

OMB APPROVAL
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Page 1 of SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 Form 19b-4

File No. SR - -
 Amendment No.

Proposed Rule Change 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 checked="" type="checkbox"/>	Section 19(b)(3)(A) <input type="checkbox"/>	Section 19(b)(3)(B) <input type="checkbox"/>
Pilot <input type="checkbox"/>			Rule		
Extension of Time Period for Commission Action <input type="checkbox"/>		Date Expires <input type="text"/>	<input 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)	

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

Description
 Provide a brief description of the proposed rule change (limit 250 characters).

The proposed rule change would mitigate inconsistencies that may result under the current policy for adjusting stock option contracts.

Contact Information
 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 proposed rule change.

First Name Last Name
 Title
 E-mail
 Telephone Fax

Signature
 Pursuant to the requirements of the Securities Exchange Act of 1934,

has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized officer.

Date

By SVP and Deputy General Counsel
 (Name) (Title)

NOTE: Clicking the button at right will digitally sign and lock this form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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

Form 19b-4 Information

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.

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Exhibit 1 - Notice of Proposed Rule Change

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)

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

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

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.

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Exhibit Sent As Paper Document

Exhibit 4 - Marked Copies

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.

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Exhibit 5 - Proposed Rule Text

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.

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Partial Amendment

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.

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

The Options Clearing Corporation (“OCC” or the “Corporation”) proposes to amend Section 11A(c) of Article VI of its By-Laws to modify provisions that determine whether outstanding stock options will be adjusted to reflect special cash dividends. Material proposed to be added to OCC’s By-Laws as currently in effect is underlined.

THE OPTIONS CLEARING CORPORATION**BY-LAWS**

* * *

ARTICLE VI**CLEARANCE OF EXCHANGE TRANSACTIONS**

* * *

SECTION 11A.

(a) – (c)(i). [No change]

(ii) with respect to events announced on or after February 1, 2009, there will be no adjustment to reflect (x) ordinary distributions by the issuer of the underlying security or (y) any cash dividend or distribution by the issuer of the underlying security if such dividend or distribution is less than \$12.50 per contract; provided, however, that (I) if an option contract has been previously adjusted to cover a different number of shares than a standard-size option contract and if a corresponding standard-size option contract also exists, such previously adjusted option contract will be adjusted only if the corresponding standard-size option contract is also adjusted, and (II) for purposes of this Section 11A, a “corresponding standard-size option contract” means a contract covering 100 shares or such other number of shares as may have been designated by an Exchange as underlying the previously adjusted option contract prior to any adjustments pursuant to this Section 11A; and

(iii) [No change]

(d) – (j) [No change]

* * *

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by OCC's Board of Directors at a meeting held on May 9, 2008.

Questions regarding the proposed rule change should be addressed to Jean M. Cawley, Senior Vice President and Deputy General Counsel, at (312) 322-6269.

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

The purpose of the proposed rule change is to mitigate inconsistencies that may result under the current policy for adjusting stock option contracts. In February 2007, the Commission approved rule change SR-OCC-2006-01, which amended Section 11A of Article VI of the OCC By-Laws governing adjustments to options in response to cash dividends or distributions. Under the new adjustment policy, cash dividends paid by a company otherwise than pursuant to a policy or practice of paying dividends on a quarterly or other regular basis would be deemed "special" and would normally trigger a contract adjustment provided the value of the adjustment is at least \$12.50 per option contract. This new adjustment policy will become effective for cash dividends announced on or after February 1, 2009.

However, certain inconsistencies may result when the threshold of "\$12.50 per option contract" is applied to all options on the affected underlying security. For example, if a

\$.10 special cash dividend is declared, the standard-size 100 share option would not be adjusted (because the value is less than \$12.50). However, a previously adjusted 150 share option (reflecting a 3 for 2 split) would be adjusted (because the value is \$15 per contract). Adjusting some but not all options of the same class in response to the same dividend event, especially if the 100 share option is not adjusted, could be confusing to investors, and OCC's Securities Committee (consisting of representatives of each of the options exchanges, as well as OCC) determined that this potential confusion should be avoided.

OCC considered modifying the threshold to specify \$.125 per share instead of \$12.50 per contract. This approach would address all standard-size (100 share) contracts that currently exist, plus adjusted contracts that come into existence in response to splits, etc. However, exchanges have proposed to introduce "maxi" size contracts. Applying the same per share threshold to a 1,000 and 100 share option could sometimes result in significant value being left on the table in the case of the 1,000 share option. Taking the same example of a \$.10 per share special dividend, neither option would be adjusted if the threshold were \$.125 per share. This would result in a loss of only \$10 per contract for the 100 share option, but the loss would be \$100 per contract for the 1,000 share option. For this reason, a per share threshold is not being proposed.

