Statements of Financial Condition

December 31	2013	2012
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 90,586,322	$ 81,627,278
Accounts receivable	23,244,993	24,393,480
Exchange billing receivable Note 11	96,326,934	87,171,799
Due from participant exchanges Note 11	328,262	232,276
Other current assets	7,692,630	5,878,080
Deferred income taxes Note 12	1,095,900	627,226
Total Current Assets	219,275,041	199,930,139
Property and Equipment:		
Building, land and building improvements	5,789,927	5,775,427
Leasehold improvements	6,998,856	6,782,554
Equipment, furniture and other	10,908,027	10,541,343
Software	131,715,518	122,326,430
Total property and equipment	155,412,328	145,425,754
Accumulated depreciation and amortization	(127,601,448)	(122,761,972)
Property and equipment – net	27,810,880	22,663,782
Clearing fund deposits Notes 5, 15	4,023,315,000	2,664,973,000
Other assets Notes 9, 15	34,956,968	30,794,956
Deferred income taxes Note 12	28,804,482	35,002,878
Total Assets	$ 4,334,162,371	$ 2,953,364,755
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable and other	$ 16,491,961	$ 15,708,299
SEC transaction fees payable Note 11	21,151,046	29,864,755
Refundable clearing fees Note 8	46,997,637	29,050,313
Exchange billing payable Note 11	96,326,934	87,171,799
Other accrued liabilities	7,747,868	6,733,003
Total Current Liabilities	188,715,446	168,528,169
Clearing fund deposits Notes 5, 15	4,023,315,000	2,664,973,000
Other liabilities Notes 13, 14	96,690,190	108,230,569
Total Liabilities	4,308,720,636	2,941,731,738
Commitments and contingent liabilities Notes 2, 3, 4, 5, 7, 10, 16		
Shareholders' Equity: Note 6		
Common stock	600,000	600,000
Paid-in capital	2,059,999	2,059,999
Retained earnings	60,360,104	58,788,825
Accumulated other comprehensive loss Notes 13, 14 (net of tax benefit of $23,480,964 in 2013 and $30,260,524 in 2012)	(37,245,035)	(49,482,474)
Total	25,775,068	11,966,350
Treasury stock	(333,333)	(333,333)
Total Shareholders' Equity	25,441,735	11,633,017
Total Liabilities and Shareholders' Equity	$ 4,334,162,371	$ 2,953,364,755

See Notes to Financial Statements

Statements of Income and Comprehensive Income

December 31	2013	2012	2011
REVENUES			
Clearing fees Note 8	$ 156,481,334	$ 143,415,799	$ 141,390,262
Investment income Note 9	4,223,257	4,765,795	763,316
Data service fees	4,421,517	4,375,716	4,439,897
Other	4,016,375	4,674,309	3,705,280
Total Revenues	169,142,483	157,231,619	150,298,755
EXPENSES			
Employee costs	82,281,615	78,925,567	74,837,616
Information technology	25,669,434	25,648,384	26,194,524
Professional fees and outside services	28,524,775	18,542,226	15,441,819
General and administrative	18,957,781	19,193,992	20,327,885
Rental, office and equipment	5,169,402	5,195,639	4,381,730
Depreciation and amortization	4,839,476	4,550,811	4,715,181
Total Expenses	165,442,483	152,056,619	145,898,755
Income Before Income Taxes	3,700,000	5,175,000	4,400,000
Provision (Benefit) for Income Taxes: Note 12			
Federal – current	2,936,187	(2,887,272)	3,307,220
State and local – current	242,373	287,215	480,058
Federal – deferred	(964,782)	4,028,178	(1,100,735)
State and local – deferred	(85,057)	184,079	(115,740)
Provision for Income Taxes	2,128,721	1,612,200	2,570,803
Net Income	1,571,279	3,562,800	1,829,197
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX Note 6			
Pension and post retirement benefit plan adjustments, net of tax of $6,779,561 in 2013, ($2,416,714) in 2012 and ($5,392,063) in 2011	12,237,439	(4,362,285)	(9,732,938)
Comprehensive Income (Loss)	$ 13,808,718	$ (799,485)	$ (7,903,741)

See Notes to Financial Statements

Statements of Cash Flows

December 31		2013		2012		2011
CASH FLOWS FROM OPERATING ACTIVITIES						
Net income	$	1,571,279	$	3,562,800	$	1,829,197
Adjustments to reconcile net income to net cash flows from operating activities:						
Unrealized (gains) losses on investments		(2,108,852)		(2,071,268)		3,301,361
Depreciation and amortization		4,839,476		4,550,811		4,715,181
Loss on disposal of assets		—		—		453,839
Deferred income taxes		(1,049,839)		4,212,257		(1,216,475)
Changes in assets and liabilities:						
Accounts receivable and other receivables		(8,102,634)		(14,381,682)		1,017,597
Other current assets		(1,814,550)		(261,873)		1,631,901
Other assets		(306,122)		(1,028,689)		(2,755,100)
Purchases of investments		(7,867,061)		(14,189,109)		(48,065,558)
Sales of investments		6,120,023		13,081,120		47,674,230
Accounts payable and other liabilities		8,716,574		23,909,769		6,504,669
Refundable clearing fees		17,947,324		(8,985,605)		21,261,976
Net Cash Flows From Operating Activities		17,945,618		8,398,531		36,352,818
CASH FLOWS FROM INVESTING ACTIVITIES						
Capital expenditures		(9,986,574)		(9,501,447)		(8,448,511)
Net Cash Flows From Investing Activities		(9,986,574)		(9,501,447)		(8,448,511)
CASH FLOWS FROM FINANCING ACTIVITIES						
Issuance of notes		1,000,000		2,000,000		—
Borrowings on revolving line of credit		29,243,600		10,000,000		210,000,000
Repayments on revolving line of credit		(29,243,600)		(10,000,000)		(210,000,000)
Net Cash Flows From Financing Activities		1,000,000		2,000,000		—
Net increase in cash and cash equivalents		8,959,044		897,084		27,904,307
Cash and cash equivalents, beginning of year		81,627,278		80,730,194		52,825,887
Cash and cash equivalents, end of year	$	90,586,322	$	81,627,278	$	80,730,194
Supplemental disclosure of cash flow information:						
Cash paid for income taxes	$	2,829,500	$	2,290,248	$	5,221,100
Cash paid for interest		14,395		19,163		44,451

See Notes to Financial Statements

Notes to the Financial Statements

As of December 31, 2013 and 2012, and for the years ended December 31, 2013, 2012 and 2011

NOTE 1. BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Options Clearing Corporation ("OCC") is registered with the Securities and Exchange Commission ("SEC") as a clearing agency and with the Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization. OCC clears and settles transactions in securities options, security futures, commodity futures, and options on futures effected on exchanges for which OCC has agreed to provide such services. OCC also clears and settles certain securities lending transactions.

