



THE OPTIONS CLEARING
CORPORATION

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October 29, 2003

VIA COURIER DELIVERY

Jean A. Webb
Secretary
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Filing SR-OCC-2003-12--Rule Certification

Dear Secretary Webb:

Enclosed is a copy of the above-referenced rule filing, which The Options Clearing Corporation ("OCC") is submitting pursuant to the self-certification procedures of Commission Regulation 40.6. This rule filing has been, or is concurrently being, submitted to the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934 (the "Exchange Act").

In conformity with the requirements of Regulation 40.6(a)(3), OCC states the following: The text of the rule is set forth at Item 1 of the enclosed filing. The date of implementation of the rule is the date the proposed rule is approved by the SEC or otherwise becomes effective under the Exchange Act. Item 5 of the enclosed filing sets forth a description of any written comments on the rule filing, including any such comments expressing opposing views that were not incorporated into the proposed rule.

OCC hereby certifies that the rule set forth at Item 1 of the enclosed filing complies with the Commodity Exchange Act and the Commission's regulations thereunder.

JEAN M. CAWLEY

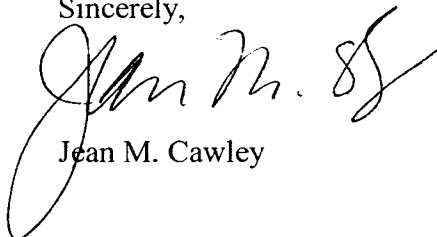
FIRST VICE PRESIDENT AND DEPUTY GENERAL COUNSEL

ONE N. WACKER DRIVE, SUITE 600 CHICAGO, ILLINOIS 60606 TEL 312.322.6269 FAX 312.322.6280

JCAWLEY@THEOCC.COM WWW.OPTIONSCLEARING.COM

Should you have any questions regarding this matter, please do not hesitate to contact the undersigned at (312) 322-6269.

Sincerely,



Jean M. Cawley

Enclosure

cc: CFTC Central Region (w/ enclosure)
525 W. Monroe Street, Suite 1100
Chicago, IL 60661
Attn: Frank Zimmerle

Jerry Carpenter
Assistant Director (SEC)

2003-12cftcltr



File No. SR-OCC-2003-12

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change

by

THE OPTIONS CLEARING CORPORATION

**Pursuant to Rule 19b-4 under the
Securities Exchange Act of 1934**

Item 1. Text of the Proposed Rule Change

The proposed rule change consists of the Futures Agreement for Clearing and Settlement Services ("PBOT Agreement"), dated October 23, 2003, between The Options Clearing Corporation ("OCC") and the Philadelphia Board of Trade ("PBOT"). The text of the PBOT Agreement is set forth in Exhibit A.

Item 2. Procedures of the Self-Regulatory Organization

The proposed rule change was approved by the Board of Directors of OCC at a meeting held on May 20, 2003.

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

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

PBOT intends to commence trading in cash-settled foreign currency futures, and PBOT and OCC have entered into the PBOT Agreement pursuant to which OCC will provide clearing and settlement services in respect of such contracts.¹ The PBOT Agreement is substantially similar to other futures-related clearing agreements that were previously filed with the Commission, but it provides for the clearance and settlement of only cash-settled foreign

¹ OCC already filed changes to its by-laws and rules to accommodate the introduction of cash settled foreign currency futures. See File No. SR-OCC-2003-07, which was effective upon filing pursuant to Section 19(b)(3)(a) of the Securities Exchange Act and Rule 19b-4(f)(1) thereunder.

currency futures.² To the extent that terms of the PBOT Agreement are not traceable to one of these sources, those terms are immaterial.

* * * *

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because it will foster cooperation and coordination with persons engaged in clearance and settlement activities.

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

OCC does not believe that the PBOT Agreement would impose any burden on competition.

Item 5. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were not and are not intended to be solicited with respect to the PBOT Agreement, and none has been received.

Item 6. Extension of Time Period for Commission Action

Not applicable.

² See e.g., Release Nos. 34-46722 (amended and restated clearing agreement with NQLX), 34-46058 (security futures clearing agreement with IFX), and 34-46653 (security futures clearing agreement with ONE).

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

This rule change has become effective on filing pursuant to Section 19(b)(3)(A) of the Exchange Act and Rule 19b-4(f)(1) thereunder, inasmuch as it constitutes a stated policy, practice, or interpretation with respect to the meaning, administration, or enforcement of an existing rule. The intent and effect of the proposed rule change is to file the clearing and settlement services agreement with PBOT to cover the clearing and settlement of cash-settled foreign currency futures in a manner consistent with OCC's rule change permitting it to clear and settle such contracts (File No. SR-OCC-2003-07).

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

The Agreement is not based on a rule of another self regulatory organization or of the Commission.

Item 9. Exhibits

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

Exhibit A PBOT Agreement

SIGNATURES

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

THE OPTIONS CLEARING CORPORATION

By: William H. Navin
William H. Navin
Executive Vice-President and
General Counsel

EXHIBIT 1

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-_____ ; File No. SR-OCC-2003-12)

SELF-REGULATORY ORGANIZATION

Proposed Rule Change By
The Options Clearing Corporation

Relating to a Clearing Agreement

Comments requested within _____ days
after the date of this publication.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934, 15 U.S.C. '78s(b)(1), notice is hereby given that on _____, 2003, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission the proposed rule change as described in Items I, II and III below, which Items have been prepared by the self-regulatory organization. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

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

The proposed rule change consists of a Futures Agreement for Clearing and Settlement Services.

