(3)(A) of the United States Bankruptcy Code (11 U.S.C. § 561(b)(3)(A)) and any netting performed between cleared contracts that are securities, on the one hand, and cleared contracts that are commodity futures, futures options or commodity options, on the other, including any close-out netting that is performed in accordance with Section 27 of Article VI of the By-Laws or Chapter XI of the Rules, shall be deemed to occur pursuant to such cross-margining agreement or similar arrangement. For purposes of this interpretation, a “proprietary account” includes (i) a firm account, (ii) a separate Market-Maker’s account for which the Market-Maker is a Clearing Member or a proprietary Market-Maker trading for his own account, (iii) a combined Market-Maker’s account confined to the confirmed trades of Market-Makers who are Clearing Members or proprietary Market-Makers trading for their own accounts, (iv) an OCC proprietary X-M account (together with the corresponding proprietary X-M account at a participating futures clearing organization), or (v) a proprietary futures professional account and any other account that does not contain positions or other property of any person who is a “customer” within the meaning of the Commodity Exchange Act and regulations thereunder.

(.03) – (.10) [No change]

\* \* \* \*

### Certain Delays

SECTION 18. (a) – (c) [No change]

(d) Any action taken by the Corporation pursuant to this Section 18 shall be reported by the Corporation to the ~~Securities and Exchange Commission~~ [SEC](#) within two business days thereafter.

(e) [No change]

\* \* \* \*

### Cross-Margining with Participating CCOs

SECTION 24. (a) – (b) [No change]

\* \* \* \*

(c) Eligible cleared contracts carried in any OCC proprietary X-M account shall be margined together with contracts carried by the Carrying CCOs in each corresponding CCO proprietary X-M account of the Joint Clearing Member or of the CCO Clearing Member of a Pair of Affiliated Clearing Members. Eligible cleared contracts carried in any OCC non-proprietary X-M account shall be margined together with contracts carried by the Carrying CCO(s) in each corresponding CCO non-proprietary X-M account of the Joint Clearing Member or of the CCO Clearing Member of such Pair of Affiliated Clearing Members. The Corporation shall calculate the margin required in respect of all other accounts of a Joint Clearing Member or the OCC Clearing Member of a Pair of Affiliated Clearing Members without regard to any contracts carried in such X-M accounts. For purposes of this paragraph (c), “eligible cleared contracts” shall mean

options, security futures on exchange-traded funds based on broad-based securities indices, and such other cleared contracts as may be authorized from time to time by the Board of Directors of the Corporation.

### Internal Cross-Margining for Non-Proprietary Market Professionals

SECTION 25. (a) The Corporation may establish a cross-margining program permitting a Clearing Member and a Pair of Affiliated Clearing Members to establish an internal non-proprietary cross-margining account with the Corporation for the purpose of receiving cross-margining treatment for positions of non-proprietary Market Professionals in cleared contracts that have been designated by the Corporation as eligible for inclusion in such account. An internal cross-margining account for nonprofessionals shall be a segregated futures account carried by the Corporation in accordance with orders of the ~~Commodity Futures Trading Commission~~ CFTC and each Clearing Member, and each one of a Pair of Clearing Members, establishing such an account with the Corporation shall be registered as both a futures commission merchant under the Commodity Exchange Act and as a broker-dealer under the Securities Exchange Act ~~of 1934~~.

(b) – (g) [No Changes]

\* \* \* \*

### Close-Out Netting

SECTION 27. (a) Default or Insolvency of the Corporation. If at any time the Corporation: (i) fails to comply with an undisputed obligation to pay money or deliver property to a Clearing Member under the By-Laws or Rules for a period of thirty days from the date that OCC receives notice from the Clearing Member of the past due obligation, (ii) institutes or has instituted against it a ~~Arproceeding~~ proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for the Corporation's winding-up or liquidation, or (iii) takes corporate action to authorize any proceeding or petition described in clause (ii) above, the Corporation or its representative shall promptly notify the ~~Securities and Exchange Commission~~ SEC, the ~~Commodity Futures Trading Commission~~ CFTC, all Clearing Members, any clearing organizations with which the Corporation has cross-margining or cross-guarantee arrangements, and all Exchanges, futures markets and security futures markets for which the Corporation clears confirmed trades and all OTC Trade Sources from which OCC accepts confirmed trades for clearance.

(b) *Notice of Termination*. Upon the occurrence of any event described in clause (i) through (iii) of paragraph (a), a Clearing Member that is neither suspended nor in default with respect to any obligation owing to the Corporation may notify the Corporation in writing of its intention to terminate all cleared contracts and stock loan and borrow positions in all accounts of such Clearing Member; provided that a notice based on the Corporation's failure to comply with an obligation described in clause (i) may only be made by the Clearing Member to whom such obligation is owed. The Corporation shall promptly forward any such notice, specifying the date of receipt thereof, to the ~~Securities and Exchange Commission~~ SEC, the ~~Commodity Futures Trading Commission~~ CFTC, all Clearing Members, any clearing organizations with which the Corporation has cross-margining or cross-guarantee arrangements, and all Exchanges, futures markets and security futures markets for which the Corporation clears confirmed trades and all OTC Trade Sources from which OCC accepts confirmed trades for clearance. Such notice shall have the effects hereinafter described in this Section with respect to all Clearing Members, without the necessity of a similar notice being sent by any other Clearing Member. As of the close of business on the third business day following the Corporation's receipt of such notice or such other termination time as may be established by the United States Bankruptcy Code in the case of a proceeding governed by such Code (the "Termination Time"), the Corporation shall accept no more confirmed trades for clearing, and all pending transactions,

positions in cleared contracts and stock loan and borrow positions remaining in all accounts of all Clearing Members at the Termination Time shall be valued as of the Termination Time and liquidated in accordance with this Section. Such liquidated positions shall be netted to the maximum extent permitted by law and the By-Laws and Rules, and settlement of the net amounts shall be effected in the manner provided by this Section in satisfaction of all obligations owing between the Corporation and Clearing Members in respect of such positions. The provisions of this Section, other than paragraph.

(c) – (m) [No change]

\* \* \* \*

**ARTICLE VIIA – EQUITY EXCHANGES****Qualifications**

SECTION 1. Prior to becoming a participant Exchange, each of the Equity Exchanges was registered as a national securities exchange under the Securities Exchange Act ~~of 1934, as amended~~, and (i) had effective rules for the trading of option contracts in accordance with the provisions of said Act and the rules and regulations of the ~~Securities and Exchange Commission~~ SEC thereunder, (ii) had purchased the number of shares of the Common Stock of the Corporation set forth in Section 2 of this Article VIIA, (iii) had executed a Stockholders Agreement as described in Section 3 of this Article VIIA, and (iv) had furnished the Corporation with such information as the Corporation requested concerning the operations, the management, the rules and the membership of such exchange and such other information as the Corporation required to amend or make current any registration statement of the Corporation filed with the ~~Securities and Exchange Commission~~ SEC or other regulatory authority.

(.01) – (.02) [No change]

\* \* \* \*

**Disqualification**

SECTION 5. An Equity Exchange shall cease to be a participant Exchange if it (i) shall no longer be a registered national securities exchange or national securities association having effective rules for the trading of option contracts in accordance with the provisions of the Securities Exchange Act ~~of 1934, as amended~~, and the rules and regulations of the ~~Securities and Exchange Commission~~ SEC thereunder; (ii) shall terminate the trading of all option contracts; (iii) shall be in violation, in any material respect, of any provision of the Stockholders Agreement referred to in Section 3 of this Article VIIA; or (iv) the Participant Exchange Agreement referred to in Section 4 of this Article VIIA shall have been terminated as to such Exchange.

\* \* \* \*

**ARTICLE VIIB – NON-EQUITY EXCHANGES****Qualifications**

SECTION 1. Any securities exchange or securities association registered under the Securities Exchange Act of 1934, as amended, which (i) has effective rules for the trading of option contracts in accordance with the provisions of said Act and the rules and regulations of the ~~Securities and Exchange Commission~~ SEC thereunder, (ii) has purchased a Promissory Note of the Corporation as required pursuant to Section 2 of this Article VIIB, (iii) has executed a Noteholders Agreement as described in Section 3 of this Article VIIB, and (iv) has furnished the Corporation with such information as the Corporation may reasonably request concerning the operations, the management, the rules and the membership of such exchange or association and such other information as the Corporation may require to amend or make current any registration statement of the Corporation filed with the ~~Securities Exchange Commission~~ SEC or other regulatory authority, shall be qualified for participation in the Corporation as a “Non-Equity Exchange.”

(.01) – (.02) [No change]

\* \* \* \*

**Disqualification**

SECTION 5. A Non-Equity Exchange shall cease to be a participant Exchange if (i) it shall no longer be a registered national securities exchange or national securities association having effective rules for the trading of option contracts in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the ~~Securities and Exchange Commission~~ SEC thereunder; (ii) it shall terminate the trading of all options; (iii) it shall be in violation, in any material respect, of any provision of the Noteholders Agreement referred to in Section 3 of this Article VIIB; or (iv) the Participant Exchange Agreement referred to in Section 4 of this Article VIIB shall have been terminated as to such Exchange.

\* \* \* \*

**ARTICLE XII – FUTURES, FUTURES OPTIONS AND COMMODITY OPTIONS**

\* \* \* \*

**Determination of Settlement Prices**

## SECTION 6.(a) [No change]

(b) The method for determining the final settlement price for a series of futures shall be as specified in the Exchange Rules of the Exchange, futures market or security futures market on which the series is traded; provided, however, that in the event of any conflict between such Exchange Rules and the By-Laws and Rules of the Corporation, the By-Laws and Rules of the Corporation shall control. Subject to the last sentence of this Section 6(b), the Corporation shall adopt as the final settlement price in respect of a series of futures the final settlement price determined by the Exchange, futures market or security futures market on which the series is traded in accordance with that specified method at maturity of each series of futures. The final settlement price may be based upon the price or level of the underlying interest or a contract of such series, as applicable, at the close of trading on the maturity date of a future or at the opening of trading on the following business day. It may also be based upon an average of prices or levels during an appropriate period of time. Such price or prices may be taken from the cash or spot markets for the underlying interest or a contract of such series, if applicable, or from prices determined in the futures markets. Final settlement prices are subject to adjustment by the Corporation in accordance with the By-Laws and Rules. Notwithstanding the foregoing, the Corporation retains the authority in its By-Laws and Rules to fix final settlement prices for futures contracts in a variety of circumstances, including but not limited to the failure of such Exchange, futures market or security futures market to provide a final settlement price in a timely fashion.

**... Interpretations and Policies:**

.01 Notwithstanding the provisions of this Section 6 of Article XII of the By-Laws, no method for determining a final settlement price may be used if it is inconsistent with applicable regulations of the ~~Securities and Exchange Commission~~ [SEC](#) or the ~~Commodity Futures Trading Commission~~ [CFTC](#) such as, for example, regulations requiring that the final settlement prices for certain security futures contracts be based upon opening prices.

\* \* \* \*



**ARTICLE XIII – TREASURY SECURITIES OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****Aggregate Exercise Price**

(+) The term “aggregate exercise price” in respect of a Treasury securities option means the exercise price multiplied by the unit of trading.

**Call**

(+) The term “Call” in respect of Treasury securities options means an option under which the holder has the right, in accordance with the terms of the By-Laws and Rules, to purchase from the Corporation the principal amount of the underlying Treasury note or Treasury bond covered by the option at a price equal to the aggregate exercise price upon the exercise of such option.

**Class of Options**

(+) The term “class of options” in respect of Treasury securities options means all option contracts of the same type, style and unit of trading covering the same issue of Treasury securities.

**Exercise Price**

(+) The term “exercise price” in respect of Treasury securities options means the specified percentage of the unit of trading at which the underlying Treasury securities may be purchased or sold upon the exercise of an option contract.

**Premium**

(+) The “premium” in the case of a confirmed trade in Treasury securities options means the premium per unit of trading (expressed as a percentage) multiplied by the unit of trading and by the number of contracts subject to the transaction.

**Put**

(+) The term “Put” in respect of Treasury securities options means an option under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to sell to the Corporation the principal amount of the underlying Treasury note or Treasury bond covered by the option at a price equal to the aggregate exercise price upon the exercise of such option.

**Unit of Trading for Treasury Securities Options**

(+) The term “unit of trading” in respect of a Treasury securities option means the principal amount of the underlying Treasury security covered by the option contract. Unless otherwise specified by the Corporation pursuant to the By-Laws and Rules, the unit of trading in respect of Treasury security options shall be the principal amount specified by the Exchange on which the option is traded.

[Section 1 of this Article adds certain new definitions relevant to Treasury securities options and replaces or, with respect to the definitions of “premium,” “class of options” and “unit of trading,” supplements the definitions of the same term or constituent terms in Section 1 of Article I of the By-Laws for purposes of Treasury security options.]

\* \* \* \*

### **General Rights and Obligations of Holders and Writers of Treasury Securities Options**

SECTION 3. (a) Subject to the provisions of the By-Laws and Rules, the holder of a single European-style Treasury securities option contract has the right on (and only on) the expiration date, expiring at the expiration time therefor on such date.

(1) In the case of a call, to purchase from the Corporation at the aggregate exercise price a principal amount of the underlying Treasury security equal to the unit of trading for such option contract against payment of the aggregate exercise price in accordance with Exchange Rules and the By-Laws and Rules; or

(2) In the case of a put, to sell to the Corporation at the aggregate exercise price a principal amount of the underlying Treasury security equal to the unit of trading for such option contract, in accordance with Exchange Rules and the By-Laws and Rules.

(b) The writer of a single Treasury securities option contract is obligated, upon the assignment to him of an exercise notice in respect of such option contract:

(1) In the case of a call, to deliver a principal amount of the underlying Treasury security equal to the unit of trading for such option contract against payment of the aggregate exercise price in accordance with Exchange Rules and the By-Laws and Rules; or

(2) In the case of a put, to pay the aggregate exercise price against delivery of a principal amount of the underlying Treasury security equal to the unit of trading for such option contract, in accordance with Exchange Rules and the By-Laws and Rules.

(c) The aggregate exercise price to be paid and received upon any exercise of a Treasury securities option shall be increased by an amount equal to the interest accrued from the date identified by the Department of the Treasury as the “dated date” for the securities underlying such option or on which the last preceding interest payment became due (whichever is later) up to but not including the exercise settlement date (regardless of the date on which settlement is made).

(d) In the case of a Treasury bond option or a Treasury note option, the term “underlying Treasury security” shall mean the specific issue of Treasury securities designated by the Corporation as the underlying security for options of that class. In the case of a Treasury bill option, the term “underlying Treasury security” shall mean, in the case of options designated as 13-week Treasury bill options, a Treasury bill which will mature not more than 92 days from the exercise settlement date, and shall mean, in the case of options designated as 26-week Treasury bill options, a Treasury bill which will mature not more than 183 days from the exercise settlement date.

[Section 3 of this Article supplements ~~paragraph U.(3) of~~ Section 1 of Article I of the By-Laws and replaces paragraphs (a) and (b) of Section 9 of Article VI of the By-Laws.]

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**ARTICLE XIV – BINARY OPTIONS; RANGE OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****A.****Adjustment Event**

(+) The term “adjustment event” when used in respect of an event option means an event as defined in the applicable Exchange Rules of the listing Exchange (such as, in the case of a credit default option or a credit default basket option, either a redemption event or a succession event), the occurrence of which may cause the listing Exchange to make adjustments to the event option.

**B.****Binary Option**

(+) The term “binary option” means a type of option having only two possible payoff outcomes: either a fixed amount or nothing at all. Binary options that are cleared by the Corporation are cash-settled options that are subject to automatic exercise. Binary options are also sometimes called digital options, fixed return options or all-or-nothing options.

**C.****Class**

(+) The term “class” when applied to credit default options means all credit default options having the same reference entity, reference obligation(s), credit event(s), and reporting authority. When applied to credit default basket options, the term means all credit default basket options having the same basket of reference entities, reference obligations, credit event(s) and reporting authority. When applied to range options and binary options other than credit default options or credit default basket options, the term means all range options or binary options, as applicable, covering the same underlying interest and having otherwise identical terms, except for exercise price (if any) and expiration date.

**~~Credit Default Option~~**

~~(2) The term “credit default option” means an event option that is automatically exercised upon receipt by the Corporation of an event confirmation with respect to the reference obligation(s) of a reference entity.~~

**Credit Default Basket Option**

(+) The term “credit default basket option” means an event option that is based on a basket comprised of at least two reference entities and that is either a “multiple payout credit default basket option” or a “single payout credit default basket option.” A “multiple payout credit default basket option” means a credit default basket option that automatically pays an exercise settlement amount each time a credit event is confirmed with respect to any one of the reference entities prior to expiration of the option. A “single payout credit default basket option” is automatically exercised and pays a single exercise settlement amount only when the first credit event is confirmed with respect to a reference entity prior to expiration of the option.

### Credit Default Option

~~(2)~~ The term “credit default option” means an event option that is automatically exercised upon receipt by the Corporation of an event confirmation with respect to the reference obligation(s) of a reference entity.

### **Credit Event**

~~(4)~~ The term “credit event” when used in respect of a credit default option or a credit default basket option means a credit event, as defined in the rules of the Exchange on which the options are listed, with respect to a reference obligation of a reference entity for such option.

### **D.**

### **Reserved.**

### **E.**

### Event Option

~~(1)~~ The term “event option” means a binary option having an exercise settlement amount that is payable upon the occurrence of a specified event.

### **Event Confirmation**

~~(2)~~ The term “event confirmation” when used in respect of an event option means a notice received by the Corporation from the reporting authority that the reporting authority has confirmed that the specified event underlying such event option has occurred and, in the case of a credit default option or a credit default basket option, occurred within the “credit event confirmation period” specified in the Exchange Rules of the listing Exchange.

### **Event Confirmation Deadline**

~~(3)~~ The term “event confirmation deadline” when used in respect of an event option means the deadline specified by the Corporation by which an event confirmation must be received by the Corporation on any business day in order to be treated as having been received on the business day on which it was submitted. Event confirmations received by the Corporation after the event confirmation deadline on any business day other than the expiration date shall be treated as having been received on the following business day. Event confirmations received by the Corporation after the event confirmation deadline on the expiration date shall be treated as provided in the By-Laws and Rules.

### Event Option

~~(1)~~ The term “event option” means a binary option having an exercise settlement amount that is payable upon the occurrence of a specified event.

### **Exercise Price**

~~(4)~~ The term “exercise price” when used in respect of a binary option (other than an event option, such as a credit default option or credit default basket option) means the specified value or range of values that is compared to the underlying interest value to determine whether such option will be automatically exercised. When used in respect of a range option, the term means the specified range of index values (i.e., range length) that is compared to the underlying interest value to determine whether such option is in the money at

expiration, and, if so, the amount by which such option is in the money. An event option has no exercise price.