BASIS OF PRESENTATION AND USE OF ESTIMATES The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

CASH AND CASH EQUIVALENTS OCC considers all highly liquid investments with an initial maturity of three months or less from the date of purchase to be cash equivalents. Cash equivalents are comprised of investments of reverse repurchase agreements with major banking institutions, which mature on the next business day. Under these agreements, OCC purchases United States Treasury securities and the counterparties agree to repurchase the instruments the following business day at a set price, plus interest. During the term of the agreements, the underlying securities are transferred through the Federal Reserve System to a custodial account maintained by the issuing bank for the benefit of OCC. At December 31, 2013 and 2012, the carrying value of OCC's cash equivalents approximates fair value due to the short maturities of these investments.

PROPERTY AND EQUIPMENT Property and equipment are stated at historical cost, net of accumulated depreciation and amortization. Depreciation is computed using straight-line and accelerated methods based on estimated useful lives of five to thirty-nine and one half years. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the life of the leasehold improvement. Land is reported at cost.

OCC capitalizes direct and incremental costs, both internal and external, related to software developed or obtained for internal use in accordance with GAAP. Software, which includes capitalized labor, is amortized on a straight-line basis over a useful life of three to five years. OCC capitalized costs for computer software development in the amount of $8,969,000, $8,166,000 and $2,567,000 for the years ended December 31, 2013, 2012 and 2011, respectively. Amortization expense for computer software development was $2.4 million, $1.4 million and $1.6 million for 2013, 2012 and 2011, respectively.

IMPAIRMENT OF LONG-LIVED ASSETS OCC reviews its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If such review indicates that the carrying amount of a long-lived asset is not recoverable, the carrying amount is reduced to the fair value. As of December 31, 2013 and 2012, OCC has determined that no assets have been impaired, and no impairment charges have been recorded within the financial statements.

INCOME TAXES OCC accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are recorded based on the differences between the financial accounting and tax bases of assets and liabilities. Deferred tax assets and liabilities are recorded based on the currently enacted tax rate expected to apply to taxable income in the year in which the deferred tax asset or liability is expected to be settled or realized. It is OCC's policy to provide for uncertain tax positions and the related interest and penalties based upon management's assessment of whether a tax benefit is more likely than not to be sustained upon examination by the tax authorities. Uncertain tax positions are classified as current only when OCC expects to pay cash within the next twelve months. Income taxes are discussed in more detail within Note 12.

INVESTMENTS OCC designates all of its investments as trading securities in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") 320-10, *Investments – Debt and Equity Securities.*

REVENUE RECOGNITION OCC's revenues primarily consist of clearing fee revenues which include per contract charges for clearing services and are billed on a monthly basis. Investment income is recorded on an accrual basis. Data service fees are charged based on a tiered fee structure and services provided may include access to OCC's proprietary clearing system and proprietary website, as well as receipt of certain files or report bundles. These fees are billed on a monthly basis. Other income consists primarily of exercise fees, which is charged for each item exercised. Revenue is recognized as services are rendered.

NOTE 2. GUARANTEES

OCC is the registered clearing agency for U.S. listed securities options and a registered derivatives clearing organization. OCC issues (and in that sense guarantees) and clears securities options contracts traded on its participant options exchanges and security futures, commodity futures and options contracts traded on exchanges with which OCC has clearing and settlement services agreements. OCC clears contracts based on several types of underlying interests, including equity interests; stock, commodity and other indexes; foreign currencies; interest rate composites; debt securities and precious metals.

OCC also is the clearing agency for exercises of foreign currency options, stock index options, and other cash settled options and certain stock loan/borrow transactions effected on an electronic trading platform or entered into directly between participating Clearing Members.

OCC performs a guarantee function which ensures the financial integrity of the markets in which it clears contracts. In its role as guarantor and central counterparty, OCC ensures that the obligations of the contracts it clears are fulfilled. Through a novation process, OCC becomes the buyer for every seller and the seller for every buyer, thus protecting Clearing Members from counterparty risk and allowing the settlement of trades in the event of a Clearing Member failing to meet its obligation.

OCC does not assume any guarantor role unless it has a precisely equal and offsetting claim against a Clearing Member. OCC's obligations under the guarantee would arise if a Clearing Member were unable to meet its obligations to OCC. Margin deposits and clearing fund deposits are required to collateralize Clearing Members' obligations and thus support OCC's guarantee.

As of December 31, 2013 and 2012, the amount of margin required by OCC to support its guarantee was $45 billion and $26.5 billion respectively, which represents the aggregate mark-to-market value of outstanding positions plus an additional amount to cover adverse price movements. Margin deposits, which are not reflected in the Statements of Financial Condition, and Clearing fund deposits, which are reflected in such Statements, are discussed in Notes 4 and 5, respectively.

As OCC only assumes the guarantor role if it has an equal and offsetting claim, the fair value of the open interest of options and futures contracts and stock loan/borrow positions cleared and settled by OCC is not included in the Statements of Financial Condition. There were no events of default during the years ended 2013 or 2012 for which a liability should be recognized in accordance with ASC 460-10, *Guarantees*.

NOTE 3. OFF-BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

Credit risk represents the potential for loss due to the default or deterioration in credit quality of a counterparty or an issuer of securities or other instruments. OCC's exposure to credit risk comes primarily from clearing and settlement operations, but also from financial assets, which consist primarily of cash and cash equivalents, accounts receivable, and margin and clearing fund deposits.

CASH AND CASH EQUIVALENTS OCC maintains cash and cash equivalents with various financial institutions. When Clearing Members provide margin and clearing fund deposits in the form of cash, OCC may invest the cash deposits in overnight reverse repurchase agreements. OCC bears credit risk related to overnight reverse repurchase agreements only to the extent that cash advanced to the counterparty exceeds the value of collateral received. Securities purchased under overnight reverse repurchase agreements are composed of United States Treasury securities and, therefore, have minimal credit risk due to low probability of U.S. government default and the highly liquid and short-term nature of these securities.

OCC is also exposed to credit risk related to the potential inability to access liquidity in financial institutions where it holds its cash and cash equivalents that are not invested. The financial institutions holding the cash are located in different geographical locations and OCC monitors the financial condition of the financial institutions on an ongoing basis to identify any significant change in a financial institution's financial condition.

ACCOUNTS RECEIVABLE Credit risk related to accounts receivable includes the risk of nonpayment by the counterparty. Credit risk is diversified due to the large number of Clearing Members composing OCC's customer base. OCC also conducts ongoing evaluations of the institutions with which it does business.

CLEARING MEMBERS, MARGIN AND CLEARING FUND OCC bears counterparty credit risk in the event that Clearing Members fail to meet their financial obligations to OCC. OCC is thus exposed to off-balance sheet risk with respect to the securities broker dealers and futures commission merchants that are its Clearing Members.

OCC reduces its exposure through a risk management program that strives to achieve a prudent balance between market integrity and liquidity. This program of safeguards, which provides substance to OCC's guarantee, consists of rigorous initial and ongoing financial responsibility standards for membership, margin deposits and clearing fund deposits. OCC also maintains a syndicated line of credit with major domestic and foreign banks to support potential liquidity needs in the event of a Clearing Member default (see Note 10).