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

In its filing with the Commission, the self-regulatory organization included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The self-regulatory organization has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of such statements.

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

PBOT intends to commence trading in cash-settled foreign currency futures, and PBOT and OCC have entered into the PBOT Agreement pursuant to which OCC will provide clearing and settlement services in respect of such contracts.¹ The PBOT Agreement is substantially similar to other futures-related clearing agreements that were previously filed with the Commission, but it provides for the clearance and settlement of only cash-settled foreign currency futures.² To the extent that terms of the PBOT Agreement are not traceable to one of these sources, those terms are immaterial.

* * * *

The proposed rule change is consistent with the purposes and requirements of Section 17A of the Securities Exchange Act of 1934, as amended, because it will foster cooperation and coordination with persons engaged in clearance and settlement activities.

¹ OCC already filed changes to its by-laws and rules to accommodate the introduction of cash settled foreign currency futures. See File No. SR-OCC-2003-07, which was effective upon filing pursuant to Section 19(b)(3)(a) of the Securities Exchange Act and Rule 19b-4(f)(1) thereunder.

² See e.g., Release Nos. 34-46722 (amended and restated clearing agreement with NQLX), 34-46058 (security futures clearing agreement with IFX), and 34-46653 (security futures clearing agreement with ONE).

B. Self-Regulatory Organization's Statement on Burden on Competition

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

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change and none have been received.

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

The foregoing rule change has become effective on filing inasmuch as it has been designated by OCC as constituting a stated policy, practice, or interpretation with respect to the meaning, administration or enforcement of an existing rule. At any time within 60 days of the filing of this proposed rule change, the Commission may summarily abrogate this rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Exchange Act.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing. Persons making written submissions should file six copies thereof with the Secretary, Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such filing will also be available for inspection and copying at the principal office of the above-mentioned self-regulatory organization. All submissions should refer to the file number in the caption above and should be submitted by _____.

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

Secretary

Dated: _____

2003-12rule

Please include the attached PBOT Agreement with rule file SR-OCC-2003-12

**FUTURES
AGREEMENT FOR CLEARING AND SETTLEMENT SERVICES**

This Futures Agreement for Clearing and Settlement Services ("this Agreement") is entered into on October 23, 2003 between The Options Clearing Corporation, a Delaware corporation (the "Corporation"), and the Philadelphia Board of Trade, Inc. a Pennsylvania corporation (the "Market").

WHEREAS, the Corporation is registered with the Commodity Futures Trading Commission ("CFTC") as a derivatives clearing organization and, as part of its business, provides clearing and settlement services in respect of futures;

WHEREAS, the Market is a board of trade that has been designated as a contract market by the CFTC;

WHEREAS, the Market is an affiliate of the Philadelphia Stock Exchange, Inc., which is an exchange that clears security option transactions through the Corporation;

WHEREAS, the Market wishes to engage the Corporation to provide clearing and settlement services for the cash-settled foreign currency futures to be traded on the Market; and

WHEREAS, the Corporation is prepared to provide such services to the Market, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants, terms and conditions herein set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Section 1. Market Representations.

The Market represents that, as of the date of this Agreement, (i) it is a corporation duly organized and validly existing in good standing under the laws of the State of Pennsylvania, (ii) it is a board of trade that has been designated by the CFTC as a contract market pursuant to Section 5 of the Commodity Exchange Act ("CEA"), (iii) it has or will have, prior to sending matched trades to the Corporation hereunder, rules (as amended from time to time, the "Market Rules") that comply with the CEA and regulations of the CFTC thereunder for the trading of futures that are to be cleared by the Corporation in accordance with its By-Laws and Rules, all governmental and other approvals and consents that are required to have been obtained by it with respect to the Market Rules have been obtained, and the Market Rules are in full force and effect, (iv) it has all requisite power and authority to enter into and perform its obligations hereunder and to conduct its business as currently conducted, (v) the Agreement is the legal, valid and binding obligation of the Market, enforceable against the Market in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally, and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at

law, (vi) its entry into this Agreement and performance of its obligations hereunder do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any other agreement binding on or affecting it or any of its assets, (vii) it shall be, as of the first date it submits a Certificate to the Corporation pursuant to Section 3(b), in compliance with all regulations of the CFTC applicable to a designated contract market, and (viii) all governmental and other approvals and consents that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such approvals and consents have been complied with.

Section 2. Corporation Representations.

The Corporation represents that, as of the date of this Agreement, (i) it is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware, (ii) it is registered with the CFTC as a derivatives clearing organization and is permitted to provide facilities for the clearance and settlement of futures, subject to applicable rules and regulations of the CFTC, (iii) it has all requisite power and authority to enter into and perform its obligations hereunder and to conduct its business as currently conducted, (iv) the Agreement is the legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally, and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at law, (v) its entry into this Agreement and performance of its obligations hereunder do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets, (vi) it is in compliance with all regulations of the CFTC applicable to the clearing of futures and with its regulatory obligations as a derivatives clearing organization, and (vii) all governmental and other approvals and consents that are required to have been obtained by it with respect to this Agreement have been obtained and are in full force and effect and all conditions of any such approvals and consents have been complied with.

Section 3. Selection of Underlying Interests.