### **Exercise Settlement Amount**

(S) The term “exercise settlement amount” when used in respect of a binary option other than a credit default basket option means the fixed amount of cash to be paid upon exercise to a holder of a binary option that is automatically exercised. When used in respect of a credit default basket option, such term ~~shall mean~~ means the fixed amount of cash to be paid to a holder of a credit default basket option that is automatically exercised with respect to any reference entity in the basket because of a credit event occurring with respect to such reference entity prior to expiration of the option. Different exercise settlement amounts may be specified by the listing options exchange with respect to different reference entities. The exercise settlement amount(s) shall be specified by the listing Exchange at or before the time when a series of binary options is first opened for trading. When used in respect of a range option, exercise settlement amount means the variable amount of cash to be paid upon exercise to a holder of an in-the-money range option. For a series of range options, the exercise settlement amount shall be the function of a “maximum range exercise value” and a “contract multiplier” (as such terms are used in the Exchange Rules of the listing Exchange) and shall, in accordance with the manner described in the Exchange Rules, (i) increase from zero to a maximum amount as the underlying interest value increases within the “low range,” (ii) stay fixed at such maximum amount as the underlying interest value increases within the “middle range” and (iii) decrease from such maximum amount to zero as the underlying interest value increases within the “high range.” The terms “low range,” “middle range” and “high range” shall have the meanings given to them in this Section 1. The listing Exchange shall specify the “maximum range exercise value” and “contract multiplier” at or before the time a series of range options is first opened for trading. Exercise settlement amount is sometimes called cash settlement amount in Exchange Rules.

### **Expiration Date**

(E) The term “expiration date” when used in respect of a series of binary options other than event options means the last day on which the options may be automatically exercised. In the case of a series of event options (other than credit default options or credit default basket options) that are to be automatically exercised prior to their expiration date upon receipt by the Corporation of an event confirmation, the expiration date is the date specified by the listing Exchange; provided, however, that when an event confirmation is deemed to have been received by the Corporation with respect to such series of options, the expiration date will be accelerated to the date on which such event confirmation is deemed to have been received by the Corporation or such later date as the Corporation may specify. In the case of a series of credit default options or credit default basket options, the expiration date is the fourth business day after the last trading day for such series as such trading day is specified by the Exchange on which the series of options is listed; provided, however, that when an event confirmation is deemed to have been received by the Corporation with respect to a series of credit default options or single payout credit default basket options prior to the last trading day for such series, the expiration date for options of that series will be accelerated to the second business day following the day on which such event confirmation is deemed to have been received by the Corporation. “Expiration date” means, in respect of a series of range options expiring prior to February 1, 2015, the Saturday immediately following the third Friday of the expiration month of such series, and, in respect of a series of range options expiring on or after February 1, 2015 means the third Friday of the expiration month of such series, or if such Friday is a day on which the Exchange on which such series is listed is not open for business, the preceding day on which such Exchange is open for business.

F. - K.

Reserved.

L.

**Low Range; Middle Range; High Range**

(+) When used in respect of a range option, the term “low range” means a segment of values equaling one range interval along the range length that begins at the low end of the range length, the term “high range” means a segment of values equaling one range interval along the range length that ends at the high end of the range length, and the “middle range” is the segment of values between the low range and the high range. The terms “range interval” and “range length” shall have the meanings given to them in this Section 1.

**M.**

**Multiplier**

(+) The term “multiplier” when used in respect of a confirmed trade in binary options means the fixed number by which the price agreed upon by the purchaser and seller is multiplied in order to calculate the total purchase price per contract.

**N. – O.**

Reserved.

**P.**

**Premium**

(+) The term “premium” when used in respect of a confirmed trade in binary options or range options means the price, in dollars and cents, agreed upon by the purchaser and seller in the transaction times the multiplier (if applicable) and the number of contracts subject to the transaction.

**Q.**

Reserved.

**R.**

**Range Interval; Range Length**

(+) The term “range length” when used in respect of a range option means the entire length of a specified range of values of the underlying index for which the option pays an exercise settlement amount if the underlying interest value falls within such range at expiration. Range length is analogous to the concept of “exercise price” or “strike price” for other types of options. The term “range interval” when used in respect of a range option means an interval of values that is used to divide the range length into three segments, the low range, the middle range and the high range. The listing Exchange shall specify the range length and range interval at or before the time a series of range options is first opened for trading.

**Range Option**

(2) The term “range option” means a European-style, cash-settled option, overlying any index that is eligible for options trading on the listing Exchange, that pays an exercise settlement amount if the underlying interest value falls within the range length of such option at expiration and nothing otherwise. The exercise settlement amount of an in-the-money range option varies depending on where the underlying interest value falls within the range length.

**Reference Entity; Reference Obligation(s)**

(+) The term “reference entity” means the issuer or guarantor of the reference obligation(s) that underlie a credit default option or any one of the issuers or guarantors of reference obligations that underlie a credit default basket option. The term “reference obligation” means any debt security the terms of which are used to define the occurrence of a credit event with respect to the reference entity that is its issuer or guarantor.

### **Reporting Authority**

(+) The term “reporting authority” when used in respect of a class of binary options or range options means the person or entity responsible for confirming the underlying interest value or, in the case of an event option, the occurrence of the specified event. Unless another reporting authority is identified by the listing Exchange for a class of binary options or range options, the listing Exchange will be the reporting authority.

S.– T.

Reserved.

U.

### **Underlying Interest**

(+) The term “underlying interest” when used in respect of a binary option other than an event option means the underlying security, commodity, index, basket or measure whose value or level is compared to the option’s exercise price to determine whether the option will be automatically exercised. When used in respect of an event option other than a credit default option or credit default basket option, such term means the underlying event on whose occurrence or non-occurrence the option is based (any such event being sometimes referred to as an “underlying event”). When used in respect of a credit default option or a credit default basket option, such term means the reference obligation(s). When used in respect of a range option, underlying interest means the underlying index whose underlying interest value is compared to the range length to determine whether such option is in the money at expiration, and, if so, the amount by which such option is in the money.

### **Underlying Interest Value**

(+) The term “underlying interest value” when used in respect of a binary option or a range option means the value or level of the unit of trading of the underlying interest at any point in time as reported by the reporting authority. The term is not applicable to event options, such as credit default options or credit default basket options.

### **Unit of Trading**

(+) The term “unit of trading” when used in respect of a binary option or a range option means the quantity of the underlying interest on which the underlying interest value is based. The unit of trading for a binary option on an equity security will ordinarily be a single share unless otherwise specified. The unit of trading for a binary option or a range option on an index will ordinarily be one (1) unless otherwise specified. The term is not applicable to event options, such as credit default options and credit default basket options.

V.

### **Variable Terms**

(+) The term “variable terms” when used in respect of a series of credit default options or credit default basket options means the event(s) the occurrence of which will trigger automatic exercise, reference entity



or basket of reference entities, the reference obligation(s), the expiration date and the exercise settlement amount(s) of such option contract. When used in respect of a series of binary options other than credit default options or credit default basket options, the term means the underlying interest or event, the multiplier (if applicable), the exercise price, the expiration date and the exercise settlement amount of such option contract. When used in respect of a series of range options, the term means the underlying interest, the range length, the range interval, the expiration date, the maximum range exercise value and the contract multiplier of such option contract.

W. – Z.

Reserved.

[Section 1 of this Article adds certain new definitions relevant to binary options and/or range options and replaces, for purposes of binary options and/or range options, the definitions of the same terms in Article I, Section 1 of the By-Laws.]

\* \* \* \*

**ARTICLE XV – FOREIGN CURRENCY OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****A.****Aggregate Exercise Price**

(+) The term “aggregate exercise price” in respect of foreign currency options means the exercise price of an option contract multiplied by the number of units of underlying currency covered by the option contract.

**B.****Business Day**

(+) The term “business day” when used with respect to expiring foreign currency options may include the Sunday following the expiration date and may exclude the last day of trading preceding such expiration date for the purposes of certain Rules in Chapter XVI as specified in Interpretations and Policies following those Rules.

**C.****Call**

(+) The term “call” in respect of foreign currency options means an option in which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to purchase from the Corporation the number of units of underlying currency covered by the option at a price equal to the aggregate exercise price upon exercise of such option.

**Class of Options**

(+) The term “class of options” in respect of foreign currency options means all option contracts of the same type and style covering the same underlying currency and having the same unit of trading and the same trading currency (i.e., all options in the class must have the same premium currency and the same exercise currency).

**D.**

Reserved.

**E.****Exercise Price**

(+) The term “exercise price” in respect of foreign currency options means the specified price (in the designated currency) per unit of underlying currency at which the underlying currency may be purchased or sold upon exercise of an option contract.

**Expiration Date**

(2) The term “expiration date” means:

(i) in respect of a foreign currency option contract identified by an exchange as being a “mid-month” option contract, the Friday immediately preceding the third Wednesday of the expiration month of such option contract;

(ii) in respect of a foreign currency option contract identified by an Exchange as being an “end-of-month” option contract, the last Friday of the expiration month of such option contract; and

(iii) in respect of a foreign currency option contract identified by an Exchange as being a flexibly structured foreign currency option contract, the date reported to the Corporation by such Exchange.

Notwithstanding the above:

(iv) if the last Friday of the expiration month of such “end-of-month” option contract is either December 25th or December 31st, then the term “expiration date” ~~shall mean~~ means the Friday immediately preceding December 24th; and

(v) if any foreign currency option contract would expire on a day that the Exchange is not open for business, then the term “expiration date” with respect to such option contracts ~~shall mean~~ means the preceding day that the Exchange is open for business.

**Expiration Time**

(3) The term “expiration time” means:

(i) in respect of a foreign currency option contract, 10:59 P.M. Central Time (11:59 P.M. Eastern Time); and

(ii) in respect of a flexibly structured foreign currency option contract, 9:15 A.M. Central Time (10:15 A.M. Eastern Time).

Notwithstanding the above:

(iii) in respect of a flexibly structured foreign currency option contract expiring on a standard “mid-month” or “end-of-month” date, as defined in Section 1.E.(2)(i) and (ii) of Article XV, 10:59 P.M. Central Time (11:59 P.M. Eastern Time), except, however, all flexibly structured foreign currency options listed for trading after January 14, 1997 with an expiration date on or after April 1, 1997 shall expire at 9:15 A.M. Central Time (10:15 A.M. Eastern Time).

**Extraordinary Events**

(4) The term “extraordinary events” ~~shall mean~~ means any law, rule, regulation, executive, legislative or judicial decree or other restriction imposed by a foreign government or governmental authority, including the European Union (including, without limitation, restrictions on the ownership of nonresident bank accounts in the country of origin of a foreign currency) or any other event beyond the control of the Corporation which would prevent, impede, or tax delivery or receipt of foreign currency by the Corporation or by Foreign Currency Clearing Members in the country of origin.

**F.**

**Foreign Business Day**

(+) The term “foreign business day” in respect of a particular foreign currency means any business day on which the Corporation’s correspondent bank in the country of origin is open for business; provided that if the Corporation also utilizes the services of a correspondent bank in a foreign country other than the country of origin to facilitate settlement of exercises of foreign currency options, the Corporation may, at its election, treat as a “foreign business day” only those days on which both correspondent banks are open for business.

G. – H.

Reserved.

I.

**International Bank Wire**

(+) The term “international bank wire” means the interbank telecommunications system operated by the Society for Worldwide Interbank Financial Telecommunication (“S.W.I.F.T.”), and such other interbank telecommunications systems as the Corporation may from time to time approve for the purposes of Chapter XVI of the Rules.

J. – O.

Reserved.

P.

**Premium**

(+) The term “premium” in respect of a confirmed trade in foreign currency options is equal to the price per unit of underlying currency of each such option, multiplied by the unit of trading and by the number of contracts subject to the transaction. Premium may be expressed either in units (including fractions, decimals, or multiples of such units) of the trading currency designated by the Exchange on which such options are traded or as a percentage of the amount of underlying currency covered by the transaction. Premium shall be payable in the currency in which it is expressed.

**Put**

(+) The term “put” in respect of foreign currency options means an option in which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to sell to the Corporation the number of units of underlying currency covered by the option at a price equal to the aggregate exercise price upon the exercise of such option.

Q. – R.

Reserved.

S.

**Settlement Time**

(+) The term “settlement time” in respect of a confirmed trade in foreign currency options settling in the

United States means 8:00 A.M. Central time (9:00 A.M. Eastern time) on the first business day immediately following the day on which the Corporation receives confirmed trade information in respect of such transaction from the Exchange on which such transaction was effected. The term “settlement time” in respect of a confirmed trade in foreign currency options settling outside the United States means 11:00 A.M. local time in the country of origin of the trading currency (i.e., the premium currency), or such other time as the Corporation may specify, on the first foreign business day in that country immediately following the business day on which the Corporation receives confirmed trade information in respect of such transaction from the Exchange on which such transaction was effected.

**T.**

Reserved.

**U.**

#### **Unit of Trading for Foreign Currency Options**

⚡ The term “unit of trading” in respect of foreign currency options means, unless otherwise specified by the Corporation pursuant to the By-Laws and Rules, the amount of the underlying currency deliverable upon exercise of an option as specified by the Exchange on which such options are traded.

**V. – Z.**

Reserved.

[Section 1 of this Article adds certain new definitions relevant to foreign currency options and replaces or, with respect to the definitions of “business day” and “unit of trading,” supplements the definitions of the same term in Section 1 of Article I of the By-Laws for purposes of foreign currency options. The terms “Paying Clearing Member” and “Collecting Clearing Member” are defined in respect of foreign currency options in Chapter XVI of the Rules.]

\* \* \* \*

**ARTICLE XVI – YIELD-BASED TREASURY OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****Aggregate Exercise Price**

(+) The term “aggregate exercise price” in respect of a yield-based Treasury option means the exercise price of such option times the multiplier.

**Aggregate Settlement Value**

(+) The term “aggregate settlement value” means the value required to be delivered to the holder of a call or by the holder of a put (against payment of the aggregate exercise price) upon the valid exercise of a yield-based Treasury option. Such value is equal to the multiplier times the settlement value.

**Call**

(+) The term “call” in respect of a yield-based Treasury option means an option contract under which the holder has the right, in accordance with the terms of the By-Laws and Rules, to purchase from the Corporation the aggregate settlement value of the underlying yield.

**Class of Options**

(+) The term “class of options” in respect of yield-based Treasury options means all option contracts of the same type and style covering the same underlying yield.

**Exercise Price**

(+) The term “exercise price” in respect of a yield-based Treasury option means the specified value of the underlying yield which, when multiplied by the multiplier, will yield the aggregate exercise price at which the aggregate settlement value may be purchased (in the case of a call) or sold (in the case of a put) upon the exercise of such option.

**Exercise Settlement Amount**

(+) The term “exercise settlement amount” in respect of a yield-based Treasury option means the amount to be paid in settlement of the exercise of such option in accordance with the Rules and is equal to the difference between the aggregate exercise price and the aggregate settlement value of the underlying yield.

**Multiplier**

(+) The term “multiplier” as used in reference to a yield-based Treasury option contract means the dollar amount (as specified by the Exchange) by which the settlement value of the underlying yield is to be multiplied to obtain the aggregate settlement value. Such term replaces the term “unit of trading,” used in reference to other kinds of options.

**Premium**

(+) The term “premium” in respect of a confirmed trade in yield-based Treasury options means the “per unit” price of each such option, as agreed upon by the purchaser and seller in such transaction, times the multiplier

and the number of options subject to the transaction.

### **Put**

(+) The term “put” in respect of a yield-based Treasury option means an option contract under which the holder has the right, in accordance with the terms of the By-Laws and Rules, to sell to the Corporation the aggregate settlement value of the underlying yield.

### **Reporting Authority**

(+) The term “reporting authority” means the institution or reporting service designated by the Exchange as the official source for the current value or settlement value of the underlying yield for a particular class of yield-based Treasury options.

### **Settlement Value**

(+) Subject to the provisions of Section 5 of this Article, the term “settlement value” means the current underlying yield on the last trading day prior to expiration of the option as such value is reported by the reporting authority and designated by the Exchange as the value to be used for purposes of calculating the exercise settlement amount pursuant to Chapter XVII of the Rules.

### **Underlying Security**

(+) The term “underlying security” or “underlying securities” as used in respect of yield-based Treasury options means the one or two most recently issued Treasury securities of one or more maturity periods that have been selected by the Exchange as the Treasury securities on which underlying yields for a particular class of yield-based Treasury options will be based. Examples: An Exchange might determine that the underlying securities for a class of options will be the two most recently issued seven-, ten- and thirty-year Treasury securities. The underlying security for another class of options might be the most recently issued 13-week Treasury bill.

### **Underlying Yield**

(+) The term “underlying yield” means the annualized yield to maturity (or annualized discount, in the case of Treasury bills) of the underlying security or securities, based upon current quotations or prices for such securities determined in accordance with the method specified by the Exchange on which the option is traded. If there is more than one underlying security for a particular class of options, the underlying yield will represent an average of the yields of those securities. If an Exchange so elects, underlying yields for some or all classes of yield-based Treasury options traded on that Exchange may be stated in terms of a “yield indicator” representing a percentage yield multiplied by ten. An Exchange may also elect to express underlying yields as yield complements, i.e. 100 minus the yield.

[Section 1 of this Article adds certain new definitions relevant to yield-based Treasury options and replaces the definitions of the same term in Section 1 of Article I of the By-Laws.]

\* \* \* \*

**ARTICLE XVII – INDEX OPTIONS AND CERTAIN OTHER CASH- SETTLED OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****Aggregate Current Underlying Interest Value**

(+) The term “aggregate current underlying interest value” in respect of a cash-settled option on any day means the result of multiplying the current underlying interest value for that day by the multiplier or unit of trading, as applicable.

**Aggregate Exercise Price**

(+) The term “aggregate exercise price” in respect of a cash-settled option means the result of multiplying the exercise price of such option by the multiplier or unit of trading, as applicable.

**B.**

Reserved.

**C.****Call**

(+) The term “call” in respect of an index option means an option contract under which the holder has the right, in accordance with the terms of the By-Laws and Rules, to purchase from the Corporation the aggregate current index value of the underlying index. In respect of a cash-settled option other than an index option, the term means an option contract under which the holder has the right, in accordance with the terms of the By-Laws and Rules, to purchase from the Corporation the aggregate value of the underlying interest covered by the option.

**Cap Interval**

(+) The term “cap interval” used in respect of a series of capped cash-settled options means a value specified to the Corporation by the Exchange on which such series is to be traded which, when added to the exercise price for such series (in the case of a series of calls) or subtracted from the exercise price for such series (in the case of a series of puts), results in the cap price for such series.

**Cap Price**

(+) The term “cap price” in respect of a series of capped cash-settled options means the exercise price plus the cap interval (in the case of a series of calls) or the exercise price minus the cap interval (in the case of a series of puts).

**Class of Options**

(+) The term “class of options” used in respect of cash-settled options means all such options of the same type and style (and, in addition, in the case of flexibly structured index options and OTC index options, having the same index value determinant) and having the same underlying interest, provided that OTC index options shall constitute a separate class of options from other cash-settled options of the same type and style



and having the same underlying interest and flexibly structured options that cash settle shall constitute a different class of options from physically settled options on the same underlying interest.

