OCC

INNOVATION RESILIENCY EXCELLENCE

2016 ANNUAL REPORT

OCC IS EVOLVING TO BETTER SERVE MARKET PARTICIPANTS WITH INNOVATION, ENHANCED RESILIENCY, AND OPERATIONAL EXCELLENCE.

Our Mission

We promote stability and market integrity through effective and efficient clearance, settlement and risk management services while providing thought leadership and education to market participants and the public about the prudent use of products we clear.


Options and Futures ADV

Our Background Founded in 1973, OCC is the largest clearing organization in the world for equity derivatives. Operating under the jurisdiction of the U.S. Securities and Exchange Commission (SEC) and the U.S. Commodity Futures Trading Commission (CFTC), OCC issues and clears U.S.-listed options and futures on a number of underlying financial assets including common stocks and stock indexes. OCC's clearing membership consists of approximately 115 of the largest U.S. broker-dealers, U.S. futures commission merchants and non-U.S. securities firms representing both professional traders and public customers. The stockholder exchanges share equal ownership of OCC. This ownership, along with a significant clearing member and public director presence on the Board of Directors, ensures a continuing commitment to servicing the needs of OCC's participant exchanges, clearing members and their customers. OCC provides clearing services for options, financial and commodity futures, security futures, securities lending transactions and over-the-counter index options.

Participant Exchanges

BATS Exchange, Inc.
Lenexa, KS

BOX Options Exchange LLC
Boston, MA

C2 Options Exchange, Incorporated
Chicago, IL

Chicago Board Options Exchange, Incorporated
Chicago, IL

EDGX Exchange, Inc.
Lenexa, KS

International Securities Exchange, LLC
New York, NY

ISE Gemini, LLC
New York, NY

ISE Mercury, LLC
New York, NY

Miami International Securities Exchange, LLC
Princeton, NJ

NASDAQ OMX BX, Inc.
Boston, MA

NASDAQ OMX PHLX, LLC
Philadelphia, PA

The NASDAQ Stock Market LLC
New York, NY

NYSE Arca, Inc.
Chicago, IL

NYSE MKT LLC
New York, NY

Futures Markets

CBOE Futures Exchange, LLC
Chicago, IL

ELX Futures, LP
New York, NY

NASDAQ Futures, Inc.
Philadelphia, PA

OneChicago, LLC
Chicago, IL

Alternate Trading Systems (Securities Lending)

Automated Equity Finance Markets, Inc.
New York, NY

YEAR IN REVIEW

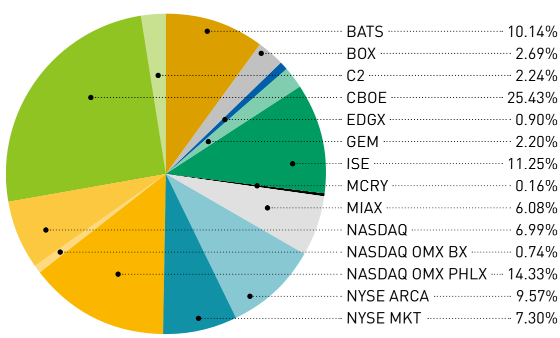
Options Volume

BATS TOTAL CONTRACTS	412,034,701	
Equity	412,034,701	100.00%
BOX TOTAL CONTRACTS	109,202,724	
Equity	109,202,724	100.00%
C2 TOTAL CONTRACTS	91,025,788	
Equity	88,438,034	97.16%
Index	2,587,754	2.84%
CBOE TOTAL CONTRACTS	1,033,349,820	
Equity	602,620,833	58.32%
Index	430,728,987	41.68%
EDGX TOTAL CONTRACTS	36,408,407	
Equity	36,408,407	100.00%
GEM TOTAL CONTRACTS	89,189,491	
Equity	89,097,031	99.90%
Index	92,460	0.10%
ISE TOTAL CONTRACTS	457,206,056	
Equity	456,550,949	99.86%
Index	655,107	0.14%
MCRY TOTAL CONTRACTS	6,432,661	
Equity	6,432,661	100.00%
MIAX TOTAL CONTRACTS	247,112,479	
Equity	247,112,479	100.00%
NASDAQ TOTAL CONTRACTS	283,822,637	
Equity	283,822,637	100.00%
NASDAQ OMX BX TOTAL CONTRACTS	29,872,954	
Equity	29,872,954	100.00%
NASDAQ OMX PHLX TOTAL CONTRACTS	582,093,570	
Equity	579,579,772	99.57%
Index/Other	2,513,798	0.43%
NYSE ARCA TOTAL CONTRACTS	388,979,129	
Equity	388,826,996	99.96%
Index	152,133	0.04%
NYSE MKT TOTAL CONTRACTS	296,493,779	
Equity	296,455,769	99.99%
Index	38,010	0.01%
OCC TOTAL OPTIONS CONTRACTS	**4,063,224,196**	
Equity	**3,626,455,947**	**89.25%**
Index	**436,768,249**	**10.75%**

Futures Volume

CFE TOTAL CONTRACTS	60,177,810	
Index/Other Futures	60,177,810	100.00%
ELX TOTAL CONTRACTS	217	
Index/Other Futures	217	100.00%
NFX TOTAL CONTRACTS	31,954,099	
Index/Other Futures	31,954,099	100.00%
ONE TOTAL CONTRACTS	12,391,455	
Single Stock Futures	12,391,455	100.00%
OCC TOTAL FUTURES CONTRACTS	**104,523,581**	
Index/Other Futures	**92,132,126**	**88.14%**
Single Stock Futures	**12,391,455**	**11.86%**

Options Exchange Market Share



CRAIG S. DONOHUE

EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

"In 2016, we continued to make enhancements to foster market confidence and reduce systemic risk."

On behalf of the Board of Directors and my fellow colleagues at OCC, I am pleased to share with you our 2016 Annual Report. In 2016, we saw sustained strong volume in the U.S. listed equities options industry. OCC's total cleared contract volume reached 4.17 billion, the fifth highest annual contract volume in our history. Securities lending reached a new high with more than 1.9 million cleared stock loan transactions, representing growth of 37 percent from the previous year. 2016 cleared futures volume was also OCC's highest ever at 104 million contracts, up 56 percent from 2015.

These achievements underscore the critical role OCC plays as the world's largest equity derivatives clearing organization in serving industry participants and the greater public interest. With the launch of the ISE Mercury Exchange in 2016, the year ended with 14 U.S. listed equities options markets, and with OCC providing central counterparty clearing and settlement services to 19 exchanges and trading platforms for options, security futures, financial and commodity futures, and securities lending transactions.

In this report, you will get an update on the work OCC is doing in its role as a Systemically Important Financial Market Utility (SIFMU) to fulfill our purpose of ensuring confidence in the financial markets and the broader economy.

You will read about our efforts to enhance our resiliency and operational effectiveness, to foster growth, innovation and thought leadership, and to build a high-performance culture.

You will also learn of our progress in continuing OCC's mission as a foundation for secure markets and have the opportunity to read commentary from three OCC stakeholders and market participants. Kapil Rathi, Senior Vice President and Head of Options Business Strategy for the Bats Global Markets, Terry Savage, a Syndicated Personal Finance Columnist and a Founding Member of The Chicago Board Options Exchange, and Joe "JJ" Kinahan, Chief Market Strategist and Managing Director for TD Ameritrade, each provide their thoughts on how OCC bolsters market resiliency, provides confidence to the financial markets, and helps to educate investors on the risks and rewards of trading options.

Enhancing Our Resiliency

It has been clearly demonstrated that regulated central counterparties (CCPs) such as OCC have an excellent track record of performing extremely well during times of market stress. As we noted in public comments throughout the year, this demonstrated resiliency led global policymakers to mandate that more financial transactions be centrally cleared through CCPs

"OCC remains a strong, visible advocate on behalf of the industry to address important regulatory, legislative and tax issues."

following the 2008 financial crisis. In 2016, we continued to make enhancements to foster market confidence and reduce systemic risk while maintaining our role as an independent risk manager. The resulting changes that were made to meet heightened regulatory expectations continue to instill greater confidence in OCC's ability to support market participants in both the ordinary course and during times of market stress.

As a SIFMU, enhancing our resiliency is our key priority— from working closely with regulators in response to changes in the regulatory framework to bolstering our business processes and internal controls. We fully support the U.S. Securities and Exchange Commission's (SEC) ongoing efforts to strengthen the regulation of registered clearing agencies and to promote the safe and reliable operation of registered clearing agencies as this improves efficiency, transparency and access for market participants. The SEC's Covered Clearing Agency (CCA) proposal embraces best practices and is similar to others that seek to prescribe risk management standards, such as Principles for Financial Markets Infrastructure (PFMI). In 2016, OCC began publishing our quantitative disclosure regarding PFMI in accordance with The Committee on Payments and Market Infrastructures-International Organization of Securities Commissions (CPMI-IOSCO), and these new requirements and expectations for CCPs are a positive reflection of the capabilities OCC has developed and delivered to the marketplace.

We are gratified by the SEC's reaffirmation of its approval of our capital plan. The SEC noted "given OCC's critical clearing functions and its systemic importance, the Commission agrees that having OCC increase its capitalization is appropriate and in the public interest." The Commission also found that "the capital plan does not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the [Exchange] Act." Of utmost importance, the benefits extend beyond enhancing the resiliency of the markets served by OCC and our commitment to operating as an industry utility.

In September, Standard & Poor's reaffirmed OCC's AA+/Stable rating, noting "OCC has a credible plan to build the capital and liquidity resources to absorb default of its two largest members." This is a positive recognition of our ongoing efforts to strengthen our financial safeguards framework and better address international standards, and it reflects favorably on the commitment of our colleagues to strengthen the resiliency, risk management and capitalization of our organization.

Our guiding purpose to ensure confidence in the financial markets and broader economy drives our focus on continuous enhancements to our risk and control environment. In 2016, this included driving compliance with SEC's Regulation SCI, responding to the new requirements outlined in the SEC's standards for CCAs, revising our policies and procedures, and delivering custom educational training.

Additionally, the development of our risk and control principles and proposal on pre-trade risk controls served as the catalyst for positive change in the resiliency of the listed options market, to the credit of the options exchanges and for the benefit of the entire industry. The nearly 40 rule changes filed by the options exchanges are consistent with the risk controls outlined in our March proposal to the SEC, and our concerted efforts are demonstrable actions by the industry to bolster the resiliency of options markets against the risk from erroneous trading activity.

OCC's strong collaboration with its Board of Directors to further enhance our resiliency is essential to building upon our roadmap for the future. One such component includes addressing OCC's already strong posture on cybersecurity. The Board's Technology Committee was very supportive of our engagement with Stroz Friedberg to conduct a review of the increasingly complex security landscape faced by our industry. These insights actively informed OCC's security investments in 2016 and vision of the future as we enter into work with Oliver Wyman on an assessment of our current state technologies that will inform our blueprint for OCC's future state capabilities.

Fostering Growth, Innovation and Thought Leadership

As a leader of industry initiatives in Washington, D.C., OCC remains a strong, visible advocate on behalf of the industry to address important regulatory, legislative and tax issues. We were pleased with the U.S. Department of Labor's final fiduciary rule to allow investors to hold listed options in their retirement accounts. With the collective efforts of the U.S. Securities Markets Coalition, we educated Members of Congress and regulators on the importance of providing individuals with the right risk management tools to help them save for their retirement. We will continue to advocate for investor education as the underpinning for the responsible and prudent use of listed options by investors. OCC and the Coalition will also continue proactive discussions on mark-to-market and other tax reform proposals with the U.S. House of Representatives' Ways and Means Committee. The Coalition is also addressing the impact of certain provisions of the bank regulatory capital rules on the listed options market, and we will remain active in seeking interpretative relief.

