



## DCO Rules

### UNITED STATES COMMODITY FUTURES TRADING COMMISSION

<b>Submitter Information</b>	
<b>Organization Name</b> Options Clearing Corporation	
<b>Organization Type</b> DCO	<b>Organization Acronym</b> OCC
<b>Submitted By</b> mbrown1	<b>Email Address</b> mcbrown@theocc.com
<b>Cover Sheet</b>	
<b>Submission Number</b> 2203-2510-2804-28	<b>Submission Date</b> 3/25/2022 10:28:04 AM ET
<b>Submission Type</b> 40.6(a) Rule Certification	
<b>Submission Description</b> Rule Certification Concerning OCC's Governance Arrangements	
<input type="checkbox"/> <b>Request Confidential Treatment</b>	
<b>Registered Entity Identifier Code</b>	
<b>Rule Numbers</b> (i) By-Law Article III, Sections 6A, 12; Article XI, Section 1, 2; (ii) Board of Directors Charter and Corporate Governance Principles; (iii) Fitness Standards for Directors, Clearing Members and Others; (iv) Certain Board Committee Charters	
<b>Date of Intended Implementation</b> 4/11/2022	
<b>Documents</b>	
OCC Governance Arrangements (3.25.2022 to CFTC).pdf	
<b>Request For Confidential Treatment - Detailed Written Justification</b>	
N/A	

March 25, 2022

**VIA CFTC PORTAL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**Re: Rule Certification Concerning OCC's Governance Arrangements**

Dear Secretary Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (“Act”), and Commodity Futures Trading Commission (“CFTC”) Regulation 40.6, The Options Clearing Corporation (“OCC”) hereby certifies amendments to certain of OCC’s governance arrangements that would: (i) clarify that OCC’s Public Directors may not be affiliated with any designated contract market (“DCM”) or futures commission merchant (“FCM”); (ii) allow the Board of Directors (“Board”) to delegate authority to (a) Board-level committees (“Committees”) to review and approve certain routine initiatives and policies, as well as to authorize certain regulatory filings and (b) an OCC Officer to authorize certain regulatory filings in more limited cases;<sup>1</sup> (iii) remove the portion of Article XI, Section 1 of the By-Laws that allows OCC to deem the affirmative vote or consent of an Exchange Director to be the approval of the stockholder that elected the Exchange Director for By-Law amendments that require stockholder consent; and (iv) apply additional amendments recommended as part of OCC’s annual review of certain governance arrangements. The date of implementation of the rule is at least 10 business days following receipt of the certification by the CFTC. The proposal will not be implemented until OCC receives all necessary regulatory approvals in connection with a proposed rule change filed with the Securities and Exchange Commission (“SEC”) (File No. SR-OCC-2022-002)<sup>2</sup> under Section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act”) and Rule 19b-4 thereunder.

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<sup>1</sup> Under OCC’s By-Laws, the Board may elect one or more officers as it may from time to time determine are required for the effective management and operation of the Corporation. By-Laws Art. IV § 1. In addition, the Chairman, Chief Executive Officer and Chief Operational Officer each may appoint such officers, in addition to those elected by the Board, and such agents as they each shall deem necessary or appropriate to carry out the functions assigned to them. By-Laws Art. IV § 2.

<sup>2</sup> See Exchange Act Release No. 94283 (Feb. 18, 2022), 87 FR 10881 (Feb. 25, 2022) (File No. SR-OCC-2022-002).

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

#### Explanation and Analysis

OCC proposes to enhance certain OCC governance arrangements. Specifically, OCC is proposing to: (i) amend OCC's By-Laws, Fitness Standards and Board Charter to clarify that OCC's Public Directors may not be affiliated with any DCM or FCM; (ii) amend OCC's By-Laws, Board Charter, and Committee Charters to enable standing delegation for (a) Committees to review and approve certain routine initiatives and policies, as well as to authorize certain regulatory filings and (b) an OCC officer to authorize certain regulatory filings in more limited cases; (iii) remove the portion of Article XI, Section 1 of the By-Laws that allows OCC to deem the affirmative vote or consent of an Exchange Director to be the approval of the stockholder that elected the Exchange Director for By-Law amendments that require stockholder consent; and (iv) implement other proposed changes to the Board Charter and Committee Charters arising from annual reviews of those governing documents.

Proposed amendments to the By-Laws can be found in Exhibit A. Proposed amendments to the Board of Directors Charter and Corporate Governance Principles ("Board Charter") can be found in Exhibit B. Proposed amendments to OCC's Fitness Standards for Directors, Clearing Members and Others ("Fitness Standards") can be found in Exhibit C. Proposed amendments to the Audit Committee Charter ("AC Charter"), Compensation and Performance Committee ("CPC") Charter, Governance and Nominating Committee ("GNC") Charter, Risk Committee Charter ("RC Charter"), and Technology Committee Charter ("TC Charter") (collectively, "Committee Charters")<sup>3</sup> can be found in Exhibits D to H, respectively. Material proposed to be added to OCC's By-Laws, Fitness Standards, Board Charter, and Committee Charters, as currently in effect, is marked by underlining, and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.<sup>4</sup>

#### **Public Director Qualifications**

OCC would amend Sections 6A and 12 of Article III of the By-Laws, the Fitness Standards adopted by the Board thereunder, and the Board Charter to codify OCC's practice of nominating Public Directors who are, in addition to other qualifications, unaffiliated with DCMs and FCMs. Currently, OCC's By-Laws and Fitness Standards preclude individuals from serving as Public Directors who are affiliated with a national securities exchange, national securities association, or a

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<sup>3</sup> The filing does not propose changes to the Regulatory Committee Charter.

<sup>4</sup> OCC's By-Laws and Rules can be found on OCC's public website:  
<https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

broker or dealer in securities.<sup>5</sup> These restrictions were intended to broaden the mix of viewpoints and business expertise represented on the Board.<sup>6</sup> Subsequent to implementing these restrictions, OCC added futures market clearing memberships and expanded its services to include clearance of futures and futures options.<sup>7</sup> While it has been OCC's practice to nominate Public Directors who are independent from DCMs and FCMs, OCC believes it is appropriate to codify this practice in its By-Laws, Fitness Standards, and Board Charter. OCC believes that the proposal to exclude DCM- or FCM-affiliated Public Directors would serve the same purpose as those restrictions related to national securities exchanges, securities associations, and brokers and dealers—namely, to broaden the mix of viewpoints and business expertise represented on the Board.

### **Delegated Authority**

OCC proposes to amend the Board Charter and Committee Charters to delegate authority from the Board to Committees to review and approve certain routine initiatives and policies. In addition, OCC proposes to amend its By-Laws and Committee Charters to delegate authority to authorize certain regulatory filings to a Committee or, in limited cases, an OCC officer. However, as provided under the current Board Charter, in all instances, the Board would retain the obligation to oversee such delegated activity.

While the Board Charter and Committee Charters delegate many reviews of routine initiatives or policies to Committees, each Committee often must recommend approval of the initiatives or amendments to policies to the Board for final approval or seek delegated authority to approve from the Board on a case-by-case basis. Currently, all regulatory filings are approved by the Board except for changes to OCC's fees, for which the Board has delegated authority to the CPC pursuant to the CPC Charter,<sup>8</sup> and individual filings that the Board delegates to a Committee on a case-by-case basis. The current governance process has several disadvantages, including mandating numerous matters be brought to the full Board for approval that otherwise would not occupy the time and attention of the Board. In addition, requiring Board approval makes it more difficult for OCC to obtain authorization to file regulatory submissions between regularly scheduled Board meetings absent a special Board meeting. In practice, the Board routinely delegates authority to Committees to approve initiatives, policy changes, and rule filings on a case-by-case basis when proposed changes are expected to be ready for Board-level review between regular Board meetings, in part because the Board relies on the business expertise of the directors appointed to the

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<sup>5</sup> See By-Laws Art. III § 6A & Interpretation and Policy .01.

<sup>6</sup> See Securities Exchange Act of 1934 Release (“Exchange Act Release”) No. 30328 (Jan. 31, 1992), 57 FR 4784 (Feb. 7, 1992) (File No. SR-OCC-92-2).

<sup>7</sup> See Exchange Act Release No. 44434 (June 15, 2001), 66 FR 33283 (June 21, 2001) (File No. SR-OCC-2001-05).

<sup>8</sup> See CPC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter> (“The Committee is authorized to review and approve changes in OCC's fees, including authorizing the filing of regulatory submissions related thereto”).

Committees to review and approve proposed changes within the scope of each Committee’s responsibilities. The proposal discussed below would create a framework for standing delegated authority to each Committee for the review and approval of certain initiatives and policies, as well as to approve proposed rule changes for matters within the scope of authority of each Committee. OCC believes that such delegated authority would reduce the number of matters that must be brought before the full Board and promote the more efficient and expeditious filing and implementation of proposed rule changes.

With respect to Committees, the proposal would allow the Board to delegate authority to each Committee to review and approve certain initiatives and policies without the need for separate Board approval. Specifically, OCC would amend the Board Charter and Committee Charters to allow for delegated authority for the Committees to review and approve the following initiatives and policies that currently require Board approval:

<b>Committee</b>	<b>Initiatives and Policies</b>
Audit Committee	evaluation and appointment of an external auditor
CPC	review and approval of the: <ul style="list-style-type: none"><li>• corporate performance report (formerly the “Corporate Plan”); and</li><li>• annual budget</li></ul>
GNC	review and approval of the: <ul style="list-style-type: none"><li>• Director Code of Conduct</li><li>• Related Party Transaction Policy</li><li>• Board self-evaluation questionnaire</li></ul>
Risk Committee	review and approval of: <ul style="list-style-type: none"><li>• risk appetites and risk tolerances</li><li>• changes to existing models</li></ul>

Each Committee generally would also have the authority to amend OCC policies filed with the Commission as rules of the clearing corporation for matters that are within the scope of the Committee’s responsibilities. With respect to risk management-related policies, OCC would amend the RC Charter by deleting the provisions requiring the committee to recommend changes to certain risk-related policies to the Board for approval—under this proposal, the Risk Committee would be

delegated to authorize such regulatory filings. The Board would retain its annual review of OCC's risk management policies, procedures and systems, as required by Rule 17Ad-22(e)(3)(i),<sup>9</sup> but would delegate authority to approve intra-year changes to such policies and procedures to the Risk Committee. Delegated authority would not extend to the authorization of rule changes that would affect OCC policies for which the Board has determined to retain oversight. The Board would retain the authority to revoke delegated authority and limit or modify the scope of such delegated authority, either in whole or in part, by Board resolution.

OCC would also amend the Committee Charters to include among each Committee's functions and responsibilities the authorization of regulatory submissions within the scope of the functions and responsibilities delegated to the Committee.<sup>10</sup> OCC would also amend Article XI, Section 2 of the By-Laws to allow the Board to delegate authority to Committees to authorize the filing of proposed amendments to OCC's Rules. Board approval would continue to be required for filings that would amend By-Laws or Rules that require a supermajority vote of the Board to amend pursuant to Article XI, Section 2 of the By-Laws.

The proposed changes would also allow the Board to delegate authority to an OCC officer to make certain regulatory filings. Such delegated authority would help OCC to more efficiently revise its Rules and rule-filed policies to improve their clarity and ensure their consistency. Factors the Board would consider in delegating such authority to an officer include, but are not limited to, the responsibilities and expertise of the officer to whom authority would be delegated and any limitations on the scope of the delegated authority, including limitations to the subject matter, materiality of the changes, the regulatory approval process required to implement the amendments, and the manner in which the officer must notify the Board or a Committee about filings approved pursuant to such authority. These factors are identified in proposed amendments to the Board Charter. To facilitate this delegated authority, OCC would also amend Section 2 of Article XI of the By-Laws to allow the Board to delegate authority to an officer to authorize regulatory filings that would amend OCC's Rules. OCC anticipates that when implemented, the Board shall delegate authority to the Chief Legal Officer and Chief Regulatory Counsel to authorize regulatory filings that (1) may be filed for immediate effectiveness pursuant to Section 19(b)(3) of the Securities Exchange Act of 1934, as amended ("Exchange Act"),<sup>11</sup> and (2) proposed rule changes that the Chief Legal Officer or Chief Regulatory Counsel determines in his or her discretion constitute clarifications, corrections or minor changes, in each case other than filings that would amend OCC's By-Laws, Rules that require a supermajority vote of the Board to amend pursuant to Article XI,

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<sup>9</sup> 17 CFR 240.17Ad-22(e)(3)(i).

<sup>10</sup> The Risk Committee Charter currently grants the Risk Committee authority to "authorize the filing of regulatory submissions pursuant to" the performance of the responsibilities and functions that the Board shall delegate to the Risk Committee from time to time. See Risk Committee Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

<sup>11</sup> 15 U.S.C. 78q-1.

Section 2 of the By-Laws, or rule-filed policies for which the Board has retained oversight vis-à-vis the Committees. In addition, OCC anticipates that when implemented, the Board's delegation of authority will be conditioned on the officers notifying the Board of regulatory filings approved by delegated authority at the next regularly scheduled Board meeting. OCC expects to implement procedures to ensure the Board is so notified. Based on the factors identified above, OCC believes that the Chief Legal Officer and Chief Regulatory Officer have the appropriate responsibility and expertise to identify matters suitable for delegated approval based on the limits imposed with respect to the method of filing the proposed changes under the Exchange Act and the materiality of the proposed changes, and that the obligation to report matters approved pursuant to such authority at the next regular Board meeting will provide the Board with appropriate notice to exercise its oversight function.