### **Current Underlying Interest Value; Current Index Value**

(5) The term “current underlying interest value” when used in respect of cash-settled options means the current value or level of the underlying interest at a point in time as reported by the reporting authority. The current underlying interest value in respect of an index option is sometimes also referred to as the “current index value.” Subject to the provisions of Section 5 of this Article, the term “current index value,” in respect of any underlying index on a given day, means the level of such index at the close of trading on such day, or if such day is not a trading day, on the immediately preceding trading day, or, in the case of an index option other than an OTC index option, any multiple or fraction thereof specified by the Exchange, as such value is reported by the reporting authority. Notwithstanding the foregoing, but subject to the provisions of Section 4 of this Article, the current index value for an index underlying a flexibly structured index option or an OTC index option on the expiration date shall be determined in accordance with the index value determinant.

### **D.**

Reserved.

### **E.**

### **Exercise Price**

(4) The term “exercise price” in respect of an index option means the specified index value which, when multiplied by the index multiplier, will yield the aggregate exercise price. In respect of cash-settled options other than index options, the term means the specified value per unit of underlying interest that is used in determining the exercise settlement amount.

### **Exercise Settlement Amount**

(2) The term “exercise settlement amount,” other than in respect of a capped cash-settled option that is automatically exercised, means: (i) in the case of any exercised index option, the difference between the aggregate exercise price and the aggregate current index value on the day of the exercise, and (ii) in respect of other cash-settled options, the difference between the exercise price and the current interest value, multiplied by the number of units of underlying interest covered by the option contract or by the multiplier, as applicable. In the case of a capped cash-settled option that is automatically exercised, the term “exercise settlement amount” means the cap interval for such option times the multiplier.

### **Expiration Date**

(3) The term “expiration date” in respect of cash-settled options expiring prior to February 1, 2015, other than flexibly structured options or OTC index options, means the Saturday following the third Friday of the expiration month, and in respect of cash-settled options expiring on or after February 1, 2015, other than flexibly structured options or OTC index options, means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business, except that in respect of a class or series of option contracts that is identified by an Exchange as having an expiration date that is a business day other than the third Friday of the expiration month, the term “expiration date” ~~shall mean~~ means such date as identified by the Exchange at or prior to the time of inception of trading of the class or series provided that such date is not a date specified by the Corporation as ineligible to be an expiration date. The expiration date of an OTC index option shall be determined as set forth in Section 6 of this Article.

**Expiration Time**

(+) The term “expiration time” in respect of an OTC index option contract means 7:00 P.M. Central Time (8:00 P.M. Eastern Time).

F. – H.

Reserved.

I.

**Index Component**

(+) The term “index component” means, in respect of an index option, any security or commodity (including a foreign currency) included in the underlying index.

J. – O.

Reserved.

P.

**Premium**

(+) The term “premium” in respect of a confirmed trade in cash-settled options means the price of each such option (expressed in points), as agreed upon by the purchaser and seller in such transaction, times the multiplier or unit of trading, as applicable, and the number of options subject to the transaction.

**Put**

(+) The term “put” in respect of a cash-settled option means an option contract under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to sell to the Corporation the aggregate current underlying interest value of the underlying index.

Q.

Reserved.

R.

**Reference Index**

(+) The term “reference index” means a “reference variable” (as defined in Article I of the By-Laws) that is an index.

**Relative Performance Index**

(+) The term “relative performance index” means an index designed to measure the relative performance of a reference security or reference index in relation to another reference security or reference index.

**Reporting Authority**

(+) The term “reporting authority” in respect of cash-settled options other than OTC index options and flexibly structured options on fund shares that are cash settled means the institution or reporting service designated by an Exchange as the official source for the current value of a particular underlying interest or reference variable. Unless another reporting authority is identified by the listing Exchange for a class of cash-settled options, the listing Exchange will be the reporting authority. In respect of OTC index options, the reporting authority shall be the institution or reporting service designated by the Corporation as the official source for the current value of a particular underlying interest or reference variable. In respect of flexibly structured options on fund shares that are cash settled, the reporting authority shall be the institution or reporting service used by the Corporation for the value of the underlying interest for physically settled equity options.

S.

### Series of Options

(+) The term “series of options” used in respect of cash-settled options other than OTC index options means all such options of the same class with the same exercise price (or, in the case of delayed start options that do not yet have a set exercise price, the same exercise price setting formula and exercise price setting date), cap price (if any), unit of trading (if any), expiration date, and multiplier; provided that if an Exchange shall adopt a rule superseding ~~Section 1-C.(5) of~~ [the definition of the term “current index value” in](#) this Article, index options (other than OTC index options) to which such Exchange rule applies shall be deemed to be of a different series than otherwise identical index options to which such rule does not apply. In respect of OTC index options, the term “series of options” means all such options of the same class and having identical variable terms.

T.

Reserved.

U.

### Underlying Index

The term “underlying index” means the index that is the subject of an index option.

V. – Z.

Reserved.

[Section 1 of this Article adds certain new definitions relevant to index options, and replaces the definitions of the same term in Section 1 of Article I of the By-Laws.]

\* \* \* \*

### Time for Determination of Current Index Value

SECTION 5. (a) An Exchange may provide by rule that the current index value for the index underlying any class of index options traded on such Exchange, either generally or on particular trading days, shall be determined by reference to the reported level of such index at a time or times other than the close of trading. Similarly, the parties to a transaction in OTC index options may elect to base the current index value of the underlying index on a given day on the reported level of the underlying index at either the open or close of trading on such day. Any such Exchange rule or election by the parties to a transaction in OTC index options shall supersede any contrary provision [definition of the term “current index value”](#) in Section 1-~~C.(5)~~ of this

Article.

(b) For purposes of settling each flexibly structured index option contract exercised on the expiration date, an Exchange shall provide the Corporation with a current index value for the expiration date as calculated pursuant to the index value determinant reported to the Corporation by the Exchange.

\* \* \* \*

**ARTICLE XXI – STOCK LOAN/HEDGE PROGRAM**

\* \* \* \*

**Definitions****SECTION 1.**

A. – B.

Reserved.

C.

**Collateral**

(+) The term “Collateral” means the amount in U.S. dollars deposited by a Borrowing Clearing Member with a Lending Clearing Member upon initiation of a Stock Loan as security for the obligations of the Borrowing Clearing Member in respect of the Stock Loan, as such amount may be adjusted from time to time through mark-to-market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule 2204.

D.

**Depository**

(+) The term “Depository” means The Depository Trust Company.

E. – K.

Reserved.

L.

**Loaned Stock**

(+) The term “Loaned Stock” means Eligible Stock transferred by a Lending Clearing Member to a Borrowing Clearing Member upon initiation of a Stock Loan, and any securities issued in exchange for such securities by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and non-cash distributions described in Rule 2206 in respect of all such securities.

M.

**Marking Price**

(+) The term “marking price”, as used in respect of any Loaned Stock shall have the meaning given to it in Article I of the By-Laws

**Mark-To-Market Payment**

(+) The term “mark-to-market payment,” as used in respect of any Stock Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule 2204.

N. – R.

Reserved.

S.

### **Settlement Date**

(+) The term “settlement date” in respect of the termination of Stock Loans has the meaning set forth in Rule 2208.

### **Settlement Price**

(+) The term “settlement price” in respect of a Stock Loan means the amount of Collateral specified by the Lending Clearing Member in its instructions to initiate the Stock Loan as described in Rule 2202. The term “settlement price,” in respect of the termination by either a Lending Clearing Member or a Borrowing Clearing Member of a Stock Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.

### **Stock Loan**

(+) The term “Stock Loan” as used in this Article XXI of the By-Laws and in Chapter XXII of the Rules refers only to “Hedge Loans” and not to “Market Loans” (as those terms are defined in Article I of the By-Laws).

### **Stock Loan Business Day**

(+) The term “stock loan business day” means any day on which the Corporation and the Depository are open for business.

T. – Z.

Reserved.

[Section 1 of this Article adds certain definitions relevant to the Stock Loan/Hedge Program.]

\* \* \* \*

**ARTICLE XXIA – MARKET LOAN PROGRAM**

\* \* \* \*

**Definitions****SECTION 1.**

A. – B.

Reserved.

C.

**Collateral**

(+) The term “Collateral” means, in respect of a Market Loan, the amount in U.S. dollars a Borrowing Clearing Member is required to transfer to the Corporation’s account at the Depository, which the Corporation in turn instructs the Depository to transfer to the Lending Clearing Member, as security for the obligations of the Borrowing Clearing Member in respect of the Market Loan, as such amount may be adjusted from time to time through mark-to-market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule 2204A. The Collateral requirement applicable to a Market Loan shall be the mark-to-market value of the Loaned Stock multiplied by a percentage (no less than 100%) specified by the relevant Loan Market.

D.

**Depository**

(+) The term “Depository” shall have the meaning given to it in Article XXI of the By-Laws.

**Dividend Equivalent Payment**

(2) The term “dividend equivalent payment” means, in respect of a Market Loan, a payment to be made by the Borrowing Clearing Member to the Lending Clearing Member to reflect any cash dividend or distribution made with respect to the Loaned Stock during the term of a Market Loan.

E. – K.

Reserved.

L.

**Loaned Stock**

(+) The term “Loaned Stock” means, in respect of a Market Loan, Eligible Stock that is the subject of the Market Loan and any securities issued in exchange for such Eligible Stock by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and any non-cash distributions described in Rule 2206A in respect of the Loaned Stock.

M.

**Mark-to-Market Payment**

(+) The term “mark-to-market payment,” as used in respect of any Market Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule 2204A.

**Marking Price**

(+) The term “marking price” shall have the meaning given to it in Article XXI of the By-Laws.

N. – Q.

Reserved.

R.

**Rebate**

(+) The term “rebate,” as used in respect of any Market Loan, means a fee payable from the Lending Clearing Member to the Borrowing Clearing Member (or, if the rebate rate is negative, from the Borrowing Clearing Member to the Lending Clearing Member), expressed as a rate based on the amount of cash Collateral held by the Lending Clearing Member.

**Recall**

(+) The term “recall,” as used in respect of any Market Loan, means the process by which the Lending Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the applicable Loan Market calling for the return of all or any portion of the Loaned Stock.

**Return**

(+) The term “return,” as used in respect of any Market Loan, means the process by which the Borrowing Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the Loan Market indicating its intention to return all or any portion of the Loaned Stock.

S.

**Settlement Price**

(+) The term “settlement price,” as used in respect of a Market Loan, means the amount of Collateral specified in the instructions submitted by the Corporation to the Depository to effect such Market Loan. The term “settlement price,” in respect of the termination of a Market Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.

**Stock Loan Business Day**

(+) The term “stock loan business day” shall have the meaning given to it in Article XXI of the By-Laws.

T. – Z.

Reserved.



[Section 1 of this Article adds certain new definitions relevant to the Market Loan Program and replaces, for purposes of Market Loans, the definitions of the same terms in Article I, Section 1 and Article XXI, Section I of the By-Laws.]

\* \* \* \*

**ARTICLE XXII – CASH-SETTLED FOREIGN CURRENCY OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.**

A. – B.

Reserved.

C.

**Call**

(+) The term “call” in respect of a cash-settled foreign currency option other than a rate-modified foreign currency option means an option contract under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to receive upon the exercise of such option an exercise settlement amount based on the excess, if any, of the spot price of the underlying currency over the exercise price of the option. The term “call” in respect of a rate-modified foreign currency option means an option contract under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to receive upon the exercise of such option an exercise settlement amount based on (i) the excess, if any, of the underlying modified rate over the exercise price of the option, times (ii) the multiplier.

**Class of Options**

(+) The term “class of options” used in respect of cash-settled foreign currency options means all such options of the same type and style covering the same underlying currency and having the same unit of trading and the same trading currency.

D.

Reserved.

E.

**Exercise Price**

(+) The term “exercise price” in respect of a cash-settled foreign currency option other than a rate-modified foreign currency option means the specified price (in the designated currency) per unit of underlying currency that is used in determining the exercise settlement amount. The term “exercise price” in respect of a rate-modified foreign currency option means the specified value of the underlying modified rate that is used in determining the exercise settlement amount.

**Exercise Settlement Amount**

(+) The term “exercise settlement amount,” in the case of any exercised cash-settled foreign currency option other than a rate-modified foreign currency option means (i) in the case of a call, the excess of the spot price over the exercise price, multiplied by the number of units of underlying currency covered by the option contract, and (ii) in the case of a put, means the excess of the exercise price over the spot price, multiplied by the number of units of underlying currency covered by the option contract. The term “exercise settlement amount,” in the case of a rate-modified foreign currency option means (i) in the case of a call, (A) the excess

of the underlying modified rate over the exercise price, times (B) the multiplier, and (ii) in the case of a put, means (A) the excess of the exercise price over the underlying modified rate, times (B) the multiplier.

### **Expiration Date**

(3) The term “expiration date” in respect of any series of cash-settled foreign currency options expiring prior to February 1, 2015, means the Saturday following the third Friday of the expiration month, and in respect of cash-settled foreign currency options expiring on or after February 1, 2015, means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business, or such other date as may be identified by the Exchange at or prior to the time trading is initiated in the series, provided that if such other date is not a business day or is a day on which the Exchange on which such option is listed is not open for business, the expiration day shall be the following business day, provided further, that such date is not a date specified by the Corporation as ineligible to be an expiration date.

F. – L.

Reserved.

**M.**

### **Multiplier**

(2) The term “multiplier” as used in reference to a rate-modified foreign currency option, means the U.S. dollar amount (as specified by the Exchange on which such option is traded) by which the underlying modified rate for such rate-modified foreign currency option is to be multiplied to obtain the exercise settlement amount. Such term replaces the term “unit of trading” used in reference to other kinds of options.

N. – O.

Reserved.

**P.**

### **Premium**

(4) The term “premium” in respect of a confirmed trade in cash-settled foreign currency options other than rate-modified foreign currency options means the price (in the designated currency) of each such option, as agreed upon by the purchaser and seller in such transaction, multiplied by the number of units of underlying currency covered by the option and by the number of options subject to the transaction. The term “premium” in respect of a confirmed trade in rate-modified foreign currency options means the price (in the designated currency) of each such option, as agreed upon by the purchaser and seller in such transaction, multiplied by the multiplier and by the number of options subject to the transaction.

### **Put**

(2) The term “put” in respect of a cash-settled foreign currency option other than a rate-modified foreign currency option means an option contract under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to receive upon the exercise of such option an exercise settlement amount based on the excess, if any, of the exercise price of the option over the spot price of the underlying currency. The term “put” in respect of a rate-modified foreign currency option means an option contract under which the holder has the right, in accordance with the terms and provisions of the By-Laws and Rules, to receive upon the exercise of such option an exercise settlement amount based on (i) the excess, if any, of

the exercise price of the option over the underlying modified rate, times (ii) the multiplier.

**Q.**

Reserved.

**R.**

### **Rate-Modified Foreign Currency Option**

(+) The term “rate-modified foreign currency option” means a cash-settled foreign currency option for which the underlying interest is the exchange rate between an underlying currency pair multiplied by a numerical modifier (which may be one) specified by the Exchange on which such option is traded in order to obtain an underlying modified rate.

### **Reporting Authority**

(+) The term “reporting authority” in respect of cash-settled foreign currency options means the Exchange or an institution or reporting service designated by the Exchange on which such options are traded as the official source for the spot price of a particular underlying currency.

**S.**

### **Series of Options**

(+) The term “series of options” in respect of cash-settled foreign currency options means all such options of the same class with the same exercise price, expiration date, and covering the same number of units of the same underlying currency or, in the case of a rate-modified foreign currency option, the same underlying modified rate.

### **Spot Price**

(+) The term “spot price” in respect of a cash-settled foreign currency option means the specified price per unit of underlying currency, stated in terms of the exercise currency, in the spot market for the underlying currency or, in the case of a rate-modified foreign currency option, the exchange rate in the spot market for the underlying currency pair that is used to determine the underlying modified rate, as such price or rate is calculated and reported by the reporting authority.

**T.**

Reserved.

**U.**

### **Underlying Currency Pair**

(+) The term “underlying currency pair,” when used in respect of a rate-modified foreign currency option, means the two currencies (one of which may be the U.S. dollar or both of which may be non-U.S. currencies) that are the subject of the underlying modified rate.

### **Underlying Modified Rate**

(+) The term “underlying modified rate” as used in respect of a rate-modified currency option means the spot

price at which one currency of the underlying currency pair may be exchanged for the other as reported by the reporting authority, multiplied by a numerical modifier specified by the Exchange on which such options are traded.

V. – Z.

Reserved.

[Section 1 of this Article adds certain new definitions relevant to cash-settled foreign currency options, and replaces certain definitions in Section 1 of Article I of the By-Laws as applied to cash-settled foreign currency options.]

\* \* \* \*

**ARTICLE XXIV – BOUNDS**

\* \* \* \*

**Definitions****SECTION 1.**

A. – B.

Reserved.

C.

**Class of BOUNDS**

(+) The term “class of BOUNDS” means all BOUNDS covering the same underlying security.

**Closing Price**

(+) The term “Closing Price” in respect of a class of BOUNDS means, subject to the provisions of Section 6 of this Article XXIV, the closing price for the underlying security on the primary market for such security on the business day preceding the expiration date; provided, however, that, if the Exchange(s) on which any series of BOUNDS is traded shall so specify prior to the opening of trading in such series, the Closing Price may be based upon an average of prices for the underlying security near the close of trading on such business day as determined in accordance with a procedure specified by such Exchange(s).

D.

**Dividend Equivalent**

(+) The term “dividend equivalent” in respect of a class of BOUNDS means the cash amount, securities or other property that a holder of a BOUND of that class is entitled to receive, and the writer of a BOUND of that class is required to pay or deliver, to reflect dividends and other distributions made by the issuer to holders of the underlying security, as determined by the Corporation in accordance with Chapter XXV of the Rules.

**Ex Dividend Date**

(+) The “ex dividend date” as used in respect of a dividend equivalent on a BOUNDS contract is the “ex” date for the corresponding dividend on the underlying security.

**Dividend Payable Date**

(+) The term “dividend payable date” in respect of BOUNDS ~~shall mean~~ means the date on which the dividend equivalent is required to be paid by the writer of a BOUND to the Corporation and by the Corporation to the holder of a BOUND. The dividend payable date shall be, unless otherwise specified by the Corporation, the payable date for the dividend on the underlying security.

E.

**Expiration Settlement Date**

The term “expiration settlement date” means the date specified in Rule 2502 on which settlement is to be made in respect of an expired series of BOUND contracts.

F. – R.

Reserved.

S.

**Series of BOUNDS**

(+) The term “series of BOUNDS” means all BOUNDS of the same class having identical terms, including the same strike price, expiration date and unit of trading.

**Strike Price**

(+) The term “strike price” means a stated price per share for the underlying security, which price shall be the basis for determining the manner of settlement for a BOUND at the specified expiration date. References to the term “exercise price” in the By-Laws and Rules, when applied to a BOUND, ~~shall mean~~ means the strike price of the BOUND.

T.

Reserved.

U.

**Underlying Security**

(+) The term “underlying security” in respect of a BOUND means the security that is required to be delivered if the closing price of such security at expiration of the BOUND is less than or equal to the strike price of the BOUND.

