

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 13	SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4	File No.* SR - 2018 - * 014 Amendment No. (req. for Amendments *) 1
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Filing by Options Clearing Corporation  
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input type="checkbox"/>	Amendment * <input checked="" 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"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>	Rule <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)		

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010	Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934
Section 806(e)(1) * <input type="checkbox"/>	Section 806(e)(2) * <input type="checkbox"/>
	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"/>
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**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

**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 action.

First Name \* Justin      Last Name \* Byrne

Title \* Vice President, Regulatory Filings

E-mail \* jbyrne@theocc.com

Telephone \* (202) 971-7238      Fax (312) 322-6280

**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.

(Title \*)

Date 10/30/2018      Vice President, Regulatory Filings

By Justin W. Byrne     

(Name \*)

Justin Byrne, jbyrne@theocc.com

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 EFFS website.

**Form 19b-4 Information \***

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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 \***

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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 Advance Notice by Clearing Agencies \***

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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, security-based swap submission, or advance notice 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**

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Exhibit Sent As Paper Document

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.

**Exhibit 3 - Form, Report, or Questionnaire**

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Exhibit Sent As Paper Document

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 4 - Marked Copies**

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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**

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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**

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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

**Partial Amendment No. 1 to SR-OCC-2018-014**

The Options Clearing Corporation (“OCC”) is filing this partial amendment (“Partial Amendment No. 1”) to proposed rule change SR-OCC-2018-014, which concerns enhancements to OCC’s model for incorporating variations in implied volatility into its margin methodology (hereinafter referred to as the “Initial Filing”). This Partial Amendment No. 1 is primarily intended to correct technical errors in Exhibit 5 of the filing. Specifically, the amendment would correct certain statements in the header of the exhibit regarding the conditions and timing for implementation of the proposed changes to clarify that implementation of the proposed changes, as amended by OCC filings SR-OCC-2018-014 and SR-OCC-2018-804,<sup>1</sup> is dependent upon OCC receiving all necessary regulatory approvals for the filings. The proposed amendment also would correct other errors in the exhibit, unrelated to the proposed changes in the Initial Filing, so that the exhibit accurately reflects aspects of OCC’s existing Margins Methodology as recently approved by the Commission.<sup>2</sup> The proposed text in Exhibit 5 of the Initial Filing was inadvertently marked against a version of the Margins Methodology that did not include changes implemented with OCC filings SR-OCC-2017-022 and SR-OCC-2017-811. The amendment would correct Exhibit 5 to show the proposed changes marked against the correct version of OCC’s Margins Methodology.

OCC also proposes to amend the following text on page 33 in Exhibit 1A of the Initial Filing to align the description in Exhibit 1A with the description in Form 19b-4.

The proposed changes ~~would therefore~~ are designed to reduce procyclicality in OCC’s margin methodology and ensure more stable changes in margin requirements across volatile market periods while continuing to capture changes in implied volatility and produce margin requirements that are commensurate with the risks presented by OCC’s cleared options. As a result, OCC believes that the proposed changes are reasonably designed to consider, and produce margin levels commensurate with, the risk presented

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<sup>1</sup> The amendment would clarify that OCC also has filed an advance notice with the Commission concerning the proposed changes to its model for incorporating variations in implied volatility into its margin methodology. See SR-OCC-2018-804.

<sup>2</sup> On May 23, 2018, the Commission issued a Notice of No Objection to OCC’s advance notice filing concerning a number of enhancements to OCC’s margin methodology to enable OCC to: (1) obtain daily price data for equity products for use in the daily estimation of econometric model parameters; (2) enhance OCC’s econometric model for updating statistical parameters for all risk factors that reflect the most recent data obtained; (3) improve the sensitivity and stability of correlation estimates across risk factors by using de-volitized returns; and (4) improve OCC’s methodology related to the treatment of defaulting securities. See Securities Exchange Act Release No. 83305 (May 23, 2018), 83 FR 24536 (May 29, 2018) (SR-OCC-2017-811). On May 24, 2018, the Commission approved a proposed rule changed by OCC concerning these same enhancements. See Securities Exchange Act Release No. 83326 (May 24, 2018), 83 FR 25081 (May 31, 2018) (SR-OCC-2017-022).

by the implied volatility of OCC's cleared options and uses an appropriate method for measuring credit exposure that accounts for this product risk factor (i.e., implied volatility) in a manner consistent with Rules 17Ad-22(e)(6)(i) and (v).

OCC has included an updated Exhibit 5 containing the relevant chapter of its Margins Methodology. The proposed changes to Exhibit 5 from Partial Amendment No. 1 are marked in double underline and double strikethrough text. Exhibit 5 has been redacted and filed separately with the Commission and confidential treatment for Exhibit 5 is requested pursuant to 17 CFR 240.24b-2.

The partial amendment would not change the purpose of or basis for the proposed changes. All other representations in the Initial Filing remain as stated therein and no other changes are being made.

**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:** \_\_\_\_\_

**Justin W. Byrne**  
**Vice President, Regulatory Filing**

**EXHIBIT 5**

Redacted in its entirety pursuant to Commission Rule 24b-2

Redacted in its entirety pursuant to Commission Rule 24b-2



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