### **By-Law Article XI**

OCC is proposing to amend Article XI of the By-Laws to remove the provision that allows OCC to treat an Exchange Director's vote as the consent of the stockholder who elected the Exchange Director for those amendments to the By-Laws that require stockholder consent. That provision codified a long-standing understanding between OCC and the stockholders to consider the affirmative vote of each Exchange Director as the approval of the stockholder.<sup>12</sup> To avoid potential conflicts between an Exchange Director's fiduciary duty as a director and the Exchange Director's fiduciary duty to the stockholder, the By-Laws provide that an Exchange Director may disclaim such stockholder consent.<sup>13</sup> It is OCC's current practice to obtain written consent from the stockholders for all matters that require such consent. This rule certification would eliminate the outdated authority in OCC's By-Laws to impute an Exchange Director's vote to constitute stockholder consent and better reflect current practice.

### **Other Amendments to the Board Charter and Corporate Charters**

The proposed change would make other housekeeping amendments to the Board Charter and Committee Charters arising from the annual review of OCC's governance arrangements. These proposed amendments are intended to increase consistency across OCC's governance arrangements and to make other conforming changes to improve their clarity and transparency.

#### Board Charter

This rule certification would amend the Board Charter by clarifying that the Board has delegated to Committees the "oversight" of specific risks, not the "management" of those risks. This proposed change better aligns the Board Charter with the Committee Charters and better distinguishes responsibilities of the Board, Committees, and management. The Board Charter would

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<sup>12</sup> See Exchange Act Release No. 43630 (Nov. 28, 2000), 65 FR 75991 (Dec. 5, 2000) (File No. SR-OCC-00-05).

<sup>13</sup> Id.

also be amended to replace reference to “senior management” or management in instances where referring to OCC’s Management Committee would more clearly delineate OCC’s governance structure. The proposed change would also amend the discussion of the Board’s mission to more accurately reflect that OCC’s services to the industry are not limited to clearance and settlement.<sup>14</sup> The amendments would also clarify that the Board approves “material,” rather than “major,” changes in auditing and accounting principles and practices. This proposed change would align the Board Charter with language in the AC Charter.

The proposed change would also amend provisions governing the composition of the Board and the Risk Committees to reflect OCC’s belief that strong and transparent governance with robust member input on relevant risk issues is necessary to provide effective risk management, consistent with OCC’s current practice. Proposed changes to the Board Charter and RC Charter would codify that one of the factors OCC considers when nominating Directors to the Board and Risk Committee is to obtain input from a broad array of market participants on risk management issues. This amendment would align the Board Charter and RC Charter with the By-Laws, which require significant Clearing Member representation on the Board.<sup>15</sup> OCC believes this proposed change is consistent with the recommendation made by certain market participants that central counterparties like OCC have governance practices in place that obtain and address input from a broader array of market participants on risk issues.<sup>16</sup>

In addition, the proposed changes would amend the Board Charter to provide for a minimum of four meetings per year, rather than five. This proposed change would align the Board Charter with the Committee Charters, which generally require at least four meetings each year. The proposed changes would also modify the attendance guidelines to provide that attendance telephonically or by videoconference for meetings scheduled for in-person attendance is discouraged. This proposed change conforms with the current Director Code of Conduct and would be applied to each of the Committee Charters.

The proposed changes would also revise the description of the Conflict of Interest Policy. Specifically, OCC would streamline the discussion by defining “conflict of interest” to include actual, potential or apparent conflicts of interest. Accordingly, OCC would remove references to “potential” conflicts of interests or matters that may “be reasonably perceived by others to raise questions about potential conflicts of interest” because potential or apparent conflicts of interest would now be subsumed by the defined term. These changes would align the Board Charter with

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<sup>14</sup> For example, OCC provides thought leadership and education to market participants and the public about the prudent use of products that OCC clears.

<sup>15</sup> See By-Law Art. III § 1 (providing for nine Member Directors on the Board).

<sup>16</sup> See Optimizing Incentives, Resilience and Stability in Central Counterparty Clearing: Perspective on CCP Issues from a Utility Model Clearinghouse at 7-8, available at <https://www.theocc.com/Newsroom/Insights/2020/09-22-Optimizing-Incentives,-Resilience-and-Stabil>.

the current Director Code of Conduct, which employs the same defined term. The Board Charter's discussion of ethics and conflicts of interest would also be amended to reflect the full title of the Director Code of Conduct and the corporate title for OCC's general counsel. In addition, the Board Charter would be updated to clarify that an Exchange Director's, Member Director's, or Public Director's qualification as independent for purposes of service on the Audit Committee is subject to the assessment of the Board and GNC for other disqualifying material relationships, as provided by the current Board Charter.

The proposed changes would also apply other administrative changes to remove unnecessary verbiage to certain provisions to enhance the clarity and concision of the Board Charter.<sup>17</sup>

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<sup>17</sup> Specifically, OCC is proposing to remove unnecessary words and phrases, or otherwise modify verbiage by:

- under the "Mission of the Board" heading, in the tenth bulleted item describing the Board's oversight role, removing "such officer" from "approving the compensation of each such officer";
- under the "Board Issues" heading and "Membership" subheading:
  - in the first paragraph of the "Selection of Member Directors and Public Directors" section, removing "in order" in "retain a search firm in order to assist [the GNC] in these efforts";
  - in the second paragraph of the same section, replacing "such annual meeting" with "the annual meeting," deleting "as in effect from time to time" from "the Director Nomination Procedure as in effect from time to time," and deleting the introductory clause beginning the sentence, "With respect to Member Directors";
  - in the "Member Directors Changing Their Employment" paragraph of the "Retirement" section, deleting "with respect thereto" and "requirements of the" in "the [GNC] . . . shall recommend to the Board any action to be taken with respect thereto, consistent with the requirements of the By-Laws concerning the continued eligibility of such person to remain a Member Director;"
- under the "Board Issues" heading and "Conduct" subheading, the second paragraph of "Distribution of Materials; Board Presentations" in the "Board Meetings" section, replacing "summaries/slides of presentations" with "materials"; and
- under the "Management Structure, Evaluation and Succession" heading and "Management Structure" section, deleting "what is in" in the phrase "the specific needs of the business and what is in the best interest of OCC and the market participants it serves."

### AC Charter

The Audit Committee assists the Board in overseeing OCC's financial reporting process, OCC's system of internal control, OCC's auditing process, OCC's process for monitoring compliance with applicable laws and regulation, and OCC's compliance and legal risks.<sup>18</sup> This rule certification would amend the discussion of the Audit Committee's functions and responsibilities by adding the Audit Committee's oversight of management's responsibility to "measure" compliance and legal risks to conform with the Board Charter, which provides that the Board oversees OCC's processes and frameworks for comprehensively managing such risks. In addition, the proposed changes would provide that the Audit Committee recommends material changes in accounting principles and practices for Board approval, which aligns with the provision in the Board Charter providing that the Board oversees OCC's financial reporting, internal and external auditing, and accounting and compliance processes, including the approval of such major (i.e., material) changes.

OCC is also proposing to update the cadence of certain Audit Committee reviews to reflect that the Audit Committee shall conduct the review each regular meeting. The current AC Charter contemplates that the Audit Committee shall conduct certain reviews quarterly based on the assumption that regular meetings will occur quarterly. While it is generally the case that regular meetings are scheduled each quarter, the proposed change would avoid the need to call special meetings to address items on a quarterly cadence if a regularly scheduled meeting happens to fall at the beginning of the next quarter or the end of the last quarter. The cadence of reviews for other certain reports described as "periodic" or occurring "regularly" would also be amended to reflect that the review is conducted at each regular meeting of the Audit Committee. Similar changes would be made to the CPC Charter and TC Charter.

OCC is also proposing certain administrative edits to the AC Charter. Reference to the Audit Committee's review of the "Compliance Policy" would be changed to the "Compliance Risk Policy" to align with the current title of that policy. The proposed change would also modify reference to the General Counsel to reflect that the General Counsel is OCC's Chief Legal Officer. In addition, the proposed change would clarify that in the section addressing competencies of Audit Committee members, "working familiarity with basic finance and accounting practices" means "financial literacy." The proposed changes would also remove unnecessary verbiage or otherwise modify the verbiage in certain provisions to enhance the clarity, concision and consistency of the AC Charter with other Committee Charters.<sup>19</sup>

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<sup>18</sup> See AC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

<sup>19</sup> Specifically, OCC is proposing to remove unnecessary words and phrases or otherwise modify verbiage by:

- under the "Membership and Organization" section, (i) in the first paragraph of the "Composition" section, abbreviating "Board of Directors" and removing extraneous references to the "full" Board and "full Committee membership," and (ii) in the first

## CPC Charter

The Board established the CPC to assist the Board in overseeing general business, regulatory capital, investment, corporate planning, and compensation and human capital risks, as well as executive management succession planning and performance assessment.<sup>20</sup> Consistent with the proposed change to the AC Charter, this rule certification would amend the CPC Charter by adding the CPC's oversight of management's responsibility to "measure" general business risks, including as they relate to OCC's corporate performance report (formerly the "Corporate Plan") and corporate budget, capital requirements, human capital, compensation and benefit programs, management succession planning and management performance assessment processes, arising from OCC's business activities in light of OCC's role as a systemically important financial market utility, to conform with similar language in the Board Charter. With respect to oversight of OCC's human resources programs, the proposed changes would amend the CPC Charter to reflect the CPC's oversight of OCC's diversity, equity and inclusion efforts. OCC believes this change reflects OCC's commitment to recruit, retain and develop high performing, talented and engaged colleagues with diverse backgrounds and perspectives, to nurture an environment where colleagues with varied backgrounds feel included and valued, and to encourage diversity of thought, experiences, and perspectives to develop innovative solutions.

OCC is also proposing certain administrative edits to the CPC Charter. Specifically, OCC would amend the CPC Charter by removing gendered pronouns that assume the Chairman and Chief Executive Officer necessarily will be individuals who identify as male. Similar changes would be applied to the Board Charter and AC Charter. The proposed changes would also provide for CPC oversight of OCC's succession planning for "critical roles," in alignment with terminology in OCC's policies and procedures that address succession planning. In addition, references to the "Corporate Plan" would be replaced with references to the "corporate performance report," which better describes the initiative by which the CPC assesses OCC's performance against its corporate goals.

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- paragraph of the "Meetings" section, replacing "The Committee will" with "The Committee shall" for consistency with the language of similar requirements; and under the "Functions and Responsibilities" section, in the ninth bulleted item concerning the Audit Committee's functions and responsibilities in discharging its oversight role, replacing "at least once in a calendar year" with "at least once every calendar year."

<sup>20</sup> See CPC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

The proposed changes would also include administrative changes by removing unnecessary verbiage or otherwise modifying the verbiage in certain provisions to enhance the clarity and concision, and consistency of the CPC Charter with other Committee Charters.<sup>21</sup>

### GNC Charter

The Board established the GNC to assist the Board in overseeing OCC's corporate governance processes, including assessing the clarity and transparency of OCC's governance arrangements, establishing the qualifications necessary for Board service to ensure that the Board is able to discharge its duties and responsibilities, identifying and recommending to the Board candidates eligible for service as Public Directors and Member Directors, and resolving certain conflicts of interests.<sup>22</sup> The proposed changes to the GNC Charter would clarify the Board's expectation that the GNC assist the Board in reviewing and proposing changes to the Board Charter.

The proposed changes would also include administrative changes by removing unnecessary verbiage or otherwise modifying the verbiage in certain provisions to enhance the clarity, concision, and consistency of the GNC Charter with other Committee Charters.<sup>23</sup>

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<sup>21</sup> Specifically, OCC is proposing to remove unnecessary words, phrases or punctuation, or otherwise modify verbiage by:

- in the "Membership and Organization" section, (i) in the first paragraph of the "Composition" section, replacing "The Committee shall consist of" with "The Committee shall be comprised of"; and (ii) in the first paragraph of the "Meetings" section, replacing "The Committee will" with "The Committee shall" and deleting "is" in the phrase "as is necessary";
- in the "Authority" section and "Scope" subsection, correcting a reference to "employees of the OCC," which should be "employees of OCC."
- for the bulleted items discussing the CPC's functions and responsibilities in discharging its oversight role in the "Functions and Responsibilities" section:
  - in the fifth bulleted item, deleting the phrase "with respect thereto";
  - in the eighth bulleted item replacing "For each calendar year" with "Each calendar year"; and
  - and fifteenth bulleted item, replacing "every two years" with "every two calendar years."

<sup>22</sup> See GNC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

<sup>23</sup> Specifically, OCC is proposing to remove unnecessary words and phrases, or otherwise modify verbiage by:

- under the "Membership and Organization" section, in the first paragraph of the "Composition" section, (i) replacing "The Committee will be composed" with "The Committee shall be comprised," (ii) inserting "at least" before the required number of

### RC Charter

The Board established the Risk Committee to assist the Board in overseeing OCC's financial, collateral, risk model and third-party risk management processes, among other responsibilities.<sup>24</sup> Consistent with the foregoing Committee Charter changes, this rule certification would amend the RC Charter by adding the committee's oversight of management's responsibility to "measure" these risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility, which conforms with similar language in the Board Charter. The amendments would also change the minimum number of meetings from six to four to align with the other Committee charters that require a minimum of four meetings each year. In addition, the amendments would consolidate discussion of the Risk Committee's functions and responsibilities with respect to oversight and annual review of OCC's management of liquidity risks and the adequacy of OCC's committed liquidity facilities. This change would streamline the RC Charter's discussion of liquidity risks. OCC would also amend the RC Charter to provide that the Risk Committee shall review and have the authority to approve at least once every twelve months OCC's risk appetites and risk tolerances, consistent with the Board's delegation of authority for such routine reviews and approvals, discussed above.