Should a Clearing Member fail to deposit margin or make a clearing fund deposit, when and as required, OCC may liquidate the Clearing Member's open positions and use the Clearing Member's margin and clearing fund deposits for the amount owed. In the event that those deposits are not sufficient to pay the amount owed in full, OCC may utilize the respective clearing fund deposits of all Clearing Members pro-rata for that purpose.

The collateral posted by Clearing Members is also subject to credit risk as there is a risk of nonperformance by the counterparty, which could result in a material loss. To mitigate the risk of credit loss, OCC only allows collateral deposits in approved OCC banks or depositories, which OCC analyzes on an ongoing basis.

NOTE 4. MARGIN DEPOSITS AND DEPOSITS IN LIEU OF MARGIN

OCC's rules provide that each Clearing Member representing the seller of an option must collateralize its contract obligations by either depositing the underlying interest options, i.e. "specific deposits", or by maintaining specified margin deposits. The rules also require that margin deposits be made in respect of futures and futures options positions and stock loan/borrow positions. Such margin deposits may include cash, bank letters of credit, U.S. and Canadian Government securities, U.S. Government sponsored enterprise debt securities ("GSE debt securities"), specified money market fund shares or other acceptable margin securities ("valued securities"). The margin deposits of each Clearing Member are available to meet the financial obligations of that specific Clearing Member to OCC. All obligations are marked to market on a daily basis and OCC has the ability to issue intra-day margin calls for additional margin deposits. Margin deposits must meet specified requirements, as provided for in OCC's Rules, and all margin deposits, except letters of credit, are held at approved securities depositories or banks.

Cash held as margin deposits may be invested, and any interest or gain received or loss incurred on such invested funds is retained by OCC and is included as Investment income in the Statements of Income and Comprehensive Income. As of December 31, 2013, $1.3 billion was invested in overnight reverse repurchase agreements (see Note 7). No cash held as margin deposits was invested as of December 31, 2012. Under OCC's Rules, bank letters of credit are required to be irrevocable and may only be issued by banks or trust companies approved by OCC.

Valued securities consist of common/preferred stocks, corporate bonds and exchange-traded funds ("ETFs"). Common stock, ETFs and U.S. Government securities (excluding Treasury Inflation Protected securities) are included in margin calculations and valued based on OCC's margin methodology, rather than being subjected to traditional haircuts. Thus, the margin calculations now reflect the scope for price movements in these forms of collateral to exacerbate or mitigate losses on the cleared products on the account. Currently, preferred stock and corporate debt deposited as valued securities are not included in the margin calculation, but rather given margin credit at 70% of their daily closing bid price. The margin credit granted for a single issue of such securities with the same CUSIP may not exceed 10% of the market value of a Clearing Member's collateral deposits.

Clearing Members may deposit as margin U.S. and Canadian Government securities, as well as eligible GSE debt securities. GSE debt securities include debt securities issued by congressionally-chartered corporations, such as the Federal Home Loan Mortgage Corporation (Freddie Mac) and the Federal National Mortgage Association (Fannie Mae), as OCC's Risk Committee may approve from time to time. Coupon interest and maturity payments on delivered Government and GSE debt securities are initially paid to OCC and then remitted to the Clearing Members. For margin purposes, OCC haircuts, on a daily basis, the fair value of (i) U.S. and Canadian Government securities not included in margin calculations, (ii) GSE debt securities, and (iii) money market fund shares to provide a cushion against adverse price fluctuations. The haircuts for such Government and GSE debt securities are based on a maturity schedule to a range of 99.5% to 93%, while money market fund shares are haircut to 98% of the funds fair value.

OCC also accepts specific deposits, which are pledges of underlying stock to OCC that cover a specified short equity call option series. Specific deposits are collateral deposited in lieu of margin and reduce the calculated Clearing Member's daily margin requirement.

The fair values of securities in lieu of margin and margin deposits at December 31, 2013 and 2012 were as follows (foreign securities are converted to U.S. dollars using the year-end exchange rate):

Years ended December 31,	2013	2012
Specific deposits	$ 25,757,460,000	$ 21,157,022,000
Valued securities	41,074,915,000	27,705,724,000
Cash	1,774,527,000	991,077,000
Bank letters of credit	833,425,000	800,901,000
Government securities	10,753,707,000	6,544,625,000
GSE debt securities	—	274,511,000
Money market fund shares	7,200,000	7,200,000
Total	$ 80,201,234,000	$ 57,481,060,000

As OCC does not take legal ownership of margin deposits or securities deposited in lieu of margin, the above assets are not reflected in the Statements of Financial Condition. However, OCC has rights in such assets in the event of a Clearing Member default. At December 31, 2013 and 2012, margin deposits were in excess of OCC required margin.

OCC also has in place an Escrow Deposit Program, which allows a customer to pledge cash and/or fully-paid for securities (as applicable) held at OCC approved escrow banks. The escrow banks issue escrow instructions to OCC and concurrently make certain representations and agreements with OCC, including the banks' agreement to segregate acceptable forms of collateral and to deliver securities or pay certain amounts (as the case may be) from the deposit in the event an exercise notice is assigned to the short position. OCC's agreements with the escrow banks require the maintenence of eligible collateral, subject to OCC's restrictions, to cover obligations in respect of short positions in equity and index puts and calls.

An escrow deposit is considered a deposit in lieu of margin against short equity or index call or put option positions, and therefore the covered short position is not subject to margining by OCC. OCC has specified collateral restrictions for escrow deposits, including the following: escrow deposits in respect of a short position in an equity call option must consist of the underlying security for which the equity option was written. Escrow deposits in respect of a short position in an equity or an index put option may consist of cash or short-term U.S. Government securities. Escrow deposits in respect of a short position in an index call option may consist of cash, short-term U.S. Government securities, common stocks that are listed on a national securities exchange or the NASDAQ Stock Market, or any combination of these assets.

As of December 31, 2013 and 2012, deposits were held in respect of 245,000 and 447,000 short equity and index options contracts in the Escrow Deposit Program. The fair value of the underlying security (times the unit of trading or the multiplier, as appropriate) of the equity and index options contracts collateralized under the Escrow Deposit Program was approximately $22 billion and $21 billion as of December 31, 2013 and 2012, respectively. The in-the-money value of these short equity and index options contracts was $957 million and $1.1 billion at December 31, 2013 and 2012, respectively.

OCC also maintains cross-margining arrangements with certain U.S. commodities clearing organizations. Under the terms of these arrangements, an OCC Clearing Member that is also a Clearing Member of a commodities clearing organization participating in the cross-margining arrangement, or that has an affiliate that is a Clearing Member of such commodities clearing organization, may maintain cross-margin accounts in which the Clearing Member's positions in OCC-cleared options are combined, for purposes of calculating margin requirements, with positions of the Clearing Member (or its affiliate) in futures contracts and/or options on futures contracts. Margin deposits on the combined positions are held jointly by OCC and the participating commodities clearing organization and are available (together with any proceeds of the options and futures positions themselves) to meet financial obligations of the Clearing Members to OCC and the commodities clearing organization. In the event that either OCC or a participating commodities clearing organization suffers a loss in liquidating positions in a cross-margin account, the loss is to be shared between OCC and the participating commodities clearing organization in accordance with their agreement. Margin deposits for these cross-margin accounts may be in the form of cash, valued securities, U.S. Government securities, U.S. GSE debt securities or bank letters of credit, and are reflected in the margin deposit table on page 25. OCC's share of margin deposits subject to cross-margin agreements were $213 million and $201 million at December 31, 2013 and 2012, respectively, and are included in the table of margin deposits.