(a) Underlying Interests. The Market may select the underlying interests that are the subject of futures to be traded on the Market and cleared by the Corporation, subject to the following conditions: (i) all underlying interests so selected shall consist solely of foreign currencies that are now or may hereafter become underlying currencies for options contracts cleared by the Corporation and such other underlying interests on which the Corporation may, from time to time at the request of the Market, agree to clear futures contracts; and (ii) the clearance and settlement by the Corporation of futures on an underlying interest so selected would not, in the opinion of counsel to the Corporation, (1) be unlawful or (2) be likely to subject the Corporation to liability based upon claims that trading of futures on such interest infringes the intellectual property rights of third parties or otherwise.

(b) Procedures for Selection of Underlying Interests and Maturity Cycles. The Market shall furnish to the Corporation at least one week prior to the commencement of trading in a class of futures contracts a Certificate specifically identifying the underlying interest, the cycle of days on which trading will commence and end for all series of futures contracts to be opened on such underlying interest, the unit of trading, whether a series marker is to be used, and such other information as the Corporation may reasonably require. Except as provided in paragraph (c) below, the Market shall give the Corporation at least 30 days' advance notice of any change in the information included in the Certificate.

(c) Notice of Maturity Dates. The Market may introduce a maturity date not in the maturity cycle set forth in the Certificate by providing advance notice to the Corporation by e-mail, or if e-mail is unavailable for any reason, by facsimile, no later than 9:00 a.m. on the trading day immediately preceding the trading day on which trading in the new series is to commence, specifying the additional maturity date or dates and the underlying interests to which they will apply.

(d) Underlying Interest Ceases to Meet Requirements. If the Corporation determines that an underlying interest has ceased to meet any of the requirements set forth in this Section 3 or that it has otherwise become unlawful for the Corporation to clear transactions in futures on such underlying interest, the Corporation may give notice to the Market that it is to cease all trading of futures on such underlying interest that are cleared by the Corporation or, in the alternative, to restrict transactions in such contracts on the Market to closing transactions or to closing transactions for all accounts other than the accounts of market-makers. The Corporation shall not be required to accept for clearance any transaction effected in violation of such notice. If the Corporation gives any notice pursuant to this Section 3(d), the Market and the Corporation shall promptly consult with one another to determine an appropriate course of action to restore the underlying interest to compliance with the requirements of this Section 3 or to permit the orderly and lawful liquidation of open interest. Any action taken by the Corporation under the foregoing provisions shall be consistent with its By-Laws and Rules and will be substantially similar to action taken in respect of similar products traded on any other futures market. For purposes of this paragraph, an underlying foreign currency may be deemed no longer to meet the requirements of Section 3 if it ceases to be an underlying currency for options cleared by the Corporation.

(e) Breach by Market of Section 3(b) or 3(c). If the Market, by reason of its actions or its failure to act, shall have breached in any material respect the provisions of Section 3(b) or 3(c) hereof, then the Corporation shall not be obligated to clear transactions in futures deriving from or related to the breach (the "Affected Transactions") unless and until the Market has corrected such breach or fulfilled such conditions as the Corporation may set on its obligation to clear Affected Transactions. The Corporation shall, promptly upon determining not to clear Affected Transactions effected on the Market, notify the Market of such determination.

Section 4. Units of Trading.

The Corporation agrees that subject to any applicable limitations prescribed by the Market Rules or the By-Laws and Rules of the Corporation, the unit of trading of foreign currency futures of each series shall be an amount designated by the Market prior to the time such series is first opened for trading on the Market.

Section 5. Comparison of Futures Transactions; Settlement Prices.

(a) Matched Trade Reports. The Market shall on each business day compile a matched trade report of all futures transactions to be cleared by the Corporation and shall furnish such report to the Corporation by such time or times, or on a real-time basis upon the implementation of a real-time reporting facility between the Market and the Corporation, as the Corporation may reasonably prescribe, taking into consideration the ability of the Market to provide such information within such time frames on a cost-effective basis.

(b) Daily Settlement Prices. The Market shall each business day, at such time and in such manner as the parties may agree, notify the Corporation of the settlement price of each contract. The Corporation shall adopt such settlement price as the official settlement price for the business day, except in the case of manifest error or inconsistency with its By-Laws and Rules or in any other case in which the Corporation reasonably believes such settlement price does not reasonably reflect the value or price of the contract, in which case the Corporation shall determine the official settlement price for such day; provided, however, that in the case of fungible contracts traded on more than one exchange or market and cleared by the Corporation, the daily settlement price will be determined by a method mutually agreed among the Corporation and all such exchanges, and in the absence of such agreement, as specified by the Corporation. In any case in which the Corporation fixes a daily settlement price other than (i) a price supplied by the Market or (ii) a price determined by a method mutually agreed among the Corporation and all exchanges trading a fungible contract, the Corporation will promptly notify the Market. The Market shall indemnify the Corporation and each of its directors, officers and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement arising from or based on the Corporation's use of a settlement price supplied by the Market as, or in determining, the official settlement price; provided, however, that no such indemnification obligation shall exist if the Corporation has not adopted or used the settlement price supplied by the Market; and provided further that, where the settlement price is with respect to a fungible contract traded on more than one exchange or market, the Market indemnification shall extend only to the price supplied by it and only to the extent that such price is used to determine the daily settlement price in accordance with an agreed upon formula. The provisions of Section 15 hereof shall apply to such indemnity as if such indemnity were provided under Section 15(b)(ii) hereof.

(c) Final Settlement Price. The Market shall specify the method of determining the final settlement price for futures contracts, which method shall be consistent with the definitions and other provisions of OCC's By-Laws and Rules relating to final settlement

prices. The Market shall furnish to the Corporation a final settlement price determined in accordance with that specified method at maturity of each series of futures. The Market shall furnish such final settlement price to the Corporation no later than the deadline the Corporation reasonably sets in order to allow the Corporation to effect timely settlement of maturing futures contracts. Notwithstanding the foregoing, the Corporation retains the authority in its By-Laws and Rules to fix final settlement prices for futures contracts in a variety of circumstances including, but not limited to, the failure of the Market to provide a final settlement price in a timely fashion.

