

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 such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for the Proposed Rule Change

The purpose of this rule change is to establish a license fee and other fees that OCC will charge clearing members for OCC-TIMS, a risk management software package developed by OCC.

OCC-TIMS is a client server software package developed by OCC for use by clearing members to enhance their internal risk management practices. This application will provide clearing members with access to provide risk management tools as it contains TIMS³ calculations as well as analytical tools to facilitate "what if" scenarios and portfolio stress testing. OCC anticipates that OCC-TIMS will be available for licensing to clearing members in the fourth quarter of 2001.⁴

To promote the wide spread use of OCC-TIMS, OCC is proposing to charge clearing members a nominal fee of \$500.00 to license the application and \$250.00 for each product upgrade made after the initial license. Data feeds for theoretical prices will be charged as follows: \$.10/contract with a minimum monthly charge of \$200.00 and a maximum monthly charge of \$2,000.00. These fees are comparable to those charged to clearing members accessing risk based haircut ("RBH") data. For users receiving both OCC-TIMS and RBH data feeds, OCC is proposing to charge a maximum combined fee of \$3,000.00 per month.

The proposed rule change is consistent with the requirements of Section 17A of the Act inasmuch as it establishes nominal and reasonable fees to be charged to clearing members for access to a risk management software package.

(B) Self-Regulatory Organization's Statement on Burden on Competition

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

² The Commission has modified parts of these statements.

³ OCC's margin system is called the Theoretical Intermarket Margin System (TIMS).

⁴ OCC intends to offer OCC-TIMS to non-clearing member users in 2002.

(C) 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.

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

Because the foregoing rule change establishes fees to be imposed by OCC upon clearing members, it has become effective pursuant to section 19(b)(3)(A)(ii) of the Act⁵ and Rule 19b-4(f)(2).⁶ At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

VI. 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. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549-0609. 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 inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the file No. SR-OCC-2001-13 and should be submitted by December 5, 2001.

⁵ 15 U.S.C. 78s(b)(3)(A)(ii).

⁶ 17 CFR 240.19b-4(f)(2).

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁷

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-28487 Filed 11-13-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-45027; File No. SR-OCC-2001-12]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change Discounting Clearing Member Fees

November 6, 2001.

Pursuant to section 19(b)(1) of the Securities Exchange Act of 1934 ("Act"),¹ notice is hereby given that on September 25, 2001, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change as described in Items I, II, and III below, which items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

The proposed rule change discounts clearing fees charged for established products for the last quarter of 2001.

II. Self-Regulatory Organization'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 such statements.²

(A) Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

OCC is proposing to discount clearing fees charged for established products for

⁷ 17 CFR 200.30-3(a)(12).

¹ 15 U.S.C. 78s(b)(1).

² The Commission has modified parts of these statements.

the last quarter of 2001. This discount underscores OCC's continuing commitment to the options market and

market participants. Discounted clearing fees will be as follows:

Contract trade level	Current clearing fee	Proposed discounted clearing fee
1-500	\$0.09/contract	\$0.065/contract.
501-1000	\$0.07/contract	\$0.055/contract.
1001-2000	\$0.06/contract	\$0.045/contract.
>2000	\$110.00 flat fee	\$85.00 flat fee.

The discounted fee schedule will enable clearing members to benefit from reduced fees without adversely affecting OCC's ability to maintain an acceptable level of retained earnings. Commencing on January 1, 2002, the discounted clearing fees will revert to their current levels.

The proposed rule change is consistent with the requirements of section 17A of the Act because it benefits clearing members by discounting fees and allocates fees among clearing members in an equitable manner.

(B) Self-Regulatory Organization's Statement on Burden on Competition

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

(C) 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.

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

Because the foregoing rule change establishes fees to be imposed by OCC upon clearing members, it has become effective pursuant to section 19(b)(3)(A)(ii) of the Act³ and Rule 19b-4(f)(2).⁴ At any time within sixty days of the filing of the proposed rule change, the Commission may summarily abrogate 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.

VI. 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.

Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street NW., Washington, DC 20549-0609. 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 inspection and copying in the Commission's Public Reference Section, 450 Fifth Street NW., Washington, DC 20549. Copies of such filing will also be available for inspection and copying at the principal office of OCC. All submissions should refer to the File No. SR-OCC-2001-12 and should be submitted by December 5, 2001.

For the Commission by the Division of Market Regulation, pursuant to delegated authority.⁵

Margaret H. McFarland,
Deputy Secretary.

[FR Doc. 01-28488 Filed 11-13-01; 8:45 am]

BILLING CODE 8010-01-M

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-5037; File No. SR-OCC-2001-03]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Proposed Rule Change To Rescind Concentration Restrictions on Letters of Credit Issued by Certain Non-U.S. Institutions

November 6, 2001.

On April 11, 2001, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") a proposed rule change (File No. SR-OCC-2001-03) pursuant to section 19(b)(1) of the Securities Exchange Act

of 1934 ("Act").¹ Notice of the proposed rule change was published in the **Federal Register** on August 24, 2001.² No comment letters were received. For the reasons discussed below, the Commission is granting approval of the proposed rule change.

I. Description

The purpose of the proposed rule change is to rescind the concentration restrictions placed upon the use as margin of letters of credit issued by a non-U.S. institution where the issuing institution has qualified as a financial holding company under Regulation Y of the Board of Governors of the Federal Reserve System ("Fed") or is an institution owned by or under the control of such a financial holding company.

OCC began accepting letters of credit from non-U.S. institutions in January 1983 in response to concerns that U.S. institutions were increasing their fees to clearing members or were otherwise reducing their overall commitment to financing clearing members. A combination of factors led OCC to impose more stringent qualification standards on non-U.S. institutions than on U.S. institutions issuing letters of credit for the benefit of OCC.³ The qualification standards generally are found in sections .01 through .08 of the Interpretations and Policies under OCC Rule 604.

OCC recently reassessed these standards to ensure that they remain appropriate and achieve their intended purposes. OCC concluded that with the enactment of the Gramm-Leach-Bliley Financial Modernization Act of 1999

¹ 15 U.S.C. 78s(b)(1).

² Securities Exchange Act Release No. 44723, (August 20, 2001), 66 FR 44659.

³ Those factors included concerns about the diversity of regulatory structures, exposure to economic or political risk outside of the United States, and OCC's relative inexperience in dealing with non-U.S. institutions. Securities Exchange Act Release No. 19422 (January 12, 1983), 48 FR 2481 [File No. SR-OCC-82-8] (formalizing certain OCC criteria for approving domestic and foreign banks as issuers of letters of credit for margin purposes).

³ 15 U.S.C. 78s(b)(3)(A)(ii).

⁴ 17 CFR 240.19b-4(f)(2).

⁵ 17 CFR 200.30-3(a)(12).