OCC also proposes certain administrative changes to the RC Charter, including (i) to specify that the Risk Committee recommends changes to OCC's Recovery and Orderly Wind-Down Plan "for approval," consistent with language used with respect to policies for which the Board has retained oversight with respect to amendments; and (ii) to replace "examinations" with "audits" in the description of the Risk Committee's oversight of internal or external audits of OCC's financial, collateral, risk model and third party risk management processes, consistent with the use of the term "audit" elsewhere in that description.

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- Exchange Director and Member Director membership on the GNC, and (iii) replacing "The Committee Chair will be designated by the Board from among the Public Director Committee members" with "The Chair shall be a Public Director"; and
  - for the bulleted items discussing the GNC's functions and responsibilities in discharging its oversight role in the "Functions and Responsibilities" section:
    - in the eleventh bulleted item, replacing "For each calendar year" with "Each calendar year"; and
    - in the thirteenth bulleted item, replacing "the manner in which" with "how."

<sup>24</sup> See RC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

### TC Charter

The Board established the Technology Committee to assist the Board in overseeing OCC's information technology ("IT") strategy and other company-wide operational capabilities.<sup>25</sup> Consistent with the foregoing Committee Charter changes, this rule certification would amend the TC Charter by adding the Technology Committee's oversight of management's responsibility to "measure" IT and other operational risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility to conform with similar language in the Board Charter. OCC would also amend the TC Charter to reflect the Technology Committee's current practice of overseeing all security risks, not just information security risks. The proposed changes would also include administrative changes by removing unnecessary verbiage or otherwise modify the verbiage in certain provisions to enhance the clarity and concision of the TC Charter.<sup>26</sup>

### **Consistency with DCO Core Principles**

OCC reviewed the DCO core principles ("Core Principles") as set forth in the Act, the regulations thereunder, and the provisions applicable to a DCO that elects to be subject to the provisions of 17 CFR Subpart C ("Subpart C DCO"). During this review, OCC identified the following as potentially being impacted:

**Governance Arrangements.** OCC believes that implementing the proposed changes are consistent with Core Principle O. CFTC Regulation 39.24 requires each DCO to have governance arrangements that, among other things, are clearing and transparent, place a high priority on the safety and efficiency of the DCO, and explicitly support the stability of the broader financial system and other relevant public interest consider of clearing members, customers of clearing members, and other relevant stakeholders. In addition, a DCO's governance arrangement must include clear and direct lines of responsibility and accountability, clearly specify the roles and responsibilities of management, and establish and enforce appropriate fitness standards for directors and others. OCC believes that the proposed changes are consistent with these requirements in the following ways:

- Excluding persons affiliated with a DCM or FCM from servicing as Public Directors would serve the same purpose as the current limitations for persons affiliated with national securities exchanges, securities associations, and brokers and dealers—namely, to broaden the mix of viewpoints and business expertise represented on the Board and help ensure that the Board's decisions consider the interests of OCC's direct and indirect participants.

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<sup>25</sup> See TC Charter, available at <https://www.theocc.com/about/corporate-information/board-charter>.

<sup>26</sup> Specifically, OCC is proposing to remove unnecessary words and phrases, or otherwise modify verbiage by replacing "The Committee will" with "The Committee shall," and deleting "is" in the phrase "as is necessary" in the first paragraph of the "Meetings" subsection of the "Membership and Organization" section.

- Establishing a clear and transparent framework for the efficient delegation of authority from the Board to Committees and officers to approve changes to those rules would facilitate their maintenance and administration, reduce the number of matters that must be brought before the full Board and promote the more efficient and expeditious filing and implementation of proposed rule changes.
- Amendments to Article XI will improve the clarity and transparency of the process for amending OCC's By-Laws and Rules by reflecting OCC's current practice of obtaining written stockholder consents for all By-Law amendments that require them, rather than treating an Exchange Director's vote as consent of the stockholder who elected the Exchange Director, thereby promoting clear and direct lines of responsibility and accountability.
- Updating the Board and Committee Charters to reflect the Board's determination as to how the Board, Committees and OCC's management should interact will enhance the effectiveness of the Board and Committee's oversight of OCC's clearance and settlement services and will, in general, promote clear and direct lines of responsibility and accountability between OCC's Board, Committees and OCC's management and ensure that the Charters remain clear and transparent.

#### Opposing Views

No substantive opposing views were expressed related to the rule amendments by OCC's Board members, Clearing Members or market participants. Public comment on the rule amendments, if any, can be found in the SEC comment file for File Number SR-OCC-2022-002.<sup>27</sup>

#### Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of this certification on OCC's website concurrently with the filing of this submission.

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<sup>27</sup> See Options Clearing Corporation (OCC) Rulemaking, <https://www.sec.gov/rules/sro/occ.htm>.

Christopher J. Kirkpatrick  
March 25, 2022  
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Certification

OCC hereby certifies that the rule set forth at Exhibits A through H of the enclosed filing complies with the Act and the CFTC's regulations thereunder.

Should you have any questions regarding this matter, please do not hesitate to contact me.

Sincerely,

/s/ Mark C. Brown  
Associate General Counsel

Enclosure: Exhibits A through H

**Exhibit A****OCC BY-LAWS**

\* \* \*

**ARTICLE III****BOARD OF DIRECTORS**

\* \* \*

**Public Directors**

SECTION 6A. Prior to each annual meeting of stockholders at which one or more Public Directors are to be elected, the Governance and Nominating Committee shall, for each directorship among the Public Directors to be filled at such annual meeting, nominate one person who is not affiliated with any national securities exchange ~~or~~ national securities association, [designated contract market](#), [futures commission merchant](#), or ~~with any~~ broker or dealer in securities and submit a list of its nominations in writing to the Board of Directors. The Board of Directors shall either approve such nominations or instruct the Governance and Nominating Committee regarding the submission of revised nominations, and at the annual meeting the stockholders entitled to vote thereon shall elect as Public Director(s) such person(s) as shall have been nominated by the Governance and Nominating Committee and approved by the Board of Directors. The Public Directors shall be divided into three classes, designated as Class I, Class II and Class III, respectively. The Public Director elected at the 2011 annual meeting will be designated as a Class II Public Director. One of the two Public Directors appointed prior to the 2013 annual meeting will be designated as a Class I Public Director and the other will be designated as a Class III Public Director. The successor of the initial Class I Public Director shall be elected at the 2013 annual meeting of stockholders, the successor of the initial Class II Public Director at the 2014 annual meeting and the successor of the initial Class III Public Director at the 2015 annual meeting. One of the two Public Directors first appointed or elected after the 2014 annual meeting as a result of the increase of the number of Public Directors from three to five will be designated as a Class I Public Director and the other will be designated as a Class III Public Director so that, following such appointment or election, there shall be two Class I Public Directors, one Class II Public Director and two Class III Public Directors. The successor of the Class III Public Director appointed or elected as described in the preceding sentence shall be elected at the 2015 annual meeting of stockholders and the successor of the Class I Public Director appointed or elected as described in the preceding sentence shall be elected at the 2016 annual meeting. Except as provided above in the case of the initial Class I Public Director and the initial Class III Public Director, and in the preceding sentence of this Section 6A for the Class I Public Director and the Class III Public Director referred to therein, each Public Director shall serve until

a successor is elected and qualified, or until the earlier death, disqualification, resignation, or removal of such Director.

\* \* \*

### **Filling of Vacancies and Newly Created Directorships**

SECTION 12. A vacancy occurring for any reason among the Member Directors of any Class shall be filled by a majority of the directors then in office, even though they may be less than a quorum, and the person appointed to fill such vacancy shall serve until the next election of such Class and until a successor shall be elected and qualified; provided that the vacancy shall be filled only by the appointment of a person recommended by the Governance and Nominating Committee. A vacancy or newly created directorship occurring for any reason among the Exchange Directors shall be filled by the Exchange entitled to elect such Exchange Director. A vacancy occurring for any reason among the Public Directors shall be filled by a majority of the directors then in office, even though they may be less than a quorum, with a person, not affiliated with any national securities exchange ~~or~~, national securities association, [designated contract market, futures commission merchant](#), or ~~with any~~ broker or dealer in securities, selected as provided in Section 6A of this Article III (including the recommendation of the Governance and Nominating Committee), and the person appointed to fill such vacancy shall serve for the remainder of the predecessor's term of office and until a successor shall be elected and qualified. A vacancy occurring for any reason in the position of Management Director may be filled by a majority of the directors then in office, even though they may be less than a quorum, until the next meeting of stockholders.

\* \* \*

## ARTICLE XI

### AMENDMENT OF THE BY-LAWS AND THE RULES

#### Amendment of the By-Laws

SECTION 1. The By-Laws may be amended at any time by the Board of Directors upon the affirmative vote of two-thirds of the directors then in office (but not less than a majority of the number of directors fixed by these By-Laws); provided that Sections 2, 3 and 5 of Article II, Article III, the second sentence of Section 1 of Article IV, the first two sentences of Section 1 of Article V, the first sentence of Section 10 of Article VI, Section 11 and 11A of Article VI, Article VIIA, Article VIIB, Section 9 of Article IX, and this Section 1 of Article XI may not be amended by action of the Board of Directors without the approval of the holders of all of the outstanding Common Stock of the Corporation. ~~For purposes of this Section, the affirmative vote or consent of an Exchange Director then in office shall be deemed to constitute the approval of the stockholder that elected such Exchange Director; provided, however, that if the Exchange Director announces prior to voting in favor of an amendment, or notes on a written consent of directors approving an amendment, that such Exchange Director's vote or consent does not constitute the action of such stockholder, then the amendment shall require the written approval of such stockholder of such Common Stock~~

#### Amendment of the Rules

SECTION 2. The Rules may be amended at any time by the Board of Directors, a committee thereof as defined in Article III, Section 4, or an officer to whom the Board of Directors may from time to time delegate such authority; provided that any amendment of the introduction to Chapter X of the Rules, Rule 1002, Rule 1006, Rule 1009 and Rule 1010 shall require the affirmative vote of two-thirds of the directors then in office (but not less than a majority of the number of directors fixed by these By-Laws).

\* \* \*

**Exhibit B**

**THE OPTIONS CLEARING CORPORATION  
BOARD OF DIRECTORS  
CHARTER  
AND  
CORPORATE GOVERNANCE PRINCIPLES**

The following Board of Directors Charter and Corporate Governance Principles (“Principles”) have been adopted by the Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) to assist the Board in the exercise of its responsibilities.

The Board is responsible for advising [the Management Committee](#) ~~management~~ and overseeing the management of the business and affairs of OCC (except as may otherwise be provided in OCC’s Amended and Restated Certificate of Incorporation or its By-Laws and Rules). The Board discharges its responsibilities in a manner consistent with legal and regulatory requirements applicable to OCC and the expectations of all relevant stakeholders of OCC. In doing so, the Board exercises its authority to provide for governance arrangements that: are clear and transparent; clearly prioritize the safety and efficiency of OCC; support applicable public interest requirements and the objectives of owners and participants; establish that the Board and [the Management Committee](#) ~~senior management~~ have appropriate experience and skills to discharge their duties and responsibilities; specify clear and direct lines of responsibility; and consider the interests of clearing members’ customers, securities issuers and holders, and other relevant stakeholders. The Board additionally seeks to: promote the safe and efficient operation of OCC; maintain a sound risk management framework for comprehensively managing the risks that arise in or are borne by OCC in light of OCC’s role as a systemically important financial market utility (“SIFMU”); and pursue objectives that are consistent with the interests of its stakeholders and support the public interest. In consideration of its responsibility to maintain a sound risk management framework for comprehensively managing the risks that arise in or are borne by OCC, the Board has explicitly delegated the ~~management~~ [oversight](#) of specific risks to the Board committees. To the extent a specific risk is not retained by the Board or otherwise assigned to a Board committee, such risk shall be overseen by the Risk Committee. Accordingly, the Board is mindful of the public interest as it fulfills its duties by complying with the obligations imposed upon the Board by federal and state laws and regulations applicable to OCC and ensures that major decisions of OCC are appropriately disclosed to relevant stakeholders and to the public. Where the Board is authorized to approve reports or proposals provided to it by [the Management Committee](#) ~~management~~ or a committee, the Board may or may not approve such matters in its business judgment. If the Board does not approve such a report or proposal, it shall report to [the Management Committee](#) ~~management~~ or the relevant committee(s) that it has not approved such matter and may provide direction as to the revisions or alternative courses of action as appropriate.

These Principles set forth the shared vision of the Board and [the Management Committee](#) ~~OCC’s management~~ regarding the governance, management, and oversight practices to be followed at OCC, and reflect the Board’s commitment to monitor the effectiveness of policy and decision-making both at the Board and management level. The Board may form and delegate authority to committees and may delegate authority

to one or more of its members and to one or more designated officers of OCC. However, in all instances, the Board retains the obligation to oversee such delegated activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

These Principles are not intended to change or interpret any Federal or state law or regulation, including the Delaware General Corporation Law, or the OCC Amended and Restated Certificate of Incorporation, the OCC By-Laws, or the Rules of OCC.<sup>1</sup> These Principles are subject to modification from time to time by the Board.