Section 6. Clearance of Futures Transactions.

(a) Provision of Clearing Services. The Corporation will provide, pursuant to and in accordance with the By-Laws and Rules of the Corporation and applicable regulatory requirements, all services reasonably necessary to perform its obligations under this Agreement, including without limitation the clearing and settlement services identified in Schedule A attached hereto and incorporated herein. The Corporation will have no obligation to any purchaser or seller of a future arising out of any delay or error in the filing by the Market of any report of matched trades. The Market agrees to indemnify and hold harmless the Corporation and each of its directors, officers and employees from and against all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement arising from or based on any delay in the filing by the Market of any report of matched trades or from any error in the information so filed, other than an error in information submitted to the Market by a member of the Market or delays or errors in the filing of information caused by the Corporation or systems under the control of the Corporation. The provisions of Section 15 hereof shall apply to such indemnity as if such indemnity were provided under Section 15(b)(ii) hereof.

(b) Clearing Members. For purposes of this Agreement "Clearing Member" means a Commodity Futures Clearing Member, as defined in the By-Laws of the Corporation. Any such Clearing Member (whether or not it is a member of the Market) may clear transactions in futures listed on the Market through the Corporation.

(c) Acceptance of Futures Transactions.

The Corporation agrees to accept, in accordance with and subject to its By-Laws and Rules, all matched trades in futures that are properly submitted to it by the Market in accordance with procedures and practices of which the Market is informed. Upon submission of a matched trade to, and acceptance of such matched trade by, the Corporation, the Corporation shall be substituted through contractual novation, as provided in its By-Laws and Rules, as the counterparty to each of the Clearing Members that were parties to the matched trade. For purposes of the preceding sentence, a Clearing Member to which a trade is given up in accordance with the Corporation's "CMTA" procedures shall be deemed to have been a party to such trade, and the party giving up such trade shall be deemed not to have been a party to such trade.

Section 7. Non-Discrimination and Consultation.

(a) Certain Agreements. So long as all conditions on the obligation of the Corporation to clear futures for the Market, as set forth in its By-Laws, continue to be satisfied, the Corporation agrees not to amend its By-Laws or Rules in any manner so as to limit its obligations hereunder to clear and settle futures transactions effected on the Market, and further agrees that it will not unfairly discriminate among futures markets with regard to the nature or quality of the services that it provides or the priority that it assigns to providing such services. If the Corporation makes a change to its standard form futures agreement for clearing and settlement services (the prototype of this Agreement), the Corporation shall offer to amend this Agreement to conform it to the revised standard form.

(b) Product Design Features. The Corporation agrees that it will consult with the Market and use reasonable efforts to incorporate in its By-Laws, Rules and procedures product design features specified by the Market for futures traded or proposed to be traded on the Market and cleared by the Corporation. Notwithstanding the foregoing, the Corporation shall have no obligation to clear currency futures settled otherwise than by the payment and receipt of U.S. dollars.

(c) Proposed Rule Changes. Each party shall furnish copies to the other party of all proposed rule changes that would have any material impact on the other party, its Clearing Members or members, or the futures traded on the Market and cleared by the Corporation. Such copies shall be furnished to the other party no later than the time that they are filed with the CFTC; and if no such filing is made, then no later than the time that the change is made available to members of the party or is otherwise made public or placed into effect. The party proposing changes to its rules shall use reasonable efforts to consult with the other party before filing the change or placing it into effect if the party proposing the change believes that the change is one with respect to which the other party would want to have advance notice and opportunity to comment. This Section 7(c) does not require disclosure to the other party of any information contained in a rule filing for which the filing party has sought confidential treatment from the agency with which it is filed or which is otherwise non-public information.

Section 8. Limitations of Authority and Responsibility.

The Corporation shall have no authority or responsibility to establish or enforce standards relating to the conduct of trading on the Market by its members or the supervision of any aspect of the conduct of such members with their customers, except as specifically provided in the By-Laws and Rules of the Corporation. The Corporation shall have no responsibility for making disclosure to customers of members of the Market or other customers regarding futures or trading therein on the Market except that the Corporation shall furnish to the Market such information regarding the Corporation and the clearance by it of futures as may reasonably be requested by the Market for purposes of disclosure to customers.

Section 9. Margin Requirements of Corporation

The Corporation shall establish in its By-Laws and Rules, and shall have the responsibility to enforce, requirements as to variation (mark-to-market) payments to be made between the Corporation and its Clearing Members, and the amount and form of risk margin to be deposited or maintained with the Corporation by its Clearing Members, in respect of futures positions and positions resulting from the settlement of futures. In establishing such requirements, the Corporation shall not discriminate as to the amount of risk margin to be deposited or maintained (i) on the basis of the market on which futures transactions are effected, (ii) among markets clearing futures on the same underlying interest, or (iii) between futures and other products posing substantially equivalent risk to the Corporation that effectively may substitute for futures, but the Corporation may establish higher margin requirements in respect of (A) futures positions relating to specific underlying interests or types of underlying interests in cases where the distribution or market liquidity of, or other factors relating to, such futures or underlying interests would, in the judgment of the Corporation, increase the risk of the Corporation, its Clearing Members or the public, or (B) particular Clearing Members based on the positions or financial or operational condition of such Clearing Members or otherwise to protect the Corporation, Clearing Members or the public. Subject to any applicable regulatory constraints, the Corporation shall provide for appropriate reductions in margin obligations to reflect the reduced risk of offsetting or partially offsetting positions in futures traded on the Market and contracts traded on other futures markets cleared by the Corporation that are carried by a Clearing Member in the same account at the Corporation.