NOTE 5. CLEARING FUND DEPOSITS

OCC maintains a clearing fund to cover possible losses should a Clearing Member, bank or a securities or commodities clearing organization default. The clearing fund size is established at an amount determined by OCC to be sufficient (within confidence levels also determined by OCC) to protect OCC against loss under simulated default scenarios. On November 1, 2013, OCC revised the method of calculating a Clearing Member's respective contributions to the clearing fund. A Clearing Member's contribution is the sum of $150,000 and a separate amount equal to the weighted average of the Clearing Member's proportionate shares of total risk, open interest and volume, in all accounts of the Clearing Member. Currently, in calculating this average, total risk has a weighting of 17.5%, open interest has a weighting of 75% and volume has a weighting of 7.5%. On May 1, 2014 these weightings will change to 35%, 50% and 15%, respectively. The clearing fund mutualizes the risk of default among all Clearing Members. The entire clearing fund is available to cover potential losses in the event that the margin deposit and the clearing fund deposit of a defaulting Clearing Member are inadequate or not immediately available to fulfill that Clearing Member's outstanding financial obligations. In the event of a default, OCC is generally required to liquidate the defaulting Clearing Member's open positions. To the extent that such positions remain open, OCC is required to assume the defaulting Clearing Member's obligations related to the open positions. The clearing fund is available to cover the cost of liquidating a defaulting Clearing Member's open positions or performing OCC's obligations with respect to positions not yet liquidated.

Clearing fund deposits must be in the form of cash or Government securities (as defined in OCC's by-laws), as the clearing fund is intended to provide OCC with an immediately-available pool of liquid assets. Clearing Members may make clearing fund deposits in cash or in an approved segregated funds account, or in Government securities at banks. OCC haircuts the fair value of Government securities on a daily basis to provide a cushion against adverse price fluctuations. Cash deposits in nonsegregated accounts may be invested, and any interest or gain received or loss incurred on invested funds accrues to OCC. Segregated funds cannot be invested by OCC.

The fair value of the clearing fund (Canadian Government securities are converted to U.S. dollars using the year-end exchange rate) is included within the Statements of Financial Condition as Clearing fund deposits. The collateral types held and the fair value of each at December 31, 2013 and 2012 was as follows:

Years ended December 31,	2013	2012
Cash	$ 355,120,000	$ 204,218,000
Government securities	3,668,195,000	2,460,755,000
Total	$ 4,023,315,000	$ 2,664,973,000

NOTE 6. SHAREHOLDERS' EQUITY

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Total
Balance January 1, 2011	$600,000	$2,059,999	$53,396,828	$(35,387,251)	$(333,333)	$20,336,243
Net income			1,829,197			1,829,197
Amounts included in other comprehensive loss, net of tax:						
Changes in unamortized transition asset				18,018		18,018
Changes in unamortized actuarial loss				(9,774,765)		(9,774,765)
Changes in unamortized prior service credit				23,809		23,809
Subtotal				(9,732,938)		(9,732,938)
Balance December 31, 2011	600,000	2,059,999	55,226,025	(45,120,189)	(333,333)	12,432,502
Net income			3,562,800			3,562,800
Amounts included in other comprehensive loss, net of tax:						
Changes in unamortized transition asset				14,157		14,157
Changes in unamortized actuarial loss				(2,278,633)		(2,278,633)
Changes in unamortized prior service cost				(2,097,809)		(2,097,809)
Subtotal				(4,362,285)		(4,362,285)
Balance December 31, 2012	600,000	2,059,999	58,788,825	(49,482,474)	(333,333)	11,633,017
Net income			1,571,279			1,571,279
Amounts included in other comprehensive income, net of tax:						
Changes in unamortized actuarial gain				14,082,997		14,082,997
Changes in unamortized prior service cost				(1,845,558)		(1,845,558)
Subtotal				12,237,439		12,237,439
Balance December 31, 2013	$600,000	$2,059,999	$60,360,104	$(37,245,035)	$(333,333)	$25,441,735

OCC has Class A and Class B common stock, each with a $10 par value, 60,000 shares authorized, 30,000 shares issued and 25,000 shares outstanding at December 31, 2013, 2012, and 2011, respectively.

At December 31, 2013 and 2012, treasury stock consisted of 5,000 shares of Class A common stock and 5,000 shares of Class B common stock at an aggregate cost of $333,333.

The Class B common stock is issuable in twelve series of 5,000 shares each. The Class B common stock is entitled to receive dividends, whereas the Class A common stock is not. Upon liquidation of OCC, the assets available for distribution to shareholders would be distributed as follows: holders of Class A common stock and Class B common stock would first be paid the par value of their shares. Next, each holder of Class B common stock would receive a distribution of $1,000,000. Next, an amount equal to OCC's shareholders' equity at December 31, 1998 of $22,902,094, minus the distributions described above, would be distributed to those holders who acquired their Class B common stock before December 31, 1998. Finally, any remaining shareholders' equity would be distributed equally to all holders of Class B common stock.

The by-laws of OCC provide that any national securities exchange or national securities association which meets specific requirements may qualify for participation in OCC. Until 2002, exchanges qualified for participation by purchasing 5,000 shares of Class A common stock and 5,000 shares of Class B common stock. The purchase price for such shares was the aggregate book value of a comparable number of shares at the end of the preceding calendar month, but not more than $1,000,000. In 2002, OCC amended its by-laws to provide that exchanges would thereafter qualify for participation in OCC by purchasing a $1,000,000 interest bearing promissory note. Five of OCC's participant exchanges at December 31, 2013 and 2012 were shareholders. At December 31, 2013, seven participant exchanges were noteholders and at December 31, 2012, six participant exchanges were noteholders. These interest bearing notes are recorded in Accounts payable and other within the Statements of Financial Condition.

OCC is a party to a Stockholders Agreement with its shareholders. The Stockholders Agreement provides that each shareholder appoints the members of the Nominating Committee of OCC as its proxy for purposes of voting its shares for the election of member directors, the Chairman of OCC as the management director, the person(s) nominated by the Chairman of OCC with the approval of the Board of Directors as the public director(s), and members of the following year's Nominating Committee. It also provides for the purchase by OCC of all of its stock owned by any shareholder under specified circumstances, but the obligation to pay the purchase price will be subordinated to OCC's obligations to creditors, and the purchase price cannot be paid if the payment would reduce capital and surplus below $1,000,000. If OCC is required to purchase its stock from any shareholder, the purchase price for the two years following the date the shareholder acquired its stock is the shareholder's purchase price paid reduced by $300,000. Thereafter, the purchase price is the lesser of the aggregate book value of the shares or the original purchase price paid, less $240,000, $180,000, $120,000, $60,000 or zero after the second, third, fourth, fifth or sixth year, respectively, from the date of sale of such stock.