Greater consistency across contracts of varying sizes can be achieved by retaining the \$12.50 per contract threshold in all cases, but also adding a qualification specifying that if a corresponding standard-size contract exists on the underlying security, previously adjusted contracts will be adjusted only if the corresponding standard-size contract is also adjusted. For example, if a 100 share option and a 150 share option (previously adjusted for a 3 for 2 split)

exist, the 150 share option would be adjusted for a special cash dividend *only* if the 100 share standard option would also be adjusted for that dividend. Stated differently, OCC proposes to refer back to the *pre-adjustment* standard-size option (if any exist) in deciding whether or not to adjust a previously adjusted option. Thus a 150 share option that was derived from a 100 share option as a result of a 3 for 2 split would be referred back to the 100 share option. A 1,500 share option (previously adjusted for a 3 for 2 split) would be referred back to the 1,000 share option (the "standard" size option for a "maxi" contract). Thus, the qualification specifies "only if the *corresponding* standard-size option contract is also adjusted." [Emphasis added.]

This qualification achieves greater consistency because in most cases all contracts on the same underlying security would be adjusted if the 100 share contract is adjusted. But the qualification does also allow a 1,000 share "standard" contract to be adjusted independently of a 100 share contract. Also, it could happen that an adjusted contract exists but *not* the corresponding standard contract. Or a contract calling for delivery of fewer than 100 shares may exist (e.g., as a result of a spinoff adjustment). In these cases, the qualification would be inapplicable and a straightforward application of the \$12.50 threshold would determine whether an adjustment would be made. The following are examples of the qualification to the \$12.50 per contract threshold.

(A) If a corresponding standard size contract exists:

Shares	Contract	Dividend		Dividend	
		\$0.09		\$0.13	
		\$Value	Adjust?	\$Value	Adjust?
100	Standard	9.00	NO	13.00	YES
133	4/3 split	11.97	NO	17.29	YES
150	3/2 split	13.50	NO	19.50	YES
10	Spinoff	0.90	NO	1.30	NO
177	Merger	15.93	NO	23.01	YES
1000	Standard	90.00	YES	130.00	YES
1500	3/2 split	135.00	YES	195	YES

Shares	Contract	Dividend		Dividend	
		\$0.02		\$0.01	
		\$Value	Adjust?	\$Value	Adjust?
100	Standard	2.00	NO	1.00	NO
133	4/3 split	2.66	NO	1.33	NO
150	3/2 split	3.00	NO	1.50	NO
10	Spinoff	0.20	NO	0.10	NO
177	Merger	3.54	NO	1.77	NO
1000	Standard	20.00	YES	10.00	NO
1500	3/2 split	30.00	YES	15.00	NO

(B) If the 100 share standard size contract does *not* exist:

Shares	Option	Dividend		Dividend	
		\$0.09		\$0.13	
		\$Value	Adjust?	\$Value	Adjust?
133	4/3 split	11.97	NO	17.29	YES
150	3/2 split	13.50	YES	19.50	YES
10	Spinoff	0.90	NO	1.30	NO
177	Merger	15.93	YES	23.01	YES
1000	Standard	90.00	YES	130.00	YES
1500	3/2 split	135.00	YES	195	YES

The new adjustment policy approved in rule change SR-OCC-2006-01 will take effect beginning with dividends announced on and after February 1, 2009 and this proposed rule change is intended to be take effect therewith. These changes will not be implemented until the exchanges have conducted appropriate educational efforts and definitive copies of an appropriate supplement to the options disclosure document, *Characteristics and Risks of Standardized Options*, are available for distribution.

* * *

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Exchange Act because it is designed to promote the prompt and accurate clearance and settlement of transactions in securities options, to remove impediments to and perfect the mechanism of a national system for the prompt and accurate clearance and settlement of such transactions, and, in general, to protect investors and the public interest. It accomplishes this purpose by reducing inconsistencies in the adjustment of stock option contracts. The proposed rule change is not inconsistent with the existing By-Laws and Rules of OCC, including any rules proposed to be amended.

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

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

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 has been received.

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period for Commission action on the proposed rule change. OCC will not implement this rule change until definitive copies of an appropriate supplement to the options disclosure document, *Characteristics and Risks of Standardized Options*, are available for distribution.

Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2)

Not applicable.

Item 8. Proposed Rule Change Based on Rules of Another Regulatory Organization or of the Commission

The proposed rule change is not based on a rule change of another self-regulatory organization.

Item 9. Exhibits

Exhibit 1 Completed notice of the proposed rule change for publication in the Federal Register.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

THE OPTIONS CLEARING CORPORATION

By: _____

William H. Navin
Executive Vice President
and General Counsel