Section 10. Financial Requirements for Clearing Members.

The Corporation shall establish in its By-Laws and Rules financial responsibility standards with which its Clearing Members must comply. The Corporation shall conduct regular and continuous monitoring of the positions, transactions, capital and margin of Clearing Members that are members of the Market, based upon the information reported to it in accordance with the By-Laws and Rules of the Corporation and other information made available to the Corporation.

Section 11. Rights and Obligations of Purchasers and Sellers.

The Market Rules shall specifically provide that the rights and obligations of purchasers and sellers of futures cleared by the Corporation, including but not limited to rights and obligations in respect of clearing and settlement, variation payments and performance at maturity, shall be as set forth in the By-Laws and Rules of the Corporation.

Section 12. Fees for Clearing Services.

The Corporation shall establish a fee structure for the services it performs for Commodity Futures Clearing Members consistent with the provisions of the By-Laws of the Corporation. Such fee structure shall provide, *inter alia*, that fees for services charged to members of the Market shall not be greater than the fees charged by the Corporation in respect of substantially similar products offered by other futures markets. Notwithstanding the foregoing, the Corporation may offer alternative fee structures to such exchanges or markets so long as it offers

the same alternatives to the Market on substantially the same terms and so long as the alternative fee structure provides for the equitable allocation of reasonable dues, fees, and other charges among its Clearing Members, including Clearing Members that are members of the Market. Actual clearing fees paid (net of any rebates) may therefore differ among exchanges or markets that select different fee structures.

Section 13. Programs and Projects.

The Corporation agrees that any program or project designed to assist one or more futures markets which it develops at its own expense or which it originates will be made available promptly for the benefit of the Market. Without limiting the generality of the foregoing, the Corporation agrees that, if it proposes to clear any futures for any futures market or security futures market, it will offer to clear such futures for the Market on terms that are no less favorable in any material respect.

Section 14. Information Sharing.

The Corporation agrees that it will furnish to the Market all information within its possession relating to Clearing Members that are members of the Market and information regarding futures traded on the Market to the extent reasonably necessary for the Market to perform its regulatory responsibilities under the CEA and CFTC regulations, including without limitation reporting requirements pursuant to CFTC Regulations 16.00 and 16.01. In addition, each of the Corporation and the Market agrees to provide the other with information as specified in Schedule B attached hereto and incorporated herein.

Section 15. Indemnification.

(a) By the Corporation.

(i) The Corporation agrees to indemnify and hold harmless the Market and each of its directors, officers and employees from and against any and all loss, damage and expense, even if such loss, damage or expense is reimbursable by Market member assessments, arising out of or based on any violation or alleged violation by the Corporation of any of the terms of this Agreement. This indemnity agreement shall be in addition to any liability to any indemnified party which the Corporation may otherwise have.

(ii) The Corporation agrees to indemnify and hold harmless the Market and each of its directors, officers and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement in connection with any action, suit, litigation, claim or proceeding commenced by any person, to which any such indemnified party is made a party defendant, or is threatened to be made such a party, arising out of or based upon any violation or alleged violation by the Corporation of any terms of this Agreement, any alleged default by the Corporation in performing its obligations, in accordance with its By-Laws and Rules, in respect of any futures transaction it accepts for clearing, and any violation or alleged violation by the Corporation of any law or governmental regulation. This indemnity agreement

shall be in addition to any liability to any indemnified party which the Corporation may otherwise have.

(b) By the Market.

(i) The Market agrees to indemnify and hold harmless the Corporation and each of its directors, officers and employees from and against any and all loss, damage and expense (whether or not such loss, damage or expense is reimbursable by pro rata charges to the Clearing Fund contributions of Clearing Members) arising out of or based on any violation or alleged violation by the Market of any of the terms of this Agreement. This indemnity agreement shall be in addition to any liability which the Market may otherwise have.

(ii) The Market agrees to indemnify and hold harmless the Corporation and each of its directors, officers and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts incurred and/or paid in settlement (whether or not, in the case of the Corporation, such liabilities, judgments, claims, damages, expenses or amounts paid in settlement are reimbursable by pro rata charges to the Clearing Fund contributions of Clearing Members) in connection with any action, suit, litigation, claim or proceeding commenced by any person, to which any such indemnified party is made a party defendant or is threatened to be made such a party, arising out of or based on any violation or alleged violation by the Market of any of the terms of this Agreement or any violation or alleged violation by the Market of any law or governmental regulation. This indemnity agreement shall be in addition to any liability to any indemnified party which the Market may otherwise have.

(c) Indemnification in Respect of Intellectual Property. Without limiting the generality of subsections (a) and (b) above, each of the Corporation and the Market specifically agrees to indemnify and hold harmless the other party and each of such other party's directors, officers and employees from and against any and all liabilities, judgments, claims, damages, expenses and amounts paid in settlement in connection with any claim or cause of action for patent infringement or other intellectual property law violation, where such claim or cause of action relates to intellectual property that is developed or used by the indemnifying party in connection with the activities to be engaged in hereunder, provided that for purposes of this provision the Corporation shall not be deemed to have used any such intellectual property belonging to the Market solely by virtue of clearing trades executed on the Market.