**Unit of Trading**

(+) The term “unit of trading” in respect of a series of BOUNDS means the number of units of the underlying security that is covered by a single BOUND in such series of BOUNDS. In the absence of any such designation for a series of BOUNDS in which the underlying security is a common stock, the unit of trading shall be 100.

V.

**Variable Terms**

(+) The term “variable terms” in respect of a BOUND means the name of the underlying security, the strike price, and the expiration month of such BOUND.

[Section 1 of this Article adds certain new definitions relevant to BOUNDS and replaces (with respect to BOUNDS) certain other definitions found in Article I, Section 1 of the By-Laws.]

W. – Z.

Reserved.

\* \* \* \*

### **Adjustments**

SECTION 4. (a) The provisions of Section 11 and Section 11A of Article VI of the By-Laws, and the Interpretations and Policies following Section 11A, shall apply to BOUNDS, subject to the provisions of this Section 4. For that purpose, the term “option contract” or “option” as used therein shall mean a BOUND, the term “exercise price” shall mean the “strike price” of a BOUND and the term “exercise settlement procedures” shall mean the expiration settlement procedures for BOUNDS. In addition to the actions provided for in paragraph (a) of Article VI, Section 11A, the expiration date of a BOUND contract may be adjusted as provided in paragraph (e) of this Section 4.

(b) – (f) [no change]

[Section 4 of this Article supplements Section 11A of Article VI of the By-Laws.]

### **Shortage of Securities**

Effective for Series of Options Opened for Trading Before September 16, 2000

SECTION 5. Section 19 of Article VI of the By-Laws, except for subparagraph (a)(2) thereof, shall apply to BOUNDS. For that purpose, the phrase “writers of outstanding call option contracts for the affected security” shall mean writers of outstanding BOUND contracts that are required to make delivery of the affected security, references to “Clearing Members that are assigned exercise notices in respect of call option contracts” shall be deemed to be references to Clearing Members that are obligated to deliver such underlying security upon the expiration of such BOUNDS, “exercising Clearing Member” shall be deemed to mean the purchasing Clearing Member of an expired BOUND that is obligated to deliver the underlying security, references to “exercised” option contracts shall be deemed to be references to expired BOUNDS, other references to options or options contracts shall be deemed to be reference to BOUNDS, and references to settlement of exercises shall be deemed to be references to expiration settlement of BOUNDS.

Effective for Series of Options Opened for Trading After September 16, 2000

SECTION 5. Section 19 of Article VI of the By-Laws, except for subparagraph (a)(2) thereof, shall apply to BOUNDS. For that purpose, the word “exercised” shall mean “expired”, references to call option contracts shall be deemed to be references to BOUNDS, and references to settlement of exercises shall be deemed to be references to expiration settlement of BOUNDS.

[Section 5 of this Article supplements Section 19 of Article VI of the By-Laws.]

(6)(a) – (b) [no change]

\* \* \* \*



**ARTICLE XXVI – PACKAGED SPREAD OPTIONS**

\* \* \* \*

**Definitions****SECTION 1.****A.**

Reserved.

**B.****Base Exercise Price**

(+) The term “base exercise price” in respect of a series of packaged spread options means the index value specified as such to the Corporation by the Exchange on which such series is to be traded.

**C.****Class of Packaged Spread Options**

(+) The term “class of options” in respect of packaged butterfly spread options means all such options having the same underlying index, and in respect of packaged vertical spread options means all such options of the same type and having the same underlying index.

**Current Index Value**

(+) The definition of “current index value” in respect of an index underlying a packaged spread option shall be as set forth in Section 1 of Article XVII of the By-Laws, interpreting the term “index option” as used therein to include a packaged spread option.

**D.**

Reserved.

**E.****Exercise Settlement Amount**

(+) The term “exercise settlement amount” in respect of a packaged spread option means the amount calculated in accordance with Rule 2705.

**Expiration Date**

(+) The term “expiration date” in respect of a series of packaged spread options expiring prior to February 1, 2015 means the Saturday following the third Friday of the month specified as the expiration month by the Exchange on which such series is listed at the time such series is opened for trading, and in respect of a series of packaged spread options expiring on or after February 1, 2015 means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such series is listed is not open for business, the preceding day on which such Exchange is open for business.

F– H.

Reserved.

I.

### **Index Multiplier**

(+) The definition of “index multiplier” in Section 1 of Article I of the By-Laws shall apply to packaged spread options, interpreting the term “index option contract” as used therein to include a packaged spread option.

J. – O.

Reserved.

P.

### **Packaged Butterfly Spread Option**

(+) The term “packaged butterfly spread option” means a cash-settled European-style option contract that has a specified underlying index, index multiplier, expiration date, base exercise price and spread interval and that synthetically creates for the holder thereof a spread position consisting of four European-style index options of the same class, and having the same expiration date, as follows: (i) two short options with an exercise price equal to the base exercise price of the packaged butterfly spread option, (ii) one long option with an exercise price equal to the base exercise price plus the spread interval, and (iii) one long option with an exercise price equal to the base exercise price minus the spread interval.

### **Packaged Spread Option**

(+) The term “packaged spread option” means an option contract that is a packaged vertical spread option or a packaged butterfly spread option.

### **Packaged Vertical Spread Option**

(+) The term “packaged vertical spread option” means a packaged vertical call spread option or a packaged vertical put spread option.

### **Packaged Vertical Call Spread Option**

(+) The term “packaged vertical call spread option” means a cash-settled European-style option contract that has a specified underlying index, index multiplier, expiration date, base exercise price and spread interval and that synthetically creates for the holder thereof a spread position consisting of two European- style index call options of the same class, and having the same expiration date, as follows: (i) a long call with an exercise price equal to the base exercise price of the packaged vertical call spread option and (ii) a short call with an exercise price equal to the base exercise price plus the spread interval.

### **Packaged Vertical Put Spread Option**

(+) The term “packaged vertical put spread option” means a cash-settled European-style option contract that has a specified underlying index, index multiplier, expiration date, base exercise price and spread interval and that synthetically creates for the holder thereof a spread position consisting of two European- style index put options of the same class, and having the same expiration date, as follows: (i) a long put with an exercise

price equal to the base exercise price of the packaged vertical put spread option and (ii) a short put with an exercise price equal to the base exercise price minus the spread interval.

### **Premium**

(+) The term “premium” in respect of a confirmed trade in packaged spread options means the price of each such option (expressed in points), as agreed upon by the purchaser and seller in such transaction, times the index multiplier and the number of options subject to the transaction.

**Q.**

Reserved.

**R.**

### **Reporting Authority**

(+) The definition of “reporting authority” in Section 1 of Article XVII of the By-Laws shall apply to packaged spread options.

**S.**

### **Series of Packaged Spread Options**

(+) The term “series” in respect of packaged butterfly spread options means all such option contracts of the same class, with the same index multiplier, expiration date, base exercise price and spread interval; and in respect of packaged vertical spread options means all such option contracts of the same class with the same index multiplier, expiration date, base exercise price and spread interval.

### **Spread Interval**

(+) The term “spread interval” in respect of a series of packaged spread options means a value specified as such to the Corporation by the Exchange on which such series is to be traded.

**T. – U.**

Reserved.

**V.**

### **Variable Terms**

(+) The term “variable terms” in respect of a packaged spread option contract means the name of the underlying index, the base exercise price, the spread interval, and the expiration date of such option contract.

**W. – Z.**

Reserved.

[Section 1 of this Article supplements Section 1 of Article I.]



**EXHIBIT 5B**



## Rules

Blue underlined text indicates new text

~~Red Strikethrough~~ text indicates deleted text

**CHAPTER I – DEFINITIONS****RULE 101 – Definitions**

\* \* \*

**A.****Appointed Clearing Member**

(+) The term “Appointed Clearing Member” means a Clearing Member authorized to clear physically-settled equity options and stock futures that, in accordance with the provisions of Rule 901, has been appointed by an Appointing Clearing Member to make settlement of obligations of the Appointing Clearing Member to deliver or receive underlying securities arising from the exercise or maturity of cleared securities.

**Appointing Clearing Member**

(+) The term "Appointing Clearing Member" means a Clearing Member that, in accordance with the provisions of Rule 901, has appointed an Appointed Clearing Member to make settlement of obligations of the Appointing Clearing Member to deliver or receive underlying securities arising from the exercise or maturity of cleared securities.

**Authorized Representative**

(+) The term “authorized representative” of a Clearing Member means a person for whom the Clearing Member has filed evidence of authority pursuant to Rule 202.

**B.****Bank Account**

(+) The term “bank account” ~~shall mean~~ means a bank account established pursuant to Rule 203, or any Rule supplementing or replacing Rule 203.

**C.****Clearing Bank**

(+) The term “Clearing Bank” means a bank or trust company approved by the Risk Committee, which has entered into an agreement with the Corporation in respect of settlement of confirmed trades on behalf of Clearing Members.

**Canadian Clearing Member**

(+) The term "Canadian Clearing Member" means a Non-U.S. Clearing Member formed and operating under the laws of Canada or a province or territory thereof with its principal place of business in Canada.

**Canadian Investment Dealer**

(+) The term "Canadian Investment Dealer” means a Non-U.S. Securities Firm formed and operating

under the laws of Canada or a province or territory thereof that is investment dealer under such laws, that is a dealer member of the Canadian Investment Regulatory Organization, and that has its principal place of business in Canada.

**D.**

Reserved.

**E.**

**EDCP Unvested Balance**

(+) The term “EDCP Unvested Balance” ~~shall mean~~ means, as of any date, the funds held under The Options Clearing Corporation Executive Deferred Compensation Plan Trust which are (a) deposited on and after January 1, 2020 in respect of the Corporation’s Executive Deferred Compensation Plan (the “EDCP”) and (b) in excess of amounts necessary to pay for the benefits accrued and vested under the EDCP as of such date.

**Electronic Data Entry**

(2) The term “electronic data entry” ~~shall mean~~ means the transmission by a Clearing Member to the Corporation via electronic means of reports, notices, instructions, data or other items.

**Electronic Data Retrieval**

(3) The term “electronic data retrieval” ~~shall mean~~ means the retrieval by a Clearing Member via electronic means of reports, notices, instructions, data and other items made available by the Corporation.

**Exercise Position**

(4) The term “exercise position” ~~shall mean~~ means the position of a Clearing Member in any account in respect of option contracts which have been exercised by such Clearing Member, or for which such Clearing Member is the Assigned Clearing Member, in such account.

**Exercise Settlement Amount**

(5) The term “exercise settlement amount” as used in respect of stock options ~~shall mean~~ means the amount payable to the Delivering Clearing Member upon delivery of the underlying security or securities in respect of the exercise of an option contract.

**Exercise Settlement Date**

(6) The term “exercise settlement date” ~~shall mean~~ means the date specified in Rule 903 or any Rule that replaces that Rule.

**F.**

**FATCA**

(+) The term “FATCA” means (i) the provisions of Sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, which were enacted as part of The Foreign Account Tax Compliance Act (or

any amendment thereto or successor sections thereof), and related Treasury Regulations and other official interpretations thereof, as in effect from time to time, and (ii) the provisions of any intergovernmental agreement to implement The Foreign Account Tax Compliance Act as in effect from time to time between the United States and the jurisdiction of the FFI Clearing Member's residency.

### **FATCA Compliant**

(+) The term "FATCA Compliant" or "FATCA Compliance" means, with respect to an FFI Clearing Member, that such FFI Clearing Member has qualified under such procedures promulgated by the Internal Revenue Service as are in effect from time to time to establish an exemption from withholding under FATCA such that the Corporation will not be required to withhold any amount with respect to any payment or deemed payment to such FFI Clearing Member under FATCA.

### **FFI Clearing Member**

(+) The term "FFI Clearing Member" means any Clearing Member that is treated as a non-U.S. entity for U.S. federal income tax purposes.

### **G.**

### **Good Deliverable Form**

(+) The term "good deliverable form" shall have the meaning set forth in Rule 905.

### **H. - L.**

Reserved.

### **M.**

### **Minimum Corporate Contribution**

(+) The term "Minimum Corporate Contribution" ~~shall mean~~ means the minimum level of OCC funds maintained exclusively to cover credit losses or liquidity shortfalls. The Minimum Corporate Contribution is determined by the Board from time to time.

### **N.**

### **Net Daily Premium**

(+) The term "net daily premium" when applied to any account of a Clearing Member for any settlement time, means the net amount payable to or by the Corporation at such settlement time in respect of all confirmed trades of the Clearing Member in such account as a Purchasing Clearing Member and a Writing Clearing Member.

### **Non-U.S. Regulatory Agency**

(+) The term "Non-U.S. Regulatory Agency" ~~shall mean~~ means that government agency or self-regulatory authority primarily responsible for regulating the activities of a Non-U.S. Clearing Member. With respect to a Canadian Clearing Member such term ~~shall mean~~ means the Canadian Investment Regulatory Organization.



## Non-U.S. Securities Firm

(+) The term “Non-U.S. Securities Firm” ~~shall mean~~ means a securities firm: (1) formed and operating under the laws of a country other than the United States; (2) with its principal place of business in that country; and (3) that is subject to the regulatory authority of that country’s government or an agency or instrumentality thereof, or subject to the regulatory authority of an independent organization or exchange in that country. The term “Non-U.S. Securities Firm” shall not include any broker-dealer registered, or required to be registered, with the ~~Securities and Exchange Commission~~ SEC pursuant to Section 15 of the Securities Exchange Act ~~of 1934~~, as amended or any futures commission merchant registered, or required to be registered, as such pursuant to Section 4d of the Commodity Exchange Act, ~~as amended~~. The term “Non-U.S. Clearing Member” ~~shall mean~~ means a Non-U.S. Securities Firm that has been admitted to membership in the Corporation pursuant to the provisions of the By-Laws and Rules.

## O.

### Office

(+) The term “office” in respect of any Clearing Member means the office established by such Clearing Member pursuant to Rule 201.

### Operational Loss Fee

(+) The term “Operational Loss Fee” ~~shall mean~~ means the fee that would be charged to Clearing Members in equal shares, up to the maximum amount identified in the Corporation’s schedule of fees less the aggregate amount of Operational Loss Fees previously charged and not yet refunded at the time of calculation, if, after contributing the entire EDCP Unvested Balance, shareholders’ equity remains below the levels identified in the Corporation’s schedule of fees.

## P.

Reserved.

## Q.

### Qualified Intermediary Assuming Primary Withholding Responsibility

(+) The term “Qualified Intermediary Assuming Primary Withholding Responsibility” means an FFI Clearing Member that has entered into an agreement with the Internal Revenue Service to be a qualified intermediary and to assume primary responsibility for reporting and for collecting and remitting withholding tax pursuant to Chapters 3 and 4 of subtitle A, and Chapter 61 and Section 3406, of the Internal Revenue Code with respect to any income (including Dividend Equivalents) arising from transactions entered into by the Clearing Member with the Corporation as an intermediary, including transactions entered into on behalf of such Clearing Member’s customers.

### Qualified Derivatives Dealer

(+) The term “Qualified Derivatives Dealer” means an FFI Clearing Member that has entered into an agreement with the Internal Revenue Service that permits the Corporation to make Dividend Equivalent payments or deemed payments to such Clearing Member free from U.S. withholding tax pursuant to Chapters 3 and 4 of subtitle A, and Chapter 61 and Section 3406, of the Internal Revenue Code with respect to transactions entered into by such Clearing Member with the Corporation as a principal (i.e., for

such Clearing Member's own account).

**R.**

### **Regulatory Organization**

(+) The term "regulatory organization" in respect of any Clearing Member, means: (1) the ~~Securities and Exchange Commission~~ SEC and any other federal or state regulatory agency having jurisdiction over the Clearing Member (including the ~~Commodity Futures Trading Commission~~ CFTC in the case of a Clearing Member which is subject to the jurisdiction of the CFTC); (2) any self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended) of which the Clearing Member is a member or participant; (3) any clearing organization (as defined in Regulation ~~Section~~ 1.3(d) under the Commodity Exchange Act, as amended), board of trade, contract market and registered futures association of which the Clearing Member is a member or participant; and (4) in the case of a Non-U.S. Clearing Member, any Non-U.S. Regulatory Agency or instrumentality or independent organization or exchange having jurisdiction over the Non-U.S. Clearing Member or of which the Non-U.S. Clearing Member is a member or participant.

### **Restricted Letter of Credit**

(2) The term "restricted letter of credit" ~~shall mean~~ means, in relation to a restricted lien account, a letter of credit deposited with the Corporation pursuant to Rule 604(c), or portion of the amount of such a letter of credit, which does not constitute margin for any account or accounts maintained by the depositing Clearing Member other than the account or accounts specified in the letter of credit.

**S.**

### **Settlement Time**

(+) The term "settlement time", when used in respect of a Clearing Member's obligation to pay the Corporation amounts owed to settle confirmed trades and/or stock loan transactions or any other obligations to the Corporation, other than those related to any cross-margining program with a Participating CCO and transactions settling outside the United States, means 8:00 A.M. Central Time (9:00 A.M. Eastern Time) on the settlement day for such confirmed trades and/or stock loan transaction or other obligation.

The term "settlement time", when used in respect of the Corporation's obligation to pay a Clearing Member amounts owed to settle confirmed trades and/or stock loan transactions or any other obligations to a Clearing Member, other than such transactions settling outside the United States, means 1:00 P.M. Central Time (2:00 P.M. Eastern Time) on the settlement day for such confirmed trades and/or stock loan transaction or other obligation. For confirmed trades and/or stock loan transactions or other obligations settling outside the United States, and transactions related to any cross-margining program with a Participating CCO the settlement time therefor shall be as specified in the By-Laws, Rules or procedures of the Corporation.

### **Spot Month Series**

(2) The term "spot month series," used as of the third Friday or any prior business day in any calendar month, ~~shall mean~~ means any series of options expiring in that calendar month. Used as of any business day in a calendar month after the third Friday, such term ~~shall mean~~ means any series of options expiring in the next succeeding calendar month.

### Statutory Disqualification

(+) the term “Statutory Disqualification” means (i) in the case of a fully-registered broker-dealer, a statutory disqualification as defined in Section 3 of the Securities Exchange Act ~~of 1934, as amended~~; (ii) in the case of a fully-registered futures commission merchant, the applicant or Clearing Member or a principal (as defined in Section 8a(2) of the Commodity Exchange Act) of the applicant or Clearing Member, a statutory disqualification under Section 8a(2)-(4) of the Commodity Exchange Act; or (iii) in the case of a Non-U.S. Securities Firm or bank, any similar provision of the laws or regulations applicable to such applicant or Clearing Member.

T.

### Target Capital Requirement

(+) The term “Target Capital Requirement” ~~shall mean~~ means the amount of liquid net assets funded by equity (“LNAFBE”) recommended by Management and approved by the Board to ensure compliance under both the SEC and CFTC rules and to keep such additional amount the Board may approve for capital expenditures.

U. – Z.

Reserved.