The Noteholders Agreement provides OCC with the right to purchase all notes owned by any noteholder under specified circumstances, but the obligation to pay the purchase price will be subordinated to OCC's obligations to creditors except that such obligation will not be subordinate to OCC's obligation to pay the purchase price to any other noteholder or any shareholder under the Stockholders Agreement. If OCC exercises its purchase rights to purchase such notes, the purchase price for the two years following the date of OCC's execution thereof is the original aggregate principal amount of such notes plus any accrued and unpaid interest thereon reduced by $300,000. Thereafter, the purchase price is the original aggregate principal amount of such notes plus any accrued and unpaid interest thereon, less $240,000, $180,000, $120,000, $60,000 or zero after the second, third, fourth, fifth or sixth year, respectively, from the date such notes were executed.

NOTE 7. REVERSE REPURCHASE AGREEMENTS

Reverse repurchase agreements outstanding, including amounts in cash and cash equivalents, and margin and clearing fund deposits, averaged $1.3 billion and $1.1 billion during 2013 and 2012, respectively, and the maximum amount outstanding during 2013 and 2012 was $3.2 billion and $3.3 billion, respectively. The amounts outstanding approximate the fair value of the underlying securities due to the short maturities of the investments. Amounts outstanding and included in cash and cash equivalents in the Statements of Financial Condition at December 31, 2013 and 2012 were $50 million and $50 million, respectively. Clearing fund deposit amounts outstanding at December 31, 2013 and 2012 were $150 million and $70 million, respectively, and are included within Clearing fund deposits in the Statements of Financial Condition. Margin fund deposits as disclosed in Note 4 had amounts outstanding at December 31, 2013 and 2012 of $1.3 billion and $0, respectively. The reverse repurchase agreements are secured; as of December 31, 2013 and 2012, collateral must have a market value greater than or equal to 100% of the cash invested.

NOTE 8. CLEARING FEES

OCC's Board of Directors sets clearing fees and determines the amounts of refunds, fee reductions and discounts, if any, based upon the current funding needs of OCC. The Board of Directors determined in the years ended December 31, 2013, 2012 and 2011 that refunds, fee reductions and discounts of clearing fees be made to Clearing Members. Refunds, which are recorded net of clearing fees in the Statements of Income and Comprehensive Income, were $46,998,000, $50,090,000 and $79,630,000 for the years ended December 31, 2013, 2012 and 2011, respectively.

NOTE 9. OTHER ASSETS

Other assets, which include investments for the supplemental executive retirement plan ("SERP") as discussed in Note 13, and the deferred compensation plans discussed in Note 10, consisted of the following:

Years ended December 31,	2013	2012
SERP	$ 22,173,490	$ 19,965,203
Executive deferred compensation plan	11,588,078	9,003,439
Other assets	1,195,400	1,826,314
Total other assets	$ 34,956,968	$ 30,794,956

Investments applicable to the SERP are recorded at fair value and changes in fair value are recorded as investment income in the Statements of Income and Comprehensive Income. OCC recognized a net increase in the fair value of these investments of $850,000, $1,772,000 and $18,000 in 2013, 2012 and 2011, respectively. The increase in fair value includes $846,000, $1,656,000 and ($3,167,000) of net unrealized gains (losses) for 2013, 2012 and 2011, respectively.

Investments applicable to the executive deferred compensation plan are recorded at fair value and changes in fair value are recorded as Investment income (loss) in the Statements of Income and Comprehensive Income. In addition, changes in the investments' fair value of this plan result in charges recorded as Employee costs in the Statements of Income and Comprehensive Income.

The increase (decrease) in the fair value of these investments was $2,585,000, ($109,000) and ($1,076,000) for the years ended December 31, 2013, 2012 and 2011, respectively. The increase (decrease) in fair value includes $1,263,000, $415,000 and ($135,000) of net unrealized gains (losses) for December 31, 2013, 2012 and 2011, respectively.

NOTE 10. COMMITMENTS

OCC leases office space and data processing and other equipment. Rental expense under these leases for the years ended December 31, 2013, 2012 and 2011 was $21,231,000, $21,502,000, and $20,961,000, respectively. OCC had no capital leases as of December 31, 2013, 2012 and 2011. Future minimum aggregate rental payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2013 in the aggregate are as follows:

2014	$ 9,977,000
2015	9,031,000
2016	7,838,000
2017	5,290,000
2018	3,163,000
Thereafter	12,431,000
Total	$ 47,730,000

OCC has entered into employment agreements with certain of its senior officers. The aggregate commitment for future salaries and deferred compensation payments at December 31, 2013 and 2012, excluding bonuses, was approximately $4.5 million and $832,000, respectively.

Effective January 1, 2006, OCC implemented the Executive Deferred Compensation Plan ("Plan") for senior officers. The Plan replaced the Third Restated Capital Accumulation Plan ("CAP") except for certain senior officers. The Plan was funded in the amounts of $1.1 million and $1.3 million at December 31, 2013 and 2012, respectively. The balances in the Plan will become vested and payable on the fifth anniversary of the date it is credited to the participants' account provided the participant remains continuously employed by OCC at the vesting date.

Additionally in 2011 a retention plan was approved for certain employees. The balance of $632,000 in the retention plan vested in December 2013 and will be paid in January 2014. The Plan, CAP and retention plan investments, consisting primarily of mutual funds, are designated as trading under ASC 320-10, *Investments – Debt and Equity Securities*. At December 31, 2013 and 2012, the CAP balance was $348,000 and $486,000, respectively, including income from investments.

OCC also maintained a syndicated line of credit with major domestic and foreign banks in the amount of $2 billion at December 31, 2013, for which commitment fees are paid to the participating banks. This line of credit is available to enable OCC to meet Clearing Member default or suspension obligations or to cover certain other bankruptcy losses. OCC maintained a similar line of credit in the amount of $2 billion at December 31, 2012. No amounts were outstanding as of December 31, 2013 or 2012 under these lines. On February 22, 2013, OCC entered into a $25 million committed line of credit with one financial institution, for which commitment fees are paid. This line of credit is maintained to support potential short-term operating cash requirements and for other general corporate purposes. There were no borrowings under the line in 2013.

NOTE 11. RELATED PARTY TRANSACTIONS AND OTHER MARKET AGREEMENTS

OCC bills and collects transaction fees on behalf of certain exchanges for which it provides clearing and settlement services. Fees billed and uncollected by OCC, and not remitted to such exchanges, at December 31, 2013 and 2012 were $96,327,000 and $87,172,000, respectively, and are included in the Statements of Financial Condition as Exchange billing receivable and Exchange billing payable. In addition, OCC bills and collects SEC Section 31 transaction fees on behalf of certain exchanges which are remitted to the SEC. The Section 31 fees yet to be collected from Clearing Members are included in the Statements of Financial Condition under Accounts receivable and the Section 31 fees already received, but not yet remitted to the SEC, are included in SEC transaction fees payable.