(d) Limitation on Rights Conferred. The provisions of this Section 15 are not intended to confer any rights upon any person other than the Corporation, its directors, officers and employees, the Market, its directors, officers and employees, and each person, if any, who controls the Market within the meaning of Section 13(b) of the Commodity Exchange Act.

(e) Rights and Duties When Action Commenced. Promptly after receipt by an indemnified party under Section 15(a)(ii), 15(b)(ii) or 15(c) hereof of notice of

commencement of any action, suit, litigation, claim or proceeding in which such indemnified party is made a party defendant, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under such Section, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise than under such Section. In case any such action is brought against any indemnified party, and it promptly notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume and control the defense thereof, with counsel chosen by it, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under such Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, but the indemnified party may, at its own expense, participate in such defense by counsel chosen by it, without, however, impairing the indemnifying party's control of the defense. The indemnifying party may negotiate a compromise or settlement of any such action, provided that such compromise or settlement does not require a contribution by the indemnified party or have a material adverse impact on the business of the indemnified party. As used in this Section 15, the words "party defendant" shall include a counter-defendant, cross-defendant, respondent, and any other capacity in which a claim is asserted against an indemnified party.

Section 16. Notices.

All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given (i) when delivered by hand, (ii) three business days after having been mailed by first class registered mail, return receipt requested, postage and registry fees prepaid to the address set forth below, or (iii) when sent by facsimile transmission to the facsimile number set forth below, provided that the burden of proving receipt of a facsimile will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine.

(a) If to the Corporation:

The Options Clearing Corporation
One North Wacker Drive, Suite 600
Chicago, IL 60606

Attn: General Counsel

Facsimile Number: 312-322-1836
Telephone Number: 312-322-6200
e-mail address for purposes of notices required
to be sent by e-mail pursuant to Section 3(c): nog@theocc.com

(b) If to the Market:

Philadelphia Board of Trade
1900 Market Street
Philadelphia Stock Exchange Building
Philadelphia, PA 19103

Attn: General Counsel

Facsimile Number: (215) 496-6729

Telephone Number: (215) 496-5406

Section 17. Miscellaneous.

This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Illinois. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. All of the terms of this Agreement, whether so expressed or not, shall be binding upon the respective successors and assigns of the parties hereto and shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns; provided, however, that this Agreement may not be assigned by either party hereto without the prior written consent of the other party, but a merger, consolidation, reorganization or reincorporation by, or sale of all or substantially all of the assets of, either party shall not require the consent of the other party so long as the successor entity or transferee is qualified to carry on the business contemplated herein. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The headings of this Agreement are for the purpose of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in counterparts, each of which shall be deemed an original, but both of which together constitute one and the same instrument. Terms used in this Agreement (whether or not initially capitalized) that are defined in the By-Laws and Rules of the Corporation have the meanings given to them in the By-Laws and Rules, unless expressly defined otherwise in this Agreement or unless the context requires a different meaning.

Section 18. Breach of Agreement – Termination.

(a) Breach by Corporation of Section 6. If the Corporation, by reason of its actions or its failure to act, shall have breached in any material respect the provisions of Section 6 hereof, and if as a result of such breach transactions in futures effected on the Market and submitted to the Corporation for clearing are not timely cleared, then the Market may terminate this Agreement upon written notice to the Corporation; provided, however, that the Market shall to the best of its ability ensure that a secondary market is maintained in each series of futures that it has previously opened for trading until the expiration date of each such series.

(b) Other Grounds for Termination. The Corporation shall cease clearing futures for the Market and this Agreement shall terminate forthwith if (i)(A) the Market ceases to meet all legal and regulatory requirements necessary to list and trade futures, (B) the Market terminates the trading of all futures, or (C) the representation of the Market in clause (iii) of Section 1 hereof ceases to be accurate, or (ii)(A) the Corporation ceases to be registered as a derivatives clearing organization under the CEA, or (B) its By-Laws or Rules cease to be in full force and effect in a material respect. The Corporation may cease clearing futures for the Market and terminate this Agreement by giving the Market at least 60 days prior written notice if the Market is in violation of this Agreement in any material respect. The Market may terminate this Agreement at any time by giving the Corporation at least 60 days prior written notice; provided, however, that the Market shall to the best of its ability ensure that a secondary market is maintained in each series of futures that it has previously opened for trading until the expiration date of each such series, so that it remains possible for Clearing Members to clear through the Corporation transactions closing out positions in each such series that were open at the time of termination hereof, and the Market shall be solely liable for and shall indemnify the Corporation in accordance with Section 15(b)(ii) hereof for any and all liabilities, judgments, claims, damages expenses and amounts incurred and/or paid in settlement arising out of or based upon its failure to provide a secondary market in each series of outstanding Cleared Contracts traded on the Market. The provisions of Section 15 hereof shall apply to such indemnity as if such indemnity were provided under Section 15(b)(ii) hereof.

Section 19. Survival of Obligations.

Notwithstanding the termination of this Agreement, (i) the Corporation shall continue to be obligated with respect to any matched trade that it shall have accepted for clearance as a result of transactions effected on the Market before the date of termination, and (ii) the obligation of the Market to indemnify the Corporation, as provided in this Agreement, and the obligation of the Corporation to indemnify the Market, as provided in this Agreement, shall survive such termination.

Section 20. Dispute Resolution.