\* \* \* \*

**CHAPTER II – CLEARING MEMBERSHIP****RULE 201 – Eligibility**

(a) [No change]

(1) registered as a broker-dealer under Section 15(b)(1) or (2) of the Securities Exchange Act ~~of 1934~~ (the “Exchange Act”) (a “fully-registered broker-dealer”);

(a)(2) – (4) [No change]

(b)(1) [No change]

(2)(i) [No change]

(ii) not required by the CEA or the regulations of the ~~Commodity Futures Trading Commission (the “CFTC”)~~ to be registered as an FCM. (An exclusion from the FCM registration requirement under the CEA would ordinarily be available to a firm that clears only transactions that are for a “proprietary account” as defined in the regulations of the CFTC.); and

(iii) [No change]

(b)(3)(i) – (iv) [No change]

(4) Notwithstanding any other provision of the By-Laws or Rules, no broker or dealer registered under Section 15(b)(11) of the Securities Exchange Act ~~of 1934~~ will clear transactions or carry positions in cleared securities other than security futures.

(5) [No change]

(6) [No change]

(i) be a broker-dealer registered under Section 15(b)(1) or (2) of the Securities Exchange Act ~~of 1934~~, a Canadian Investment Dealer or other Non-U.S. Securities Firm, or an eligible bank;

(ii) – (iv) [No change]

(c) – (e) [No change]

\* \* \* \*

**RULE 204 – Conditions to Admission**

\* \* \* \*

(9) to comply, in the case of Non-U.S. Securities Firms, with the guidelines and restrictions imposed on domestic broker-dealers regarding the extension of credit, as provided by Section 7 of the Securities Exchange Act ~~of 1934~~ and Regulation T promulgated thereunder by the Board of Governors of the Federal Reserve System, with respect to any customer account that includes cleared contracts issued by the Corporation; and

\* \* \* \*

**CHAPTER III – MEMBERSHIP STANDARDS****RULE 301 – Financial Responsibility**

\* \* \* \*

(c) If a Clearing Member is registered as a broker-dealer under Section 15(b)(1) of the Securities Exchange Act ~~of 1934~~ and also as a futures commission merchant under Section 4f(a)(1) of the Commodity Exchange Act, the Clearing Member must comply with all applicable capital requirements.

\* \* \* \*

**. . . Interpretations and Policies:**

(.01) [No change]

.02 If a Clearing Member maintains proprietary options positions but carries those positions in an account or accounts with another Clearing Member and is otherwise eligible to calculate its net capital requirement in accordance with the provisions of ~~Securities and Exchange Commission~~ SEC Rule 15c3-1(a)(6), the Clearing Member must nevertheless take the risk based haircuts associated with proprietary securities positions in determining its compliance with the Corporation's minimum net capital requirements.

\* \* \* \*

**RULE 302 – Operational Capability**

\* \* \* \*

(c) *Books and Records.* Every Clearing Member must maintain books and records in accordance with the requirements of its applicable regulatory agency, including but not limited to any applicable requirements under the Securities Exchange Act ~~of 1934~~, the Commodity Exchange Act, or the requirements of any non-U.S. regulatory agency, and with such additional requirements as the Corporation may impose.

\* \* \* \*

**RULE 305 – Clearing Member Risk Management**

\* \* \* \*

(c) Each Clearing Member must provide to the ~~Commodity Futures Trading Commission~~ CFTC such information and documentation as requested by the ~~Commodity Futures Trading Commission~~ CFTC regarding such Clearing Member's risk management policies, procedures, and practices.

**RULE 306A – Event-Based Reporting**

\* \* \* \*

(B) the aggregate principal amount of such Clearing Member’s satisfactory subordination agreements (other than such agreements which qualify as equity capital under paragraph (d) of ~~Securities and Exchange Commission~~ SEC Rule 15c3-1) exceeds 70% of such Clearing Member’s debt-equity total; or

(C) – (E) [No change]

**... Interpretations and Policies:**

.01 The term “debt-equity total” shall be computed for a Clearing Member in accordance with ~~Securities and Exchange Commission~~ SEC Rule 15c3-1. The term “satisfactory subordination agreement” shall mean a subordination agreement meeting the requirements of Appendix D to Rule 15c3-1 and any additional requirements, not inconsistent therewith, imposed by a Clearing Member’s Examining Authority.

\* \* \* \*

**CHAPTER IV - TRADE REPORTING, NOVATION, AND CONFIRMATION**

\* \* \* \*

**RULE 405 – Issuance of Cleared Contracts**

\* \* \* \*

**... Interpretations and Policies:**

.01 The Corporation is substituted through novation as the buyer to every seller and the seller to every buyer and is the obligor to the extent set forth in the Rules with respect to obligations owing to persons having positions in cleared contracts. With respect to cleared securities, OCC is deemed to be the “issuer” as that term is defined in Section 2(a)(4) of the Securities Act of 1933 and Section 3(a)(8) of the Securities Exchange Act of 1934. OCC serves the same functional role with respect to cleared contracts that are governed by the Commodity Exchange Act, and the terms “issuer,” “issuance,” etc. are therefore used to refer to OCC’s role with respect to all cleared contracts.

\* \* \* \*

**CHAPTER VI - MARGINS****RULE 601 – Margin Requirements**

\* \* \* \*

(3) In the event that the records of the Corporation indicate that the Clearing Member has positions in cleared contracts in segregated futures accounts that are not reflected in the data file submitted by the Clearing Member pursuant to subparagraph (2) of this paragraph, the Corporation shall calculate a separate initial margin requirement with respect to all such positions as if such positions were the positions of a separate Clearing Member. The Corporation shall make such initial margin calculations

using such adjustments as the Corporation deems necessary to ensure that each futures customer's positions within each segregated futures account are properly margined on a gross basis in accordance with applicable rules of the ~~Commodity Futures Trading Commission~~ CFTC.

\* \* \* \*

#### **RULE 604 – Form of Margin Assets**

\* \* \* \*

(b) *Securities*. The types of securities specified in subparagraphs (1) - (4) of this paragraph (b) may be deposited with the Corporation in the manner specified for each.

(1) – (2) [No change]

(3) *Money Market Fund Shares*. (i) Clearing Members may deposit with the Corporation shares in a money market fund ("MMF Shares") if such money market fund (the "Fund"): (A) is registered as an investment company under the Investment Company Act of 1940 and is in compliance with ~~Securities and Exchange Commission~~ SEC Rule 2a-7 thereunder; (B) holds only "First Tier Securities" as that term is defined in Rule 2a-7; (C) performs a net asset value computation at least once each business day and makes such computation available to the Corporation no later than 9:00 AM the following business day; (D) represents to, and agrees with, the Corporation that the Fund is and will remain in compliance with subparagraphs (A) through (C) above; (E) agrees to notify the Corporation immediately of any noncompliance with such subparagraphs; and (F) waives any right it may otherwise have to postpone the payment of redemption proceeds and the right to redeem shares in kind and agrees to redeem MMF Shares in cash not later than the business day following a redemption request by the Corporation except when such redemptions cannot be effected because of unscheduled closings of the Federal Reserve Banks or the New York Stock Exchange. Notwithstanding the definition in Article I of the By-Laws, the term "business day" may be defined for purposes of this subparagraph (b)(3) by agreement between a Fund and the Corporation. Any notice that a Fund is required to give the Corporation pursuant this subparagraph (i) shall be given by telephone to an officer of the Corporation and shall promptly (and in any event no later than 3:00 P.M. Central Time (4:00 P.M. Eastern Time) of the following business day) be confirmed in writing.

(4) [No change]

(5) No securities held for the account of a securities customer (other than a Market-Maker) may be deposited hereunder in respect of any account other than the customers' account or the customers' lien account. No securities held for the account of any Market-Maker shall be deposited in respect of any account other than such Market-Maker's account in which such Market-Maker is a participant. No securities carried for the account of any securities customer that is either a "fully paid security" or an "excess margin security" within the meaning of SEC Rule 15c3-3 shall be deposited with respect to any account hereunder except to the extent permitted pursuant to any interpretive guidance or no-action relief of the SEC or a self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act ~~of 1934, as amended~~). Securities held for the account of a futures customer shall be held in accordance with the provisions of the Commodity Exchange Act and the regulations thereunder.

(c)(1) – (2) [No change]

(3) All letters of credit shall be irrevocable. Under unusual circumstances, the Chief Executive Officer or Chief Operating Officer or, if it is not feasible for the Chief Executive Officer or Chief Operating Officer to take such action, then a Designated Officer, following consultation with the staff of the ~~Securities and Exchange Commission~~ SEC, may accept, on a temporary basis, a letter of credit which varies from the preceding requirements.

\* \* \* \*

(d) Funds and securities held by or subject to the instructions of the Corporation as margin shall, subject to the rights of the Corporation in respect thereof, remain the property of the respective Clearing Members for whose accounts such funds and securities are held. Funds and securities deposited in respect of a segregated futures account shall be held in accordance with the provisions of Section 4d of the Commodity Exchange Act and regulations thereunder. All other funds held by the Corporation as margin (other than funds invested by the Corporation pursuant to subsection (a) of this Rule and funds credited by the Corporation to a Liquidating Settlement Account pursuant to Chapter XI) shall be deposited to the credit of the Corporation in an account or accounts, designated as Clearing Member margin accounts, with such banks, trust companies or other depositories as the Board of Directors may select. Such funds shall not be commingled with funds of the Corporation or used by the Corporation as working capital. To the extent that funds held by the Corporation as margin are invested by the Corporation in securities pursuant to subsection (a) of this Rule, the Corporation shall maintain records clearly identifying such securities as held in trust for Clearing Members. The Corporation shall have the right to commingle funds and securities held as margin for the account of any Clearing Member with funds and securities held as margin for other Clearing Members.

(e) – (g) [No change]

\* \* \* \*

### **... Interpretations and Policies:**

.1 – .11 [No change]

.12 Cash deposited as margin in a segregated futures account or segregated futures professional account that is invested by the Corporation shall be invested in accordance with the requirements of ~~Commodity Futures Trading Commission~~ (“CFTC”) Rules 1.25, 1.26, and 1.27 and such other rules as may be adopted by the CFTC to govern the investment of such funds.

.13 – .18 [No change]

\* \* \* \*

### **RULE 609A – Waiver of Margin**

The Chairman, Chief Executive Officer, or Chief Operating Officer of the Corporation shall be authorized to waive, in whole or in part, conditionally or unconditionally, any deposit of margin that would otherwise be required to be made by any Clearing Member in any account at any time during any business day upon a determination that such waiver (i) is advisable in the interest of maintaining fair and orderly markets or is otherwise advisable in the public interest and for the protection of investors, and (ii) is consistent with maintaining the financial integrity of the Corporation. Such officer shall use his best efforts to attempt to consult with officials of the ~~Securities and Exchange Commission~~ SEC prior to granting any such waiver; provided, however, that the authority contained herein shall not be conditioned



by such consultation. The Corporation shall advise its Board of Directors and the ~~Securities and Exchange Commission~~ SEC as soon as practicable in writing of the granting of any such waiver and the reasons therefor, and a record of any such waiver shall be prepared and maintained with the records of the Corporation.

\* \* \* \*

**CHAPTER IX – DELIVERY OF UNDERLYING SECURITIES AND PAYMENT****RULE 905 – Manner of Delivery**

Securities required to be delivered pursuant to Rule 904(b) shall be delivered by book-entry through the facilities of a securities depository registered as a clearing agency with the ~~Securities and Exchange Commission~~ SEC or by delivery of a certificate or certificates in good deliverable form. A certificate shall be deemed to be in good deliverable form for the purposes hereof only if the delivery of the certificate in such form would constitute good delivery under the rules of the primary market for the security.

\* \* \* \*

**CHAPTER XI – SUSPENSION OF A CLEARING MEMBER**

\* \* \* \*

**RULE 1102 – Suspension**

(a) The Board of Directors or a Designated Officer of the Corporation may summarily suspend any Clearing Member which: (i) has been and is expelled or suspended from any self-regulatory organization (as defined in Section 3(a) of the Securities Exchange Act of 1934, as amended, but not including the Municipal Securities Rulemaking Board, or as defined in the rules of the ~~Commodity Futures Trading Commission~~ CFTC); (ii) fails to make any delivery of cash, securities or other property to the Corporation in a timely manner as required by the By-Laws or Rules; (iii) fails to make any delivery of funds or securities to another Clearing Member required pursuant to the By-Laws or Rules; (iv) fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner, has appointed an Appointed Clearing Member to act on its behalf and such Appointed Clearing Member fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner or effects settlement at the correspondent clearing corporation through an identifiable subaccount in an account of CDS at the correspondent clearing corporation and CDS fails to make any delivery of funds or securities to the correspondent clearing corporation in a timely manner; (v) is in such financial or operating difficulty that the Board of Directors or a Designated Officer of the Corporation determines and so notifies the appropriate regulatory agency for such Clearing Member (or, in the case of a Non-U.S. Clearing Member, the appropriate Non-U.S. Regulatory Agency) and the ~~Securities and Exchange Commission~~ SEC or the ~~Commodity Futures Trading Commission~~ CFTC that suspension is necessary for the protection of the Corporation, other Clearing Members, or the general public; or (vi) in the case of a Non-U.S. Clearing Member, has been and is expelled or suspended by its Non-U.S. Regulatory Agency or any securities exchange or clearing organization of which it is a member. In addition, the Board of Directors or a Designated Officer of the Corporation may summarily suspend any Clearing Member in accordance with Rule 707 or Article VI, Section 25 of the By-Laws. In the event that any Clearing Member is suspended, the Corporation shall cease to act for it except as hereinafter specified. If the determination to summarily suspend a Clearing Member is made other than by the Board of Directors, then notice of the suspension must be given to the Board of Directors as soon as practicable.

\* \* \* \*

**CHAPTER XII – DISCIPLINARY PROCEEDINGS****RULE 1202 – Procedures**

\* \* \* \*

(d) Any action taken by a Disciplinary Committee hereunder shall be deemed to be final upon expiration of the time provided for the filing of a motion for review, or any extension thereof granted pursuant to paragraph (c) hereof; or, if a motion for review is timely filed, when the Respondent is notified of the denial of the motion or the decision of the Board of Directors on review, as the case may be. When any sanction imposed hereunder becomes final, (i) the Corporation shall notify the Respondent in writing that the imposition thereof may be subject to review by the appropriate regulatory agency for the Respondent pursuant to Section 19(d)(2) of the Securities Exchange Act ~~of 1934, as amended~~, and the rules and regulations of such appropriate regulatory agency thereunder or, (ii) in the case of disciplinary proceedings concerning solely the Respondent's activities as a futures commission merchant, the Corporation shall notify the Respondent in writing that the imposition thereof may be subject to review by the appropriate regulatory agency for the Respondent pursuant to the provisions of Section 8c of the Commodity Exchange Act; with respect to Non-U.S. Clearing Members, such review shall lie solely with the ~~Securities and Exchange Commission~~ [SEC](#). Notwithstanding the foregoing, if the Board of Directors shall determine on its own motion to review any action by a Disciplinary Committee hereunder, such action shall not be deemed final until the Respondent is notified of the decision of the Board of Directors on review.

**RULE 1203 – Minor Rule Violations**

(a) In lieu of commencing a disciplinary proceeding pursuant to Rule 1201(a), the Corporation may, subject to the requirements set forth herein, impose a fine not to exceed \$2,500, on any Clearing Member with respect to any violation of the By-Laws and Rules of the Corporation that is designated in the By-Laws or Rules as a "minor rule violation." Any such minor rule violation will be deemed a "minor rule violation" and this Rule 1203 will be deemed a "plan" within the meaning of Rule 19d-1(c)(2) under the Securities Exchange Act ~~of 1934, as amended~~. Any fine imposed by the Corporation for a minor rule violation that is not contested as described below will be reported by the Corporation to the ~~Securities and Exchange Commission~~ [SEC](#) on a quarterly basis, except as otherwise required by the ~~Securities and Exchange Commission~~ [SEC](#) or by any other regulatory authority. Any Clearing Member against whom a fine for a minor rule violation is imposed will be served with a written statement, prepared by the Corporation, setting forth: (i) the provision of the By-Laws or Rules the violation of which constitutes such minor rule violation, (ii) the act or omission constituting such minor rule violation, and (iii) the fine imposed for such minor rule violation. Any Clearing Member that receives the written statement described above with respect to a minor rule violation may provide written notice to the Corporation, not later than 10 business days from the date of the written statement that the Clearing Member wishes to appeal the minor rule violation. The failure of a Clearing Member to provide timely notice that it wishes to appeal a minor rule violation will constitute a waiver of the Clearing Member's right to an appeal. Upon receipt of a notice that a Clearing Member wishes to appeal the violation, the Corporation must begin a disciplinary proceeding in accordance with Rule 1202. The issuance of a fine for a minor rule violation for which a Clearing Member does not contest the fine will not be deemed to be an admission by the Clearing Member of the facts set forth in the written statement describing the minor rule violation.

\* \* \* \*

**CHAPTER XIII – FUTURES, FUTURE OPTIONS AND COMMODITY OPTIONS**

\* \* \*

**RULE 1301A – Price Differential Spreads**

\* \* \*

**... Interpretations and Policies:**

.01 Price Differential Spread transactions are available only with respect to futures contracts within the exclusive jurisdiction of the ~~Commodity Futures Trading Commission~~ [CFTC](#) that are traded on designated contract markets having rules that provide for such transactions.

\* \* \*

**CHAPTER XXII – STOCK LOAN/HEDGE PROGRAM**

\* \* \*

**RULE 2202 – Initiation of Stock Loans**

\* \* \*

(e) Each lending of Loaned Stock by a Lending Clearing Member, and each borrowing of Loaned Stock by a Borrowing Clearing Member, shall constitute a representation and covenant by the Clearing Member to the Corporation that its participation in such lending or borrowing is in compliance, and will comply, with all applicable laws and regulations, including without limitation Rule 15c3-3 and all other applicable rules and regulations of the ~~Securities and Exchange Commission~~ [SEC](#), any applicable provisions of Regulation T of the Board of Governors of the Federal Reserve System, and the rules of the Financial Industry Regulatory Authority and any other regulatory or self-regulatory organization to which the Clearing Member is subject.

\* \* \*

**CHAPTER XXIIA – MARKET LOAN PROGRAM**

\* \* \*

**RULE 2202A – Initiation of Market Loans**

(f) Each lending of Loaned Stock by a Lending Clearing Member, and each borrowing of Loaned Stock by a Borrowing Clearing Member, shall constitute a representation and covenant by the Clearing Member to the Corporation that its participation in such lending or borrowing is in compliance, and will continue to comply, with all applicable laws and regulations including without limitation Rule 15c3-3 and all other applicable rules and regulations of the ~~Securities and Exchange Commission~~ [SEC](#), any applicable provisions of Regulation T of the Board of Governors of the Federal Reserve System, and the rules of the Financial Industry Regulatory Association and any other regulatory or self-regulatory organization to which the Clearing Member is subject.