OCC is also a party to a Restated Participant Exchange Agreement dealing with the business relationship between and among OCC and each participant options exchange.

In 1992, OCC and its participant options exchanges formed an industry organization named The Options Industry Council ("OIC"). The total amounts expended by OCC on behalf of OIC, before reimbursement from the participant exchanges, for the years ended December 31, 2013, 2012 and 2011 were $7,311,000, $7,302,000 and $7,461,000, respectively. The participant exchanges' share of OIC expenditures was $2,000,000 for December 31, 2013, 2012 and 2011. At December 31, 2013 and 2012, the amounts due from participant exchanges for OIC and other related expenditures were $328,262 and $232,276, respectively.

OCC is also a party to clearing and settlement services agreements for certain commodity contracts with CBOE Futures Exchange, LLC, NASDAQ Futures, Inc., NYSE Liffe US LLC, ELX Futures LP, and OneChicago LLC each of which is a designated contract market and an affiliated futures market as defined in OCC's by-laws.

NOTE 12. INCOME TAXES

The provision for income taxes is reconciled to the amount determined by applying the statutory federal income tax rate to income before taxes as follows:

Years ended December 31,	2013	2012	2011
Federal income tax at the statutory rate	$ 1,258,000	$ 1,759,500	$ 1,496,000
Permanent tax differences	341,661	324,799	229,533
State income tax effect	382,156	368,216	382,769
Rate changes	—	—	(72,855)
Uncertain tax position	217,235	(1,966,052)	1,825,608
Other	(70,331)	1,125,737	(1,290,252)
Provision for income taxes	$ 2,128,721	$ 1,612,200	$ 2,570,803

OCC accounts for income taxes in accordance with ASC 740-10, *Income Taxes*. Uncertain income tax positions are recognized based on a “more likely than not” threshold and measured and recorded as accruals in the Statements of Financial Condition. As of December 31, 2013 and 2012, OCC has an accrual for uncertain tax positions recorded in current Other accrued liabilities for amounts expected to settle in cash within one year and the remainder in non-current Other liabilities in the Statements of Financial Condition. These accruals include the recognition of interest and penalties related to unrecognized tax benefits. The interest recorded on these accruals is $171,810 and $96,475 as of December 31, 2013 and 2012, respectively. During 2013, 2012 and 2011, OCC recorded $75,335, ($862,496), and $483,260 in interest, respectively. The penalties recorded on these accruals are $102,744 and $86,546 as of December 31, 2013 and 2012, respectively. During 2013, 2012 and 2011 OCC recorded $16,198, ($378,436), and $299,913 in penalties, respectively.

OCC is subject to U.S. federal income tax, as well as income tax in various state and local jurisdictions. Currently, federal tax returns for the years 2005, 2006 and 2010-2013 and state tax returns for the years 2010-2013 remain open with the exception of Illinois, where only 2011-2013 remain open.

The deferred tax asset consists of the following:

Years ended December 31,	2013	2012
Compensation and employee benefits	$ 1,095,900	$ 1,117,646
Unearned revenue	—	(490,420)
Current asset	1,095,900	627,226
Accelerated depreciation and amortization	(6,092,440)	(3,652,938)
Pension, postretirement and deferred compensation	34,640,350	38,340,912
Other items	256,572	314,904
Non-current asset	28,804,482	35,002,878
Total	$ 29,900,382	$ 35,630,104

NOTE 13. RETIREMENT PLANS

OCC has a trusteed, non-contributory, qualified retirement plan (“Retirement Plan”) covering employees who meet specified age and service requirements. Retirement benefits are primarily a function of both years of service and the level of compensation during the highest consecutive five years out of the last ten years before retirement (“highest average compensation”). OCC also has a SERP which includes a benefit replacement plan. Retirement benefits under the SERP are primarily a function of both years of service and the level of compensation during the highest nonconsecutive three years out of the last ten years before retirement (in the case of participants at or above the rank of Executive Vice President) or the highest consecutive five years out of the last ten years before retirement (in the case of participants below the rank of Executive Vice President).

On January 1, 2002, OCC amended and restated its Retirement Plan and established a defined contribution plan for new employees effective March 7, 2002. Certain current employees were frozen in the Retirement Plan, such that they no longer are eligible to earn future benefit service after December 31, 2002. Vested benefits for such employees will continue to be based on their highest average compensation, and these employees became eligible to participate in the defined contribution plan, effective January 2, 2003.

OCC’s funding policies, subject to the minimum funding requirements of U.S. employee benefit and tax laws, are to contribute such amounts as determined on an actuarial basis and to provide the Retirement Plan and the SERP (“the plans”) with assets sufficient to meet the benefit obligation of the plans.

Net periodic benefit cost of the plans consisted of the following:

Years ended December 31,	2013	2012	2011
Service cost	$ 1,658,000	$ 1,880,000	$ 1,581,000
Interest cost	6,437,000	6,712,000	6,565,000
Expected return on assets	(6,393,000)	(5,495,000)	(5,896,000)
Amortization:			
Prior service cost	—	5,000	37,000
Actuarial loss	6,295,000	5,628,000	3,964,000
Net periodic benefit cost	$ 7,997,000	$ 8,730,000	$ 6,251,000

$4,075,000 of net actuarial loss recorded in Accumulated other comprehensive loss is expected to be amortized as components of net periodic benefit cost during 2014.

The Retirement Plan assets and the plans' benefit obligation and funded status are as follows:

Years ended December 31,	2013	2012
Change in benefit obligation:		
Net benefit obligation at beginning of year	$ 162,890,000	$ 141,357,000
Service cost	1,658,000	1,880,000
Interest cost	6,437,000	6,712,000
Actuarial (gain)/loss	(7,982,000)	17,005,000
Gross benefits paid	(4,758,000)	(4,064,000)
Net benefit obligation at end of year	$ 158,245,000	$ 162,890,000
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 85,411,000	$ 73,895,000
Actual return on plan assets	9,721,000	11,940,000
Employer contributions	3,859,000	3,640,000
Gross benefits paid	(4,758,000)	(4,064,000)
Fair value of plan assets at end of year	$ 94,233,000	$ 85,411,000
Funded status end of year:		
Fair value of plan assets	$ 94,233,000	$ 85,411,000
Benefit obligation	158,245,000	162,890,000
Funded status	$ (64,012,000)	$ (77,479,000)
Amounts recognized in the statements of financial condition:		
Current liability	$ (1,422,000)	$ (1,103,000)
Non-current liability	(62,590,000)	(76,376,000)
Total	$ (64,012,000)	$ (77,479,000)
Amounts recognized in accumulated other comprehensive loss consist of:		
Net actuarial loss	$ 50,224,000	$ 67,829,000
Net amount recognized	$ 50,224,000	$ 67,829,000

The accumulated benefit obligation for the plans was $145,938,000 and $146,951,000 at December 31, 2013 and 2012, respectively.