If a dispute arises between employees of the Market and employees of the Corporation relating to the clearing services that are the subject of this Agreement, and the most senior employee actively involved in the dispute on behalf of a party (in either case, the "Senior Disputant") believes that the Corporation's timely and unimpeded conduct of clearing services for the Market is threatened by the unresolved dispute, the Senior Disputant may notify the other party that a dispute exists. Such notice having been given, the Senior Disputant of each party shall without delay notify the Chief Executive Officer of such party, or if the Chief Executive Officer is not immediately available, the most senior officer of such party that is immediately available (in either case, the "Responsible Officer"), that a dispute exists between the parties. The Responsible Officers of the two parties shall thereupon endeavor in good faith to resolve the dispute and to mitigate its deleterious effects and shall confer with each other to those ends. For the judicial resolution of disputes the parties consent to the exclusive jurisdiction of the United States District Court in Chicago, Illinois, if such court has subject matter jurisdiction over the

dispute; otherwise, the courts of Illinois situated in Chicago shall have exclusive jurisdiction. Each party waives any objection which it may have at any time to the laying of venue of any proceedings brought in any such court, waives any claim that such proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such proceedings, that such court does not have any jurisdiction over such party.

Section 21. Notice of Regulatory Action.

The Corporation shall notify the Market of any action taken by a regulatory body or agency that, in the judgment of the Corporation, has or will have a material adverse effect on the Corporation's performance of its obligations under this Agreement.

Section 22. System Redundancy, Disaster Recovery.

The Corporation maintains, and will continue to maintain, appropriate facilities for system redundancy and disaster recovery.

Section 23. Quality Standards.

All services provided by the Corporation to the Market shall be performed substantially in accordance with the By-Laws and Rules of the Corporation and applicable legal and regulatory requirements, and with the same level of care and quality that the Corporation provides to Options Exchanges and other futures markets that clear transactions through the Corporation. The Corporation shall use commercially reasonable efforts to maintain its counterparty credit rating of "AAA" by Standard & Poor's or a comparable rating by another nationally recognized statistical rating organization.

Section 24. Limitation of Liability.

Neither party shall be liable under any circumstances for incidental, consequential or special damages sustained by the other party under this Agreement, whether or not such damages relate to services covered by this Agreement, even if the party against which an award of damages is sought has been advised of the possibility of such damages; provided, however, that this Section 24 is not intended to limit the indemnification provisions of Section 15 or any other indemnification provisions in this agreement to the extent that such provisions would otherwise cover incidental, consequential or special damages asserted by third parties against an indemnified party. Neither party shall be liable for its inability to perform its obligations under this Agreement when such inability arises out of causes beyond its control, including, without limitation, any act of God, act of war or terrorism, accident, equipment failure, system failure, labor dispute, or the failure of any third party to provide any electronic, telecommunication or other service used in connection with the services covered by this Agreement. Each party agrees to notify the other promptly upon learning that any such event has occurred and shall cooperate with the other, upon request, in arranging alternative procedures and in otherwise taking reasonable steps to mitigate the effects of any inability to perform or any delay in performing.

Section 25. Effectiveness of Agreement.

This Agreement shall be effective as of its date; provided, however, that the Corporation shall have no obligation to accept transactions in any class of futures contract traded on the Market until the Corporation has adopted and received all necessary regulatory approvals for any amendments to its By-Laws and Rules that are needed to clear transactions in such futures; provided further that the Market shall have no right to send matched trades to the Corporation in any class of futures contracts traded on the Market until the Market has adopted and received all necessary regulatory approvals for any amendments to its By-Laws and Rules that are needed to trade such futures. The Corporation shall use reasonable efforts to adopt and obtain approval of such amendments in time to meet the reasonable plans of the Market.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

THE OPTIONS CLEARING CORPORATION

By: William H. Navin
Name: WILLIAM H. NAVIN
Title: Executive V.P.

PHILADELPHIA BOARD OF TRADE, INC.

By: William D. Briggs
Name: William D. Briggs
Title: President

SCHEDULE A
DESCRIPTION OF CLEARING AND SETTLEMENT SERVICES

In accordance with the terms of this Agreement, the Corporation shall perform the following clearing functions:

1. Trade Acceptance. The Corporation shall receive matched trade submissions from the Market in accordance with the By-Laws, Rules, and procedures of the Corporation as in effect from time to time.
2. Transfers. The Corporation shall effect the transfer of positions between Clearing Members in accordance with the By-Laws, Rules and procedures of the Corporation as in effect from time to time.
3. Position Maintenance and Settlement. On a daily basis the Corporation shall calculate and collect original margin and variation margin on futures trades and positions in the accounts of Clearing Members. The Corporation shall settle the gains and losses associated with futures trades and positions in the accounts of members at least once each business day.
4. Information for Clearing Members. The Corporation will make available to each Clearing Member on every business day the following information, in machine readable format:
 - a. futures transactions accepted by the Corporation for each account of the Clearing Member;
 - b. give-up trades, position transfers and other transactions in the Clearing Member's accounts involving futures that are effected in accordance with the Corporation's "CMTA" procedures;
 - c. EFP transactions and any other noncompetitive trades, which will be identified as such by the Corporation using an available "data field" when such transactions are identified as such to the Corporation by the Market;
 - d. block trades, which will be identified as such by the Corporation using an available "data field" when such transactions are identified as such to the Corporation by the Market;
 - e. the daily mark-to-market of each open position in futures held by the Clearing Member; and
 - f. amounts of money due to and from the Corporation from and to the Clearing Member for each account held by the Clearing Member with the Corporation.
5. Pay/Collect. The Corporation will determine every Clearing Member's financial obligations to the Corporation each business day and require or make such payments as are necessary to discharge any balance owing in accordance with the Corporation's By-Laws and Rules.