## THE MISSION OF THE BOARD

The Board performs an oversight role (either directly or indirectly through delegating certain authority to its committees) to ensure: that OCC is managed and operated in a manner consistent with the discharge of OCC's regulatory responsibilities as a SIFMU in connection with providing its ~~clearance and settlement~~ services to the industry, and that OCC has the critical capabilities necessary to achieve its objectives and obligations in a safe and efficient manner. The Board fulfills its oversight role by:

- Overseeing OCC's governance structures and processes to ensure that the Board is positioned to fulfill its responsibilities effectively and efficiently consistent with these Principles and regulatory requirements, including through regular assessments of Board and individual director performance;
- Ensuring that the Board and the Management Committee ~~senior management~~ have appropriate experience and skills to discharge their respective responsibilities and have established clear and direct lines of responsibility between the Board and the Management Committee ~~senior management~~;
- Ensuring that risk management, compliance and internal audit personnel have sufficient authority, resources, independence from management, and access to the Board;
- Ensuring that risk management, compliance and internal audit personnel have a direct reporting line to, and oversight by, a risk management committee and an independent audit committee of the Board, respectively;
- Ensuring that the Audit Committee of the Board is independent as determined by the Board;
- Periodically reviewing and approving the amount of compensation for Public Directors;

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<sup>1</sup> OCC is subject to comprehensive regulation and supervision by the Securities and Exchange Commission (with respect to its clearing agency registration) and by the Commodity Futures Trading Commission (with respect to its derivatives clearing organization registration). As a SIFMU, OCC is also subject to supervision by the Board of Governors of the Federal Reserve System under Title VIII of the Dodd-Frank Act. Capitalized terms used in these Principles shall have the meanings set forth in OCC's By-Laws and Rules unless otherwise indicated.

- Setting expectations about the tone and ethical culture of OCC, and reviewing [the Management Committee's](#) ~~management's~~ efforts to instill an appropriate tone and culture throughout OCC;
- Overseeing [the Management Committee's](#) ~~management's~~ activities in managing and operating OCC and evaluating [the Management Committee's](#) ~~management's~~ performance in executing its responsibilities;
- Selecting and overseeing and, where appropriate, replacing the Chairman, Chief Executive Officer, and the Chief Operating Officer, as well as counseling and advising such officers in the management of OCC's business and affairs;
- Overseeing the development and design of employee compensation, incentive, and benefit programs and evaluating the performance of any Executive Chairman, the Chief Executive Officer, and the Chief Operating Officer and approving the compensation of each ~~such officer~~;
- Overseeing management succession planning and talent management processes;
- Overseeing OCC's business strategies, including expansions of clearing and settlement services to new business lines and product types, to ensure they reflect the legitimate interests of relevant stakeholders and are consistent with the public interest;
- Monitoring OCC's performance in delivering clearance and settlement services;
- Reviewing and approving major corporate plans and actions, including capital expenditures, ~~the annual budget and corporate plan~~, financial objectives, operating capital and capital structure, and fee structure, as well as periodically reviewing the types and amounts of insurance coverage available in light of OCC's clearance and settlement services;
- Overseeing OCC's processes and framework for comprehensively managing the range of risks that arise in or are borne by OCC, including the risk management policies, procedures, and systems designed to identify, measure, monitor, and manage such risks consistent within the risk appetite and risk tolerances approved by the Board;
- Assigning responsibility and accountability for risk decisions and overseeing the establishment of policies addressing decision-making in crises and emergencies;
- Overseeing and approving OCC's Recovery and Orderly Wind-Down Plan;

- Overseeing OCC’s financial reporting, internal and external auditing, and accounting and compliance processes, including the approval of ~~major~~material changes in auditing and accounting principles and practices;
- Overseeing OCC’s processes designed to ensure compliance with applicable laws and regulations, including banking, securities, and corporation laws and other applicable regulatory guidance and standards, and overseeing OCC’s processes designed to conduct business in a legal and ethical manner;
- Overseeing OCC’s system of internal controls, including review of the annual study and evaluation of OCC’s system of internal accounting controls;
- Overseeing OCC’s technology infrastructure, resources, and capabilities to ensure resiliency with regard to OCC’s provision of its clearing, settlement, and risk management services; and
- Performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulation, including OCC’s By-Laws and Rules, or other policies.

## BOARD ISSUES

### *Membership*

1. **Size of Board; Composition.** OCC’s By-Laws currently provide that the Board shall be comprised of:

- Nine directors who represent OCC clearing members (“Member Directors”);
- Five directors designated by and representing each of OCC’s Equity Exchanges (“Exchange Directors”);
- No less than five directors who are not affiliated with any national securities exchange ~~or~~, national securities association, designated contract market, futures commission merchant, or ~~with any~~ broker or dealer in securities (“Public Directors”); and
- At the discretion of the Board, one Management Director, who may be chosen from the employees of the Corporation (“Management Director”).

It is the policy of the Board that the Board at all times reflect the following characteristics:

- Each director shall at all times be committed to discharging effectively OCC’s regulatory responsibilities in connection with its provision of clearance and settlement services as a SIFMU;
- Each director shall at all times exhibit high standards of integrity and commitment;
- Each director shall dedicate sufficient time, energy, and attention to ensure the diligent performance of his or her duties, including by attending meetings

- of the Board and committees of which he or she is a member, and by reviewing in advance all meeting materials;
- The Board shall encompass a range of talent, skill, industry knowledge, and expertise sufficient to provide sound and prudent guidance with respect to all of OCC's business, operations and interests;
  - The Board shall reflect the diversity of OCC's employees and the employees of the market participants that OCC serves; and
  - A substantial portion of directors shall be "independent" of OCC and OCC's management as defined by applicable regulatory requirements and the judgment of the Board.

The Governance and Nominating Committee is responsible for making recommendations to the Board regarding the composition of the Board as a whole, including whether the Board reflects: the appropriate balance of Member Directors, Exchange Directors, Public Directors and any Management Director; business specialization, technical skills, diversity (including diverse professional backgrounds); and other desired qualities such as sound judgment and a reputation for integrity.

2. **Board Membership Criteria**. The Board seeks directors from diverse professional backgrounds who combine a broad spectrum of experience and expertise with a reputation for integrity. In making their nominations, the Governance and Nominating Committee and the Board shall take into consideration applicable board of directors composition requirements of the Securities and Exchange Commission (as well as the Commodity Futures Trading Commission, to the extent applicable to OCC). [The Governance and Nominating Committee and the Board shall also take into consideration the desire to obtain input from a broad array of market participants on risk management issues.](#) As provided in OCC's By-Laws, the Governance and Nominating Committee and the Board also shall use the criteria of the Fitness Standards for Directors, Clearing Members and Others ("Fitness Standards") in considering nominees for election to the Board. In addition, Board members should have the highest professional and personal ethics and values, the relevant expertise and experience required to offer advice and guidance to the Chairman, Chief Executive Officer, and Chief Operating Officer, and other members of ~~senior management~~[the Management Committee](#), the ability to make independent analytical inquiries, a commitment to discharging effectively OCC's regulatory responsibilities and an understanding of OCC's business, and should be willing to devote adequate time and effort to Board responsibilities. Each Board member is expected to ensure that his or her other commitments do not materially interfere with his or her service overall as a director. The Governance and Nominating Committee shall take the foregoing criteria into account in connection with its recommendations for nomination of the Member Directors and Public Directors, as well as other considerations discussed in Section 4 below. In addition, in determining whether to recommend a Member Director or a Public Director for re-election, the Governance and Nominating Committee shall also consider the director's past performance, including attendance at meetings and participation and contributions to the activities of the Board.

Resignations and disqualifications from the Board shall be addressed as

provided in the By-Laws.

3. **Appointment of Governance and Nominating Committee.** On an annual basis, the Board shall appoint a Governance and Nominating Committee having the powers and duties set forth in the By-Laws and Rules and as delegated by the Board. All of the Governance and Nominating Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Chair of the Governance and Nominating Committee shall be designated by the Board, after consultation with the Chairman, from among the Public Director members of the Governance and Nominating Committee.
4. **Selection of Member Directors and Public Directors.** As provided in its Charter, the Governance and Nominating Committee conducts periodic assessments of the overall composition of the Board in light of OCC's current and expected business needs and, as a result of such assessments, the Governance and Nominating Committee shall recommend to the Board specific qualifications that it determines would be desirable to seek in candidates for Member Directors and Public Directors. In light of such assessments, the Governance and Nominating Committee may seek to identify new candidates for the Board who possess the specific qualifications approved by the Board and satisfy the other requirements for Board service, including those set forth in OCC's By-Laws. It is acknowledged that, over time, different skill sets are likely to be determined to be desirable, so that the specific qualifications are likely to change. Moreover, it is acknowledged that it is not expected that the Board will necessarily include all identified skill sets at all times in light of the pool of candidates available to the Governance and Nominating Committee and other considerations such as re-nominating incumbent directors to maintain continuity and particular skills that they may have. In identifying new director candidates, the Governance and Nominating Committee seeks advice and names of candidates from Governance and Nominating Committee members, other members of the Board, members of management, and other public and private sources. The Governance and Nominating Committee may also, but need not, retain a search firm ~~in order~~ to assist it in these efforts.
5. As provided in the By-Laws, prior to each annual meeting of stockholders, the Governance and Nominating Committee shall nominate for approval by the Board one person for each directorship among the Member Directors and the Public Directors to be filled at ~~such~~the annual meeting. In selecting such nominees, the Governance and Nominating Committee shall follow the Director Nomination Procedure ~~as in effect from time to time~~. With respect to Public Directors, the Governance and Nominating Committee shall consider whether the candidate lacks material relationships to OCC, OCC's the Management Committee~~senior management~~, and other directors such that the Public Director may be considered to be "independent" by the Board. ~~With respect to Member Directors, in~~In order to achieve a balanced representation on the Board among Member Directors, the Board has determined that other considerations are to be taken into account in the nomination of Member Directors, including the volume of business transacted with OCC during the prior year and the mix of Member Directors that are primarily engaged in agency trading on behalf of retail

customers or individual investors. As further provided in the By-Laws, the Board shall be responsible for filling vacancies on the Board among the Member Directors or the Public Directors that may occur between annual meetings of stockholders, in each case with a nominee recommended by the Governance and Nominating Committee.

5. **Selection of Exchange Directors.** As provided in the By-Laws, each Exchange Director shall be elected by the Equity Exchange entitled to vote for such Exchange Director at each annual meeting of stockholders. An individual may be nominated by, elected by, and serve as an Exchange Director for more than one Equity Exchange. As further provided in the By-Laws, a vacancy occurring for any reason among the Exchange Directors shall be filled by the Equity Exchange entitled to elect such Exchange Director.
6. **Selection of Management Director.** As provided in the By-Laws, a Management Director may be elected by the stockholders at each annual meeting of the stockholders. If a Management Director shall cease to hold the office by virtue of which he or she was elected as a Management Director, he or she shall simultaneously be disqualified to serve as a Management Director.
7. **Extending Invitation to New Board Members.** The Chairman shall extend the invitation to potential candidates to stand for election to the Board.
8. **Retirement.**

***Term Limits.*** As provided in the By-Laws, Member Directors are limited to serving three consecutive three-year terms; Exchange Directors, Public Directors, and any Management Director do not have term limits. As provided in the Charter for the Governance and Nominating Committee, the Governance and Nominating Committee is responsible for reviewing periodically the continued appropriateness of the term limits applicable to Member Directors set forth in the By-Laws and for recommending to the Board, where appropriate, changes to such provisions.

***Retirement Policy.*** The Board does not favor a mandatory retirement age for directors, therefore no age limitations are imposed with respect to any category of director.

***Retirement Policy – Management Director.*** As provided in the By-Laws, a Management Director is no longer eligible to serve if he or she ceases to hold a senior officer position at OCC by virtue of which he was elected as a Management Director.

***Member Directors Changing Their Employment.*** If a Member Director ceases to be employed by the Clearing Member Organization that employed him or her at the time of his or her election as a Member Director, the director shall notify the Chairman. As provided in the Charter for the Governance and Nominating Committee, the Governance and Nominating Committee shall assess the appropriateness of such Member Director continuing to serve on the Board, and shall recommend to the Board any action to be taken ~~with respect thereto~~,

consistent with the ~~requirements of the~~ By-Laws concerning the continued eligibility of such person to remain a Member Director. The affected director is expected to act in accordance with the Board's decision following such review. The Governance and Nominating Committee, in accordance with the By-Laws, is responsible for recommending a replacement in the event that any such resignation is accepted by the Board.

**Other Board Commitments.** It is the policy of the Board that non-employee directors shall disclose to the Chairman information regarding each other board of directors on which a non-employee director serves at the time of his or her election to the Board, and after election shall advise the Chairman in advance of accepting an invitation to serve on another board, in each case to ensure that such additional board service will not impact such director's ability to serve on OCC's Board and does not create a conflict of interest. Any Management Director should not accept an invitation to serve on another board without prior approval of the Governance and Nominating Committee.

The Chairman may request the voluntary resignation of a director whose other board service (i) interferes with the director's ability to dedicate sufficient time, energy and attention to the performance of his or her duties as a director of OCC, or (ii) results in the need for the director to recuse himself or herself regularly as a result of conflicts of interest.

## **Conduct**

### **Conduct**

#### **1. Board Meetings.**

**Selection of Agenda Items.** The Chairman, in consultation with the Chief Executive Officer and Chief Operating Officer, other directors or officers of OCC, and the Corporate Secretary, shall establish the agenda for Board meetings. Any director may request that an item be included on any meeting agenda.