In addition to our work in Washington, D.C., OCC's advocacy on issues impacting our organization, our clearing members and their customers is reflected through our efforts to gain recognition of U.S. central counterparties such as OCC as qualifying central counterparties by the European Commission (EC). This recognition is important to OCC and market participants for several reasons, foremost among them that it would allow European Union (EU) banks' and EU bank affiliates' exposure to those CCPs to be subject to a lower risk weight in calculating their regulatory capital. The SEC's approval of the CCA rules in September 2016 is a critical step toward an equivalency agreement between that agency and the EC. We are pleased that the EU extended the transitional period deadline, and intend to continue working with the SEC, the EC, and the European Securities and Markets Authority as they strive toward a common approach for the regulation of cross-border CCPs.

"We are investing in our internal control infrastructure to enhance our resiliency and strengthen our operational effectiveness as an independent risk manager."

At OCC, we understand the global and interconnected nature of the listed U.S. equities options markets and believe it is vital for OCC and the industry to continue their advocacy work on behalf of market participants. We will continue to promote with regulators and policymakers the importance of providing individual investors with unbiased educational content through The Options Industry Council (OIC). Since 1992, OIC's contributions to the investing and brokerage communities have been significant to the growth of the listed options industry. In 2016, more than 102,000 individual options investors took part in OIC's robust online, podcast and live educational programming, while OIC's professionals also delivered options education and content to prominent industry partners including the CFA Institute, the Financial Planning Association, Fidelity, E*Trade, Merrill Edge, etf.com, ETF report and Inside ETFs. Beyond U.S. borders, OIC proactively responded to the global demand for options education, creating a presence in England, Poland, Switzerland, Singapore and China and addressing interest from 226 additional countries. We look forward to celebrating OIC's 25th anniversary in 2017 and more than two decades of helping individual investors, financial advisors and institutional investors understand the benefits and risks of exchange-listed options.

Collaboration and partnership remain a critical focus for OCC and are demonstrated in several notable endeavors. First, we were pleased to renew our pre-funded committed repurchase facility with eSecLending and CalPERS, the largest U.S. pension fund, for a total of $1 billion. This renewal features a staggered maturity schedule under which $500 million was available for renewal in June 2016 and the remainder would be made available for renewal in January 2017, allowing OCC to diversify its liquidity resources. Additionally, in 2016, OCC supported new product launches from Nasdaq Futures, Chicago Board Options Exchange, AMEX and NYSE Arca to better serve their respective customer and clearing member needs.

In Active Pursuit of Excellence

Strengthening OCC's mission to provide exceptional risk management and innovative solutions to reduce systemic risk requires strong leadership. We are fortunate that we have a talented and knowledgeable Board of Directors that has defined a strategic direction for our organization and provides robust leadership and guidance to our management team. The addition of three new board members in 2016— Susan Lester, who has over 30 years of banking experience; Tom Wittman, Executive Vice President and Global Head of Equities for Nasdaq, Inc.; and Bill Yates, Treasurer for

TD Ameritrade— enhances our Board's ability to provide valuable market knowledge and expertise in support of the work of our leadership team.

In 2016, we also enhanced our leadership structure with the creation of the Office of the Executive Chairman, which included Mike McClain as Chief Operating Officer in charge of technology and operations, and Scot Warren as Chief Administrative Officer to oversee the alignment of our enterprise with the execution of our corporate objectives. The new structure allows us to combine the breadth and depth of experience necessary to optimally support OCC as we move forward.

We are vigilant about the need to have the right people in the right roles, and to have the agility to make meaningful change in our leadership structure to further our progress and momentum. The addition of Amy Shelly as Chief Financial Officer, Dale Michaels as head of Financial Risk Management, Chip Dempsey as Chief Commercial Officer, and Julie Bauer as head of Government Relations, demonstrates that OCC can attract top talent to join our organization. The promotions of John Fennell to Chief Risk Officer, Joe Adamczyk to Chief Compliance Officer, and Adi Agrawal to Chief Audit Executive, are a reflection of the deep bench strength on our team.

The outstanding work performed in 2016 by the entire OCC team was manifested in our company's recognition as Clearinghouse of the Year by two important financial publications: *Global Investor/ISF* Magazine and *Futures and Options World (FOW)* Magazine. These acknowledgements of OCC as the preeminent clearing organization validate the dedication and hard work exhibited by our Board of Directors and OCC colleagues and are a tremendous recognition of OCC's adaptation to the heightened expectations as a SIFMU.

In Closing

Looking ahead, OCC will remain an industry advocate for market participants as they face an evolving regulatory and tax environment. This includes not only working with global policymakers, but also developing and distributing unbiased educational content for investors and market participants who want to use the listed equities options markets as a risk management tool. We remain steadfast in our commitment to serving as the foundation for secure markets and in ensuring confidence in the financial markets and the broader economy. We will maintain our ongoing investment in our internal control infrastructure to enhance our resiliency and strengthen our operational effectiveness as an independent risk manager while we continue to explore new business opportunities that complement our existing products and lower the overall cost of clearing and collateral for market participants. By upholding our leadership position in equity derivatives and securities lending, we will further strengthen the strategic relationships we have with our stakeholders, which will allow OCC to continue to contribute to industry growth and to the reduction of systemic risk in the financial system.

Craig S. Donohue

Craig S. Donohue
Executive Chairman and Chief Executive Officer

SCOT E. WARREN	MICHAEL W. MCCLAIN
CHIEF ADMINISTRATIVE OFFICER	CHIEF OPERATING OFFICER

“We are committed to strengthening our core functions, ensuring regulatory compliance and advancing our resiliency to new levels.”

We are pleased to report that OCC continues its leadership role in risk management, clearing and settlement for exchange-listed options, futures and stock loan transactions, thanks to the tireless dedication of our 560 colleagues. In 2016, OCC processed more than 4.17 billion cleared contracts, with an average daily volume totaling 16.5 million cleared contracts. We realized our peak monthly volume in November, with 394 million options and futures contracts cleared, while December 14 marked our highest open interest day, with 346 million options and futures contracts cleared. Our securities lending activity continues to be an area of strong growth, achieving new highs in 2016 with more than 1.9 million cleared transactions, exceeding our 2015 volume by 37 percent, and an average daily loan value of more than $147 billion.

These noteworthy figures represent OCC’s continued and uncompromising focus on operational excellence and enhanced resiliency as the foundation for secure markets. The new structure of the Office of the Executive Chairman allows us, as Chief Operating Officer and Chief Administrative Officer, to work with Craig Donohue to drive enterprise-wide alignment with a concentrated focus on the execution of our corporate objectives. This change ensures we maintain our commitment to making enhancements that strengthen our core functions and ensure regulatory compliance while advancing our resiliency to new levels.

At OCC, we have embraced our designation as a Systemically Important Financial Market Utility (SIFMU). In 2016, 96 percent of OCC’s clearing members indicated a high level of satisfaction with our ability to meet their needs, and we take great pride in this achievement as a customer-focused organization. We also met 99.4 percent of our bespoke quality standards in data integrity, availability and data timeliness. Notably, our responsibility to meet the high standards of our members was reinforced with the honor of being recognized as 2016 Clearinghouse of the Year by two distinctive industry publications, *Global Investor/ISF* Magazine and *Futures and Options World (FOW)* Magazine.

Throughout 2016, OCC continued to make tremendous strides in our enhancement of our risk controls across the organization. Well-designed risk controls form the bedrock of our resiliency and enable our colleagues to promote stability and market integrity through effective, efficient clearing and risk management services.

A key focus for OCC in 2016 was to drive compliance with the U.S. Securities and Exchange Commission’s (SEC) Regulation SCI.

Our active engagement to address this important regulation realized the development of cybersecurity tools and controls, including the adoption of the National Institute of Standards Technology (NIST) Special Publications (SP) 800-53 standard followed by the U.S. government. Adhering to this specific benchmark has enabled OCC to bring forth new technologies and conduct enriched training for our colleagues. In addition, we maintained extensive testing of our business continuity and disaster recovery plans and initiated significant investments in related projects.

OCC also supports the SEC's ongoing efforts to strengthen regulation and promote the safe and reliable operation of registered clearing agencies. We remain diligent in our progress to adhere to the new requirements outlined in the SEC's standards for the operation and governance of covered clearing agencies (CCA), and we have heightened our emphasis on revising our policies, procedures and processes to meet those rules. The SEC's approval of the CCA rules is a critical step toward an equivalency agreement between the SEC and the European Commission that will allow central counterparties, such as OCC, who are subject to SEC regulation to be eligible for recognition by the European Securities and Markets Authority and for attaining qualified central counterparty status for purposes of European capital regulation.

> "OCC supports ongoing efforts to strengthen regulation and promote the safe and reliable operation of registered clearing agencies."

We believe so firmly in sustaining resiliency that, in 2016, we conducted intensive educational workshops for OCC's officers and directors on our risk and control environment to complement OCC's already robust learning framework. In 2017, we will deliver this customized training to all colleagues across the organization and incorporate this training into our new hire onboarding program. We also executed on investments to deliver additional corporate-wide controls that underscore effective automation and workflow processes. The implementation of Oracle Cloud ERP as our new financial management system delivers increased efficiencies and strengthens our risk and control environment. The year also brought about the successful launch of our Workday transformation to automate a variety of human resource management functions, enabling OCC's HR team to sharpen its focus on building a high-performance culture and attracting the best talent.

To support our efforts to attract and retain critical talent, we are working to transform our physical work environment. As we grow as an organization, it has become clear that we need more space capacity to ensure the right environment for our teams at our two primary locations in Chicago and Texas. Therefore, in 2016, we formally closed on the sale of our Keller, Texas facility, and our OCC colleagues in Keller will move to a brand new 46,000 square

"Maintaining a high-performance culture is critical to deliver on our purpose to ensure confidence in the financial markets and the broader economy."

foot office in the Cypress Waters community of Dallas, Texas, in the second quarter of 2017. We look forward to completing our workspace transformation with a scheduled move of our Chicago corporate office at 1 N. Wacker Drive to 125 S. Franklin Street sometime in the second quarter of 2018. These moves are indicative of our commitment to provide a best-in-class work environment that will further our high-performance culture, foster greater interaction and collaboration among our colleagues, and strengthen our leadership position in transaction processing and risk management.

At OCC, we believe that maintaining a high-performance culture is critically important to deliver on our purpose to ensure confidence in the financial markets and the broader economy. Our evolution from a market utility to an industry influencer inspires our colleagues to work seamlessly across our business, compliance and internal audit functions in alignment with our corporate values. These values guide our behaviors and our close engagement with our partner exchanges, clearing members and market participants. We take stewardship of these relationships and the care of assets entrusted to us very seriously. Our emphasis on performance and accountability means that we seize initiative, honor our word and follow through on our commitments. We place immense prominence on our collaboration with our colleagues, peers and external partners.

By fostering innovation and agility in our organization, our systems and the markets through investor education, industry advocacy and automation, we will find new opportunities to serve our market participants. Finally, but most importantly, our foundational values of ethics and integrity command that we follow the spirit of all rules and regulations.

OCC's emphasis on operational excellence and commitment to sustaining resiliency in all that we do is paramount. We are energized by our momentum to meet the heightened requirements stipulated by our regulators in our role as a SIFMU because it is the right thing to do for our partner exchanges, clearing members, market participants, our colleagues and the broader economy. We are bolstered by the collective achievements of our colleagues in 2016, and excited by the tremendous opportunities ahead of us in 2017.