**EXHIBIT 5C**



## By-Laws

Blue Underlined text indicates additions from SR-OCC-2024-011  
(Stock Loan Enhancements)

~~Red Strikethrough~~ text indicates deletions from SR-OCC-2024-011  
(Stock Loan Enhancements)

~~Red Double Strikethrough~~ text indicates deletions from SR-OCC-2024-013  
(Renaissance Processing Enhancements)

~~Green Strikethrough~~ text indicates deletions proposed for this filing SR-OCC-2025-XXX

# THE OPTIONS CLEARING CORPORATION

## BY-LAWS

\* \* \*

### ARTICLE I – DEFINITIONS

#### A.

\* \* \*

#### ~~Associated Market Maker~~

~~(14) The term “associated Market Maker” means a person maintaining an account with a Clearing Member as a Market Maker, specialist, stock market maker, stock specialist or Registered Trader that is a Related Person of the Clearing Member and shall include any participant, as such, in an account of which 10% or more is owned by an associated Market Maker, or an aggregate of 10% or more of which is owned by one or more associated Market Makers.~~

~~Adopted January 19, 1994.~~

\* \* \*

#### B.

#### ~~Backloaded OTC Option~~

~~(1) The term “Backloaded OTC option” means an OTC option for which the premium payment date communicated to the Corporation by the OTC Trade Source is prior to the business day on which such OTC option is submitted to the Corporation for clearing.~~

~~(2)~~ ~~(8)~~ [Renumbered as 1. ~~7~~.; otherwise no change] [Reorganized in alphabetical order by this filing.]

\* \* \*

#### ~~Borrowing Clearing Member~~

~~(4) The term “Borrowing Clearing Member” means any Hedge Clearing Member or Market Loan Clearing Member that borrows Eligible Stock in a Stock Loan.~~

~~(5)~~ ~~(8)~~ [Renumbered as ~~(4)~~ ~~(7)~~. Otherwise, no change.] [Reorganized in alphabetical order by this filing.]

\* \* \*

C.

\* \* \*

### **Class**

~~(11)~~ The term “class” means, when applied to options, all option contracts of the same type and style covering the same underlying interest; provided, however, that ~~OTC options and~~ listed options that would otherwise constitute a single class of options shall constitute separate classes. When applied to futures, the term “class” means all futures covering the same underlying interest.

\* \* \*

### **Clearing Member**

~~(15)~~ The term “Clearing Member” means a person or organization that has been admitted to membership in the Corporation pursuant to the provisions of the By-Laws and Rules. References in the By-Laws or Rules to the term “Clearing Member” preceded by a capitalized reference to an underlying interest or a cleared contract, e.g., a “Stock Clearing Member,” or a “Security Futures Clearing Member,” shall be deemed to be to a Clearing Member approved in accordance with Chapter II of the Rules to clear transactions in options on the specified underlying interest, or in the cleared contract, as applicable, provided that the term “Stock Clearing Member” shall be deemed to include a Clearing Member approved to clear transactions in BOUNDS as well as stock options, the term “Treasury Securities Clearing Member” ~~shall mean~~ means a Clearing Member approved to clear transactions in Treasury Securities options excluding yield-based Treasury options and the term “Index Clearing Member” ~~shall mean~~ means a Clearing Member approved to clear transactions in cash-settled options other than ~~OTC options and~~ flexibly structured options on fund shares that are cash settled. ~~The term “OTC Index Option Clearing Member” means a person that has been approved to clear OTC index options.~~

\* \* \*

~~(27)~~ The term “confirmed trade” means a transaction for the purchase, writing, or sale of a cleared contract, or for the closing out of a long or short position in a cleared contract, that is ~~(i)~~ effected on or through the facilities of an Exchange and submitted to the Corporation for clearance ~~or (ii) affirmed through the facilities of an OTC Trade Source and submitted to the Corporation for clearance.~~

### **... Interpretations and Policies:**

**.01** The term ~~“Exchange transaction” was removed from the By-Laws and Rules and replaced with the term “confirmed trade” to reflect the expansion of the Corporation’s clearing activities into OTC options.~~ “Confirmed trade” is a successor term to the term “Exchange transaction.” Any reference to the term “Exchange transaction” or “exchange transaction” in any agreement to

which the Corporation is a party should be interpreted to refer instead to the term “confirmed trade.”

E.

\* \* \*

### **Eligible Stock**

~~(3) The term “Eligible Stock” means any security that is eligible for lending in the Stock Loan/Hedge Program and the Market Loan Program. A security shall be eligible for lending in the Stock Loan/Hedge Program and the Market Loan Program if and only if (i) the security is an equity security that the Depository has determined is eligible for deposit at the Depository, (ii) the Corporation has not determined to terminate all outstanding Stock Loans and/or Market Loans in respect of such security pursuant to the By Laws, (iii) the security is a “covered security” within the meaning of Section 18(b)(1) of the Securities Act of 1933, (iv) in the case of securities which are neither underlying securities nor fund shares that have as their reference index an index that underlies any cleared contract, the security is trading at a market price of at least \$3 per share, as determined by the Corporation. The Corporation may waive requirement (iv) at its discretion upon a determination that other factors, including trading volume, the number of shareholders, the number of outstanding shares, and current bid/ask spreads warrant such result. However, should the market price for a security for which the Corporation has not waived requirement (iv) fall below \$3, no new Stock Loan or Market Loan transactions may be submitted for clearance, but existing positions may be maintained.~~

~~(4) — (23) [Renumbered as (3) — (22). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

\* \* \*

H.

\* \* \*

### **Hedge Loan**

~~(1) The term “Hedge Loan” means a matched pair of securities contracts for the loan of Eligible Stock made through the Stock Loan/Hedge Program, with one such securities contract being between the Lending Clearing Member and the Corporation as the borrower and the second such securities contract being between the Corporation as the lender and the Borrowing Clearing Member.~~

### **Holder**

~~(2) [Renumbered as (1). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]



## I.

\* \* \*

**Index Multiplier**

(3) The term “index multiplier” (i) as used in reference to an index option contract ~~other than an OTC index option contract~~, means the dollar amount (as specified by the Exchange on which such contract is traded) by which the current index value is to be multiplied to obtain the aggregate current index value, ~~(ii) as used in reference to an OTC index option contract, means the dollar amount (as agreed upon by the parties to such transaction) by which the current index value is to be multiplied to obtain the aggregate current index value~~, and (iii) as used in reference to index futures of any series, means the dollar amount (as specified by the Exchange on which such series is traded) by which the final settlement price in respect of such futures is to be multiplied to obtain the final variation payment. Such term replaces the term “unit of trading,” used in reference to other kinds of options.

\* \* \*

**Index Value Determinant**

(4) The term “index value determinant,” used in respect of settlement of flexibly structured index option contracts and futures ~~and OTC options~~, means the method for determining the current index value on the expiration date or maturity date as that method is reported to the Corporation by the applicable Exchange ~~or OTC Trade Source~~.

\* \* \*

## L.

\* \* \*

**~~Lending Clearing Member~~**

~~(2) The term "Lending Clearing Member" means any Hedge Clearing Member or Market Loan Clearing Member that lends Eligible Stock in a Stock Loan.~~

**Lien**

(3) [Renumbered as (2). Otherwise, no change.] [Reorganized in alphabetical order by this filing.]

**Limited Cross-Guaranty Agreement**

(4) [Renumbered as (3). Otherwise, no change.] [Reorganized in alphabetical order by this filing.]

**~~Loan Market~~**

~~(5) The term “Loan Market” means an electronic platform included in the Corporation’s Market Loan Program that supports securities lending and borrowing transactions by matching lenders and borrowers based on loan terms that each party is willing to accept.~~

**Long Position**

~~(6) [Renumbered as (4). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

\* \* \*

**M.**

~~(1) — (2)~~ [No change]

**~~Market Loan~~**

~~(3) The term “Market Loan” means a loan of Eligible Stock that was effected through a Loan Market and accepted by the Corporation in accordance with the By Laws and Rules.~~

**~~Market Loan Program~~**

~~(4) The term “Market Loan Program” means the Corporation's program for processing and maintaining stock loan positions originated through a Loan Market and effecting required payments in respect of such positions, all as further described in the By Laws and Rules.~~

**Margin Assets**

~~(5) [Renumbered as (3). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

**Margin Requirement**

~~(6) [Renumbered as (4). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

**~~Matched Book Borrowing Clearing Member~~**

~~(7) The term “Matched Book Borrowing Clearing Member” shall mean, with respect to any Matched Book Positions, the Hedge Clearing Member that borrows Eligible Stock from a Hedge Clearing Member maintaining Matched Book Positions in that Eligible Stock.~~

**~~Matched Book Lending Clearing Member~~**

~~(8) The term “Matched Book Lending Clearing Member” shall mean, with respect to any Matched Book Positions, the Hedge Clearing Member that lends Eligible Stock to a Hedge Clearing Member maintaining Matched Book Positions in that Eligible Stock.~~

**~~Matched Book Positions~~**

~~(9) The term “Matched Book Positions” shall mean Hedge Loan positions in which a single Hedge Clearing Member borrows Eligible Stock from a Matched Book Lending Clearing Member and lends an equal or lesser amount of the same Eligible Stock to a Matched Book Borrowing Clearing Member.~~

~~(10) — (15) [Renumbered as (5) — (10). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

\* \* \*

O.

\* \* \*

#### **~~Origination Date~~**

~~(5) The term “origination date” means the date when the bilateral option was entered into by the parties to such bilateral option, as communicated to the Corporation by the OTC Trade Source.~~

\* \* \*

#### **~~OTC Index Option~~**

~~(6) The term “OTC index option” means an “OTC option,” as defined in this Article I, that is an index option.~~

\* \* \*

#### **~~OTC Option~~**

~~(7) The term “OTC option” means an “option contract,” as defined in this Article I, with variable terms that are negotiated bilaterally between the parties to such transaction (subject to any specific requirements applicable to such products as set forth in the By Laws and Rules), and that is affirmed through the facilities of an OTC Trade Source and submitted to the Corporation for clearing as a confirmed trade.~~

\* \* \*

#### **~~OTC Trade Source~~**

~~(8) The term “OTC Trade Source” means any electronic messaging system approved by the Corporation through which transactions in OTC options may be affirmed by the parties to such transactions and submitted to the Corporation for clearance.~~

\* \* \*

#### **~~OTC Trade Source Rules~~**

~~(9) The term “OTC Trade Source Rule,” when used in respect of any OTC Trade Source, means the rules, agreements, policies and procedures of the OTC Trade Source applicable to users or participants of the OTC Trade Source.~~

\* \* \*

S.

\* \* \*

### Stock Borrow Position

(19) The term "stock borrow position" ~~means the position of a Borrowing Clearing Member in respect of a Stock Loan.~~ has the same meaning as defined in Rule 101.

### Stock Future

(20) [No change.]

### Stock Loan

~~(21) The term "Stock Loan" means either a "Hedge Loan" or a "Market Loan" or both as the context requires.~~

### Stock Loan/Hedge Program

~~(22) The term "Stock Loan/Hedge Program" means the Corporation's program for processing and monitoring Stock Loans and hedging stock loan positions and stock borrow positions against stock option positions, all as further described in the By Laws and Rules.~~

### Stock Loan Position

~~(23)~~(21) The term "stock loan position" ~~means the position of a Lending Clearing Member in respect of a Stock Loan.~~ has the same meaning as defined in Rule 101.

~~(24) — (25) [Renumbered as (22) — (23). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

\* \* \*

T.

### Trade Date

(4) The term "trade date" in respect of any confirmed trade effected on or through the facilities of an Exchange means the day on which such transaction occurred except that the trade date in respect of confirmed trades in cleared contracts that are effected in trading sessions beginning on one calendar day and ending on the next calendar day shall be deemed to be the calendar day on which such trading ends. ~~The term "trade date" in respect of any confirmed trade in OTC options means the day on which such transaction is accepted by the Corporation for clearance.~~

\* \* \*

V.

### Variable Terms

(4) The term "variable terms" in respect of a series of option contracts ~~other than OTC options~~ means the name of the underlying interest, the exercise price (or, in respect of a series of delayed start options that does not yet have a set exercise price, the exercise price setting formula and exercise price setting date), the index value determinant and the index multiplier (in the case of a

flexibly structured index option), the cap interval (in the case of a capped option) and the expiration date of such option contract. In addition to these variable terms, flexibly structured options on fund shares may settle physically or settle in cash. The term “variable terms” ~~in respect of a series of OTC options means the terms of such options that are permitted to be negotiated bilaterally between the parties within the range of values specified by the Corporation therefor as set forth in the By-Laws and Rules.~~ “Variable terms,” when used in respect of a series of futures means the name of the underlying interest, the maturity date, the method of determining the final settlement price, and the series marker, if any, and in the case of a flexibly structured index future, the index value determinant and the index multiplier.

\* \* \*

## ARTICLE XVII – INDEX OPTIONS AND CERTAIN OTHER CASH-SETTLED OPTIONS

### Introduction

By-Laws in this Article are applicable only to cash-settled options that are not specifically addressed elsewhere in these By-Laws, including flexibly structured options that cash settle, Exchange-listed index options, ~~OTC index options~~ and cash-settled commodity options other than binary options or range options (which are governed by the provisions of Article XIV). Section 1 of Article XII is also applicable to cash-settled commodity options. By-Laws in Articles I-XI are also applicable to cash-settled options, in some cases supplemented by one or more By-Laws in this Article, except for By-Laws that have been replaced in respect of such options by one or more By-Laws in this Article and except where the context otherwise requires. Whenever a By-Law in this Article supplements or, for purposes of this Article, replaces one or more By-Laws in Articles I-XI, that fact is indicated in brackets following the By-Law in this Article.

\* \* \*

### Definitions

#### SECTION 1.

A. – B. [No change]

C.

\* \* \*

### Class of Options

~~(4)~~ The term “class of options” used in respect of cash-settled options means all such options of the same type and style (and, in addition, in the case of flexibly structured index options ~~and OTC index options,~~ having the same index value determinant) and having the same underlying interest, provided that ~~OTC index options shall constitute a separate class of options from other cash settled options of the same type and style and having the same underlying interest and~~

flexibly structured options that cash settle shall constitute a different class of options from physically settled options on the same underlying interest.

\* \* \*

### **Current Underlying Interest Value; Current Index Value**

(5) The term “current underlying interest value” when used in respect of cash-settled options means the current value or level of the underlying interest at a point in time as reported by the reporting authority. The current underlying interest value in respect of an index option is sometimes also referred to as the “current index value.” Subject to the provisions of Section 5 of this Article, the term “current index value,” in respect of any underlying index on a given day, means the level of such index at the close of trading on such day, or if such day is not a trading day, on the immediately preceding trading day, or, in the case of an index option ~~other than an OTC index option,~~ any multiple or fraction thereof specified by the Exchange, as such value is reported by the reporting authority. Notwithstanding the foregoing, but subject to the provisions of Section 4 of this Article, the current index value for an index underlying a flexibly structured index option ~~or an OTC index option~~ on the expiration date shall be determined in accordance with the index value determinant.

\* \* \*

E.

(1)—(2) [No change]

### **Expiration Date**

(3) The term “expiration date” in respect of cash-settled options expiring prior to February 1, 2015, other than flexibly structured options ~~or OTC index options,~~ means the Saturday following the third Friday of the expiration month, and in respect of cash-settled options expiring on or after February 1, 2015, other than flexibly structured options ~~or OTC index options,~~ means the third Friday of the expiration month, or if such Friday is a day on which the Exchange on which such option is listed is not open for business, the preceding day on which such Exchange is open for business, except that in respect of a class or series of option contracts that is identified by an Exchange as having an expiration date that is a business day other than the third Friday of the expiration month, the term “expiration date” ~~shall mean~~ means such date as identified by the Exchange at or prior to the time of inception of trading of the class or series provided that such date is not a date specified by the Corporation as ineligible to be an expiration date. ~~The expiration date of an OTC index option shall be determined as set forth in Section 6 of this Article.~~

\* \* \*

### **~~Expiration Time~~**

~~(4) The term “expiration time” in respect of an OTC index option contract means 7:00 P.M. Central Time (8:00 P.M. Eastern Time).~~

\* \* \*

R.

~~(1)~~—~~(2)~~ [No change]

### Reporting Authority

~~(3)~~ The term “reporting authority” in respect of cash-settled options other than ~~OTC index options and~~ flexibly structured options on fund shares that are cash settled means the institution or reporting service designated by an Exchange as the official source for the current value of a particular underlying interest or reference variable. Unless another reporting authority is identified by the listing Exchange for a class of cash-settled options, the listing Exchange will be the reporting authority. ~~In respect of OTC index options, the reporting authority shall be the institution or reporting service designated by the Corporation as the official source for the current value of a particular underlying interest or reference variable.~~ In respect of flexibly structured options on fund shares that are cash settled, the reporting authority shall be the institution or reporting service used by the Corporation for the value of the underlying interest for physically settled equity options.

\* \* \*

S.