**Calling Board Meetings.** Meetings of the Board shall be called by the Chairman, ~~his~~[the Chairman's](#) designee, or as provided in the By-Laws.

**Attendance.** Directors are expected to prepare for, attend, and participate in all Board and applicable committee meetings. Directors should use their best efforts to attend Board and committee meetings in person. When necessary, a director who is unable to attend in person may attend by telephone or other means of communication that allows all participants to hear and speak to each other if appropriate under the circumstances. A director who is unable to attend a meeting (which it is understood will occur on occasion) or who wishes to participate telephonically or use other communications equipment is expected to notify the Corporate Secretary or the Chairman in advance of such meeting. As provided in the Code of Conduct for OCC Directors, attendance by telephone [or videoconference for meetings that are scheduled for in-person attendance](#) is discouraged.

***Distribution of Materials; Board Presentations.*** It is important for directors to have materials on topics to be discussed sufficiently in advance of a meeting date and for directors to be kept abreast of developments between Board meetings. OCC regularly informs directors of internal and competitive developments between such meetings.

Directors can generally expect to receive ~~summaries/slides of presentations~~ materials at least a week in advance of a meeting to permit meaningful review and enable them to prepare for the meeting. Directors should review material distributed in advance of such meetings. In the event of a pressing need for the Board to meet on short notice or if such materials would otherwise contain highly confidential or sensitive information, it is recognized that written materials may not be available in advance of the meeting. OCC operates a board portal for the general dissemination of meeting and other written material to directors.

***Attendance of Non-Directors.*** The Board believes that attendance of key executive officers relevant for the topic being discussed augments the meeting process. Members of OCC's ~~senior management team~~ and other employees may attend Board meetings at the invitation of the Chairman, Chief Executive Officer, or Chief Operating Officer, and provide pertinent information as is necessary. Such persons may be excluded from Executive Sessions either of the Board or any ~~Committee~~ committee thereof.

The Chairman, Chief Executive Officer, and Chief Operating Officer encourage members of ~~senior management~~ the Management Committee to respond to questions posed by directors relating to their areas of expertise. The Board also believes that members of ~~senior management of OCC~~ the Management Committee can assist the Board with its deliberations and provide critical insights and analyses, particularly when the Board hears presentations on the business plan for the upcoming year. Attendance of such officers allows the most knowledgeable and accountable executives to communicate directly with the Board. It also provides the Board direct access to individuals critical to OCC's succession planning.

***Participation in Strategic Issues Discussions.*** To facilitate the Board's oversight of OCC's major strategic, financial, and business activities, OCC will hold a meeting of the Board and ~~management~~ the Management Committee focused on the overall strategic objectives of OCC each calendar year.

***Number of Meetings.*** The Board shall hold a minimum of ~~five~~ four meetings per year with additional meetings called as the Board deems appropriate.

***Quorum.*** Except as may otherwise be provided in the By-Laws, a majority of the ~~Directors~~ directors then in office, but not less than six (6) ~~Directors~~ directors, shall constitute a quorum for the transaction of business.

***Minutes.*** The Board shall maintain minutes of all Board meetings, which shall be furnished to the directors for review.

2. **Executive Sessions.** The Board and each Board committee may call executive sessions from which members of management and invited guests may be excluded. While it is up to the Board and each committee to decide when to call an executive session and who will participate in such sessions, it is expected that management will be excluded from executive sessions or portions thereof at which the discussion concerns management's performance and other matters of interest that non-management Directors wish to discuss outside of management's presence. Individual members of the Board and of a committee also may be excluded from executive sessions or portions thereof at which the discussion concerns a matter as to which that member has an actual or potential conflict of interest. The Board shall select a director to chair executive sessions in the absence of the Chairman. The Chair or Acting Chair of each committee shall chair an executive session of the committee. The chair of the executive session shall determine if separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into account the sensitivity of the matters to be discussed and the possibility that candor may be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed in executive session.
3. **Ethics and Conflicts of Interest.** Each director is required to act in good faith in the best interests of OCC and with due regard to the fiduciary responsibilities owed to OCC as a business and a SIFMU. The Board has adopted a Code of Conduct for OCC

Directors that includes a Conflict of Interest Policy. The Conflict of Interest Policy incorporates various provisions of applicable corporate law and other standards adopted by OCC to ensure that actual, potential or apparent conflicts of interests (referred to herein as "conflicts of interest") are handled with care~~that Board and committee decisions are not impacted by conflicts of interest.~~ Directors are expected to avoid any action, position or interest that conflicts with an interest of OCC, or gives the appearance of a conflict, in accordance with the Conflict of Interest Policy. Each calendar year, OCC solicits information from directors in order to monitor ~~potential~~ conflicts of interest and directors are expected to be mindful of their fiduciary obligations to OCC as set forth in the Code of Conduct for OCC Directors. Public Directors are expected to refrain from entering into material business relationships with other directors.

When faced with a situation involving a ~~potential~~ conflict of interest, directors are at all times expected to err on the side of caution and immediately bring to the attention of the Chairman and OCC's ~~General Counsel~~ Chief Legal Officer any matters that may involve conflicts of interest ~~or be reasonably perceived by others to raise questions about potential conflicts~~ even if the director does not believe that an actual conflict exists.

Each director is required to comply with the provisions of the Code of Conduct for OCC Directors, including, without limitation, the provisions relating to conflicts of interest and confidentiality. Directors are required to confirm each

calendar year their compliance with the Code of Conduct for OCC Directors.

3. **Board Compensation.** A Management Director shall not receive additional compensation for service as a director. Because OCC is an industry utility that benefits both clearing members and participant exchanges, Member Directors and Exchange Directors are not paid an annual retainer, but instead are each entitled to be paid \$100 for each meeting attended.

OCC believes that compensation for Public Directors should be competitive. The Compensation and Performance Committee will periodically review the level of the compensation for Public Directors, including how such compensation relates to director compensation of companies of comparable size and complexity. Changes to the compensation for Public Directors will be proposed to the full Board for consideration and approval.

4. **Board Access to ~~Senior Management~~the Management Committee and Independent Advisors.** In discharging its oversight role, the Board may inquire into any matter it considers appropriate to carry out its duties and responsibilities. Directors should have complete and open access to members of ~~senior management~~the Management Committee and, as appropriate, to OCC's outside advisors. Directors shall coordinate such access through the Chairman, Chief Executive Officer, or Chief Operating Officer. Directors will use their judgment to assure that this access is not distracting to the business operation of OCC.

The Board shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Board also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Board shall have the right at any time to retain independent outside financial, legal or other advisors. The Board committees may retain independent outside financial, legal or other advisors, and OCC will provide appropriate funding, as determined by the relevant committee, for the payment of reasonable compensation to such advisors. When providing the annual report of its activities to the Board, the relevant committee will include information concerning any engagement of outside advisors and the associated fees and expenses.

5. **Board Interaction with Media and Others.** The Code of Conduct for OCC Directors includes provisions related to inquiries made to directors from media and others (including regulators). Directors are expected to comply with these provisions.
6. **Confidentiality of Information.** In order to facilitate open discussion, confidentiality of information and deliberations is an imperative. As provided in the Code of Conduct for OCC Directors, each director has an affirmative duty to safeguard the confidentiality of information provided to the Board as well as the nature of Board room deliberations.
7. **Board Orientation and Continuing Education.** OCC shall provide new directors with a director orientation program to familiarize such directors with,

among other things, OCC's business, strategic plans, significant financial, accounting and risk management issues, compliance programs, conflicts policies, the Code of Conduct for OCC Directors, the OCC By-Laws and Rules, the Principles, principal officers, internal auditors, and external auditors. Each director is encouraged to participate in continuing education programs as necessary or appropriate to assist him or her in performing his or her responsibilities as a director. The Corporate Secretary will periodically advise directors of available educational opportunities.

8. **Board and Committee Evaluations.** The Governance and Nominating Committee is responsible for developing and administering an annual self-evaluation of the Board and its committees. The Governance and Nominating Committee shall be responsible for establishing the evaluation criteria, implementing the process for such evaluation, as well as making appropriate recommendations for improving performance. These self-evaluations will focus primarily on the performance of the Board and each committee as a whole and shall concentrate on areas where performance might be improved.

## COMMITTEES

1. **Board Committees.** The Board shall establish any standing and other committees that it deems necessary or appropriate to discharge its responsibilities. The Board has established Board-level committees including: Audit, Compensation and Performance, Governance and Nominating, Regulatory, Risk, and Technology. The Board may form a new committee or disband a current committee depending on circumstances. The Board may form such other committees, including subcommittees, as it from time to time deems appropriate, and may delegate authority to one or more designated members of such committees. In addition, the Board may determine to form ad hoc committees or groups from time to time, and determine the composition and areas of responsibility of such committees or groups.
2. **Independence Criteria for Audit Committee Service.** The Board has adopted the following independence criteria with respect to the Audit Committee. A Management Director does not qualify as independent for Audit Committee purposes provided that any Non-Executive Chairman of OCC shall not be deemed to be a Management Director for this purpose. Exchange Directors, Member Directors, and Public Directors may qualify as independent for Audit Committee purposes, subject to an assessment by the Board (through the Governance and Nominating Committee) of individual directors for other disqualifying material relationships with OCC, ~~OCC's senior management~~the Management Committee and other directors.
3. **Committee Assignments and Chairs.** The Chairs of the committees shall be determined in accordance with the terms of the applicable Committee Charter and, if applicable, the By-Laws. The Board shall have the authority to approve and shall each calendar year review committee assignments.

The Governance and Nominating Committee, after consultation with the Chairman, shall be responsible for making recommendations to the Board with respect to the assignment of directors to various committees, including the

designation of Chair. After reviewing the recommendations, the Board shall be responsible for appointing the members to the committees.

Committee assignments and the designation of committee Chairs should be based on the director's knowledge, interests and areas of expertise. The Board does not favor mandatory rotation of committee assignments or Chairs. The Board believes experience and continuity are more important than rotation and that directors and Chairs should be rotated only if a change is likely to increase ~~Committee~~committee performance or facilitate committee work.

4. **Frequency and Length of Board Committee Meetings.** Committee Chairs should regularly consult with the Chairman, Chief Executive Officer, or Chief Operating Officer to obtain their insights and to optimize committee performance. The committee Chairs, in consultation with the Chairman, Chief Executive Officer, or Chief Operating Officer, as necessary, should establish the frequency and length of committee meetings. The Board agendas shall include regular reports from the Chairs of each of the Board committees.
5. **Development of Committee Agendas.** The committee Chairs, working with the Chairman, should establish committee agendas for the year. All standing committees should meet regularly during the year and receive reports from OCC personnel on developments affecting the committee's work.
6. **Attendance at and Preparation for Committee Meetings.** Directors are expected to attend all meetings of committees to which they are appointed, review all materials in advance and be prepared to participate fully in the committee's meetings.
7. **Charters.** For each standing committee the Board shall establish a written charter which shall set forth the responsibilities of that committee, as well as ~~Committee~~committee structure and operations, and any required reporting to the full Board.

For each of the Audit, Compensation and Performance, Governance and Nominating, Regulatory, Risk, and Technology Committees the charter shall set forth the purposes, goals, and responsibilities of such committee, the qualifications for committee membership, and committee reporting to the Board (which shall include a requirement that each committee provide the Board with an annual report summarizing the committee's activities over the prior year). Current versions of these charters shall be available on OCC's website.

## MANAGEMENT STRUCTURE, EVALUATION AND SUCCESSION

1. **Management Structure.** OCC's By-Laws provide the Board with the flexibility to select the appropriate management leadership structure for OCC. OCC's management leadership may be comprised of an Executive Chairman, a Chief Executive Officer, and a Chief Operating Officer, as the Board determines necessary. In making leadership determinations, the Board considers many factors, including the specific needs of the business and ~~what is in~~ the best interests of OCC and the market participants that it serves.

2. **Selection and Evaluation of Management.** As required by the By-Laws, the Board annually elects certain corporate officers including any Executive Chairman (if applicable), and the Chief Executive Officer, Chief Operating Officer, Secretary, and Treasurer. Each of these officers has the authorities, responsibilities and duties allocated to them as set forth in the By-Laws and Rules and such other duties as may be delegated to them as provided in the By-Laws or otherwise. Factors the Board considers in delegating authority to an officer to authorize a regulatory filing include, but are not limited to, the responsibilities and expertise of the officer and any limitations on the scope of the delegated authority that the Board determines are appropriate, including limitations to the subject matter, materiality of the changes, the regulatory process required to implement the changes, and the manner in which the officer must notify the Board or a committee about filings approved pursuant to such authority.

The Compensation and Performance Committee shall conduct an annual evaluation of the performance of each of any Executive Chairman and the Chief Executive Officer, and Chief Operating Officer, including performance against his or her established goals. The Compensation and Performance Committee shall take such evaluations into consideration in recommending to the Board each such officer's compensation. After reviewing the recommendations of the Compensation and Performance Committee, the Board shall be responsible for establishing each such officer's compensation.

3. **Management Succession Planning.** Succession planning for OCC's senior management, including any Executive Chairman, the Chief Executive Officer, and the Chief Operating Officer, is critical to OCC's long-term success. To assist the Board, such officers shall provide an annual succession planning report to the Compensation and Performance Committee. There should also be available, on a continuing basis, the recommendations of any Executive Chairman, Chief Executive Officer, and Chief Operating Officer as a successor should any of them unexpectedly become unable to serve.
4. **Review Cycle.** These Principles, along with the Fitness Standards, shall be reviewed by the Board at least once every twelve months.