The major assumptions used to determine the accumulated benefit obligation and benefit costs are summarized below:

	Retirement Plan		SERP	
December 31,	2013	2012	2013	2012
Accumulated benefit obligation:				
Discount rate	4.90%	4.00%	4.70%	3.80%
Salary growth rate	4.00%	4.00%	4.00%	4.00%
Benefit costs:				
Discount rate	4.00%	4.80%	3.80%	4.60%
Salary growth rate	4.00%	4.00%	4.00%	4.00%
Expected return on assets	7.50%	7.50%	N/A	N/A

The expected return on assets is derived using the plans' asset mix, historical returns by asset category and expectations for future capital market performance. Both the plans' investment policy and the expected long-term rate of return assumption are reviewed periodically.

OCC's expected cash outlays for employer contributions in 2014 are $3,922,000, and expected cash outlays for benefit payments are as follows:

2014	$ 5,911,000
2015	6,316,000
2016	6,838,000
2017	7,435,000
2018	8,123,000
2019-2023	50,830,000
Total	$ 85,453,000

The primary investment objective for the Retirement Plan is to earn the maximum rate of return consistent with a chosen risk exposure. Over a three to five year period, the actively managed portion of the plan is expected to outperform a blended benchmark of the actively managed asset classes. The plan's current target investment mix is 35% domestic equities, 40% fixed income and 25% international equities. The actual asset allocation is as follows:

Years ended December 31,	2013	2012
Fixed income	45%	44%
Domestic equity funds	33%	33%
International equity funds	22%	23%

OCC maintains a defined contribution plan ("401(k) plan") qualified under Internal Revenue Code Section 401(k) for eligible employees who elect to participate in the plan. Eligible employees may elect to have their salaries reduced by an amount which is subject to applicable IRS limitations. This amount is then paid into the plan by OCC on behalf of the employee.

OCC will make matching contributions to the participant's account equal to 50% of deferred deposits (excluding "catch-up" deposits) up to the first six percent of salary that is deferred. OCC's expenses for the matching contributions to the 401(k) plan for the years ended December 31, 2013, 2012 and 2011 were $1,383,000, $1,309,000 and $1,230,000, respectively.

The 401(k) plan also contains a profit-sharing component for individuals not eligible to earn future benefit service in the Retirement Plan, as discussed above. Profit sharing contributions accrued for the 401(k) plan were $2,330,000, $2,184,000 and $2,082,000 in 2013, 2012 and 2011, respectively.

NOTE 14. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

OCC has a postretirement welfare plan covering employees who meet specified age and service requirements. Retiree contributions to medical payments vary by age and service at retirement. The plan is a defined dollar benefit plan in which OCC's obligation is limited to a maximum amount per participant per year set by OCC at the time a participant retires.

Net periodic benefit cost consisted of the following:

Years ended December 31,	2013	2012	2011
Service cost	$ 1,806,000	$ 1,499,000	$ 1,425,000
Interest cost	1,464,000	1,478,000	1,586,000
Expected return on assets	(607,000)	(466,000)	(420,000)
Amortization:			
Transition obligation	(397,000)	22,000	28,000
Actuarial loss	1,031,000	650,000	863,000
Total net periodic benefit cost	$ 3,297,000	$ 3,183,000	$ 3,482,000

$875,000 of net actuarial loss and ($397,000) of prior service cost recorded in accumulated other comprehensive loss are expected to be amortized as components of net periodic benefit cost during 2014.

The primary investment objective for the plan is to earn the maximum rate of return consistent with a chosen risk exposure. Over a three to five year period, the actively managed portion of the plan is expected to outperform a blended benchmark of the actively managed asset classes. The plan's current target investment mix is 35% domestic equities, 40% fixed income and 25% international equities. The actual asset allocation is as follows:

Years ended December 31,	2013	2012
Fixed income	45%	45%
Domestic equity funds	33%	33%
International equity funds	22%	22%

The plan's benefit obligation, plan assets and funded status are as follows:

Years ended December 31,	2013	2012
Change in benefit obligation:		
Net benefit obligation at beginning of year	$ 33,692,000	$ 28,035,000
Service cost	1,806,000	1,499,000
Interest cost	1,464,000	1,478,000
Actuarial loss (gain)	(383,000)	6,352,000
Gross benefits paid	(435,000)	(416,000)
Federal subsidy	18,000	9,000
Plan changes	—	(3,265,000)
Net benefit obligation at end of year	$ 36,162,000	$ 33,692,000
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 8,100,000	$ 6,485,000
Actual return on plan assets	1,002,000	1,029,000
Employer contributions	1,047,000	993,000
Gross benefits paid	(417,000)	(407,000)
Fair value of plan assets at end of year	$ 9,732,000	$ 8,100,000
Funded status end of year:		
Fair value of plan assets	$ 9,732,000	$ 8,100,000
Benefit obligation	36,162,000	33,692,000
Funded status	$ (26,430,000)	$ (25,592,000)
Amounts recognized in the statements of financial condition:		
Non-current liability	$ (26,430,000)	$ (25,592,000)
Net amount recognized	$ (26,430,000)	$ (25,592,000)
Amounts recognized in accumulated other comprehensive loss consist of:		
Net actuarial loss	$ 13,370,000	$ 15,179,000
Transition obligation	—	—
Net prior service cost/(credit)	(2,868,000)	(3,265,000)
Net amount recognized	$ 10,502,000	$ 11,914,000

During 2012, OCC amended its prescription drug program for certain Medicare-eligible retirees. Prior to 2013, Medicare-eligible retirees participated in an OCC sponsored prescription drug plan, with their eligible cap amount reduced by a deemed price tag for that coverage. The retiree could then purchase a Medicare supplement policy in the individual marketplace and seek reimbursement for the remainder of his or her cap amount. Beginning in 2013, Medicare-eligible retirees must purchase both Medicare supplement and prescription drug coverage in the individual marketplace and OCC will reimburse both up to the Medicare-eligible retirees' cap amount. OCC also adjusted its retiree health care participation rate to 100% in 2012, compared to 75% in 2011. The impact of these changes are reflected in the 2012 year-end benefit obligation.

The assumed discount rate used in determining the accumulated postretirement benefit obligation was 5.05% in 2013 and 4.10% in 2012.

The assumed health care cost trend rate used in measuring the accumulated postretirement benefit obligation was 6.5% in 2013, decreasing by .25% per year reaching 5% in 2019. The rate used in 2012 was 6.75%, decreasing by .25% per year reaching 5% in 2019.

A one percentage point increase in the assumed health care cost trend rate for each year would not have a material effect on the accumulated postretirement benefit obligation or net periodic benefit cost.

OCC's expected cash outlays for employer contributions in 2014 are $1,452,000 and expected cash outlays for benefit payments are as follows:

2014	$ 751,000
2015	924,000
2016	1,075,000
2017	1,320,000
2018	1,515,000
2019-2023	11,384,000
Total	$ 16,969,000

NOTE 15. FAIR VALUE MEASUREMENTS

OCC follows the guidelines of ASC 820-10, *Fair Value Measurements*, as the framework for measuring all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis.

