

## **OCC AND THE U.S. OPTIONS EXCHANGES ANNOUNCE NEW RISK CONTROL STANDARDS TO STRENGTHEN INDUSTRY PROTECTIONS**

**CHICAGO** (September 29, 2014) – OCC and the U.S. options exchanges announced today the adoption of risk control standards that include price reasonability checks, drill-through protections, activity-based protections and kill-switch protections, pending regulatory approval.

Earlier this year, OCC and the options exchanges agreed on a principles-based set of exchange risk control standards designed to reduce the risk of errors or unintended activity that could cause or contribute to a financial loss to market participants and OCC. OCC has adopted the risk control standards and approved an implementation plan. The standards will be implemented through an OCC rule that will apply a principles-based approach to options transactions.

The four core principles adopted by the exchanges are 1) price reasonability checks designed to prevent the display and execution of quotes and orders at extreme prices; 2) drill-through protections that restrict the prices at which orders may be executed and prevent marketable orders from improperly trading through many price increments in a short period of time; 3) activity-based protections designed to address risk beyond price such as a high frequency of trades in a set period of time; and 4) kill switches to enable the termination of access to an options exchange's trading system under certain defined circumstances.

Subject to regulatory approval, beginning on June 30, 2016, OCC will impose an additional \$.02 charge per contract side on clearing members for transactions that have been executed at exchanges that have not demonstrated compliance with exchange risk control standards.

“Working with all of the U.S. options exchanges, we have adopted principles-based exchange risk control standards that are critical to protecting market participants and OCC against financial loss,” said Craig Donohue, OCC Executive Chairman. “These comprehensive risk control standards, and the incentives that we have designed to encourage their adoption by all U.S. options exchanges, further our collective goal of enhancing industry protections.”

### **Media Contacts:**

OCC  
Jim Binder  
312-322-9853  
[jbinder@theocc.com](mailto:jbinder@theocc.com)

Miami International Securities Exchange  
Dominique Prunetti  
609-897-1465  
[dprunetti@miami-holdings.com](mailto:dprunetti@miami-holdings.com)