Exhibit C

## The Options Clearing Corporation: Fitness Standards for Directors, Clearing Members and Others

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### The Options Clearing Corporation Fitness Standards

The Board of Directors and the stockholders of The Options Clearing Corporation (the "Corporation") have established qualification and fitness standards (the "Fitness Standards") for (i) directors, (ii) Clearing Members, and (iii) any person affiliated with a director or a Clearing Member. The criteria of the applicable Fitness Standards shall be used in nominating directors and in admitting Clearing Members or otherwise granting direct access to the settlement or clearing activities of the Corporation.

#### Fitness Standards for Directors

The Corporation's By-Laws contain governance standards designed to provide fair representation to stockholders and Clearing Members. These standards also facilitate the performance of the Corporation's role as a systemically important financial market utility.

The criteria below shall be used by the Governance and Nominating Committee, the stockholder exchanges, and the Board of Directors in considering nominees for election or appointment to the Board and service on the Disciplinary Committee.

#### *Criteria Applicable to all Directors*

- Characteristics essential for effectiveness as a member of the Board, including, but not limited to, integrity, objectivity, sound judgment, and leadership;
- Expertise and experience in an area relevant to governance of the Corporation, including, but not limited to: (i) strategic planning, such as new business development, expansion of markets, products and customers, and joint venture development; (ii) risk management relevant to risks such as credit, market, liquidity, operational, legal and regulatory compliance, payment systems, clearance and settlement, new products, risk modeling, risk valuation, and systemic risk management; (iii) technology, such as infrastructure, applications development and maintenance, information security, and disaster *recovery*; (iv) operations; (v) trading; (vi) business management; (vii) finance; (viii) audit; (ix) governmental and legislative relationship management; (x) compensation and human resources; and (xi) legal, regulatory, and compliance expertise.
- Substantial seniority in own firm;
- Knowledge of securities and/or futures industries;
- Appropriate educational credentials or other certifications;
- For current directors eligible for re-election, length of service on the Board and attendance, and participation, and contribution at Board and committee meetings; and
- Appropriate weight given to diversity factors.

In addition, no person shall be qualified to serve on the Board if such person:

- is subject to a "statutory disqualification" under Section 3(a)(39) of the Securities Exchange Act of 1934, as amended (the "Exchange Act");
- may be refused registration under the Commodity Exchange Act ("CEA") pursuant to Section 8a(2) of the CEA; or
- has a history of serious disciplinary offenses, including, but not limited to, those that would be disqualifying under Commodity Futures Trading Commission ("CFTC") Regulation § 1.63.

*Additional Criteria for Member Directors*

- Balanced representation among all Clearing Members;
- Balanced representation of all business activities of Clearing Members;
- Nature of the firm with which each prospective director is associated;
- Industry affiliations;
- Assure that not all Member Directors are representatives of the largest Clearing Member Organizations based on the prior year's volume; and
- Develop a mix of Member Directors that includes representatives of Clearing Member Organizations that are primarily engaged in agency trading on behalf of retail customers or individual investors.

*Additional Criteria for Exchange Directors*

- Ownership of common stock of the Corporation by the exchange nominating an Exchange Director.

*Additional Criteria for the Public Directors*

- No affiliation with any national securities exchange ~~or~~ national securities association, designated contract market, futures commission merchant, or ~~with any~~ broker or dealer in securities, as stated in the Corporation's By-Laws.

**Fitness Standards for Clearing Members**

Clearing Members of the Corporation are subject to extensive regulation by either or both of the SEC and the CFTC, or, or in the case of Non-U.S. Securities Firms, the regulatory authority of the country or countries in which the firm conducts business. Clearing Member applicants must be:

- Registered as a broker or dealer under the Exchange Act;
- A futures commission merchant registered under Section 4f(a)(1) of the CEA; or
- A Non-U.S. Securities Firm, as defined in the By-Laws.

The Risk Committee may refuse to admit any person as a Clearing Member if the person is subject to a "statutory disqualification" under Section 3(a)(39) of the Exchange Act. No person shall be qualified to be admitted as a Clearing Member if the person is subject to statutory

disqualification under Section 8a(2)-(4) of the Commodity Exchange Act.

**Fitness Standards for Affiliates and Access Persons**

Any person affiliated, within the meaning of Section 5b(c)(2)(0) of the CEA, with a director of the Corporation or a Clearing Member ("Affiliates") shall not:

- be subject to criteria for refusal to register a person under Section 8a(2) of the CEA; unless
- the Risk Committee finds that there are special circumstances warranting the waiver of such disqualification with respect to the Affiliate.

With respect to Affiliates, the Board shall be entitled to rely on a certification from the relevant director or Clearing Member that, to the best of such person's knowledge, none of its affiliates is subject to disqualification pursuant to the Corporation's Fitness Standards and that such person will notify the Corporation if at any time such director or Clearing Member becomes aware that any such affiliate fails to meet the Fitness Standards.

Section 5b(c)(2)(0)(ii)(IV) of the CEA requires each derivative clearing organization ("DCO") to establish Fitness Standards for persons with direct access to the settlement or clearing activities of the DCO ("Access Persons"). The Corporation believes that there are presently no persons with such access other than the Clearing Members.

**Exhibit D****THE OPTIONS CLEARING CORPORATION  
AUDIT COMMITTEE CHARTER****I. Purpose**

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established an Audit Committee (the “Committee”) to assist the Board in overseeing OCC’s financial reporting process, OCC’s system of internal control, OCC’s auditing process, OCC’s process for monitoring compliance with applicable laws and regulation, and OCC’s compliance and legal risks. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

**II. Membership and Organization**

- A. **Composition**. The Committee shall be comprised of three or more directors as appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. All members of the Committee shall be independent from management as determined by the Board ~~of Directors~~. Management Directors do not qualify as independent and may not serve on the Committee.<sup>1</sup> All members of the Committee shall have a working familiarity with basic finance and accounting practices (i.e., financial literacy). At least one member of the Committee shall have accounting or related financial management expertise. The Chair shall be a Public Director. Unless a Chair is elected by the ~~full~~ Board, the members of the Committee shall designate a Chair by majority vote ~~of the full Committee membership~~. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue

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<sup>1</sup> In the event OCC has a Non-Executive Chairman, such individual shall not be considered a Management Director.

to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. **Meetings.** The Committee ~~will~~[shall](#) meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair for the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone [or videoconference for meetings that are scheduled for in-person attendance](#) is discouraged.

The Committee will meet at least once each calendar year with management, the Chief Audit Executive, the Chief Compliance Officer, the Chief Financial Officer, and the external auditors in separate executive sessions to discuss any matters that either side believes should be discussed privately. Between meetings of the Committee, the Chief Audit Executive, the Chief Compliance Officer and the Chief Financial Officer are authorized to communicate directly with the Chair with respect to any of the responsibilities of the Audit Committee.

- C. **Quorum.** A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. **Minutes and Reports.** The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

**Delegation.** The Committee may form and delegate authority to subcommittees, and may delegate authority to one or more designated members of the Committee, including the approval of non-audit services performed by the external auditors as set forth below. The Committee may also delegate authority to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

### IV. Functions and Responsibilities

The Committee's role is that of oversight and its primary duties and responsibilities are to serve as an independent and objective party to oversee:

- OCC's financial reporting process, including the integrity of its financial statements;
- The impact of litigation and other legal matters that may have a material impact on the financial statements;
- OCC's system of internal control;
- The audit efforts of OCC's external auditors and the Internal Audit Department;
- OCC's compliance environment and processes; and
- The facilitation of open communication among the external auditors, the Corporate Finance Department, the Compliance Department, and the Board.

In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of OCC and are not, and do not represent themselves to be, accountants or auditors of OCC. It is not the duty or responsibility of the Committee or its members to conduct fieldwork or other types of auditing, accounting, or compliance reviews or procedures. It is the responsibility of OCC management to develop, implement and maintain appropriate accounting, compliance and financial reporting principles and policies, internal controls and procedures that comply with accounting standards and applicable laws and regulation as well as to identify, manage, measure, monitor and report on compliance and legal risks. The external auditors and the Internal Audit Department of OCC are responsible for planning and carrying out audit work, as appropriate.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review, as appropriate, with management and the external auditor the audited and unaudited financial statements. The Committee is authorized to resolve any disagreements between management and the external auditor regarding financial reporting.
- The Committee is authorized to approve OCC's annual audited financial statements and issuance of the annual financial statements after reviewing such statements with management and the external auditor prior to issuance and receiving management's recommendations with regard to such issuance.
- The Committee is authorized to review with management, the external auditor and Internal Audit (as appropriate) significant financial reporting issues and judgments made in connection with the preparation of financial statements, critical accounting policies and estimates, any major issues regarding accounting

principles and financial statement presentation and the effect of regulatory and accounting initiatives.

- The Committee is authorized to approve material changes in accounting principles and practices and recommend such changes to the Board for approval.
- During each regular meeting, the~~The~~ Committee shall receive a report ~~each quarter~~ from the Chief Legal Officer ~~General Counsel~~ on existing, pending or threatened litigation and discuss any legal matters that may have a material impact on OCC's financial statements. Each calendar year, the General Counsel shall report on OCC's use of external counsel services, including costs thereof.
- The Committee is authorized to ensure that there is a clear understanding with management and the external auditor that the external auditor is ultimately accountable to the Board and the Committee. The Committee is authorized to review and discuss with the external auditor any audit problems or difficulties and management's response thereto.
- The Committee is authorized to: pre-approve all audit and other services provided by the external auditor each calendar year; approve the fees related to such services, including any adjustments thereto; and review and approve the scope and approach of the external auditor's annual service plan and any adjustments thereto. The Committee shall review reports of the external auditor issued in connection with its annual service plan, as well as any other special reports, and inquire of management regarding steps taken to deal with items raised.
- The Committee shall at least once every calendar year monitor and evaluate the external auditor's qualifications, performance and independence and, based upon such evaluations, ~~recommend to the Board the re-appointment~~ or recommend to the Board dismissal of the external auditor.
- The Committee shall at least once ~~in a~~every calendar year obtain and review reports prepared by the external auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review or peer review, or by any inquiry or investigation conducted by governmental or professional authorities during the preceding five years with respect to independent audits carried out by the firm, and any steps taken to deal with any such issues; and all relationships between the external auditors and OCC that could be thought to bear on its independence, as well as its independence status within the meaning of the Securities Acts administered by the Securities and Exchange Commission. These reports are to be used to evaluate the external auditor's qualifications, performance, and independence.
- The Committee is authorized to oversee the timing and process for implementing a rotation of the engagement partner of the external auditor as well as any other

active audit engagement team partner and consider whether there should be a regular rotation of the audit firm itself.

- The Committee is authorized to discuss with the external auditor any significant issues that may be required in accordance with generally accepted auditing standards relating to the conduct of the financial statement audit.
- The Committee is authorized to approve management's recommendation to appoint or replace the Chief Audit Executive. The Chief Audit Executive shall report functionally to the Committee and administratively to a member of the Management Committee designated by the Committee.
- The Committee shall review at least once every twelve months the Internal Audit Policy. The Committee is authorized to approve the Internal Audit Policy and ensure there are no unjustified scope restrictions or limitations placed on the Internal Audit Department.
- The Committee shall review the Internal Audit Department process for establishing the risk-based annual internal audit plan, is authorized to approve the annual internal audit plan and deviations to the plan, shall monitor progress against the annual internal audit plan through the receipt of reports on at least a quarterly basis, and is authorized to approve any Chief Audit Executive recommendations for removing or deferring any audits from a previously approved annual internal audit plan.
- The Committee shall monitor ongoing internal audit activities by reviewing reports and other communications prepared by the Internal Audit Department and inquire of management regarding steps taken to deal with items raised.
- The Committee shall oversee the structure, independence and objectivity, staffing, resources and budget of the Internal Audit Department.
- The Committee is authorized to delegate to the Chief Audit Executive the authority to approve, within the co-sourced audit hour limits of the approved annual internal audit plan, the following:
  - Hiring of the internal audit co-sourcing service providers whenever it is determined a specialist is needed to review particular areas of the OCC, to augment the resources available internally within OCC's Internal Audit Department or for any other practical purpose.
  - Reviewing the performance of the internal audit co-sourcing service providers and exercising final approval on the appointment, retention or discharge of such providers.
  - Approving the scope of services to be performed by the internal audit co-sourcing service provider.

- The Committee shall review the effectiveness of the internal audit function, including conformance with the Institute of Internal Auditor's Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- The Committee shall review at least once every twelve months the Reporting Concerns and Whistleblower Policy, the Code of Conduct and the Compliance [Risk](#) Policy. The Committee is authorized to approve each of these policies. The Committee shall discuss with relevant parties, management staff or advisors any material issues, including those relating to questionable accounting or auditing matters, reported under these policies.
- The Committee is authorized to approve management's recommendation to appoint or replace the Chief Compliance Officer. The Chief Compliance Officer shall report functionally to the Committee and administratively to a member of the Management Committee designated by the Committee.
- Each calendar year, the Committee shall receive a report from the Chief Compliance Officer concerning OCC's system to communicate and monitor compliance with and enforcement of its Code of Conduct and Reporting Concerns and Whistleblower Policy.
- The Committee shall review ongoing compliance monitoring activities by reviewing reports and other communications prepared by the Chief Compliance Officer and inquire of management regarding steps taken to deal with items raised.
- The Committee shall oversee the structure, staffing, resources and budget of the Compliance Department.
- [During each regular meeting, the](#)~~The~~ Committee shall review ~~periodic~~ regulatory inspection reports, management's responses thereto, and the Compliance Department's tracking of remediation by OCC of noted items.
- The Committee is authorized to review and evaluate any Annual Compliance Report certified by the Chief Compliance Officer as required by regulation.
- [During each regular meeting, the](#)~~The~~ Committee shall ~~regularly~~ review with management OCC's system of internal controls. The Committee shall review any (i) significant deficiencies and material weaknesses in the design or operation of internal control, and (ii) any fraud, whether or not material, that involves management or other employees.
- The Committee shall review the performance of the Internal Audit function and the Chief Audit Executive, and the Compliance function and the Chief Compliance Officer, with respect to the performance assessment and annual compensation for each.