Level 1 measurements consist of quoted prices in active markets for identical assets or liabilities. Level 2 measurements include significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; identical assets or liabilities in inactive markets; observable inputs such as interest rates and yield curves; and other market-corroborated inputs. Level 3 measurements of which OCC had none, include significant unobservable inputs, supported by little or no market activity.

OCC uses Level 1 and 2 measurements to determine fair value. The Level 1 measurements consist of registered mutual funds that publish a daily Net Asset Value. The Level 2 measurements as of December 31, 2013 and 2012 include U.S. and Canadian Government securities. U.S. and Canadian Government securities are generally valued using inputs from pricing services and are not quoted on active markets. OCC adjusted the 2012 presentation of Government treasury securities, which had previously been reflected as Level 1, to conform with the new presentation. There were no transfers between Level 1 and Level 2 during 2013 or 2012.

The Retirement Plan, SERP, postretirement welfare plan and executive deferred compensation plan assets make up the full amount within the money market fund and registered mutual funds disclosed in the following table.

Assets measured at fair value on a recurring basis are summarized below.

December 31, 2013 (in thousands)

	Total	Level 1	Level 2
Government treasury securities	$ 3,668,195	$ —	$ 3,668,195
Money Market fund	2,384	2,384	—
Registered mutual funds:			
Growth fund	7,551	7,551	—
Blended fund	24,388	24,388	—
Value fund	7,424	7,424	—
Commodity fund	3,658	3,658	—
Market neutral fund	6,352	6,352	—
International fund	27,679	27,679	—
Fixed Income	57,850	57,850	—
Total	$ 3,805,481	$ 137,286	$ 3,668,195

December 31, 2012 (in thousands)

	Total	Level 1	Level 2
Government treasury securities	$ 2,460,755	$ —	$ 2,460,755
Money Market fund	1,272	1,272	—
Registered mutual funds:			
Growth fund	6,250	6,250	—
Blended fund	20,396	20,396	—
Value fund	6,465	6,465	—
Commodity fund	3,155	3,155	—
Market neutral fund	5,617	5,617	—
International fund	25,963	25,963	—
Fixed Income	53,014	53,014	—
Total	$ 2,582,887	$ 122,132	$ 2,460,755

Reverse repurchase agreements are recorded at carrying value and as such, not included in the table above. Reverse repurchase agreements are generally valued based on inputs with reasonable levels of price transparency and the carrying value approximates fair value due to the short maturities of the investments. Reverse repurchase agreements are classified within Level 2 and the amount recorded at December 31, 2013 and 2012 was $200 million and $120 million, respectively. OCC adjusted the 2012 presentation of reverse repurchase agreements, which had previously been reflected within the table above, to conform with the new presentation.

NOTE 16. CONTINGENCIES

In the normal course of business, OCC may be subjected to various lawsuits and claims. At December 31, 2013, no litigation exists that OCC management believes would have a material adverse effect on the financial statements.

NOTE 17. SUBSEQUENT EVENTS

OCC has evaluated events subsequent to December 31, 2013 to assess the need for potential recognition or disclosure. These events have been evaluated through February 25, 2014, the date of report issuance, and OCC has determined that there were no subsequent events that require disclosure.

Report of Independent Registered Public Accounting Firm

TO THE BOARD OF DIRECTORS OF THE OPTIONS CLEARING CORPORATION:

We have audited the accompanying statements of financial condition of The Options Clearing Corporation (the "Corporation") as of December 31, 2013 and 2012, and the related statements of income and comprehensive income, and cash flows for each of three years in the period ended December 31, 2013. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The Corporation is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing the audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of The Options Clearing Corporation as of December 31, 2013 and 2012, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Deloitte and Touche LLP
Chicago, Illinois
February 25, 2014

Independent Accountants' Report

TO THE BOARD OF DIRECTORS OF THE OPTIONS CLEARING CORPORATION:

We have examined management's assertion, included in the accompanying "Management's Statement Regarding Internal Control over Clearing and Settlement of Options and Futures Transactions Cleared by OCC," that The Options Clearing Corporation (the "Corporation") maintained effective internal control over clearing and settlement of options and futures transactions cleared by the Corporation in compliance with the criteria established in the "Internal Control Framework" (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), during the year ended December 31, 2013. Management is responsible for compliance with those requirements. Our responsibility is to express an opinion on management's assertion about the Corporation's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Corporation's compliance with "Management's Statement Regarding Internal Control over Clearing and Settlement of Options and Futures Transactions Cleared by OCC" and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Corporation's compliance with the specified requirements.

Because of inherent limitations in any internal control, misstatements due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control over clearing and settlement of options and futures transactions cleared by the Corporation to future periods are subject to the risk that the internal control may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

In our opinion, management's assertion that the Corporation complied with the aforementioned requirements during the year ended December 31, 2013, is fairly stated, in all material respects.

Deloitte & Touche LLP

Deloitte and Touche LLP
Chicago, Illinois
February 25, 2014

Management's Statement Regarding Internal Control Over Clearing and Settlement of Options and Futures Transactions Cleared by OCC

TO THE BOARD OF DIRECTORS OF THE OPTIONS CLEARING CORPORATION:

The Options Clearing Corporation (the "Corporation") maintains internal control over clearing and settlement of options and futures transactions cleared by the Corporation. Such internal control contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management of the Corporation is responsible for establishing and maintaining internal control over clearing and settlement of options and futures transactions cleared by the Corporation. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. Some of the objectives of such internal control are to provide management with reasonable, but not absolute, assurance that (i) accepted matched trades submitted by exchanges and post-trade instructions submitted by Clearing Members are properly recorded and processed, (ii) deposits are maintained by Clearing Members to cover margin and clearing fund requirements, and (iii) processed transactions are properly reflected in reports to Clearing Members. Clearing Members are responsible for promptly reviewing the reports provided to them by the Corporation, and for promptly notifying the Corporation of errors or omissions.

There are inherent limitations in the effectiveness of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even the most effective internal control can provide only reasonable assurance with respect to clearing and settlement of options and futures transactions cleared by the Corporation. Furthermore, because of changes in conditions, the effectiveness of internal control may vary over time.

Management assessed the effectiveness of internal control over clearing and settlement of options and futures transactions cleared by the Corporation in relation to criteria established in "Internal Control-Integrated Framework" (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management believes that, for the year ended December 31, 2013, internal control over clearing and settlement of options and futures transactions cleared by the Corporation was effective based on those criteria.

The Corporation's independent accountants have issued an examination report, also dated February 25, 2014, on management's assessment of internal control over clearing and settlement of options and futures transactions cleared by the Corporation. The independent accountants' report is included on page 38.

Michael E. Cahill
President, Chief Executive Officer
and Treasurer

Michael W. McClain
Executive Vice President
and Chief Operating Officer

February 25, 2014