6. Compliance Reporting. The Corporation will make available to the Market and/or the Clearing Member concerned such information as the Corporation may have that is necessary for the generation of required regulatory reports with respect to contracts traded on the Market and cleared by the Corporation. The Market shall have responsibility for generating and filing such reports as required under the CEA.

7. CMTA Transactions. The Corporation will make the ENCORE system available to Clearing Members that are members of the Market for processing of CMTA transactions.

**SCHEDULE B
INFORMATION SHARING**

I. Information Provided by the Corporation to the Market

A. Information provided each trading day

The following information will be provided by the Corporation to the Market each trading day for regulatory and financial surveillance purposes and for purposes of reporting under CFTC Regulations 16.00 and 16.01:

1. Futures Compliance Data Service File, which includes:
 - Matched Trades – reflects cleared matched trades including transfers and adjustment
 - Open Positions – reflects all open futures positions
2. Open Interest—contains all open interest information by position by contract
3. Price Data Service—settlement price data
4. Contract Master File—product information
5. Give-ups—contains all information regarding executing and carrying firms
6. Exchange-for-physicals, block trades and other non-competitive trades—contains all information relating to such transactions.

B. Information provided on an occurrence basis

1. Watch level reports when generated (monthly) for Clearing Members that are members of the Market
2. Notice of any establishment of higher margin requirements under Section 10 of the Agreement for a Clearing Member that is a member of the Market
3. Notice of any material change in the financial condition of a Clearing Member that is a member of the Market if the Corporation becomes aware of such change and believes such change may have a material adverse effect on the ability of the member to perform its obligations to the Corporation
4. Notice of (i) any Clearing Member default or (ii) any suspension of, termination of, ceasing to act for, or liquidation of, any Clearing Member by the Corporation, if, in either case, the Clearing Member is a member of the Market
5. Notice of any disciplinary action taken by the Corporation against a Clearing Member that is a member of the Market involving material non-compliance with financial or financial reporting requirements or material violation of the rules of the Corporation

C. Information provided upon request

1. Results of margin stress-tests performed on Market members when requested by the Market on a member-by-member basis
2. The Corporation agrees that the Market shall have the right during normal business hours to examine the Corporation's books, accounts, data base, pay/collect and other records, and at its own expense to copy or make extracts from such documents and records and to utilize such data base; provided, however, that the Market shall have no such right with regard to transactions on any other futures market or which is otherwise competitive information of another futures market, except insofar as such transactions are entered into by members of the Market and are relevant to the Market's assessment of the financial condition of such member or is necessary to protect the integrity of the Market.

II. Information to be provided by the Market to the Corporation

The Market agrees that whenever, in the performance of its functions of monitoring compliance by its members with the financial responsibility standards established by the Market or the financial responsibility standards established by the CFTC, it shall determine that (i) a Clearing Member is not in compliance with such standards, or (ii) a Clearing Member is not in compliance with the financial responsibility standards established by the Corporation for its Clearing Members, or (iii) the financial condition of a Clearing Member is such that special restrictions should be imposed on such Clearing Member, or (iv) the financial position of a Clearing Member should be reported to the CFTC or any other regulatory body, the Market shall notify the Corporation thereof by telephone immediately following the making of such determination and shall continue to keep the Corporation reasonably informed of the results of the Market's financial surveillance activities in respect of such Clearing Member so long as the Clearing Member is subject to any such special restrictions. The Market further agrees to furnish to the Corporation a copy of all written materials that are furnished to the financial surveillance committee of the Market (the "Committee") respecting a Clearing Member, provided that if the Market does not have a Committee, it hereby agrees to furnish the Corporation with a copy of all written materials respecting the financial condition of a Clearing Member relating to circumstances described in clauses (i) through (iv) of the preceding sentence prepared for the management authority of the Market exercising financial surveillance or similar functions (the "management authority"). Such written materials shall be delivered to the Corporation as promptly as practicable, but in no event later than 2:00 p.m. Central Time on the business day next following the day on which such materials are furnished to the Committee or the management authority; provided that upon the oral or written request of the Corporation, the Market shall make such materials available for pickup by the Corporation at the same time as they are furnished to the Committee or management authority. If the Market has a Committee, it also agrees (i) to notify the Corporation by telephone of each special or emergency meeting of the Committee (or regular meeting of the Committee called on less than 48 hours notice) concerning a Clearing Member prior to the commencement of such meeting, (ii) to advise the Corporation at the time of such notification as to the reasons for and purposes of such meeting, and (iii) to report by telephone to the Corporation immediately following the end of each meeting of the Committee (whether a regular or special or emergency meeting) as to the conclusions (if any) reached at such meeting concerning any Clearing Member and the reasons

therefor. If the Market does not have a Committee, it also agrees to notify the Corporation of any action or proposed action concerning the financial condition of a Clearing Member to be taken by the management authority and the reasons therefor immediately upon making a determination concerning such Clearing Member.

Notwithstanding the provisions of Section 16 of this Agreement, any notice, written materials or telephone communication required to be furnished to the Corporation by this provision shall be delivered or made to any one of the Chairman, the Management Vice Chairman, or the President of the Corporation, or in case of the absence or unavailability of all of them, then to any Executive Vice President or Senior Vice President of the Corporation.

III. Information to be provided by either party to the other

If at any time either the Market or the Corporation becomes aware of the development of an excessive position or any other undesirable situation or practice that it believes is likely to have a material adverse impact upon trading in futures, it shall immediately notify the other party of such circumstances.