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SECURITIES AND EXCHANGE COMMISSION  
(Release No. 34-76686; File No. SR-OCC-2015-018)

December 18, 2015

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of a Proposed Rule Change Concerning the Adoption of a Charter of a New Committee of The Options Clearing Corporation's Board of Directors, the Technology Committee

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Act")<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on December 8, 2015, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I and II below, which Items have been prepared by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

This proposed rule change by OCC concerns the adoption of a Charter for a new committee of OCC's Board of Directors ("Board"), the Technology Committee ("TC"). Additionally, OCC is proposing to add a description of the TC to its By-Laws.

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

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

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

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

This proposed rule change concerns the adoption of the TC Charter and the addition of a description of the TC into Article III, Section 9 of OCC's By-Laws. The Board formed the TC in order to enhance the Board's understanding and oversight of key technology, information security, and cyber-security risk issues at OCC. Consistent with OCC's other Board-level committee charters, the TC Charter sets forth: (i) the purpose, functions, and responsibilities of the TC and (ii) the composition and organization of the TC.

*Purpose and Responsibilities of the TC*

As set forth in the TC Charter, the TC would be responsible for: (i) overseeing major information technology ("IT") related strategies, projects, and technology architecture decisions; (ii) monitoring whether OCC's IT programs effectively support OCC's business objectives and strategies; (iii) monitoring OCC's IT risk management efforts as well as the security of OCC's information systems and physical security of information system assets; and (iv) conferring with OCC's senior IT management team and informing the Board on IT related matters.

Further, and with respect to the TC Charter's role in the oversight of OCC's IT strategy and projects, the TC Charter provides that the TC would be specifically tasked with: (i) evaluating OCC's IT strategy, including the financial, tactical, and strategic benefits of IT projects and technology architecture initiatives; (ii) critically reviewing IT projects and technology architecture decisions, including review of the process related to approval of

capital expenditures as they relate to IT projects; and (iii) making recommendations to the Board with respect to IT related projects and investments that require Board approval. In addition, the TC Charter requires that the TC: (i) monitor the quality and effectiveness of OCC's IT and physical security, including periodically reviewing and appraising OCC's disaster recovery capabilities and crisis management plans; (ii) in coordination and cooperation with the Audit Committee of the Board, monitor the quality and effectiveness of OCC's IT systems and processes that relate to or affect OCC's internal controls and assess OCC's management of IT related compliance risks; (iii) report to the Board and the Audit Committee about IT risks and controls; and (iv) serve in an advisory role with respect to IT decisions at OCC. In connection with carrying out its responsibilities, the TC would also, in general, inform and make recommendations to the Board and other Board level committees with respect to IT related matters.

#### *Administrative and Procedural Elements of the TC*

The TC Charter would provide that the TC be comprised of three or more directors, and meet at least four times per year.<sup>3</sup> The TC would function in a manner similar to the other Board-level Committees in that it would have the ability to hire specialists and meet in executive session as well as be required to report to the Board on an annual basis. The TC would also have to annually confirm to the Board that its responsibilities, as set forth in the TC Charter, have been carried out and evaluate its and its members' performance on a regular basis.

#### 2. Statutory Basis

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<sup>3</sup> Members of the TC would not need to be technology experts.

OCC's governance arrangements, which include, but are not limited to, the proposed TC Charter promote the effectiveness of OCC's [sic] Board's oversight on OCC's business and operational processes. OCC believes that adoption of the TC Charter would enhance the effectiveness of the Board's oversight on OCC's business and operational processes, and specifically technology related processes such as disaster recovery and crisis management plans as well as IT systems that relate to internal controls and compliance risks, as described above, through a dedicated Board-level committee responsible for oversight of such processes. As a result of the proposed rule change, it is more likely that OCC's technology processes work as expected, including those processes tied to the clearance and settlement of securities transactions, and therefore the proposed rule change promotes the prompt and accurate clearance and settlement of securities transactions consistent with Section 17A(b)(3)(F) of the Act.<sup>4</sup> Furthermore, OCC believes the proposed rule change contributes to OCC's objective to have governance arrangements that are clear and transparent that: (i) fulfill the public interest requirements, (ii) support the objectives of OCC's owners and participants; and, (iii) promote the effectiveness of OCC's risk management procedures, consistent with Rule 17Ad-22(d)(8), as the TC Charter further delineates governance responsibilities for Board-level committees, because the TC Charter is made available to the public on OCC's website and the TC Charter provides for a dedicated Board-level committee that would reduce IT related risk at OCC.<sup>5</sup> Finally, the proposed rule change is not inconsistent with the existing rules of OCC, including any other rules proposed to be amended.

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<sup>4</sup> 15 U.S.C. 78q-1(b)(3)(F).

<sup>5</sup> 17 CFR 240.17Ad-22(d)(8).

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

OCC does not believe that the proposed rule change would impose any burden on competition.<sup>6</sup> OCC's adoption of the TC Charter would not unfairly inhibit access to OCC's services or disadvantage or favor any particular user in relationship to another user because it relates to the governance structure of OCC, which affects all users, and does not relate directly to any particular service or particular use of OCC's facilities.

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

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self-regulatory organization consents, the Commission will:

- (A) by order approve or disapprove the proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

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

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

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-2015-018 on the subject line.

Paper Comments:

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

All submissions should refer to File Number SR-OCC-2015-018. 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 the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for

website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549 on official business days between the hours of 10:00 am and 3:00 pm. Copies of the filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at:

[http://www.optionsclearing.com/components/docs/legal/rules\\_and\\_bylaws/sr\\_occ\\_15\\_018.pdf](http://www.optionsclearing.com/components/docs/legal/rules_and_bylaws/sr_occ_15_018.pdf). All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-OCC-2015-018 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>7</sup>

Robert W. Errett  
Deputy Secretary

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<sup>7</sup> 17 CFR 200.30-3(a)(12).

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