Michael W. McClain

Michael W. McClain
Chief Operating Officer

Scot E. Warren
Chief Administrative Officer

KAPIL RATHI, SENIOR VICE PRESIDENT,

OPTIONS BUSINESS STRATEGY, BATS GLOBAL MARKETS

"OCC provides market participants with the confidence to trade options through enhanced resiliency and operational effectiveness."

Bolstering market resiliency is OCC's top priority. A resilient clearing infrastructure creates a stronger, more confident market. Participating exchanges like Bats rely on OCC to deliver efficient and effective clearing, settlement and risk management services to the U.S. options market. The confidence to trade options rests on a central counterparty like OCC who guarantees the markets operate efficiently. OCC ensures that the obligations of the contracts it clears are fulfilled under any market circumstance.

TERRY SAVAGE

SYNDICATED PERSONAL FINANCE COLUMNIST

“OCC gives investors the confidence to use options strategies to enhance their financial success.”

As a founding member of the Chicago Board Options Exchange, Terry Savage understands the value that equity options bring to investors. Today, she spends her time empowering investors to better understand personal finances, and this includes trading options. Options have become an integral part of the investor's toolbox. Terry also values OCC’s role in managing risk within the industry. As a central counterparty, OCC acts as guarantor and ensures the integrity of the market—that the person on the other side of the options transaction will perform as promised.

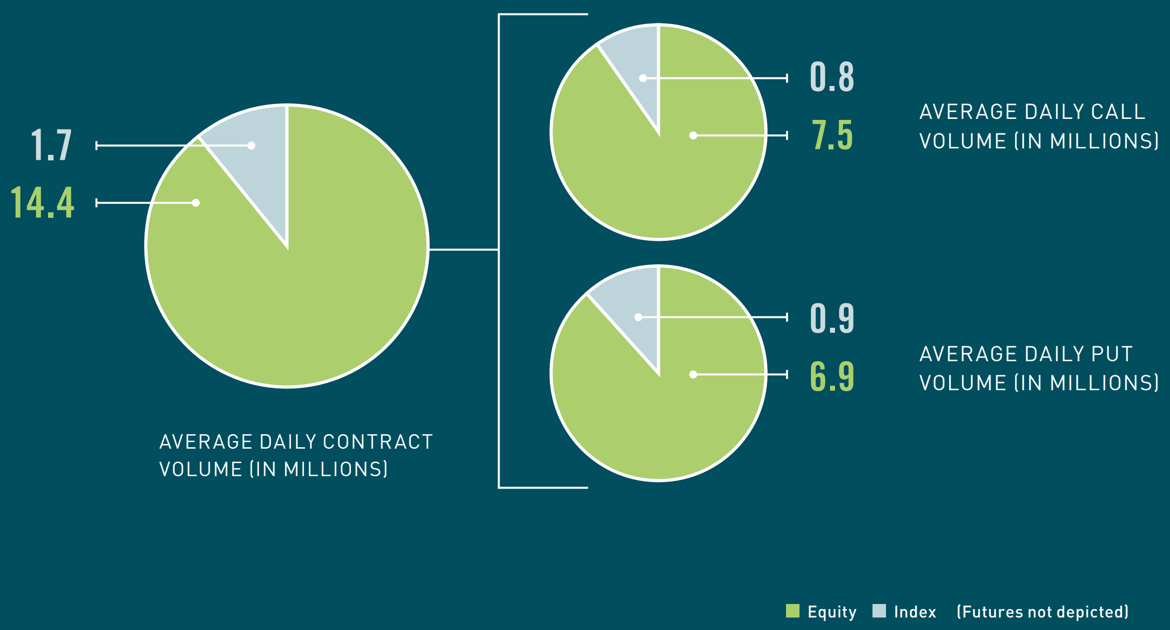
JJ KINAHAN, CHIEF MARKET STRATEGIST

AND MANAGING DIRECTOR, TD AMERITRADE

“TD Ameritrade and OCC partner to educate investors on the risks and rewards of trading options, which contributes to industry growth.”

Investor education is the backbone of OCC and TD Ameritrade’s business model. Through The Options Industry Council, OCC provides unbiased options education to investors. This educational focus is reinforced by TD Ameritrade as a partner who develops and supports educational tools that allow retail clients to understand the risks and rewards of trading options. Educated investors better understand how to use options, which contributes significantly to industry growth.

4.17 BILLION CONTRACTS CLEARED



CONTRACTS EXERCISED (IN MILLIONS)

$ 46.6 MILLION

REFUNDS TO CLEARING MEMBERS

$ 102.7 BILLION

MARGIN HELD AT YEAR END

$ 6.9 BILLION

CLEARING FUND HELD AT YEAR END

0.031 DOLLARS

AVERAGE FEE PER CONTRACT SIDE

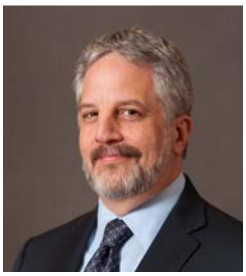
BOARD OF DIRECTORS
as of December 31, 2016

Craig S. Donohue
Executive Chairman and
Chief Executive Officer

Thomas R. Cardello
Founding Member
Venice Financial Management, LLC

Mark F. Dehnert
Managing Director
Goldman Sachs & Co.

Raymond J. Di Sanza
Senior Vice President,
Operational Services
Charles Schwab & Co., Inc.



Matthew B. Gelber
President
Bitterroot Asset Management, LLC
Served until April 2016

David S. Goone
Chief Strategy Officer
IntercontinentalExchange, Inc.

Susan E. Lester
Former Chief Financial Officer
Commenced Service April 2016

Gary Katz
President and Chief Executive Officer
International Securities Exchange, LLC
Served until June 2016

John M. Ruth
Chief Executive Officer
ABN AMRO Clearing Chicago LLC
Served until April 2016

Christine L. Show
Managing Director and Global Head of Listed Derivative Operations
SG Americas Securities, LLC

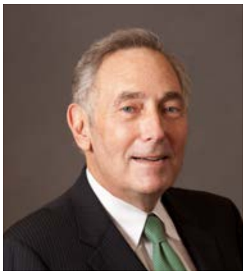
Edward T. Tilly
Chief Executive Officer
Chicago Board Options Exchange Holdings, Inc.

Jonathan B. Werts
Managing Director,
Head of Midwest
Bank of America Merrill Lynch

Thomas W. Farley
President
NYSE Group

George S. Fischer
Senior Vice President,
Trading, Margin Lending and Cash Management
E*Trade Financial Corporation
Served until May 2016

Thomas A. Frank
Executive Vice President/CIO
Interactive Brokers LLC



Meyer S. Frucher
Vice Chairman
Nasdaq, Inc.

Judith M. Kula
Chief Financial Officer
Wolverine Execution Services, LLC
Served until April 2016

Richard R. Lindsey
Managing Partner
Windham Capital Management Inc.

Robert R. Litterman
Chairman, Risk Committee
Kepos Capital, LP

Eric W. Noll
President & CEO
ConvergEX Group, LLC

Alice Patricia White
Economist

Thomas A. Wittman
Executive Vice President,
Global Head of Equities
Nasdaq, Inc.
Commenced Service June 2016

William T. Yates
Treasurer
TD Ameritrade
Commenced Service April 2016

BOARD COMMITTEES AND SENIOR OFFICERS

Board Committees

Audit Committee

Susan E. Lester (Chair)
Raymond J. Di Sanza
Richard R. Lindsey
Eric W. Noll
Alice Patricia White
William T. Yates

Governance & Nominating Committee

Alice Patricia White (Chair)
Thomas W. Farley
Richard R. Lindsey
Christine L. Show

Compensation & Performance Committee

Richard R. Lindsey (Chair)
Mark F. Dehnert
Craig S. Donohue
Meyer S. Frucher
David S. Goone
Edward T. Tilly
Jonathan B. Werts

Risk Committee

Richard R. Lindsey (Chair)
Thomas R. Cardello
Mark F. Dehnert
Craig S. Donohue
Thomas A. Frank
Robert R. Litterman
Edward T. Tilly
Alice Patricia White

Technology Committee

Thomas R. Cardello (Chair)
Craig S. Donohue
Thomas A. Frank
Thomas A. Wittman

Term Expirations (Member Directors & Public Directors)

April 2017

Mark F. Dehnert
Richard R. Lindsey
Eric W. Noll

April 2018

Thomas R. Cardello
Thomas A. Frank
Christine L. Show
Alice Patricia White

April 2019

Raymond J. Di Sanza
Susan E. Lester
Robert R. Litterman
Jonathan B. Werts
William T. Yates

Senior Officers

Craig S. Donohue
Executive Chairman and Chief Executive Officer

Michael W. McClain
Chief Operating Officer

Scot E. Warren
Chief Administrative Officer

John J. Fennell
Executive Vice President and Chief Risk Officer

Dale A. Michaels
Executive Vice President, Financial Risk Management

Joseph P. Adamczyk
Senior Vice President and Chief Compliance Officer

Adi Agrawal
Senior Vice President and Chief Audit Executive

Julie Bauer
Senior Vice President, Government Relations

Jean M. Cawley
Senior Vice President, Special Adviser to the Executive Chairman

Chip Dempsey
Senior Vice President and Chief Commercial Officer

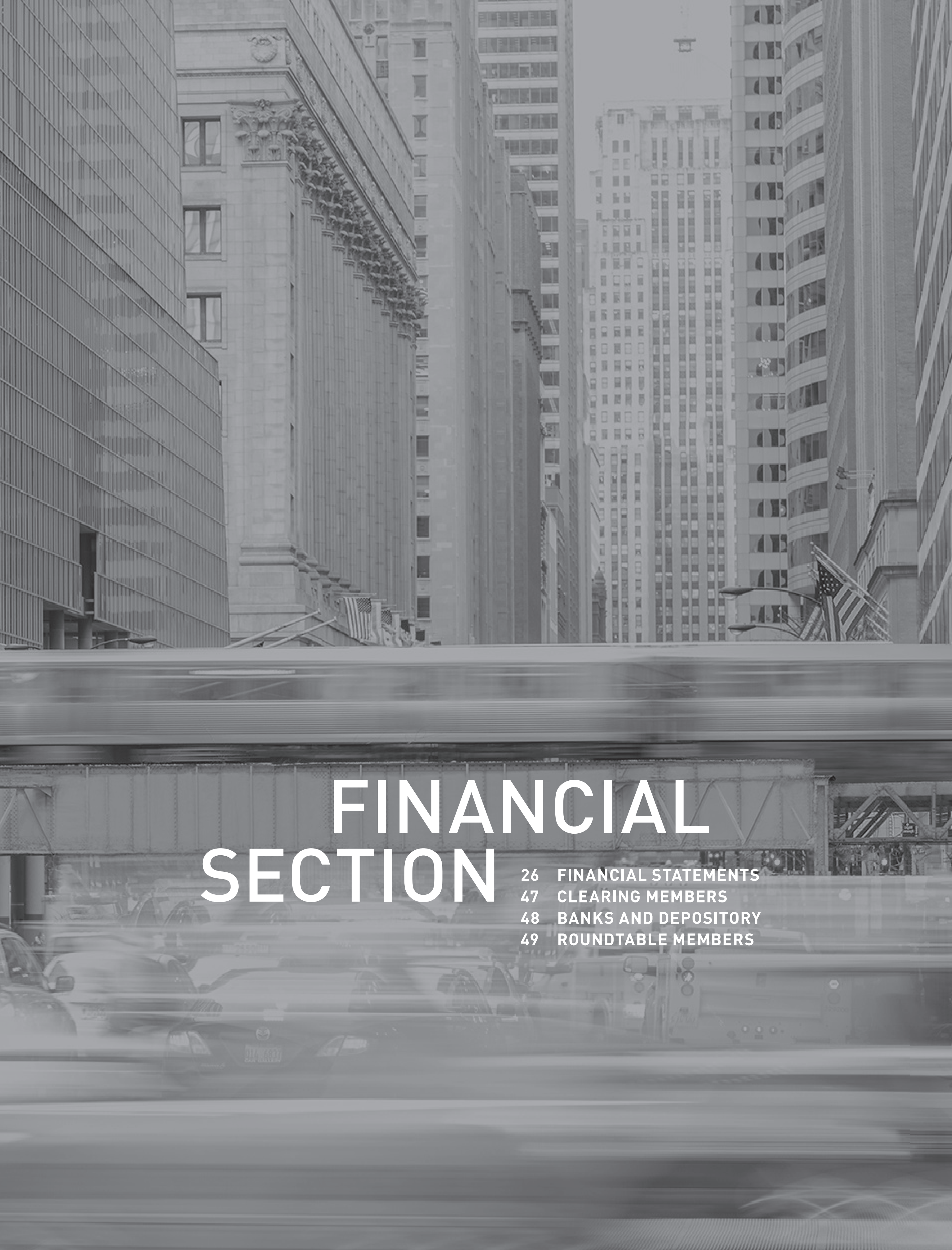
Joseph P. Kamnik
Senior Vice President, General Counsel and Corporate Secretary

