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SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-67013; File No. SR-OCC-2012-04)

May 17, 2012

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change Relating to Stock Loan Buy-In and Sell-Out Rules

I. Introduction

On March 22, 2012, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-OCC-2012-04 pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder.² The proposed rule change was published for comment in the Federal Register on April 6, 2012.³ The Commission received no comment letters regarding the proposal. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

II. Description

As detailed in the Commission’s notice, the proposed rule change would make three procedural changes to certain OCC rules relating to the Market Loan Program⁴ and the Stock Loan/Hedge Program.⁵ The changes include: (i) amending the buy-in and sell-out processes under the Market Loan Program, (ii) amending the rules governing the Stock Loan/Hedge

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ Securities Exchange Act Release No. 34-66715 (April 2, 2012), 77 FR 20861 (April 6, 2012).

⁴ The Market Loan Program, governed by Article XXIA of OCC’s By-Laws and Chapter XXIIA of OCC’s Rules, provides a framework that accommodates securities lending transactions executed through electronic trading systems (“Loan Markets”).

⁵ The Stock Loan/Hedge Program, governed by Article XXI of OCC’s By-Laws and Chapter XXII of OCC’s Rules, allows approved clearing members to register their privately negotiated securities lending transactions with OCC.

Program to add a sell-out process, and (iii) amending OCC's rules governing the Stock Loan/Hedge Program to add a cash settlement process.

III. Discussion

Section 19(b)(2)(B) of the Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Act and the rules and regulations thereunder applicable to such organization.⁶ Section 17A(b)(3)(F) of the Act requires that the rules of a clearing agency, among other things, be designed to remove impediments to and perfect the mechanism of a national system for the clearance and settlement of securities transactions.⁷

The Commission finds that the proposed rule change as described is consistent with OCC's obligation under Section 17A(b)(3)(F) of the Act's requirement that the rules of OCC be designed to remove impediments and perfect the mechanism of a national system for the clearance and settlement of securities transactions.

IV. Conclusion

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

⁶ 15 U.S.C. 78s(b)(2)(B).

⁷ 15 U.S.C. 78q-1(b)(3)(F).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2)⁸ of the Act, that the proposed rule change (File No. SR-OCC-2012-04) be, and hereby is, approved.⁹

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁰

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Deputy Secretary

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⁸ 15 U.S.C. 78s(b)(2).

⁹ In approving the proposed rule change, the Commission considered the proposal's impact on efficiency, competition and capital formation. 15 U.S.C. 78c(f).

¹⁰ 17 CFR 200.30-3(a)(12).