### Series of Options

~~(4)~~ The term “series of options” used in respect of cash-settled options ~~other than OTC index options~~ means all such options of the same class with the same exercise price (or, in the case of delayed start options that do not yet have a set exercise price, the same exercise price setting formula and exercise price setting date), cap price (if any), unit of trading (if any), expiration date, and multiplier; provided that if an Exchange shall adopt a rule superseding Section 1 C.(5) of this Article, index options ~~(other than OTC index options)~~ to which such Exchange rule applies shall be deemed to be of a different series than otherwise identical index options to which such rule does not apply. ~~In respect of OTC index options, the term “series of options” means all such options of the same class and having identical variable terms.~~

\* \* \*

### OTC Index Options

### SECTION 6:

\* \* \*

~~(f) Clearing Members’ Representations and Warranties. Upon the submission of a confirmed trade in OTC index options to the Corporation for clearing, each Clearing Member for whose account the transaction is submitted shall be deemed to represent and warrant to the Corporation that: (i) the offer and sale of the OTC index options that are the subject of such transaction are exempt from the registration requirements of the Securities Act of 1933; (ii) such transaction has been effected by the Clearing Member in accordance with, the Clearing Member’s participation in such transaction is in compliance with, and the Clearing Member will continue with respect to~~

~~such transaction to comply with, all applicable laws and regulations including, without limitation, all applicable rules and regulations of the Securities and Exchange Commission SEC, and the rules of the Financial Industry Regulatory Authority, Inc. and any other regulatory or self-regulatory organization to which the Clearing Member is subject; (iii) in respect of OTC index options on any S&P Index, the Clearing Member has read and understands the disclaimer language set forth below in item 03 of the Interpretations and Policies following this Section 6; (iv) in the case where the transaction is effected for the account of a customer, the customer is an “Eligible Contract Participant” as defined in Section 3a(65) of the Securities Exchange Act of 1934, as amended; (v) unless the Corporation notifies Clearing Members that the OTC Options will no longer be offered and sold pursuant to Rule 506 of Regulation D under the Securities Act of 1933, as amended, the Clearing Member has not offered or sold the OTC Options to any person that is not an “accredited investor,” as defined in Rule 501(a) under Regulation D and has otherwise complied with applicable conditions to the exemption set forth in Rule 506; and (vi) unless the Corporation notifies Clearing Members that such restriction no longer applies, the Clearing Member has not offered or sold the OTC Options by any form of general solicitation or general advertising that, at the time of such activities, is or may be deemed to constitute general solicitation or general advertising, as described in Rule 502(c) of Regulation D. The Clearing Member shall indemnify and hold the Corporation harmless from any claim, liability or expense, including reasonable attorneys’ fees, which may arise or be asserted as a result of any such representation and warranty being false or of any action brought against OCC alleging that any such representation and warranty is false, other than any claim, liability or expense that (a) results primarily from the gross negligence or willful misconduct of the Corporation or (b) results from conduct of the Corporation that causes the offer or sale of the OTC Options to become subject to the registration provisions of Section 5 of the Securities Act of 1933, as amended.~~

## Article XXI

### Stock Loan/Hedge Program~~[Reserved]~~

#### Introduction

~~By Laws in this Article are applicable only to the Stock Loan/Hedge Program. In addition, the By Laws in Articles I-XI are also applicable to the Stock Loan/Hedge Program, in some cases supplemented by one or more By Laws in this Article, except for By Laws that have been replaced in respect of the Stock Loan/Hedge Program by one or more By Laws in this Article and except where the context otherwise requires. Whenever a By Law in this Article supplements or, for purposes of this Article, replaces one or more By Laws in Articles I-XI, that fact is indicated in brackets following the By Law in this Article.~~

#### Definitions—SECTION 1.



~~A.—B.~~

~~Reserved.~~

~~C.~~

### **~~Collateral~~**

~~(1) The term "Collateral" means the amount in U.S. dollars deposited by a Borrowing Clearing Member with a Lending Clearing Member upon initiation of a Stock Loan as security for the obligations of the Borrowing Clearing Member in respect of the Stock Loan, as such amount may be adjusted from time to time through mark to market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule 2204.~~

~~D.~~

### **~~Depository~~**

~~(1) The term "Depository" means The Depository Trust Company.~~

~~E.—K.~~

~~Reserved.~~

~~L.~~

### **~~Loaned Stock~~**

~~(1) The term "Loaned Stock" means Eligible Stock transferred by a Lending Clearing Member to a Borrowing Clearing Member upon initiation of a Stock Loan, and any securities issued in exchange for such securities by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and non-cash distributions described in Rule 2206 in respect of all such securities.~~

~~M.~~

### **~~Marking Price~~**

~~(1) The term "marking price", as used in respect of any Loaned Stock shall have the meaning given to it in Article I of the By Laws~~

### **~~Mark-To-Market Payment~~**

~~(2) The term "mark to market payment," as used in respect of any Stock Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule 2204.~~

~~N.—R.~~

~~Reserved.~~

~~S.~~

### **Settlement Date**

~~(1) The term "settlement date" in respect of the termination of Stock Loans has the meaning set forth in Rule 2208.~~

### **Settlement Price**

~~(2) The term "settlement price" in respect of a Stock Loan means the amount of Collateral specified by the Lending Clearing Member in its instructions to initiate the Stock Loan as described in Rule 2202. The term "settlement price," in respect of the termination by either a Lending Clearing Member or a Borrowing Clearing Member of a Stock Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.~~

### **Stock Loan**

~~(3) The term "Stock Loan" as used in this Article XXI of the By Laws and in Chapter XXII of the Rules refers only to "Hedge Loans" and not to "Market Loans" (as those terms are defined in Article I of the By Laws).~~

### **Stock Loan Business Day**

~~(4) The term "stock loan business day" means any day on which the Corporation and the Depository are open for business.~~

~~T.—Z.~~

~~Reserved.~~

~~[Section 1 of this Article adds certain definitions relevant to the Stock Loan/Hedge Program.]~~

### **Role of the Corporation**

~~SECTION 2 (a) Commencing at the time at which the Corporation accepts a Stock Loan as described in Rule 2202, the role of the Corporation in respect of the Stock Loan shall be that of a principal, and the Corporation shall have the position of borrower to the Lending Clearing Member and lender to the Borrowing Clearing Member. Without limiting the generality of the foregoing: (i) the rights of the two Clearing Members that are parties to a Stock Loan to receive mark to market payments, and their obligations to make mark to market payments, shall be as against the Corporation, and not as against each other; and (ii) in the event of a termination of a Stock Loan in accordance with the Rules (with the exception of a termination by offset as provided in Rule 2208(e) or Rule 2212), the right of the Lending Clearing Member to receive the Loaned Stock and the obligation of the Lending Clearing Member to pay the settlement price shall be as against the Corporation, and the obligation of the Borrowing Clearing Member to deliver the Loaned Stock and the right of the Borrowing Clearing Member to receive the settlement price shall be as against the Corporation. In addition to the foregoing:~~

~~(1) stock loan positions of a Clearing Member established as a result of Stock Loans relating to the same Eligible Stock in which the Clearing Member is the Lending Clearing Member shall be aggregated for position reporting purposes, but shall not be netted against any stock borrow position which the Clearing Member may be carrying relating to the same Eligible Stock for any purpose other than (i) as described in Rule 601 with respect to determining the Clearing Member's margin obligations to the Corporation and (ii) as may be permitted pursuant to the Rules with respect to suspended Clearing Members or the voluntary termination by offset and re-matching of Matched Book Positions in accordance with Rule 2208(e); and~~

~~(2) stock borrow positions of a Clearing Member established as the result of Stock Loans relating to the same Eligible Stock in which the Clearing Member is the Borrowing Clearing Member shall be aggregated for position reporting purposes, but shall not be netted against any stock loan position which the Clearing Member may be carrying relating to the same Eligible Stock for any purpose other than (i) as described in Rule 601 with respect to determining the Clearing Member's margin obligations to the Corporation and (ii) as may be permitted pursuant to the Rules with respect to suspended Clearing Members or the voluntary termination by offset and re-matching of Matched Book Positions in accordance with Rule 2208(e);~~

~~(b) Upon acceptance of a Stock Loan, the Corporation shall create a stock loan position in the account designated by the Lending Clearing Member, identifying the Eligible Stock that is the subject of the Stock Loan, the number of shares loaned, the amount of Collateral received from the Borrowing Clearing Member and the identity of the Borrowing Clearing Member, and shall create a stock borrow position in the account designated by the Borrowing Clearing Member, identifying the Eligible Stock that is the subject of the Stock Loan, the number of shares borrowed, the amount of Collateral delivered to the Lending Clearing Member and the identity of the Lending Clearing Member. The Corporation shall identify stock loan and stock borrow positions resulting from Hedge Loans separately from positions resulting from Market Loans.~~

~~(c) The Corporation may at any time terminate the outstanding Stock Loans relating to one or more particular Eligible Stocks upon a determination by the Corporation, in its sole discretion, that such action is warranted by reason of the lack of substantial volume in such Stock Loans, the impending termination of business on the part of the Corporation, the inability of the Corporation~~

~~from time to time to maintain in effect satisfactory arrangements with the Depository, or other circumstances in which the Corporation in its sole discretion determines that such action is necessary or appropriate for the protection of the Corporation, its Clearing Members or the public. The Corporation may effect a termination pursuant to this paragraph (c) by giving written notice thereof to all affected Hedge Clearing Members specifying the date on which such termination is to become effective, which date shall be a stock loan business day at least one stock loan business day after the date of such notice.~~

### **~~... Interpretations and Policies:~~**

~~.01 If a Lending Clearing Member and a Borrowing Clearing Member complete the termination of a Stock Loan at a price other than the correct settlement price for the termination, the Corporation will treat the termination as having been completed at the correct settlement price. If the records of the Corporation show that a Lending Clearing Member and a Borrowing Clearing Member are party on a particular day to two or more Stock Loans between them in respect of a particular Eligible Stock but having different termination settlement prices (this might occur because one or more of the Stock Loans was initiated on that day) and the Lending Clearing Member and the Borrowing Clearing Member complete the termination of a Stock Loan at a price other than the correct settlement price for the termination of any of the Stock Loans, the Corporation will determine which of the Stock Loans will be deemed to have been terminated in accordance with its procedures as in effect from time to time, and will treat the termination as having been completed at the correct settlement price for that Stock Loan. In any of these events, the records of the Corporation shall be dispositive as between the Corporation and each of the two Hedge Clearing Members, the Lending Clearing Member and the Borrowing Clearing Member will be responsible for reconciling the discrepancy between the actual price and the settlement price utilized by the Corporation among themselves and, notwithstanding paragraph (a) of this Section, the Corporation shall have no responsibility to either the Borrowing Clearing Member or the Lending Clearing Member to reconcile the discrepancy.~~

### **~~Agreements of Borrowing Clearing Member~~**

~~SECTION 3. The Clearing Member that is the Borrowing Clearing Member in respect of a Stock Loan agrees with the Corporation that: (a) upon the acceptance of the Stock Loan by the Corporation, the resulting stock borrow position of the Borrowing Clearing Member shall be created and subsequently maintained in accordance with Section 2 of this Article XXI, (b) so long as such stock borrow position is thereafter maintained, the Borrowing Clearing Member shall make all required margin deposits with the Corporation in accordance with Rule 2203 and all required mark to market payments to the Corporation in accordance with Rule 2204, and (c) with the exception of a termination by offset as provided in Rule 2208(e) or Rule 2212, in the event that the Lending Clearing Member, the Borrowing Clearing Member or the Corporation terminates the Stock Loan, the Borrowing Clearing Member shall deliver the Loaned Stock, against payment of the settlement price, in accordance with the By Laws and the Rules. In the event of a conflict between the records of the Corporation and any records generated by the Borrowing Clearing Member regarding a Stock Loan and resulting stock borrow positions, the records generated by the Corporation will prevail and the Borrowing Clearing Member shall~~

~~remain liable for all obligations associated with such stock borrow positions maintained on the records of the Corporation.~~

### **Agreements of Lending Clearing Member**

~~SECTION 4. The Clearing Member that is the Lending Clearing Member in respect of a Stock Loan agrees with the Corporation that: (a) upon the acceptance of the Stock Loan by the Corporation, the resulting stock loan position of the Lending Clearing Member shall be created and subsequently maintained in accordance with Section 2 of this Article XXI, (b) so long as such stock loan position is thereafter maintained, the Lending Clearing Member shall make all required margin deposits with the Corporation in accordance with Rule 2203 and all required mark to market payments to the Corporation in accordance with Rule 2204, and (c) with the exception of a termination by offset as provided in Rule 2208(e) or Rule 2212, in the event that the Borrowing Clearing Member, the Lending Clearing Member or the Corporation terminates the Stock Loan, the Lending Clearing Member shall pay the settlement price, against delivery of the Loaned Stock, in accordance with the By Laws and the Rules. In the event of a conflict between the records of the Corporation and any records generated by the Lending Clearing Member regarding a Stock Loan and resulting stock loan positions, the records generated by the Corporation will prevail and the Lending Clearing Member shall remain liable for all obligations associated with such stock loan positions maintained on the records of the Corporation.~~

### **Maintaining Stock Loan and Stock Borrow Positions in Accounts**

~~SECTION 5. Notwithstanding the provisions of Section 3 of Article VI of the By Laws, stock loan positions and stock borrow positions resulting from Stock Loans may be maintained in any of a Hedge Clearing Member's accounts with the Corporation. For the purposes of Section 3 of Article VI of the By Laws, stock loan positions resulting from Stock Loans shall be deemed to be "securities" and stock borrow positions resulting from Stock Loans shall be deemed to be "funds," and the authority of the Corporation to close out "positions" in any account shall include the authority to close out such stock loan positions and stock borrow positions.~~

~~[Section 5 of this Article supplements Section 3 of Article VI of the By Laws.]~~

### **--- Interpretations and Policies:**

~~.01 Until such time as the Corporation determines that appropriate regulatory approvals have been obtained, a Hedge Clearing Member is not permitted to allocate stock loan or stock borrow positions resulting from Stock Loans to any proprietary X-M account, non-proprietary X-M account, internal nonproprietary cross-margining account or segregated futures account.~~

## **Article XXIA Market Loan Program**

**Introduction**

~~By Laws in this Article are applicable only to the Market Loan Program. In addition, the By Laws in Articles I-XI are also applicable to the Market Loan Program, in some cases supplemented by one or more By Laws in this Article, except for By Laws that have been replaced in respect of the Market Loan Program by one or more By Laws in this Article and except where the context otherwise requires. Whenever a By Law in this Article supplements or, for purposes of this Article, replaces one or more By Laws in Articles I-XI and Section 1 of Article XXI, that fact is indicated in brackets following the By Law in this Article.~~

**Definitions****SECTION 1.****~~A.~~ B.**

~~Reserved.~~

**~~C.~~****Collateral**

~~(1) The term "Collateral" means, in respect of a Market Loan, the amount in U.S. dollars a Borrowing Clearing Member is required to transfer to the Corporation's account at the Depository, which the Corporation in turn instructs the Depository to transfer to the Lending Clearing Member, as security for the obligations of the Borrowing Clearing Member in respect of the Market Loan, as such amount may be adjusted from time to time through mark-to-market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule 2204A. The Collateral requirement applicable to a Market Loan shall be the mark-to-market value of the Loaned Stock multiplied by a percentage (no less than 100%) specified by the relevant Loan Market.~~

**~~D.~~****Depository**

~~(1) The term "Depository" shall have the meaning given to it in Article XXI of the By Laws.~~

**Dividend Equivalent Payment**

~~(2) The term "dividend equivalent payment" means, in respect of a Market Loan, a payment to be made by the Borrowing Clearing Member to the Lending Clearing Member to reflect any cash dividend or distribution made with respect to the Loaned Stock during the term of a Market Loan.~~

**~~E.~~ K.**

~~Reserved.~~

**L.**

**Loaned Stock**

(1) The term "Loaned Stock" means, in respect of a Market Loan, Eligible Stock that is the subject of the Market Loan and any securities issued in exchange for such Eligible Stock by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and any non-cash distributions described in Rule 2206A in respect of the Loaned Stock.

**M.**

**Mark-to-Market Payment**

(1) The term "mark-to-market payment," as used in respect of any Market Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule 2204A.

**Marking Price**

(2) The term "marking price" shall have the meaning given to it in Article XXI of the By-Laws.

**N.—Q.**

**Reserved.**

**R.**

**Rebate**

(1) The term "rebate," as used in respect of any Market Loan, means a fee payable from the Lending Clearing Member to the Borrowing Clearing Member (or, if the rebate rate is negative, from the Borrowing Clearing Member to the Lending Clearing Member), expressed as a rate based on the amount of cash Collateral held by the Lending Clearing Member.

**Recall**

(2) The term "recall," as used in respect of any Market Loan, means the process by which the Lending Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the applicable Loan Market calling for the return of all or any portion of the Loaned Stock.

**Return**

(3) The term "return," as used in respect of any Market Loan, means the process by which the Borrowing Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the Loan Market indicating its intention to return all or any portion of the Loaned Stock.

**S.**

**Settlement Price**

~~(1) The term "settlement price," as used in respect of a Market Loan, means the amount of Collateral specified in the instructions submitted by the Corporation to the Depository to effect such Market Loan. The term "settlement price," in respect of the termination of a Market Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.~~

### **~~Stock Loan Business Day~~**

~~(2) The term "stock loan business day" shall have the meaning given to it in Article XXI of the By Laws.~~

~~T.—Z.~~

~~Reserved~~

~~[Section 1 of this Article adds certain new definitions relevant to the Market Loan Program and replaces, for purposes of Market Loans, the definitions of the same terms in Article I, Section 1 and Article XXI, Section I of the By Laws.]~~

### **~~Role of the Corporation~~**

~~SECTION 2. Commencing at the time at which the Corporation accepts a Market Loan as described in Rule 2202A, the role of the Corporation in respect of such Market Loan shall be that of a principal, and the Corporation shall have the position of borrower to the Lending Clearing Member and lender to the Borrowing Clearing Member. Without limiting the generality of the foregoing: (i) the rights and/or obligations of a Clearing Member that is party to such Market Loan to receive and/or pay mark to market payments, dividend equivalent payments and rebate payments shall be as against the Corporation; and (ii) in the event of termination of such Market Loan in accordance with the Rules, the right of the Lending Clearing Member to receive the Loaned Stock and the obligation of the Lending Clearing Member to pay the settlement price shall be as against the Corporation, and the obligation of the Borrowing Clearing Member to deliver the Loaned Stock and the right of the Borrowing Clearing Member to receive the settlement price shall be as against the Corporation.~~

### **~~Agreement of Borrowing Clearing Member~~**

~~SECTION 3. The Clearing Member that is the Borrowing Clearing Member in respect of a Market Loan agrees with the Corporation that: (i) upon the acceptance of the Market Loan by the Corporation, the resulting stock borrow position of the Borrowing Clearing Member shall be created and subsequently maintained in accordance with Section 5 of this Article XXIA, (ii) so long as such stock borrow position is thereafter maintained, the Borrowing Clearing Member shall make all required payments to the Corporation including margin deposits, mark to market payments, dividend equivalent payments and rebate payments (in the case of a negative rebate), all in accordance with the By Laws and Rules, and (iii) in the event that the Market Loan is terminated, the Borrowing Clearing Member shall deliver the Loaned Stock, against payment of the settlement price, in accordance with the By Laws and Rules. In the event of a conflict between the records of the Corporation and any records generated by the Borrowing Clearing~~



Member regarding a Stock Loan and resulting stock borrow positions, the records generated by the Corporation will prevail and the Borrowing Clearing Member shall remain liable for all obligations associated with such stock borrow positions maintained on the records of the Corporation.

#### **Agreement of Lending Clearing Member**

SECTION 4. The Clearing Member that is the Lending Clearing Member in respect of a Market Loan agrees with the Corporation that: (i) upon the acceptance of the Market Loan by the Corporation, the resulting stock loan position of the Lending Clearing Member shall be created and subsequently maintained in accordance with Section 5 of this Article XXIA, (ii) so long as such stock loan position is thereafter maintained, the Lending Clearing Member shall make all required payments to the Corporation including margin deposits, mark to market payments and rebate payments (in the case of a positive rebate), all in accordance with the By Laws and Rules, and (iii) in the event that the Market Loan is terminated, the Lending Clearing Member shall pay the settlement price, against delivery of the Loaned Stock, in accordance with the By Laws and Rules. In the event of a conflict between the records of the Corporation and any records generated by the Lending Clearing Member regarding a Stock Loan and resulting stock loan positions, the records generated by the Corporation will prevail and the Lending Clearing Member shall remain liable for all obligations associated with such stock loan positions maintained on the records of the Corporation.