James M. Kustusch
Senior Vice President, Operations

Luke P. Moranda
Senior Vice President and Chief Information Officer

Tracy A. Raben
Senior Vice President and Chief Human Resources Officer

Amy C. Shelly
Senior Vice President and Chief Financial Officer



FINANCIAL SECTION

STATEMENTS OF FINANCIAL CONDITION

December 31 (in thousands)	2016	2015
Assets		
Current Assets:		
Cash and cash equivalents Note 2	$ 305,547	$ 390,448
Accounts receivable	39,068	34,602
Exchange billing receivable Note 12	93,699	105,641
Due from participant exchanges Note 12	270	361
Other current assets	27,514	21,871
Total Current Assets	466,098	552,923
Property and Equipment: Note 2		
Building, land and building improvements	—	5,891
Leasehold improvements	7,209	7,659
Equipment, furniture and other	5,106	11,710
Software	135,254	135,955
Total property and equipment	147,569	161,215
Accumulated depreciation and amortization	(136,701)	(139,487)
Property and equipment – net	10,868	21,728
Clearing fund deposits Notes 6, 16	6,877,037	12,083,156
Other assets Notes 10, 16	38,670	35,475
Deferred income taxes Note 13	28,118	45,138
Total Assets	$ 7,420,791	$ 12,738,420
Liabilities and shareholders' equity		
Current Liabilities:		
Accounts payable and other	$ 28,982	$ 24,471
SEC transaction fees payable Note 12	25,352	22,097
Dividend payable	25,614	19,691
Refundable clearing fees Note 9	46,592	142,725
Exchange billing payable Note 12	93,699	105,641
Other accrued liabilities	4,878	6,403
Total Current Liabilities	225,117	321,028
Clearing fund deposits Notes 6, 16	6,877,037	12,083,156
Other liabilities Notes 14, 15	70,755	87,236
Total Liabilities	7,172,909	12,491,420
Shareholders' Equity: Note 7		
Common stock	500	600
Paid-in capital	147,827	148,060
Retained earnings	127,474	127,474
Accumulated other comprehensive loss Notes 14, 15 (net of tax benefit of $18,057 in 2016 and $18,593 in 2015)	(27,919)	(28,801)
Total	247,882	247,333
Treasury Stock	—	(333)
Total Shareholders' Equity	247,882	247,000
Total Liabilities and Shareholders' Equity	$ 7,420,791	$ 12,738,420

See Notes to the Financial Statements

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

For the years ended December 31 (in thousands)	2016	2015	2014
Revenues			
Clearing fees Note 9	$ 260,691	$ 240,120	$ 293,102
Data service fees	4,855	4,710	4,622
Exercise fees	3,684	3,916	4,107
Investment income Note 10, Note 8	11,070	1,011	3,217
Interest income	2,364	—	—
Other	322	358	711
Total Revenues	282,986	250,115	305,759
Expenses			
Employee costs	103,423	94,632	95,744
Information technology	38,285	32,184	26,025
Professional fees and outside services	54,708	45,241	43,758
General and administrative	33,987	32,846	19,691
Rental, office and equipment	6,674	6,297	5,553
Depreciation and amortization	5,915	6,406	5,892
Loss on sale, property and equipment	2,706	—	—
Total Expenses	245,698	217,606	196,663
Income Before Income Taxes	37,288	32,509	109,096
Provision for Income Taxes Note 13	11,674	9,980	44,820
Net Income	25,614	22,529	64,276
Other comprehensive income, net of tax			
Pension and postretirement benefit plan adjustments, net of tax of $536 in 2016, $712 in 2015 and $4,176 in 2014	882	1,033	7,411
Comprehensive Income	$ 26,496	$ 23,562	$ 71,687

See Notes to the Financial Statements

STATEMENTS OF SHAREHOLDERS' EQUITY

(in thousands)	Common Stock	Paid-in-Capital	Accumulated Other Comprehensive Loss	Treasury Stock	Retained Earnings	Total
Balance December 31, 2013	$ 600	$ 2,060	$ (37,245)	$ (333)	$ 60,360	$ 25,442
Net income					64,276	64,276
Amounts included in other comprehensive loss, net of tax:						
Changes in unamortized (loss)			(13,529)			(13,529)
Changes in unamortized prior service credit			20,940			20,940
Subtotal			7,411			7,411
Balance December 31, 2014	600	2,060	(29,834)	(333)	124,636	97,129
Net income					22,529	22,529
Capital contribution, net of advisory fees		146,000				146,000
Dividends declared					(19,691)	(19,691)
Amounts included in other comprehensive income, net of tax:						
Changes in unamortized gain			2,071			2,071
Changes in unamortized prior service (cost)			(1,038)			(1,038)
Subtotal			1,033			1,033
Balance December 31, 2015	600	148,060	(28,801)	(333)	127,474	247,000
Net income					25,614	25,614
Dividends declared					(25,614)	(25,614)
Retirement of treasury stock	(100)	(233)		333		—
Amounts included in other comprehensive income, net of tax:						
Changes in unamortized gain			1,973			1,973
Changes in unamortized prior service (cost)			(1,091)			(1,091)
Subtotal			882			882
Balance December 31, 2016	$ 500	$ 147,827	$ (27,919)	—	127,474	$ 247,882

See Notes to the Financial Statements

STATEMENTS OF CASH FLOWS

December 31 (in thousands)	2016	2015	2014
Cash flows (used in) / from operating activities			
Net income	$ 25,614	$ 22,529	$ 64,276
Adjustments to reconcile net income to net cash flows from operating activities:			
Unrealized losses (gains) on investments	(493)	1,922	2,882
Depreciation and amortization	5,915	6,406	5,892
Loss on disposal of assets	2,706	195	58
Deferred income taxes	16,484	(3,034)	(17,091)
Changes in assets and liabilities:			
Accounts receivable and other receivables	7,567	8,170	(28,873)
Other current assets	228	(9,355)	100
Other assets	(236)	(2,266)	88
Purchases of investments included in other assets	(11,790)	(13,038)	(91,161)
Sales of investments included in other assets	9,324	13,612	87,443
Accounts payable and other liabilities	(21,764)	(27,671)	47,442
Refundable clearing fees	(96,133)	109,406	(13,678)
Net Cash Flows (Used In) / From Operating Activities	(62,578)	106,876	57,378
Cash flows (used in) / from investing activities			
Capital expenditures	(112)	(2,205)	(4,264)
Sale of assets	2,351	—	—
Net Cash Flows From / (Used In) Investing Activities	2,239	(2,205)	(4,264)
Cash flows (used in) / from financing activities			
Issuance of notes	1,000	1,000	—
Borrowings on revolving line of credit	115,083	77,583	29,850
Repayments on revolving line of credit	(115,083)	(77,583)	(29,850)
Proceeds from capital contribution, net of transaction costs	—	146,000	—
Proceeds from liquidity facility repurchase agreements	210,000	751,500	—
Payments for liquidity facility repurchase agreements	(210,000)	(751,500)	—
Payments for debt issuance costs	(5,871)	(4,923)	—
Dividends paid	(19,691)	—	—
Net Cash Flows (Used In) / From Financing Activities	(24,562)	142,077	—
Net increase / (decrease) in cash and cash equivalents	(84,901)	246,748	53,114
Cash and cash equivalents, beginning of year	390,448	143,700	90,586
Cash and cash equivalents, end of year	$ 305,547	$ 390,448	$ 143,700
Supplemental disclosure of cash flow information:			
Cash paid for income taxes	$ 5,984	$ 23,845	$ 51,545
Cash paid for interest	34	38	17

See Notes to the Financial Statements

As of December 31, 2016 and 2015, and for the years ended December 31, 2016, 2015 and 2014

Note 1. Nature of Operations

The Options Clearing Corporation ("OCC" or "the Corporation") is a central counterparty ("CCP") and the world's largest equity derivatives clearing organization. Founded in 1973, OCC operates under the jurisdiction of the Securities and Exchange Commission ("SEC") as a Registered Clearing Agency, the Commodity Futures Trading Commission ("CFTC") as a Derivatives Clearing Organization, and under prudential regulation by the Board of Governors of the Federal Reserve System (the "Federal Reserve") as a systemically important financial market utility ("SIFMU"). OCC provides CCP clearing and settlement services to 19 exchanges and trading platforms for options, financial futures, security futures and securities lending transactions. 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 is headquarted in Chicago, Illinois and has offices in Texas and Washington DC.

Note 2. Summary of Significant Accounting Policies

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 amounts reported in the financial statements and accompanying notes. Although these estimates and assumptions are based on the best available information, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS Management defines cash and cash equivalents to include cash from banks and highly liquid investments. OCC considers all highly liquid investments with an initial maturity of three months or less from the date of purchase to be cash equivalents. In 2016 and 2015, cash equivalents are comprised of investments in reverse repurchase agreements with major banking institutions, which mature on the next business day. Under these agreements, OCC purchases United States of America ("U.S.") 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 to a custodial account maintained by the issuing bank for the benefit of OCC. The reverse repurchase agreements are secured with collateral that has a market value greater than or equal to 102% of the cash invested at the time the trade is placed. At December 31, 2016 and 2015, the carrying value of OCC's cash equivalents approximates fair value due to the short maturities of these investments.

During 2016, OCC obtained approval to open an account at the Federal Reserve Bank of Chicago. The account was funded in October 2016 with cash from OCC's Clearing Fund and as of December 31, 2016, the balance held at the Federal Reserve Bank of Chicago totaled $2.2 billion.

PROPERTY AND EQUIPMENT Property and equipment are stated at historical cost, less accumulated depreciation and amortization. Depreciation is computed using straight-line and accelerated methods based on estimated useful lives that range from five to thirty-nine and one half years. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the asset. 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 five years. No internal costs were capitalized in 2016 or 2015. OCC capitalized $2.6 million for computer software development for the year ended December 31, 2014. Amortization expense related to computer software was $5.2 million, $4.5 million and $3.7 million for 2016, 2015 and 2014, respectively.

On December 1, 2016, OCC sold the land, building and building improvements, as well as a portion of equipment, related to the office in Keller, Texas. The loss recorded for the sale of the assets totaled $2.6 million and is recorded in Loss on sale, property and equipment within the Statements of Income and Comprehensive Income.

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 this 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, 2016 and 2015, OCC determined that no assets were impaired, and no impairment charges were recorded in the financial statements.