- The Committee is authorized to approve management's decision to hire employees or former employees of the external auditor who were engaged on OCC's account.
- The Committee is authorized to delegate authority to one of its members to approve non-audit services performed by the external auditors, with such decisions communicated regularly to the Committee.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall review its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board, [including authorizing the filing of regulatory submissions pursuant to such delegation](#).
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

## **V. Review Cycle**

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

Exhibit E

**THE OPTIONS CLEARING CORPORATION  
COMPENSATION AND PERFORMANCE COMMITTEE CHARTER**

**I. Purpose**

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Compensation and Performance Committee (the “Committee”) to assist the Board in overseeing general business, regulatory capital, investment, corporate planning, compensation and human capital risks as well as executive management succession planning and performance assessment, including recommending to the Board for approval the annual compensation awards of any Executive Chairman and the Chief Executive Officer and Chief Operating Officer. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider the legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

**II. Membership and Organization**

- A. **Composition.** The Committee shall ~~consist~~be comprised of the Chairman, the Member Vice Chairman, and three or more other directors appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. The Chair of the Committee shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. **Meetings.** The Committee ~~will~~shall meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent

information as ~~is~~ necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair of the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone [or videoconference for meetings that are scheduled for in-person attendance](#) is discouraged.

The Committee shall meet at least once each calendar year with the Chief Executive Officer, any Executive Chairman, and any other OCC officers the Committee deems appropriate, to discuss and review the performance and compensation awards of members of the Management Committee. Except as otherwise requested by the other members of the Committee, the Chief Executive Officer and any Executive Chairman shall recuse ~~himself~~[themselves](#) from any discussion of ~~his~~[their](#) individual compensation, benefits, or perquisites.

- C. **Quorum**. A majority of the Committee members shall constitute a quorum for the transaction of business.
- D. **Minutes and Reports**. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of ~~the~~ OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

**Delegation.** The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee, the Administrative Committee, and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### IV. Functions and Responsibilities

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, manage, [measure](#), monitor and report on general business risks, including as they relate to OCC's ~~Corporate Plan~~[corporate performance report](#) and ~~Corporate Budget~~[corporate budget](#), capital requirements, human capital, compensation and benefit programs, management succession planning and management performance assessment processes, arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall oversee the annual ~~Corporate Plan~~corporate performance report and ~~Corporate Budget~~corporate budget, including their alignment with OCC's business strategy. The Committee shall review and approve the annual ~~Corporate Plan~~corporate performance report and ~~corporate budget~~Budget and recommend approval thereof to the Board. During each regular meeting, the~~The~~ Committee shall receive a ~~quarterly~~ report from management that provides information on performance against the ~~Corporate Plan~~corporate performance report and ~~Corporate Budget~~corporate budget.
- The Committee shall review and have the authority to approve the annual goals and objectives of any Executive Chairman and the Chief Executive Officer, and Chief Operating Officer.
- The Committee shall make recommendations to the Board concerning capital requirements.
- The Committee is authorized to review and approve changes in OCC's fees, including authorizing the filing of regulatory submissions relating thereto.
- The Committee is authorized to review and approve significant unanticipated capital expenditures or, where required, make recommendations ~~with respect thereto~~ to the Board.
- The Committee is authorized to review and recommend to the Board changes to OCC's fee structure.
- The Committee shall oversee Management Committee succession planning and performance assessment processes. At least once every twelve months the Committee shall review the results of Management Committee succession planning activities.
- ~~For each~~Each calendar year, the Committee shall review the performance of the members of the Management Committee and have the authority to approve their compensation awards. ~~For each~~Each calendar year, the Committee shall assess the performance and make recommendations to the Board regarding the compensation awards of any Executive Chairman and the Chief Executive Officer, and Chief Operating Officer.
- The Committee shall meet at least once each calendar year with any Executive Chairman, the Chief Executive Officer, the Chief Operating Officer, and any other corporate officers the Committee deems appropriate to discuss and review the performance and compensation levels (including benefits and perquisites such as sign-on bonuses, retention arrangements, relocation arrangements and other financial commitments of OCC) of members of the Management Committee and certain other key officers, as appropriate.

- The Committee shall oversee the development and administration of OCC's Human Resources programs and policies, including talent acquisition, performance management, training and development, benefits and succession planning for [critical](#)key roles.
- The Committee shall oversee OCC's employee benefit, retiree benefit, and welfare benefit programs and plans, as well as the operation and administration thereof, including funding obligations (if any).
- At least once every twelve months, the Committee shall provide a report to the Board (with more frequent reporting as the Committee deems necessary or advisable under the circumstances) relating to: (i) actions taken by the Committee with respect to its review of OCC's retirement and welfare benefit plans, (ii) the financial position and performance of such plans, and (iii) adherence to investment guidelines, in each case, where applicable.
- The Committee shall oversee the Administrative Committee. The Committee shall be authorized to: approve the charter of the Administrative Committee and any changes thereto, appoint and remove members of the Administrative Committee, and oversee and monitor the activities of the Administrative Committee with regard to the matters set forth in the Administrative Committee's charter.
- The Committee shall be authorized to adopt new compensation, retirement and welfare benefit plans and to amend or terminate existing plans other than such plans that require Board action to approve, amend or terminate.
- No less frequently than every two [calendar](#) years, the Committee shall review the compensation of Public Directors and recommend to the Board any changes thereto.
- At least once every twelve months, the Committee shall review OCC's insurance program.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board, [including authorizing the filing of regulatory submissions pursuant to such delegation](#).
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.

- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

#### **V. Review Cycle**

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

**Exhibit F**

**THE OPTIONS CLEARING CORPORATION  
GOVERNANCE AND NOMINATING COMMITTEE CHARTER**

**I. Purpose**

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Governance and Nominating Committee (the “Committee”) to assist the Board in overseeing OCC’s corporate governance processes, including assessing that OCC’s governance arrangements are clear and transparent, establishing the qualifications necessary for Board service to ensure that the Board is able to discharge its duties and responsibilities, identifying and recommending to the Board candidates eligible for service as Public Directors and Member Directors, and resolving certain conflicts of interests. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

**II. Membership and Organization**

- A. Composition. The Committee ~~will~~shall be ~~composed~~comprised of at least one Public Director, at least one Exchange Director, and at least one Member Director. No Management Director will be a member of the Committee. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The ~~Committee~~ Chair ~~will~~shall be ~~designated by the Board from among thea~~ Public Director-Committee members. In the absence of the Chair at any meeting of the Committee, those members of the Committee present will designate a Committee member to serve as the Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- B. Meetings. The Committee shall meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Chair or its designee shall, in consultation with management, as well as the Corporate Secretary, prepare an agenda in advance of each meeting. The members of the Committee may ask members of management or others to attend

meetings and provide pertinent information as necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or Acting Chair, as applicable, will serve as chair for an executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone [or videoconference for meetings that are scheduled for in-person attendance](#) is discouraged.

- C. Quorum. A majority of the Committee members will constitute a quorum for the transaction of business.
- D. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of executive sessions are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including fees and expenses associated therewith. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### **IV. Functions and Responsibilities**

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall identify for purposes of making recommendations to the Board the criteria, skills, experience, expertise, attributes and professional backgrounds (collectively, "Standards") desirable in directors to ensure the Board is able to discharge its duties and responsibilities.
- The Committee shall identify, screen and review individuals qualified to be elected or appointed, as the case may be, to serve as Member Directors and Public Directors, consistent with the Standards approved by the Board (including evaluation of incumbent directors for potential re-nomination, taking into consideration, among other things, an incumbent director's past performance, including attendance at meetings and participation and contributions to the activities of the Board), after consultation with the Chairman.
- The Committee shall assess the appropriateness of a director continuing to serve on the Board where such director submits his or her offer to resign upon the director ceasing to hold the principal occupation or business association that such director held when originally invited to join the Board, and recommend to the Board any

action to be taken related thereto, consistent with the requirements of the By-Laws concerning the continued eligibility of such person to remain a director.

- The Committee shall review at least every three years the composition of the Board as a whole for consistency with public interest and regulatory requirements, including whether the Board reflects the appropriate balance across the categories of directors (i.e., Member Directors, Exchange Directors, Public Directors and Management Director).
- The Committee shall review at least every three years the continued appropriateness of the term limits applicable to Member Directors set forth in the By-Laws and recommend to the Board, where appropriate, changes to such provisions.
- The Committee shall review at least once every twelve months the Board's [of Directors Charter](#) and Corporate Governance Principles and the charters of the Board's committees for consistency with the public interest and other regulatory requirements, transparency of the governance process, and other sound governance practices.
- The Committee shall recommend to the Board, where appropriate, changes to the charters of the Board's ~~and its~~ committees, including this Charter, [and the Board of Directors Charter and Corporate Governance Principles](#).
- Each calendar year, the Committee shall review and advise the Board with regard to whether directors are independent as defined by the Board.
- The Committee shall advise the Board with respect to committee structure, operations and charters, including:
  - Reviewing periodically the committee structure of the Board; and
  - Recommending to the Board for its approval the appointment of directors to Board committees and assignment of committee Chairs, in each case after consultation with the Chairman.
- The Committee shall consider and advise the Board on matters pertaining to director leadership development and Board succession planning.
- ~~For each~~ [Each](#) calendar year, the Committee shall develop ~~and recommend to the Board~~, and coordinate and provide oversight of, the annual process of self-evaluation of the role and performance of the Board's committees and directors in the governance of OCC.
- The Committee shall oversee, review and consider changes to the orientation program for new directors and continuing director training and education opportunities.

- The Committee shall review and ~~consider~~approve changes to OCC's policies on conflicts of interest of directors, including the OCC Directors Code of Conduct, ~~and recommend such changes to the Board~~. The Committee shall review any director conflicts of interest and how~~the manner in which~~ they are to be monitored and resolved.
- The Committee shall have the authority to approve all material changes to written policies related to related party transactions ~~and recommend such changes to the Board for approval~~. The Committee shall review and, if appropriate, approve or ratify any related party transactions involving OCC, in accordance with the written policy governing such transactions.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Board for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies, or delegated to it by the Board, including authorizing the filing of regulatory submissions pursuant to such delegation.
- The Committee shall perform any other duties consistent with this Charter as the Committee deems necessary or appropriate, or as the Board shall further delegate to the Committee.

## V. Review Cycle

The Committee shall review this Charter at least once every twelve months. The Committee shall submit this Charter to the Board for approval, with such changes, if any, as the Committee deems advisable.

**Exhibit G****THE OPTIONS CLEARING CORPORATION  
RISK COMMITTEE CHARTER****I. Purpose**

The Board of Directors (the “Board”) of The Options Clearing Corporation (“OCC”) has established a Risk Committee (the “Committee”) to assist the Board in overseeing OCC’s financial, collateral, risk model and third party risk management processes. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation. Additionally, the Committee is responsible for performing those functions delegated to the Committee under OCC’s By-Laws and Rules. In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

**II. Membership and Organization**

- A. Composition. The Committee shall consist of (i) the Executive Chairman, (ii) at least one Exchange Director, (iii) at least one Member Director, and (iv) at least one Public Director, each of whom shall be appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. [In making their nominations, the Governance and Nominating Committee and the Board take into consideration the desire to obtain input from a broad array of market participants on risk management issues.](#) The Board may remove or replace any member of the Committee at any time. The Committee shall be chaired by a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as the Acting Chair.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

Meetings. The Committee will meet at least ~~six~~[four](#) times a year, inclusive of joint meetings with other Board committees. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to

attend the meeting and provide pertinent information as is necessary. The Committee may call executive sessions from which members of management and invited guests of the Committee may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or the Acting Chair, as applicable, will serve as chair for the executive session. Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, ~~in person~~ attendance by telephone or videoconference for meetings that are scheduled for in-person attendance is discouraged is preferred. The Committee shall meet regularly, and at least once each calendar year, with members of management and the Chief Risk Officer in separate executive sessions to discuss any matters that either side believes should be discussed privately. Between meetings of the Committee, the Chief Risk Officer is authorized to communicate directly with the Chair with respect to any of the responsibilities of the Committee.

- B. Quorum. A majority of the Committee members shall constitute a quorum for the transaction of business.
- C. Minutes and Reports. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor might be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. Scope. Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set

forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

From time to time, the Committee may receive reports and guidance relating to financial risk issues from, among others, the OCC Financial Risk Advisory Council and, in the exercise of its fiduciary judgment, shall take such guidance into account in the performance of its functions and responsibilities.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including any fees and expenses associated therewith.

The Committee shall perform its responsibilities in accordance with this Charter and applicable regulatory requirements.