#### **Maintaining Stock Loan and Borrow Positions in Accounts**

SECTION 5. (a) Upon acceptance of a Market Loan as described in the Rules, the Corporation shall create a stock loan position in the account designated by the Lending Clearing Member, identifying the Eligible Stock that is the subject of the Market Loan, the number of shares loaned and the amount of Collateral received, and shall create a stock borrow position in the account designated by the Borrowing Clearing Member, identifying the Eligible Security that is the subject of the Market Loan, the number of shares borrowed and the amount of Collateral delivered. The Corporation shall identify stock loan and stock borrow positions resulting from Market Loans separately from stock loan and stock borrow positions resulting from Hedge Loans. In addition to the foregoing:

(1) stock loan positions of a Clearing Member established as a result of Market Loans relating to the same Eligible Stock in which the Clearing Member is the Lending Clearing Member shall be aggregated (separately for Market Loans effected through each Loan Market) for position reporting purposes, but shall not be netted against any stock borrow position which the Clearing Member may be carrying relating to the same Eligible Stock for any purposes other than (i) as described in Rule 601 with respect to determining the Clearing Member's margin obligations to the Corporation and (ii) as may be permitted pursuant to the Rules with respect to suspended Clearing Members; and

(2) stock borrow positions of a Clearing Member established as the result of Market Loans relating to the same Eligible Stock in which the Clearing Member is the Borrowing Clearing Member shall be aggregated (separately for Market Loans effected through each Loan Market)

~~for position reporting purposes, but shall not be netted against any stock loan position which the Clearing Member may be carrying relating to the same Eligible Stock for any purpose other than (i) as described in Rule 601 with respect to determining the Clearing Member's margin obligations to the Corporation and (ii) as may be permitted pursuant to the Rules with respect to suspended Clearing Members.~~

~~(b) Notwithstanding the provisions of Section 3 of Article VI of the By Laws, stock loan and stock borrow positions resulting from Market Loans may be maintained in any of a Market Loan Clearing Member's accounts with the Corporation. For the purposes of Section 3 of Article VI of the By Laws, stock loan positions resulting from Market Loans shall be deemed to be "securities" and stock borrow positions resulting from Market Loans shall be deemed to be "funds," and the authority of the Corporation to close out "positions" in any account shall include the authority to close out such stock loan and stock borrow positions.~~

~~[Section 5 of this Article supplements Section 3 of Article VI of the By Laws.]~~

~~***... Interpretations and Policies: ...***~~

~~01 Until such time as the Corporation determines that appropriate regulatory approvals have been obtained, a Market Loan Clearing Member is not permitted to allocate stock loan or stock borrow positions resulting from Market Loans to any proprietary X-M account, non-proprietary X-M account, internal non-proprietary cross-margining account or segregated futures account.~~

**EXHIBIT 5D**



**RULES**

Blue Underlined text indicates additions from SR-OCC-2024-011 (Stock Loan Enhancements) inserted by alphabetical order

~~Red Strikethrough~~ text indicates deletions from SR-OCC-2024-011 (Stock Loan Enhancements)

Blue Double Underlined text indicates additions from SR-OCC-2025-003 (Clearing Membership Standards) inserted by alphabetical order

~~Red Double Strikethrough~~ indicates deletions from SR-OCC-2025-003

~~Green Strikethrough~~ text indicates deletions proposed for this filing SR-OCC-2025-XXX

## THE OPTIONS CLEARING CORPORATION

### RULES

\* \* \*

#### **CHAPTER I – DEFINITIONS**

##### **RULE 101 – Definitions**

###### **A.**

###### **Anonymous Market Loan**

The term “Anonymous Market Loan” means any Loan Market Loan for which the identities of the Lending Clearing Member and Borrowing Clearing Member are not disclosed to each other.

###### **Appointed Clearing Member**

The term “Appointed Clearing Member” means a Clearing Member authorized to clear physically-settled equity options and stock futures or Market Loans that, in accordance with the provisions of Rule 901 or Rule 2207A, has been appointed by an Appointing Clearing Member to make settlement of obligations of the Appointing Clearing Member to deliver or receive underlying securities arising from the exercise or maturity of cleared securities or the initiation or termination of Market Loans.

###### **Appointing Clearing Member**

The term “Appointing Clearing Member” means a Clearing Member that, in accordance with the provisions of Rule 901 or Rule 2207A, has appointed an Appointed Clearing Member to make settlement of obligations of the Appointing Clearing Member to deliver or receive underlying securities arising from the exercise or maturity of cleared securities or the initiation or termination of Market Loans.

###### **B.**

###### **Bank Account**

(+) [No change.]

###### **Borrowing Clearing Member**<sup>[1]</sup>

The term “Borrowing Clearing Member” means any ~~Hedge Clearing Member or Market Loan~~ Clearing Member that borrows Eligible Stock in a ~~Stock Loan~~ Hedge Loan or Market Loan, respectively.

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<sup>1</sup> [By-Law Article I, Sec. 1.B.(4) is deleted and relocated here with changes as marked.]

C.

### Canadian Investment Dealer

(3) The term "Canadian Investment Dealer" means a Non-U.S. Securities Firm formed and operating under the laws of Canada or a province or territory thereof that is investment dealer under such laws, that is a dealer member of the ~~Investment Industry Regulatory Authority of Canada~~ Canadian Investment Regulatory Organization, and that has its principal place of business in Canada.

\* \* \*

### Collateral

Hedge Loan. The term "Collateral," in respect of any Hedge Loan, means the amount in U.S. dollars deposited by a Borrowing Clearing Member with a Lending Clearing Member upon initiation of a ~~Stock Loan~~ Hedge Loan as security for the obligations of the Borrowing Clearing Member in respect of the ~~Stock Loan~~ Hedge Loan, as such amount may be adjusted from time to time through mark-to-market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule ~~2204~~ 2209.<sup>[2]</sup>

Market Loan. The term "Collateral," ~~means~~ in respect of any Market Loan, means the amount in U.S. dollars a Borrowing Clearing Member is required to transfer to the Corporation's account at the Depository, which the Corporation in turn instructs the Depository to transfer to the Lending Clearing Member, as security for the obligations of the Borrowing Clearing Member in respect of the Market Loan, as such amount may be adjusted from time to time through mark-to-market payments made by the Borrowing Clearing Member and the Lending Clearing Member pursuant to Rule ~~2204A~~ 2209A. ~~The Collateral requirement applicable to a Market Loan shall be the mark-to-market value of the Loaned Stock multiplied by a percentage (no less than 100%) specified by the relevant Loan Market.~~<sup>[3]</sup>

D.

~~Reserved.~~

### Depository<sup>[4]</sup>

The term "Depository" means The Depository Trust Company.

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<sup>[2]</sup> By-Law Article XXI, Sec. 1.C.(1) is deleted and relocated here with changes as marked.]

<sup>[3]</sup> By-Law Article XXIA, Sec. 1.C.(1) is deleted and relocated here with changes as marked.]

<sup>[4]</sup> By-Law Article XXI, Sec. 1.D.(1) is deleted and relocated here with changes as marked. The definition of "Depository" in Article XXIA, Sec. 1.M.(2) is also deleted and this definition applies to the use of the capitalized term "Depository" throughout the OCC Rules, including Chapters XXII and XXIIA.]

**Disclosed Market Loan**

~~(2)~~ The term “Disclosed Market Loan” means, as the context requires, either a Market Loan that is initiated (i) through a Loan Market and for which the identities of the Lending Clearing Member and Borrowing Clearing Member are disclosed to each other or (ii) directly between the Lending Clearing Member and Borrowing Clearing Member away from a Loan Market such that the identities of the Lending Clearing Member and Borrowing Clearing Member are disclosed to each other.

**Dividend Equivalent Payment<sup>[5]</sup>**

The term “dividend equivalent payment” means, in respect of a Market Loan, a payment to be made by the Borrowing Clearing Member to the Lending Clearing Member to reflect any cash dividend or distribution made with respect to the Loaned Stock during the term of a Market Loan.

**E.**

~~(1) — (3)~~ [No change.]

**Eligible Stock**

The term “Eligible Stock” means any security that is eligible for lending in the Stock Loan/Hedge Program and the Market Loan Program under Rules 2201 and 2201A, respectively.<sup>[6]</sup>

~~(4) — (6)~~ [Was Renumbered as (5) – (7). Otherwise, no change.] [Reorganized in alphabetical order by this filing]

**F. – G.** [No change]

**H. — L.**

**Hedge Loan**

The term “Hedge Loan” means a matched pair of securities contracts for the loan of Eligible Stock made through the Stock Loan/Hedge Program, with one such securities contract being between the Lending Clearing Member and the Corporation as the borrower and the second such securities contract being between the Corporation as the lender and the Borrowing Clearing Member.<sup>[7]</sup>

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<sup>[5]</sup> By-Law Article XXIA, Sec. 1.D.(2) is deleted and relocated here with changes as marked.]

<sup>[6]</sup> This text replaces the first sentence of By-Law Article I, Sec. 1.E.(3) with changes as marked. The second sentence has been relocated to Rule 2201 and 2201A with changes as marked thereto.]

<sup>[7]</sup> By-Law Article I, Sec. 1.H.(1) is deleted and relocated here with changes as marked.]

I. – K.

Reserved.

L.**Lending Clearing Member**<sup>[8]</sup>

The term “Lending Clearing Member” means any Clearing Member that lends Eligible Stock in a ~~Stock Loan~~ Hedge Loan or Market Loan, respectively.

**Loan Market**<sup>[9]</sup>

The term “Loan Market” means an electronic platform included in the Corporation’s Market Loan Program that supports securities lending and borrowing transactions by matching lenders and borrowers based on loan terms that each party is willing to accept.

**Loaned Stock**

Hedge Loan. The term “Loaned Stock,” in respect of any Hedge Loan, means Eligible Stock transferred by a Lending Clearing Member to a Borrowing Clearing Member upon initiation of a ~~Stock Loan~~ Hedge Loan, and any securities issued in exchange for such securities by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and non-cash distributions described in Rule ~~2206~~ 2211 in respect of all such securities.<sup>[10]</sup>

Market Loan. The term “Loaned Stock,” ~~means~~ in respect of any Market Loan, means Eligible Stock that is the subject of the Market Loan and any securities issued in exchange for such Eligible Stock by reason of a reorganization, recapitalization, merger, consolidation or other corporate action of the issuer, and any non-cash distributions described in Rule ~~2206A~~ 2211A in respect of the Loaned Stock.<sup>[11]</sup>

**M.****Mark-To-Market Payment**

Hedge Loan. The term “mark-to-market payment,” ~~as used~~ in respect of any ~~Stock Loan~~ Hedge Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule ~~2204~~ 2209.<sup>[12]</sup>

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<sup>[8]</sup> By-Law Article I, Sec. 1.L.(2) is deleted and relocated here with changes as marked.]

<sup>[9]</sup> By-Law Article I, Sec. 1.L.(5) is deleted and relocated here with changes as marked.]

<sup>[10]</sup> By-Law Article XXI, Sec. 1.L.(1) is deleted and relocated here with changes as marked.]

<sup>[11]</sup> By-Law Article XXIA, Sec. 1.L.(1) is deleted and relocated here with changes as marked.]

<sup>[12]</sup> By-Law Article XXI, Sec. 1.M.(2) is deleted and relocated here with changes as marked.]

(ii) Market Loan. The term “mark-to-market payment,” ~~as used~~ in respect of any Market Loan, means a payment made by a Lending Clearing Member or Borrowing Clearing Member to the Corporation or by the Corporation to a Lending Clearing Member or Borrowing Clearing Member pursuant to Rule ~~2204A~~2209A.<sup>[13]</sup>

#### **Market Loan**<sup>[14]</sup>

The term “Market Loan” means a loan of Eligible Stock that was effected through ~~a Loan Market~~ the Market Loan Program and accepted by the Corporation in accordance with the By-Laws and Rules.

#### **Market Loan Program**<sup>[15]</sup>

The term “Market Loan Program” means the Corporation's program for processing and maintaining stock loan positions and stock borrow positions originated through a Loan Market or submitted directly to the Corporation under Rule 2202A and effecting required payments in respect of such positions, ~~all as further described in the By Laws and Rules~~.

#### **Marking Price**<sup>[16]</sup>

The term “marking price”, as used in respect of any Loaned Stock ~~shall have~~has the meaning given to it in Article I of the By-Laws.

#### **Matched-Book Borrowing Clearing Member**<sup>[17]</sup>

The term “Matched-Book Borrowing Clearing Member” ~~shall mean~~ means, with respect to any Matched-Book Positions, the Clearing Member that borrows Eligible Stock from a Clearing Member maintaining Matched-Book Positions in that Eligible Stock.

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[<sup>13</sup> By-Law Article XXIA, Sec. 1.M.(1) is deleted and relocated here with changes as marked.]

[<sup>14</sup> By-Law Article I, Sec. 1.M.(3) is deleted and relocated here with amendments as marked.]

[<sup>15</sup> By-Law Article I, Sec. 1.M.(4) is deleted and relocated here with amendments as marked.]

[<sup>16</sup> By-Law Article XXI, Sec. 1.M.(1) is deleted and relocated here with changes as marked. The definition of “Marking Price” in By-Law Article XXIA, Sec. 1.M.(2) is also deleted and this definition applies to the use of the term “Marking Price” throughout the OCC Rules, including Chapters XXII and XXIIA.]

[<sup>17</sup> By-Law Article I, Sec. 1.M.(7) is deleted and relocated here with changes as marked.]



**Matched-Book Lending Clearing Member**<sup>[18]</sup>

The term “Matched-Book Lending Clearing Member” ~~shall mean~~ means, with respect to any Matched-Book Positions, the Clearing Member that lends Eligible Stock to a Clearing Member maintaining Matched-Book Positions in that Eligible Stock.

**Matched-Book Positions**<sup>[19]</sup>

The term “Matched-Book Positions” ~~shall mean~~ means stock loan and stock borrow positions in which a single Clearing Member borrows Eligible Stock from a Matched-Book Lending Clearing Member and lends an equal or lesser amount of the same Eligible Stock to a Matched-Book Borrowing Clearing Member.

**Minimum Corporate Contribution**

~~[Renumbered as (8). Otherwise, no change.]~~ [Reorganized and alphabetized for inclusion in this filing.]

N.

**Non-U.S. Regulatory Agency**

~~(2)~~ The term "Non-U.S. Regulatory Agency" ~~shall mean~~ means that government agency or self-regulatory authority primarily responsible for regulating the activities of a Non-U.S. Clearing Member. With respect to a Canadian Clearing Member such term ~~shall mean~~ means the ~~Investment Industry Regulatory Organization of Canada~~ Canadian Investment Regulatory Organization.

O– Q. [No change.]

R.

**Rebate**<sup>[20]</sup>

The term “rebate,” ~~as used~~ in respect of any Market Loan, means a fee payable from the Lending Clearing Member to the Borrowing Clearing Member (or, if the rebate rate is negative, from the Borrowing Clearing Member to the Lending Clearing Member), expressed as a rate based on the amount of cash Collateral held by the Lending Clearing Member.

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[<sup>18</sup> By-Law Article I, Sec. 1.M.(8) is deleted and relocated here with changes as marked.]

[<sup>19</sup> By-Law Article I, Sec. 1.M.(9) is deleted and relocated here w with changes as marked.]

[<sup>20</sup> By-Law Article XXIA, Sec. 1.R.(1) is deleted and relocated here with changes as marked.]

**Recall**<sup>[21]</sup>

The term “recall,” ~~as used~~ in respect of any Market Loan, means the process by which the Lending Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the applicable Loan Market or the Corporation, as applicable, calling for the return of all or any portion of the Loaned Stock.

**Regulatory Organization**

~~[Renumbered as (3). Otherwise, no change.]~~ [Reorganized and alphabetized for inclusion in this filing.]

**Restricted Letter of Credit**

~~[Renumbered as (4). Otherwise, no change.]~~ [Reorganized and alphabetized for inclusion in this filing.]

**Return**<sup>[22]</sup>

The term “return,” ~~as used~~ in respect of any Market Loan, means the process by which the Borrowing Clearing Member may initiate the termination of the Market Loan, or any portion thereof, by submitting a notice to the Loan Market or the Corporation, as applicable, indicating its intention to return all or any portion of the Loaned Stock.

S.

**Settlement Date**

The term “settlement date” in respect of the termination of ~~Stock Loans~~ Hedge Loan has the meaning set forth in Rule ~~2208~~ 2213.<sup>[23]</sup>

**Settlement Price**

Hedge Loan. The term “settlement price,” in respect of a ~~Stock Loan~~ Hedge Loan, means the amount of Collateral specified by the Lending Clearing Member in its instructions to initiate the ~~Stock Loan~~ Hedge Loan as described in Rule 2202. The term “settlement price,” in respect of the termination by either a Lending Clearing Member or a Borrowing Clearing Member of a ~~Stock Loan~~ Hedge Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.<sup>[24]</sup>

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<sup>[21]</sup> By-Law Article XXIA, Sec. 1.R.(2) is deleted and relocated here with changes as marked.]

<sup>[22]</sup> By-Law Article XXIA, Sec. 1.R.(3) is deleted and relocated here with changes as marked.]

<sup>[23]</sup> By-Law Article XXI, Sec. 1.S.(1) is deleted and relocated here with changes as marked.]

<sup>[24]</sup> By-Law Article XXI, Sec. 1.S.(2) is deleted and relocated here with changes as marked.]

Market Loan. The term “settlement price,” ~~as used~~ in respect of any Market Loan, means the amount of Collateral specified in the instructions submitted by the Corporation to the Depository to effect such Market Loan. The term “settlement price,” in respect of the termination of a Market Loan or portion thereof, means the amount of Collateral required to be returned by the Lending Clearing Member on the settlement date.<sup>[25]</sup>

### Settlement Time

~~[Renumbered by File No: SR-OCC-2024-011 as (3). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

### Spot Month Series

~~[Renumbered by File No: SR-OCC-2024-011 as (4). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

### Statutory Disqualification

~~[Renumbered by File No: SR-OCC-2024-011 as (5). Otherwise, no change.]~~ [Reorganized in alphabetical order by this filing.]

### Stock Borrow Position<sup>[26]</sup>

The term “stock borrow position” means the position of a Borrowing Clearing Member in respect of a ~~Stock Loan~~ Hedge Loan or Market Loan.

### Stock Loan<sup>[27]</sup>

The term “~~Stock Loan~~ stock loan” means a loan of Eligible Stock submitted to OCC as either a “Hedge Loan” or a “Market Loan” ~~or both~~ as the context requires.

### Stock Loan/Hedge Program<sup>[28]</sup>

The term “Stock Loan/Hedge Program” means the Corporation’s program for processing and monitoring ~~Stock~~ Hedge Loans and hedging stock loan positions and stock borrow positions against stock option positions, all as further described in the By-Laws and Rules.

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<sup>[25]</sup> By-Law Article XXIA, Sec. 1.S.(1) is deleted and relocated here with changes as marked.]

<sup>[26]</sup> This definition replicates Article I, Sec. 1.S.(19) with changes as marked.]

<sup>[27]</sup> By-Law Article I, Sec. 1.S.(21) and relocated here with changes as marked.]

<sup>[28]</sup> By-Law Article I, Sec. 1.S.(22) is deleted and relocated here with changes as marked.]

**Stock Loan Business Day**<sup>[29]</sup>

The term “stock loan business day” means any day on which the Corporation and the Depository are open for business.

**Stock Loan Position**

The term “stock loan position” means the position of a Lending Clearing Member in respect of a ~~Stock Loan~~ Hedge Loan or Market Loan.<sup>[30]</sup>

T. – Z. [No change]

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<sup>[29]</sup> By-Law Article XXI, Sec. 1.S.(4) is deleted and relocated here without amendment. The definition of “Stock Loan Business Day” in Article XXIA, Sec. 1.S.(2) is also deleted and this definition applies to the use of the term “Stock Loan Business Day” throughout the OCC Rules, including Chapters XXII and XXIIA.]

<sup>[30]</sup> This definition replicates Article I, Sec. 1.S.(23) with changes as marked.]

**Exhibit 5E**

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- Exhibit 5E      Default Management Policy Changes; 8 pages.