INCOME TAXES The Corporation files U.S. federal income tax returns and state income tax returns in various states. 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. OCC may record uncertain tax positions and the related interest and penalties based on 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 in the next twelve months. Income taxes are discussed in more detail in Note 13.

INVESTMENTS OCC designates all of its investments as trading securities in accordance with applicable accounting guidance.

REVENUE RECOGNITION Revenue is recognized as services are rendered. OCC's revenues primarily consist of clearing fee revenues, which include per contract charges for clearing services, and are billed on a monthly basis. Data service fees are charged monthly 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 files or report bundles. Exercise fees are charged for each item exercised and are also billed on a monthly basis. Investment and interest income is recorded on an accrual basis when earned.

NEW ACCOUNTING PRONOUNCEMENTS In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, Topic 606. The new revenue recognition standard provides a five step analysis of transactions to determine when and how revenue is recognized. The core principle is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects what the entity expects to be owed for those goods or services. ASU 2015-14, Revenue from Contracts with Customers, Topic 606, deferred the effective date to annual periods beginning after December 15, 2018 for nonpublic companies. OCC is evaluating the effect of adopting this new accounting guidance, but does not expect adoption will have a material impact on the Corporation's financial statements.

In February 2016, the FASB issued ASU 2016-02 Leases, Topic 842, which supersedes Topic 840, Leases. This ASU increases the transparency and comparability of organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. At the lease commencement date, a lessee recognizes a lease liability and right-of-use asset, which is initially measured at the present value of future lease payments. There are two approaches for amortizing the right-of use asset. Under the finance lease approach, interest on the lease liability is recognized separately from amortization of the right-of-use asset. Repayments of the principal portion of the lease liability will be classified as financing activities and payments of interest on the lease liability and variable lease payments will be classified as operating activities in the statement of cash flows. Under the operating lease approach, the cost of the lease is calculated on a straight-line basis over the life of the lease term. All cash payments are classified as operating activities in the statement of cash flows. This ASU is effective for annual periods beginning after December 15, 2019 for nonpublic companies. The impact on OCC's operations is being evaluated, but it is believed that this ASU will have a material impact on OCC's Statements of Financial Condition.

Note 3. Guarantees

OCC performs a guarantee function that 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, protecting Clearing Members from counterparty risk and allowing the settlement of trades in the event of a Clearing Member default.

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, collateral in lieu of margin deposits, and clearing fund deposits are required to collateralize Clearing Members' obligations and support OCC's guarantee.

As of December 31, 2016 and 2015, the amount of margin required by OCC to support its guarantee was $39.7 billion and $37.5 billion, respectively, which represents the aggregate market value of outstanding positions plus an additional amount to cover adverse price movements. Margin deposits and clearing fund deposits are discussed in Notes 5 and 6, 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 securities lending 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 2016 or 2015 for which a liability should be recognized in accordance with the applicable accounting guidance.

Note 4. Off-Balance Sheet Risk and Concentration of Credit Risk

Credit risk represents the potential for loss due to the deterioration in credit quality or default of a counterparty or an issuer of securities or other instruments. OCC's exposure to credit risk comes from its clearing and settlement operations and 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 to the extent that cash advanced to the counterparty exceeds the value of collateral received. These securities have minimal credit risk due to the low probability of U.S. government default and their highly liquid and short-term nature. Additionally, OCC requires 102% in market value of collateral received compared to the cash provided to the counterparties.

OCC is also exposed to risk related to the potential inability to access liquidity in financial institutions where it holds cash and cash equivalents. The financial institutions are in different geographical locations and OCC monitors their financial condition on an ongoing basis to identify any significant changes.

ACCOUNTS RECEIVABLE Credit risk related to accounts receivable includes the risk of nonpayment by the counterparty. OCC's 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 obligations to OCC.

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 support to OCC's guarantee, consists of rigorous initial and ongoing financial responsibility standards for membership, margin deposits and clearing fund deposits. OCC also maintains two liquidity facilities to support potential liquidity needs in the event of a Clearing Member default, as described in Note 11. One facility is a syndicated line of credit with major domestic and foreign banks and the other is a repurchase facility with a large pension fund.

If a Clearing Member does not meet its settlement obligation to OCC or is declared in default, OCC may utilize the defaulting member's margin and clearing fund deposits to cover any losses resulting from the default. If those resources are exhausted, OCC may then use the respective clearing fund deposits of all Clearing Members on a pro-rata basis.

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

Note 5. Margin Deposits

OCC's rules require each Clearing Member representing the seller of an option to collateralize its contract obligations by either depositing the underlying security (i.e. "specific deposits"), other securities in lieu of margin deposits or by maintaining specified margin deposits. Margin deposits are also required for futures and futures options positions and stock loan/borrow positions. Securities in lieu of margin and 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"), which may consist of common stocks and exchange-traded funds ("ETFs").

The margin deposits of each Clearing Member are available to meet the financial obligations of that specific Clearing Member to OCC. The market value of all obligations is determined on a daily basis and OCC may issue intra-day margin calls for additional margin deposits, if necessary. Margin deposits must meet specified requirements, as provided for in OCC's rules, and all margin deposits are held at approved securities depositories or banks, except letters of credit.

Since OCC does not take legal ownership of margin deposits or securities deposited in lieu of margin deposits, the below assets are not reflected in the Statements of Financial Condition. However, OCC has rights to these assets in the event of a Clearing Member default. At December 31, 2016 and 2015, margin deposits exceeded OCC's required margin.

The fair values of securities in lieu of margin deposits and margin deposits at December 31, 2016 and 2015 were as follows (foreign securities are converted to U.S. dollars using the year-end exchange rate):

As of December 31, (in thousands)	2016	2015
Valued securities	$ 34,124,047	$ 36,110,378
Specific deposits	28,786,921	24,733,205
Government securities	8,716,428	7,390,493
Cash and cash equivalents	4,397,646	4,311,363
Bank letters of credit	841,000	985,500
Money market fund shares	—	6,000
Total	$ 76,866,042	$ 73,536,939

VALUED SECURITIES Valued securities are traded on U.S. securities exchanges or in the NASDAQ National Market System and are principally valued using the composite closing price. Common stock, ETFs, and U.S. Government securities (excluding Treasury Inflation Protected securities) are included in margin calculations and the value ascribed to this collateral is based on OCC's margin methodology, rather than traditional haircuts. As a result, the margin calculations reflect the scope for price movements to exacerbate or mitigate losses on the cleared products in the account.

SPECIFIC DEPOSITS 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. Specific deposits are also generally traded on U.S. securities exchanges or in the NASDAQ National Market System and are generally valued using the composite closing price.

GOVERNMENT SECURITIES AND GSE DEBT SECURITIES
For margin requirements, Clearing Members may deposit U.S. and Canadian Government securities, as well as eligible GSE debt securities. GSE debt securities must be approved by OCC's Risk Committee and 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"). Coupon interest and maturity payments on delivered Government and GSE debt securities are initially paid to OCC and then remitted to Clearing Members. For daily margin purposes, OCC discounts the market 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 discounts for Government and GSE debt securities are based on a maturity schedule and range from 93% to 99.5%. Government securities are valued on the basis of evaluated prices provided by independent pricing services.

CASH AND CASH EQUIVALENTS Cash and cash equivalents held as margin deposits may be invested, and any interest or gain received or loss incurred is included as Investment income in the Statements of Income and Comprehensive Income.

BANK LETTERS OF CREDIT AND MONEY MARKET FUNDS
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. No more than 50% of a Clearing Member's margin on deposit may include letters of credit, and no more than 20% may include letters of credit issued by any one institution. Letters of credit are valued at their commitment amount. Prior to September 30, 2016 Clearing Members could also deposit certain, pre-approved money market funds as margin collateral. Money market fund shares were discounted to 98% of their fair value. As a result of the SEC's money market reforms, money market funds were declared ineligible as a form of margin. They continue to remain ineligible as of Decemeber 31, 2016.

ESCROW DEPOSITS OCC has an Escrow Deposit Program, which allows a customer of a Clearing Member to pledge cash and/or fully-paid for securities 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, to deliver securities or pay certain amounts from the deposit in the event an exercise notice is assigned to the short position. OCC's agreements with the escrow banks require the maintenance of eligible collateral, subject to OCC's restrictions, to cover obligations related to 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; therefore, the covered short position is not subject to margining by OCC. OCC has specified collateral restrictions for escrow deposits. Escrow deposits for a short position in an equity call option must consist of the underlying security for which the equity option was written. Escrow deposits for a short position in an equity or an index put option may consist of cash or short-term U.S. Government securities. Escrow deposits related to 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, 2016 and 2015, deposits were held for 374,000 and 488,000 short equity and index options contracts in the Escrow Deposit Program, and the fair value of the underlying securities (times the unit of trading or the multiplier, as appropriate) was approximately $25.8 billion and $24.8 billion. The in-the-money value of these short equity and index options contracts was $415.9 million and $467.3 million at December 31, 2016 and 2015, respectively.

CROSS-MARGIN ARRANGEMENTS 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 the commodities clearing organization, may maintain cross-margin accounts. Within these cross-margin accounts, the Clearing Members' positions in OCC-cleared options are combined with positions of the Clearing Member (or its affiliate) in futures contracts and/or options on futures contracts for purposes of calculating margin requirements. 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. 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. OCC's share of margin deposits subject to cross-margin agreements were $922.7 million and $406.5 million at December 31, 2016 and 2015, respectively.

Note 6. Clearing Fund Deposits

OCC maintains a clearing fund to cover possible losses in the event of a default by a Clearing Member, bank or a securities or commodities clearing organization. The clearing fund size is established at an amount to be sufficient to protect OCC from loss under simulated default scenarios. 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. As of December 31, 2016 and 2015, the weightings were: total risk 35%, open interest 50% and volume 15%.

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 deposits and the clearing fund deposits 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 the 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 U.S. and Canadian Government securities, as the clearing fund is intended to provide OCC with a highly liquid pool of assets. OCC discounts the fair value of U.S. and Canadian 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 is recorded in the Statements of Income and Comprehensive Income. Segregated funds cannot be invested by OCC.

The U.S. Government securities included in the clearing fund are valued using inputs from pricing services that include interest accruing on the next coupon payment. Canadian Government securities are pledged, rather than delivered to OCC. Clearing Members maintain control of the interest payment for Canadian Government securities and, therefore, the accrued interest is not included in the fair value for these securities.

The fair value of the clearing fund is included in the Statements of Financial Condition as Clearing fund deposits. The collateral types and their fair values at December 31, 2016 and 2015 are as follows (Canadian Government securities are converted to U.S. dollars using the year-end exchange rate):

As of December 31, (in thousands)	2016	2015
U.S. Government securities	$ 4,484,466	$ 6,730,877
Cash and cash equivalents	2,340,236	5,276,108
Canadian Government securities	52,335	76,171
Total	$ 6,877,037	$12,083,156

Note 7. Shareholders' Equity

OCC has Class A and Class B common stock, each with a $10 par value, 25,000 shares authorized, issued and outstanding at December 31, 2016. At December 31, 2015 and 2014, OCC had Class A and Class B common stock with 60,000 shares authorized, 30,000 shares issued and 25,000 shares outstanding. OCC also has Class C common stock, with a $1,000 par value, 300,000 shares authorized and no shares issued or outstanding as of December 31, 2016.

At December 31, 2015, 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. This treasury stock was retired in 2016.