- B. Delegation. The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### **IV. Functions and Responsibilities**

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, [measure](#), manage, monitor and report on financial, collateral, risk model and third party risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review at least once every twelve months the adequacy of OCC's management of risks related to credit exposures, including its margin and clearing fund methodologies. The Committee shall have the authority to approve all material changes to written policies with respect to the management of risks related to credit exposures ~~and recommend such changes to the Board for approval~~. The Committee shall receive a monthly report from management that provides information on the effectiveness of the management of risks related to credit exposures, including the results of (i) a comprehensive analysis of the existing stress testing scenarios, models, and underlying parameters and assumptions, and (ii) a sensitivity analysis of OCC's margin model and a review of the margin model's parameters and assumptions for back testing.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of collateral risks. The Committee shall have the authority to approve all material changes to written policies related to the management of collateral risks ~~and recommend such changes to the Board for approval~~. The Committee shall receive a quarterly report from management that provides information on the effectiveness of OCC's management of collateral risks.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of liquidity risks, including the adequacy of any committed liquidity facilities. The Committee shall have the authority to approve all material changes to written policies with respect to the management of liquidity risks ~~and recommend such changes to the Board for approval~~. The Committee shall receive a monthly report from management that provides information on the effectiveness of OCC's management of liquidity risks, including the results of a comprehensive analysis of existing stress testing scenarios, models, and underlying parameters and assumptions used in evaluating liquidity needs ~~and resources~~.
- ~~The Committee shall review at least once every twelve months the adequacy of OCC's secured committed liquidity facilities, including an analysis of the size and composition of such facilities, and recommend approval thereof to the Board.~~
- The Committee shall oversee OCC's risk models and risk model validation process. The Committee shall have the authority to approve all material changes to written policies with respect to risk model management ~~and recommend such changes to the Board for approval~~. The Committee shall review and have the authority to approve all new risk models and recommend such changes to the Board for approval. The Committee shall review and have the authority to approve material changes to existing risk models, ~~except that the Committee shall refer material changes to OCC's margin and clearing fund methodologies to the Board, which the Board shall have the authority to approve~~. Additionally, the Committee shall review and have the authority to approve the annual risk model

validation plan and plan deviations, and any Chief Risk Officer recommendations for removing or deferring any risk model validation from a previously approved risk model validation plan. The Committee shall receive a quarterly report from the Chief Risk Officer that provides information on progress against the annual risk model validation plan and measures being taken by management regarding findings made. The Committee also shall review the results of any third party validations of OCC's risk models and, if any, recommended actions and remediation plans.

- [The Committee shall review and have the authority to approve at least once every twelve months OCC's risk appetites and risk tolerances.](#)
- The Committee shall review and have the authority to approve new products that materially impact OCC's established risk profile or introduce novel or unique financial, risk model and third party risks and shall refer such products to the Board for approval.
- The Committee shall oversee OCC's Recovery and Orderly Wind-Down Plan. The Committee shall review and have the authority to approve at least once every twelve months the adequacy of OCC's Recovery and Orderly Wind-Down Plan and recommend approval thereof to the Board. The Committee shall have the authority to approve all material changes to the Recovery and Orderly Wind-Down Plan and recommend such changes to the Board [for approval](#).
- The Committee shall consider and discuss reports and guidance from the Financial Risk Advisory Council relating to financial risk issues that may impact the options and futures industries, including the potential impact on the businesses of OCC, linked relationships and participants.
- The Committee shall oversee the framework for Clearing Membership, including (i) periodically reviewing and revising, as appropriate, OCC's initial and ongoing requirements for Clearing Membership, (ii) overseeing the processes established for reviewing and monitoring Clearing Membership (including in respect of the continuance of potentially problematic members), and (iii) making recommendations to the Board, as applicable, for final determination in respect of the foregoing. At least once each calendar year, the Committee shall review the investigation and enforcement outcomes of disciplinary actions taken by the OCC against Clearing Members through its established processes.
- The Committee shall at least once every twelve months review the adequacy of OCC's management of third party risks. The Committee shall receive a quarterly report from management that provides information on the effectiveness of OCC's management of third party risks, including key linked and vendor relationships.
- The Committee shall have the authority to approve management's recommendation to appoint or replace the Chief Risk Officer. The Chief Risk Officer shall report functionally to the Committee and administratively to a

member of the Management Committee designated by the Committee. The Committee shall at least once every twelve months review and have the authority to approve the Chief Risk Officer's goals and objectives and any material changes thereto. The Committee shall at least once every twelve months review the performance of the Chief Risk Officer with respect to performance assessment and annual compensation for the Chief Risk Officer.

- The Committee shall at least once every twelve months review the structure and staffing of OCC's financial risk management and corporate risk management functions.
- The Committee shall review the results of any audits (internal and external); ~~regulatory examinations and third party assessment reports~~ as to financial, collateral, risk model and third party risk management processes or any other matter relating to the areas that the Committee oversees, as well as management's responses ~~and remediation efforts~~ pertaining to such ~~examinations~~ audits ~~and reports~~.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.
- Each calendar year, the Committee shall assess its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board, including authorizing the filing of regulatory submissions pursuant to such delegation.
- The Committee shall perform any other duties consistent with this Charter as the Committee deems necessary or appropriate, or as the Board shall further delegate to the Committee.

## V. Review Cycle

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.

**Exhibit H****THE OPTIONS CLEARING CORPORATION  
TECHNOLOGY COMMITTEE CHARTER****I. Purpose**

The Board of Directors (“Board”) of The Options Clearing Corporation (“OCC”) has established a Technology Committee (the “Committee”) to assist the Board in overseeing OCC’s information technology (“IT”) strategy and other company-wide operational capabilities. The purpose of the Committee is also to advise management regarding these aspects of OCC’s operation.

In fulfilling its responsibilities, the Committee shall prioritize the safety and efficiency of OCC, generally support the stability of the broader financial system and consider the legitimate interests of Clearing Members, customers of Clearing Members and other relevant stakeholders taking into account prudent risk management standards (including systemic risk mitigation) and industry best practices.

**II. Membership and Organization**

**Composition.** The Committee shall be comprised of three or more directors as appointed each calendar year by the Board. Committee members will be selected by the Board from among the directors recommended by the then-constituted Governance and Nominating Committee after consultation with the Chairman and shall serve at the pleasure of the Board. The Board may remove or replace any member of the Committee at any time. The Chair of the Committee shall be a Public Director. Unless a Chair is elected by the full Board, the members of the Committee shall designate a Chair by majority vote of the full Committee membership. In the absence of the Chair at any meeting of the Committee, those members of the Committee present shall designate a Committee member to serve as Acting Chair. In fulfilling their responsibilities, it is recognized that the members of the Committee are not full-time employees of OCC and are not, and do not represent themselves to be, technology experts.

In the event of a vacancy on the Committee, the Committee will continue to undertake its responsibilities, so long as the remaining Committee members are capable of satisfying the quorum requirement.

- A. **Meetings.** The Committee ~~will~~shall meet at least four times a year. Other meetings may be called by the Chair as circumstances dictate. The Committee Chair or its designee, in consultation with management, as well as the Corporate Secretary, shall establish the agenda for Committee meetings. The members of the Committee may ask members of management or others to attend the meeting and provide pertinent

information as ~~is~~ necessary. The Committee may call executive sessions from which members of management and invited guests may be excluded. Individual Committee members also may be excluded from executive sessions or portions thereof at which the discussion involves a matter as to which that member has an actual or potential conflict of interest. The Committee will meet in executive session at each regular Committee meeting and will determine who will participate in such session. The Committee Chair or the Acting Chair, as applicable, will serve as chair for an executive session. The Members of the Committee may participate in meetings by means of a conference telephone call or other means of communication that allows all participants in the meeting to hear each other. However, as provided in the Code of Conduct for OCC Directors, attendance by telephone [or videoconference for meetings that are scheduled for in-person attendance](#) is discouraged.

The Committee shall meet regularly, and no less than once each calendar year, with members of management in separate executive sessions to discuss any matters that either side believes should be discussed privately. The Committee shall meet regularly, and no less than once each calendar year, in separate executive sessions with the Chief Security Officer (“CSO”) in order to provide for the CSO’s autonomy and independence. Between meetings of the Committee, the CSO is authorized to communicate directly with the Chair with respect to any of the responsibilities of the Committee.

- B. **Quorum**. A majority of the Committee members shall constitute a quorum for the transaction of business.
- C. **Minutes and Reports**. The Committee shall maintain minutes of all Committee meetings. The Chair or Acting Chair, as applicable, shall determine whether separate minutes of an executive session are to be recorded as well as determine the level of detail to be included in such minutes, taking into consideration the sensitivity of the matters to be discussed and the possibility that candor may be limited if detailed minutes are recorded. It is expected that meeting minutes will reflect that an executive session was convened and broadly describe the topic(s) discussed. Minutes of Committee meetings shall be circulated to the Board.

The Committee shall make such reports to the Board as deemed necessary or advisable. The Committee Chair is responsible for ensuring that important issues discussed at the Committee meetings are reported timely to the full Board. Each calendar year, the Committee shall provide a report to the Board summarizing its activities during the previous year.

### III. Authority

- A. **Scope.** Subject to the direction of the Board, the Committee is authorized to act on behalf of the Board with respect to any matter necessary or appropriate to the accomplishment of the purpose and responsibilities set forth in this Charter. In discharging its role, the Committee may inquire into any matter it considers appropriate to carry out its purpose and responsibilities, with access to all books, records, facilities and personnel of OCC. The Committee shall confer with management and other employees of OCC to the extent it may deem necessary or appropriate to fulfill its duties. Where the Committee is authorized to approve reports or proposals provided to it by management, the Committee may or may not approve such matters in its business judgment. If the Committee does not approve such a report or proposal, it shall report to management that it has not approved such matter and may provide direction as to revisions or alternative courses of action as appropriate. The Committee shall report to the Board in the event that it does not approve a report or proposal provided to it by management, including the reasons for non-approval.

The Committee shall have the authority to hire specialists or rely upon other outside advisors or specialists to assist it in carrying out its activities. The Committee also shall have the authority to approve the fees and retention terms applicable to such advisors and specialists. The Committee's annual report to the Board will reference any engagement of specialists or outside advisors, including fees and expenses associated therewith.

**Delegation.** The Committee may form and delegate authority to subcommittees and may delegate authority to one or more designated members of the Committee and to one or more designated officers. The Committee may refer a risk under its oversight to another committee or the Board as advisable or appropriate. However, in all instances, the Committee retains the obligation to oversee such delegated or referred activity and to assure itself that delegation and reliance on the work of such delegates is reasonable.

#### IV. Functions and Responsibilities

The Committee's role is one of oversight. It remains the responsibility of OCC management to identify, [measure](#), manage, monitor and report on IT and other operational risks arising from OCC's business activities in light of OCC's role as a systemically important financial market utility.

The Committee shall have the following functions and responsibilities in discharging its oversight role:

- The Committee shall review at least once every twelve months OCC's IT and operational strategies, costs and planning, including the financial, tactical and strategic benefits of proposed major IT and operational related initiatives. The

Committee shall have the authority to approve major IT and operational initiatives, recommend any major capital expenditures to implement to the Board and the IT and operational budget for each calendar year.

- During each regular meeting, the~~The~~ Committee shall receive a ~~quarterly~~ report from management that provides information on management's progress in executing on major IT initiatives, technology architecture decisions (as applicable) and IT priorities as well as overall IT performance, including metrics concerning technology investments, talent management, and system availability, integrity, capacity and performance.
- The Committee shall review material changes to the operational execution and delivery of core clearing and settlement services and has the authority to recommend approval thereof to the Board.
- The Committee shall review at least once every twelve months the adequacy of OCC's management of ~~information~~ security risks. The Committee shall have the authority to approve all material changes to written policies related to the management of ~~information~~ security risks ~~and recommend such changes to the Board for approval.~~ During each regular meeting, the~~The~~ Committee shall receive a ~~quarterly~~ report from management that provides information on the effectiveness of the management of ~~information~~ security risks, including metrics concerning security incidents, systems intrusions and vulnerability management.
- The Committee shall oversee ~~and receive a quarterly report from management on~~ OCC's Business Continuity and Disaster Recovery Programs. During each regular meeting, the Committee shall receive a report from management that~~The report shall~~ includes the progress on executing the annual test plan and achieving recovery time objectives.
- The Committee shall oversee ~~and receive a quarterly report on~~ OCC's major operational initiatives. During each regular meeting, the Committee shall receive a report from management that~~The report shall~~ provides information on any major operational initiatives and metrics on the effectiveness of OCC's operations with reference to key indicators.
- The Committee shall monitor and oversee the overall adequacy of OCC's IT and operational control environment, including the implementation of key controls in response to regulatory requirements.
- The Committee shall identify risk issues relating to the areas that the Committee oversees that should be escalated to the Board for its review and consideration.
- Each calendar year, the Committee shall confirm to the Board that all responsibilities outlined in this Charter have been carried out.

- Each calendar year, the Committee shall review its and its individual members' performance and provide results of such assessment to the Governance and Nominating Committee for review.
- The Committee shall perform such other responsibilities and functions as shall from time to time be assigned to it under the By-Laws and Rules, other policies or delegated to it by the Board, [including authorizing the filing of regulatory submissions pursuant to such delegation](#).
- The Committee is authorized to perform any other duties consistent with this Charter, as the Committee or Board deems necessary, or as the Board shall further delegate to the Committee.

## **V. Review Cycle**

The Committee will review this Charter at least once every twelve months. The Committee shall submit this Charter to the Governance and Nominating Committee and the Board for approval, with such changes, if any, as the Committee deems advisable.