The Class B common stock is issuable in five series of 5,000 shares each. Only Class B common stock is entitled to receive dividends. In the event of liquidation of OCC, holders of Class A common stock, Class B common stock and Class C 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. Subsequently, 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 these 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 qualify for participation in OCC by purchasing a $1,000,000 interest bearing promissory note. Five of OCC's participant exchanges were shareholders and nine and eight participant exchanges were noteholders as of December 31, 2016 and 2015, respectively. These interest bearing notes are recorded in Accounts payable and other in the Statements of Financial Condition and were $9.0 million and $8.0 million at December 31, 2016 and 2015, respectively.

OCC is a party to a Stockholders Agreement with its shareholders. The Stockholders Agreement provides that each shareholder appoints the members of the Governance and Nominating Committee of the Board of Directors as its proxy for purposes of voting its shares for the election of member directors, management director(s), and public director(s). The Governance and Nominating Committee nominates individuals for election as member directors and public directors. Under certain circumstances, it also provides for OCC to purchase all of the stock owned by any shareholder; however, 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. 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 the stock.

OCC is also party to a Noteholders Agreement with the noteholders. The Noteholders Agreement provides OCC with the right to purchase all notes owned by any noteholder under certain circumstances; however, 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 these purchase rights, the purchase price for the two years following the date of OCC's execution is the original aggregate principal amount of the notes plus any accrued and unpaid interest reduced by $300,000. Thereafter, the purchase price is the original aggregate principal amount of the notes plus any accrued and unpaid interest, less $240,000, $180,000, $120,000, $60,000 or zero after the second, third, fourth, fifth or sixth year, respectively, from the date the note was executed.

Note 8. Reverse Repurchase Agreements

Reverse repurchase agreements outstanding, including amounts in cash and cash equivalents and margin and clearing fund deposits, averaged $4.1 billion and $3.2 billion during 2016 and 2015, respectively. The maximum amount outstanding was $9.1 billion during both 2016 and 2015. Amounts outstanding and included in cash and cash equivalents in the Statements of Financial Condition at December 31, 2016 and 2015 were $200.0 million and $375.0 million, respectively. No Clearing fund deposit amounts were invested at December 31, 2016. Clearing fund deposit amounts invested at December 31, 2015 were $5.2 billion and are included within Clearing fund deposits in the Statements of Financial Condition. Margin deposits had amounts outstanding at December 31, 2016 and 2015 of $3.1 billion and $3.5 billion, respectively. Interest income earned on these reverse repurchase agreements totaled $9.0 million, $1.7 million and $599,000 for the years ending December 31, 2016, 2015 and 2014. This interest income is recorded within Investment income on the Statements of Income and Comprehensive Income.

Note 9. Clearing Fees

OCC's Board of Directors sets clearing fees to cover OCC's operating expenses plus an additional amount set by the Board in accordance with the Capital Plan (Note 18). Annually, the Board will determine and declare a refund to Clearing Members to the extent OCC meets its regulatory capital requirements in that year. As outlined in the Capital Plan policies, refunds will be declared in an aggregate amount equal to 50% of the distributable earnings before taxes, which allows for OCC to retain capital if required. Subsequent to the refund declaration, any distributable earnings before taxes remaining will be distributed to stockholders in the form of a dividend. Refunds were $46.6 million, $109.4 million and $33.3 million for the years ended December 31, 2016, 2015 and 2014, respectively. During 2016, OCC released a portion of its uncertain tax position related to New York State revenue sourcing (see Note 13). The uncertain tax position was related to tax years 2009-2014, prior to the implementation of the Capital Plan. Due to this timing, OCC's Board of Directors approved an increase to the refund to Clearing Members by the amount released of $4.7 million; which is included in the total refund of $46.6 million. Clearing fees are recorded net of refunds in the Statements of Income and Comprehensive Income.

Note 10. Other Assets

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

As of December 31, (in thousands)	2016	2015
SERP Note 14	$ 24,928	$ 22,687
Executive deferred compensation plan Note 11	9,597	9,252
Other assets	4,145	3,536
Total other assets	$ 38,670	$ 35,475

SERP investments are recorded at fair value and changes in fair value are recorded as Investment income in the Statements of Income and Comprehensive Income. The amount recorded as Investment income/(loss) for SERP investments for the years ended December 31, 2016, 2015 and 2014 was $1.6 million, $(507,000) and $1.7 million, respectively. The change in net unrealized gains/(losses) on these trading securities still held at the reporting date was $1.6 million, $(617,000) and $(178,000), respectively.

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

The amount recorded in Investment income and Employee costs for the executive deferred compensation plan investments for the years ended December 31, 2016, 2015 and 2014 was $428,000, $(134,000) and $949,000, respectively. The change in net unrealized gains/(losses) on these trading securities still held at the reporting date was $250,000, $(127,000) and $(1.8 million), respectively.

Note 11. Commitments

LEASES OCC leases office space, as well as data processing and other equipment. Rental expense under these leases for the years ended December 31, 2016, 2015 and 2014 was $31.4 million, $27.0 million and $22.0 million, respectively. OCC had no capital leases as of December 31, 2016 and 2015. Future minimum aggregate rental payments under operating leases having initial or remaining noncancelable lease terms in excess of one year as of December 31, 2016 are as follows:

(in thousands)	
2017	$ 10,891
2018	8,265
2019	8,011
2020	7,391
2021	6,686
Thereafter	45,004
Total	$ 86,248

EMPLOYEE COSTS OCC entered into employment agreements with certain senior officers. The aggregate commitment for future salaries and deferred compensation payments at December 31, 2016 and 2015, excluding bonuses, was approximately $2.4 million and $700,000, respectively.

Effective January 1, 2006, OCC implemented the Executive Deferred Compensation Plan ("Plan") for senior officers. The Plan was funded in the amounts of $2.0 million and $2.4 million at December 31, 2016 and 2015, respectively. Amounts contributed to the Plan prior to 2014 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. All contributions made in 2014 and thereafter will vest and become payable on the third anniversary. The Plan investments, consisting primarily of mutual funds, are designated as trading under applicable accounting guidance.

Additionally, retention payments were credited to the Plan for certain employees. These payments vest in intervals over the next four years and were funded to the participant's accounts in the amount of $1.1 million in 2015.

LINES OF CREDIT OCC maintains two liquidity facilities which are available to enable OCC to meet Clearing Member default or suspension obligations or to cover certain other bankruptcy losses. One facility is a 364-day syndicated, committed, line of credit with major domestic and foreign banks in the amount of $2.0 billion at December 31, 2016, for which commitment fees are paid to the participating banks. OCC maintained a similar $2.0 billion, committed line of credit at December 31, 2015. On January 7, 2015, OCC entered into a $1.0 billion committed, liquidity facility with the California Public Employees' Retirement System ("CalPERS"). Under this facility, OCC entered into a Master Repurchase Agreement with CalPERS and has the ability to sell U.S. Government securities with an agreement to repurchase those securities within thirty days. In 2016, OCC renewed the liquidity facility and laddered the maturities with $500.0 million renewing in January with the remaining $500.0 million renewing in June. Each of these $500.0 million tranches has a term of 364 days and commitment fees and interest are paid on a quarterly basis. No amounts were outstanding as of December 31, 2016 or 2015 under either of these facilities.

Note 12. 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 the exchanges, at December 31, 2016 and 2015 were $93.7 million and $105.6 million, respectively, and are included in the Statements of Financial Condition as Exchange billing receivable and Exchange billing payable. In addition, OCC bills and collects Section 31 transaction fees on behalf of certain exchanges that are remitted to the SEC. The Section 31 fees yet to be collected from Clearing Members of $8.3 million 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, 2016, 2015 and 2014 were $5.3 million, $5.6 million and $6.6 million, respectively. The exchanges' share of OIC expenditures was $360,000 for December 31, 2016, $644,000 for December 31, 2015 and $2.0 million for December 31, 2014. At December 31, 2016 and 2015, the amounts due from participant exchanges for OIC and other related expenditures were $100,942 and $360,868, respectively.

OCC is also a party to clearing and settlement services agreements for certain commodity contracts with CBOE Futures Exchange, LLC, NASDAQ Futures, Inc., 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 13. 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, (in thousands)	2016	2015	2014
Federal income tax at the statutory rate	$ 13,051	$ 11,358	$ 38,184
Permanent tax differences	721	581	384
State income tax effect	1,508	2,464	1,898
Rate changes	2,846	(5,023)	(550)
Uncertain tax position	(3,872)	1,013	5,458
Other	(2,580)	(413)	(554)
Provision for income taxes	$ 11,674	$ 9,980	$ 44,820

The components of OCC's income tax provision for the years ended December 31, 2016, 2015 and 2014 are as follows (in thousands):

	2016	2015	2014
Current Income Tax (Benefit)			
Federal	$ (49)	$ 10,190	$ 58,779
State and Local	(4,761)	2,824	3,132
Deferred Income Tax (Benefit)			
Federal	13,009	(626)	(16,348)
State and Local	3,475	(2,408)	(744)
Provision for Income Taxes	$ 11,674	$ 9,980	$ 44,820

Uncertain income tax positions are recognized based on a "more likely than not" threshold and are recorded in noncurrent other accrued liabilities in the Statements of Financial Condition. These accruals include the recognition of interest and penalties related to unrecognized tax benefits. During 2016, OCC released penalties of $(137,000) and interest of $(195,000) and as of December 31, 2016, has recognized a liability for penalties of $348,000 and interest of $472,000. During 2015, OCC accrued penalties of $283,000 and interest of $463,000 and as of December 31, 2015, had recognized a liability for penalties of $484,000 and interest of

$667,000. During 2014, OCC accrued penalties of $100,000 and interest of $32,000. Penalties and interest are recorded in the Provision for Income Taxes in the Statements of Income and Comprehensive Income.

During 2016, OCC remeasured its unrecognized tax benefits related to New York State revenue sourcing. OCC received a letter from the New York State Department of Taxation and Finance closing the audit for tax years 2009-2011, with no additional tax due. OCC released the unrecognized tax benefits related to tax years 2009-2011, and remeasured uncertain tax benefits related to tax years 2012-2014, which remain under audit.

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 2013-2016 and various state tax returns for the years 2012-2016 remain open.

The deferred tax asset consists of the following:

As of December 31, (in thousands)	2016	2015
Compensation and employee benefits	$ 809	$ 1,678
Refundable clearing fees	—	13,503
Accelerated depreciation and amortization	(2,146)	(4,238)
Pension, postretirement and deferred compensation	26,912	33,673
Net operating loss	933	—
Other items	1,610	523
Total	$ 28,118	$ 45,138

Note 14. Retirement Plans

OCC has a trusteed, noncontributory, qualified retirement plan ("Retirement Plan") covering employees who meet specified age and service requirements. OCC also has a SERP that includes a benefit replacement plan. Retirement benefits under the Retirement Plan and SERP are primarily a function of both years of service and levels of compensation.

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 employees were frozen in the Retirement Plan and were no longer eligible to earn future benefit service after December 31, 2002.

In September 2014, the Board of Directors approved an amendment to freeze benefit accruals under the Retirement Plan and SERP effective December 31, 2014. The decrease in the projected benefit obligation due to the curtailment of the Retirement Plan was fully offset by recognition of a portion of existing unrecognized loss and as a result, no curtailment gain was recorded in 2014. The net impact of the amendment to the Retirement Plan was an increase in the benefit obligation by $6.7 million. The amendment to the SERP had a net effect on the obligation by increasing the obligation by $7.0 million. OCC recorded the termination benefit as a curtailment loss in 2014.

In 2016, OCC offered a lump sum payout to certain former employees with deferred vested balances. The lump sum payouts, totalling $4.2 million, were made in December 2016, using Retirement Plan assets.

OCC's funding policies are to contribute amounts 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, subject to the minimum funding requirements of U.S. employee benefit and tax laws.

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

Years ended December 31, (in thousands)	2016	2015	2014
Service cost	$ —	$ —	$ 1,223
Interest cost	7,408	7,255	7,775
Expected return on assets	(4,517)	(4,076)	(7,017)
Amortization:			
Actuarial loss	1,704	1,773	4,494
Net periodic benefit cost	4,595	4,952	6,475
Cost of contractual termination benefit	$ —	$ —	$ 1,138

Other changes in plan assets and benefit obligations recognized in other comprehensive income include:

Years ended December 31, (in thousands)	2016	2015	2014
Amortization of net actuarial (loss)	$ (1,704)	$ (1,773)	$ (4,494)
Net actuarial loss / (gain) for the period	(868)	(1,117)	20,180
Total recognized in other comprehensive income	(2,572)	(2,890)	15,686
Total recognized in net benefit cost and other comprehensive income	$ 2,023	$ 2,062	$23,299

A net actuarial loss of $1.8 million recorded in Accumulated other comprehensive loss is expected to be amortized as a component of net periodic benefit cost during 2017.

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

As of December 31, (in thousands)	2016	2015
Change in benefit obligation:		
Net benefit obligation at beginning of year	$174,666	$ 182,952
Interest cost	7,408	7,255
Actuarial loss/(gain)	4,869	(7,973)
Gross benefits paid	(8,195)	(7,568)
Settlements	(4,174)	—
(Gain) from lump-sum settlement	(2,931)	—
Net benefit obligation at end of year	$171,643	$ 174,666
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 99,971	$ 99,594
Actual return on plan assets	7,323	(2,780)
Employer contributions	11,700	8,736
Gross benefits paid	(6,191)	(5,579)
Settlements	(4,174)	—
Fair value of plan assets at end of year	$108,629	$ 99,971
Funded status end of year:		
Fair value of plan assets	$108,629	$ 99,971
Benefit obligation	171,643	174,666
Funded status	$ (63,014)	$ (74,695)
Amounts recognized in the statements of financial condition:		
Current liability	$ (2,000)	$ (1,992)
Noncurrent liability	(61,014)	(72,703)
Total	$ (63,014)	$ (74,695)
Amounts recognized in accumulated other comprehensive loss consist of:		
Net actuarial loss	$ 60,448	$ 63,020
Net amount recognized	$ 60,448	$ 63,020

Gross benefits paid from the SERP were $2.0 million for the years ended December 31, 2016 and 2015. Assets set aside for the SERP are described in Note 10.

The accumulated benefit obligation for the Retirement Plan was $139.5 million and $142.5 million at December 31, 2016 and 2015, respectively.

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

	Retirement Plan		SERP	
December 31,	2016	2015	2016	2015
Accumulated benefit obligation:				
Discount rate	4.05%	4.35%	3.95%	4.20%
Benefit costs:				
Discount rate	4.35%	4.00%	4.20%	3.90%
Expected return on assets	4.35%	4.00%	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.

In October 2016 and 2015, the Society of Actuaries released updated mortality improvement scales to the 2014 table, which generally resulted in decreases in life expectancy for plan participants. There was no material impact to either plan from the implementation of the new mortality scales.

OCC's expected cash outlay for employer contributions for both plans in 2017 is $13.7 million, and future expected cash outlays for benefit payments are as follows:

(in thousands)	
2017	$ 8,620
2018	8,974
2019	9,311
2020	9,684
2021	10,028
2022-2026	53,555

Prior to September 2014, OCC's primary investment objective for the Retirement Plan was to earn the maximum rate of return consistent with a chosen risk exposure. In September 2014, the Board of Directors approved a change in asset strategy to ensure OCC maintains sufficient assets to meet all current and future liabilities. OCC adopted a liability-driven investment strategy, in which the return on investments held in the Retirement Plan aims to match the yield of the corporate bonds utilized in the calculation of the discount rate. As a result, the mix of investments was shifted to and remains 100% fixed income mutual funds.

Retirement plan assets, which are comprised of registered mutual funds and money market funds, are required to be reported and disclosed at fair value in the financial statements. See Note 16 for discussion about OCC's fair value policy. The shares of the underlying mutual funds are fair valued using quoted market prices in an active market, and therefore all of the assets were considered Level 1 within the fair value hierarchy as of December 31, 2016 and 2015. There have been no changes in the valuation methodologies and there were no transfers between Levels 1 and 2 within the fair value hierarchy for the years ended December 31, 2016 and 2015.

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 that is subject to applicable IRS limitations. This amount is then paid into the plan by OCC on behalf of the employee.

OCC makes matching contributions to the participant's account equal to 50% of deferrals (excluding "catch-up" deposits) up to the first 6% of salary that is deferred. OCC's expenses for the matching contributions to the 401(k) plan for the years ended December 31, 2016, 2015 and 2014 were $2.0 million, $1.7 million and $1.6 million, 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 $4.5 million, $3.2 million and $3.1 million in 2016, 2015 and 2014, respectively.

Note 15. 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 years of 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.

During November 2014, the Board of Directors approved amendments to the postretirement welfare plan, including (1) eliminating the Medical Executive Retirement Plan, (2) eliminating the retiree life insurance coverage, (3) reducing the post-65 cap level amount, and (4) eliminating benefits for all participants retiring after December 31, 2014. These amendments decreased the postretirement welfare plan's obligation by $35.6 million. The immediate recognition of unrecognized service costs of $2.5 million was offset by a $715,000 curtailment loss due to accelerated retirements.

Net periodic benefit cost consisted of the following:

Years ended December 31, (in thousands)	2016	2015	2014
Service cost	$ —	$ —	$ 1,700
Interest cost	330	348	1,823
Expected return on assets	(551)	(579)	(730)
Amortization:			
Prior service cost	(1,754)	(1,754)	(397)
Actuarial loss	881	824	774
Total net periodic benefit (income) cost	(1,094)	(1,161)	3,170
Curtailment gain	—	—	(1,756)
Net benefit (income) cost	$ (1,094)	$ (1,161)	$ 1,414

Other changes in plan assets and benefit obligations recognized in other comprehensive income include:

Years ended December 31, (in thousands)	2016	2015	2014
Amortization of net actuarial (loss)	$ (881)	$ (824)	$ (774)
Amortization of net prior service credit	1,754	1,754	2,868
Net actuarial loss for the period	281	215	6,240
Net prior service (credit) for the period	—	—	(35,607)
Total recognized in other comprehensive income	1,154	1,145	(27,273)
Total recognized in net benefit cost and other comprehensive income	$ 60	$ (16)	$ (25,859)

Net actuarial losses of $895,000 and $1.8 million of prior service credit recorded in accumulated other comprehensive loss are expected to be amortized as components of net periodic benefit cost during 2017.

Plan assets, which are comprised of registered mutual funds and money market funds are required to be reported and disclosed at fair value in the financial statements. See Note 16 for discussion about OCC's fair value policy. The shares of the underlying mutual funds are fair valued using quoted market prices in an active market, and therefore all of the assets were considered Level 1 within the fair value hierarchy as of December 31, 2016 and 2015. There have been no changes in the valuation methodologies and there were no transfers between Levels 1 and 2 within the fair value hierarchy for the years ended December 31, 2016 and 2015.

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,	2016	2015
Fixed income funds	39%	49%
Domestic equity funds	36%	31%
International equity funds	25%	20%
Total	100%	100%

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

Years ended December 31, (in thousands)	2016	2015
Change in benefit obligation:		
Net benefit obligation at beginning of year	$ 8,669	$ 10,185
Interest cost	330	348
Actuarial loss (gain)	479	(872)
Gross benefits paid	(1,330)	(992)
Net benefit obligation at end of year	$ 8,148	$ 8,669
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 9,642	$ 10,150
Actual return on plan assets	749	(508)
Employer contributions	1,330	992
Gross benefits paid	(1,330)	(992)
Fair value of plan assets at end of year	$ 10,391	$ 9,642
Funded status end of year:		
Fair value of plan assets	$ 10,391	$ 9,642
Benefit obligation	8,148	8,669
Funded status	$ 2,243	$ 973
Amounts recognized in the statements of financial condition:		
Noncurrent asset	$ 2,243	$ 973
Net amount recognized	$ 2,243	$ 973
Amounts recognized in accumulated other comprehensive loss consist of:		
Net actuarial loss	$ 17,627	$ 18,227
Net prior service (credit)	(32,099)	(33,853)
Net amount recognized	$ (14,472)	$ (15,626)

Medicare-eligible retirees must purchase both Medicare supplement and prescription drug coverage in the individual marketplace, and OCC will reimburse both coverages up to the Medicare-eligible retirees' cap amount.

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

Years ended December 31,	2016	2015
Accumulated benefit obligation:		
Discount rate	3.80%	4.00%
Benefit costs:		
Discount rate	4.00%	3.70%
Expected long-term rate of return	6.00%	6.00%

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.

In October 2016 and 2015, the Society of Actuaries released updated mortality improvement scales, which generally resulted in decreases in life expectancy for plan participants. OCC used the new mortality scales to value the postretirement welfare plan liability at December 31, 2016 and 2015 and there was no material impact to the financial statements.

OCC's expected cash outflows for future benefit payments are as follows:

(in thousands)	
2017	$ 843
2018	775
2019	732
2020	652
2021	596
2022-2026	2,508

Note 16. Fair Value Measurements

OCC follows applicable accounting guidance 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 or nonrecurring 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 include significant unobservable inputs, supported by little or no market activity.

OCC uses Level 1 and 2 measurements to determine fair value. Level 1 measurements consist of registered mutual funds that publish a daily Net Asset Value. Level 2 measurements include U.S. and Canadian Government securities,which are generally valued using inputs from pricing services and are not quoted on active markets. There were no transfers between Level 1 and Level 2 during 2016 or 2015.

The SERP and executive deferred compensation plan assets comprise 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, 2016 (in thousands)	Total	Level 1	Level 2
U.S. Government securities	$4,484,466	$ —	$4,484,466
Canadian Government securities	52,335	—	52,335
Other assets:			
Money Market funds	918	918	—
Registered mutual funds	32,180	32,180	—
Total	$4,569,899	$33,098	$4,536,801

December 31, 2015 (in thousands)	Total	Level 1	Level 2
U.S. Government securities	$6,730,877	$ —	$6,730,877
Canadian Government securities	76,171	—	76,171
Other assets:			
Money Market funds	175	175	—
Registered mutual funds	31,926	31,926	—
Total	$6,839,149	$32,101	$6,807,048

Reverse repurchase agreements are recorded at carrying value and as such, are 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 in Level 2. The amounts recorded at December 31, 2016 and 2015 were $200.0 million and $5.6 billion, respectively and are described in Note 8.

Note 17. Contingencies

In the normal course of business, OCC may be subject to various lawsuits and claims. At December 31, 2016, there was no outstanding litigation that would have a material adverse effect on the financial statements.

Note 18. Capital Plan

In early 2014, the SEC issued proposed standards for covered clearing agencies ("CCA Standards"). These proposed standards would require OCC to hold sufficient liquid net assets funded by equity to cover potential general business losses so that OCC can continue operations and services as a going concern if those losses materialize. The CCA Standards also would require OCC to have a method for replenishing its capital in the event losses are sustained. To prepare for compliance with the CCA Standards, OCC's Board of Directors approved a plan (the "Capital Plan") to raise capital from OCC's shareholders (Chicago Board Options Exchange, Incorporated; International Securities Exchange, LLC; NASDAQ OMX PHLX, LLC; NYSE MKT LLC; and NYSE Arca, Inc.; collectively the "Shareholders"). Under the Capital Plan, the Shareholders contributed $150.0 million in equity capital in March 2015 and also committed to provide additional equity capital of $117.0 million (and up to $200.0 million) if capital falls below certain thresholds. In consideration of these capital contributions and replenishment capital commitments, the Shareholders will receive dividends for as long as they remain shareholders and maintain their contributed capital and replenishment capital commitment. The SEC approved the Capital Plan under the Securities Exchange Act of 1934 by delegated authority to the Division of Trading and Markets staff and issued a notice of no-objection under the Dodd-Frank Act by the Commissioners directly. In response to the filing of a petition for review by certain petitioners, the approval order given by the Division of Trading and Markets staff was reviewed by the full Commission and subsequently affirmed in a final order by the Commission in February 2016. The petitioners then filed a Petition for Review of the

SEC's final order with the U.S. Court of Appeals for the District of Columbia circuit, which included a motion to stay OCC's implementation of the Capital Plan. The court denied the motion to stay, allowing OCC to proceed with the distributions contemplated by the Capital Plan. The Petition for Review is currently pending before the court, with oral argument scheduled on March 20, 2017. The parties to the proceeding are the petitioners and the SEC; OCC is an intervenor on behalf of the SEC. While we believe the likelihood of the petitioners prevailing on their motion to overturn the SEC's final order is remote, in the event a judicial proceeding were to overturn the order, OCC could be obligated to return contributions received under the Capital Plan and the Capital Plan could be rendered to be no longer in effect.

Based on policies implemented under the Capital Plan, OCC determined the amount of capital needed, i.e. its "Target Capital Requirement", to be $247.0 million as of December 31, 2016, which consists of (i) a "Baseline Capital Requirement" equal to the greatest of (x) six months operating expenses for the following year, (y) the maximum cost of the recovery scenario from OCC's recovery and wind-down plan, and (z) the cost to OCC of winding down operations from the recovery and wind-down plan, plus (ii) a "Target Capital Buffer" linked to plausible loss scenarios from operational risk, business risk and pension risk. OCC has approximately $364.9 million of equity capital resources as of December 31, 2016.

The terms of the Capital Plan provide for OCC's Board of Directors to declare refunds to Clearing Members and dividends to the Shareholders. In 2016, the Board of Directors declared a refund to Clearing Members of $46.6 million and a $25.6 million dividend to the Shareholders. The dividend is recorded as a reduction to Retained earnings in the Statements of Financial Condition.

Note 19. Subsequent Events

OCC has evaluated events subsequent to December 31, 2016 to assess the need for potential recognition or disclosure. These events have been evaluated through February 28, 2017, the date of report issuance.

LIQUIDITY FACILITY - On January 6, 2017, OCC renewed $500 million of its pre-funded committed repurchase facility with CalPERS.

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, 2016 and 2015, and the related statements of income and comprehensive income, shareholders' equity, and cash flows for each of three years in the period ended December 31, 2016. 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) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 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 the 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, 2016 and 2015, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chicago, Illinois
February 28, 2017

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 Section IV-G of Release 34-16900, under the Securities Exchange Act of 1934, during the year ended, December 31, 2016. 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, 2016, is fairly stated, in all material respects.

Deloitte & Touche LLP

Deloitte & Touche LLP
Chicago, Illinois
February 28, 2017

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. The objectives of internal controls that are the subject of management's assertion 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 as determined by the Corporation, 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 Section IV-G of Release 34-16900, under the Securities Exchange Act of 1934. Based on this assessment, management believes that, for the year ended December 31, 2016, 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 28, 2017, 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 45.

Craig S. Donohue
Executive Chairman and
Chief Executive Officer

Michael W. McClain
Chief Operating Officer

Scot E. Warren
Chief Administrative Officer

February 28, 2017

CLEARING MEMBERS

as of December 31, 2016

A

ABN AMRO Clearing Chicago LLC
ABN AMRO Securities (USA) LLC
ADM Investor Services, Inc.
Advantage Futures LLC
Albert Fried & Company, LLC
American Enterprise Investment Services, Inc.
Amherst Pierpont Securities LLC
Apex Clearing Corporation
Archipelago Securities, L.L.C

B

Barclays Capital Inc.
BB&T Securities, LLC
Bloomberg Tradebook LLC
BMO Capital Markets Corp.
BMO Nesbitt Burns, Inc.*
BNP Paribas Prime Brokerage, Inc.
BNP Paribas Securities Corp.
Broadridge Business Process Outsourcing, LLC

C

C.L. King & Associates, Inc.
Canaccord Genuity Corp.*
Cantor Fitzgerald & Co.
Charles Schwab & Co., Inc.
CIBC World Markets Corp.
CIBC World Markets Inc.*
Citadel Clearing LLC
Citadel Securities LLC
Citi Order Routing and Execution, LLC
Citigroup Global Markets Inc.
Compass Professional Services, LLC
ConvergEx Execution Solutions LLC
COR Clearing LLC
Credit Suisse Securities (USA) LLC
CSS, LLC

D

Daiwa Capital Markets America Inc.
Dash Financial LLC
Davenport & Company LLC
Deutsche Bank Securities Inc.

E

E D & F Man Capital Markets Inc.
E*TRADE Securities LLC

G

Goldman, Sachs & Co.
Goldman Sachs Execution & Clearing, L.P.

H

Hilltop Securities Inc.
HSBC Securities (USA) Inc.

I

ICAP Corporates LLC
Industrial and Commercial Bank of China Financial Services LLC
ING Financial Markets LLC
Ingalls & Snyder LLC
Instinet, LLC
Interactive Brokers LLC
INTL FCStone Financial Inc.
ITG Inc.

J

J.J.B. Hilliard, W.L. Lyons, LLC
J.P. Morgan Securities LLC
Janney Montgomery Scott LLC
Jefferies LLC
Jump Trading, LLC

K

KCG Americas LLC

L

Lakeshore Securities, L.P.
Lek Securities Corporation
LPL Financial LLC

M

Merrill Lynch, Pierce, Fenner & Smith Inc.
Merrill Lynch Professional Clearing Corp.
Mizuho Securities USA Inc.
Morgan Stanley & Co. LLC
Morgan Stanley Smith Barney LLC
MUFG Securities Americas Inc.

N

Nasdaq Execution Services, LLC
National Bank of Canada Financial Inc.
National Financial Services LLC
Natixis Securities Americas LLC
NBCN Inc.*
Nomura Securities International, Inc.

O

Oppenheimer & Co. Inc.
optionsXpress, Inc.

P

Pershing LLC
Phillip Capital Inc.
Piper Jaffray & Co.

Q

Questrade Inc.*

R

R.J. O'Brien & Associates, LLC
Raymond James & Associates, Inc.
RBC Capital Markets, LLC
RBC Dominion Securities Inc.*
RBS Securities Inc.
Robert W. Baird & Co. Incorporated

S

Safra Securities LLC
Sanford C. Bernstein & Co., LLC
Scotia Capital Inc.*
Scotia Capital (USA) Inc.
Scottrade, Inc.
SG Americas Securities, LLC
Stephens Inc.
Sterne, Agee & Leach, Inc.
Stifel, Nicolaus & Company, Incorporated
StockCross Financial Services, Inc.

T

TD Ameritrade Clearing, Inc.
TD Securities (USA) LLC
TD Waterhouse Canada Inc.*
Timber Hill LLC
TradeStation Securities, Inc.

U

UBS Financial Services Inc.
UBS Securities LLC

V

Vanguard Marketing Corporation
Virtu Financial BD LLC
Vision Financial Markets LLC

W

Wedbush Securities Inc.
Wells Fargo Clearing Services, LLC
Wells Fargo Securities, LLC
Wolverine Execution Services, LLC

X

X-Change Financial Access, LLC

Z

Ziv Investment Company

*Non-U.S. Clearing Member

BANKS AND DEPOSITORY

as of December 31, 2016

CLEARING BANKS

Bank of America, National Association
Bank of Montreal
Bank of New York Mellon
BMO Harris Bank, National Association
Brown Brothers Harriman and Co.
Citibank, N.A.
JPMorgan Chase Bank, National Association
U.S. Bank National Association

APPROVED DEPOSITORY

The Depository Trust Company

LETTER OF CREDIT BANKS

(U.S. Institutions)

Bank of America, National Association
Bank of New York Mellon
BMO Harris Bank, National Association
JPMorgan Chase Bank, National Association
PNC Bank, National Association
U.S. Bank National Association
Wells Fargo Bank, National Association

(Non-U.S. Institutions)

Australia and New Zealand Banking Group Limited
National Australia Bank Limited
Royal Bank of Canada

ESCROW DEPOSIT BANKS

Bank of America, National Association
Bank of New York Mellon
BMO Harris Bank, National Association
Citibank, N.A.
Comerica Bank
Fifth Third Bank
JPMorgan Chase Bank, National Association
MUFG Union Bank, National Association
Northern Trust Company
PNC Bank, National Association
State Street Bank and Trust Company
SunTrust Bank
U.S. Bank National Association
UMB Bank, National Association
Wells Fargo Bank, National Association

GOVERNMENT SECURITY BANKS

(U.S. Institutions)

Bank of New York Mellon
BMO Harris Bank, National Association
JPMorgan Chase Bank, National Association
U.S. Bank National Association

(Non-U.S. Institutions)

Bank of Montreal

OPERATIONS ROUNDTABLE MEMBERS

as of December 31, 2016

CLEARING MEMBERS

Maria Mancusi
Director, Derivatives Operations
ABN AMRO Clearing Chicago LLC

Craig Guadagno
Vice President, Clearing Services
Bank of America Merrill Lynch

Angela Randall
Managing Director, Operational Services
Charles Schwab & Co., Inc.

Mark Mudry
Vice President
Credit Suisse Securities (USA) LLC

Joseph Pozzi
Vice President, Listed Derivatives Operations
Goldman, Sachs & Co.

Kelly K. Bell
Director, Operations
Hilltop Securities, Inc.

Brian Sussman
Vice President, Clearing Operations
Interactive Brokers LLC
Timber Hill LLC

Chirag Arora
Vice President
J.P. Morgan Clearing Corp.

Ester Prior
Executive Director
Morgan Stanley & Co. LLC

Wilson Reilly
Senior Director
National Financial Services LLC

Brian Connor
Vice President, Trading Services
Scottrade, Inc.

Douglas Wade
Director
UBS Securities LLC

John Scott
Director
Wells Fargo Securities

Brad Sowers
Director, Clearing Operations
Wolverine Execution Services

EXCHANGES

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BATS Global Markets

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Chicago Board Options Exchange, Incorporated

Randy Foster
Senior Vice President, Business Systems Development
Miami International Holdings, Inc.

Katrina Lukacs
Head of Market Operations
NASDAQ/International Securities Exchange

Kim Koppien
Manager, Business Operations & Clearing
NYSE Group

Tom McCabe
Chief Operating Officer
OneChicago LLC

THE OPTIONS INDUSTRY COUNCIL ROUNDTABLE MEMBERS

as of December 31, 2016

CLEARING MEMBERS

Geralyn Endo
Vice President
Bank of America Merrill Lynch

Barry Metzger
Sr. Vice President of Trading Services
Charles Schwab & Co., Inc.

Greg Stevens
Vice President, Brokerage Product and Services
Fidelity Brokerage Services LLC

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Vice President
Goldman, Sachs & Co.

Frank A. Magnani
Global Prime Brokerage Institutional Sales
Interactive Brokers LLC

Gary Franklin
Vice President, Manager Options Trading & Strategies
Raymond James Financial

EXCHANGES

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BOX Options Exchange LLC

Debra Peters
Vice President
The Options Institute
Chicago Board Options Exchange, Incorporated

Thomas Kennelly
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Miami International Securities Exchange, LLC

John Black
Product Development Specialist
NASDAQ

Bill Ryan
NYSE Options Manager
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An Intercontinental Exchange Company

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