

Regulatory Circular RG96-80

Date: September 9, 1996
To: Members and Member Organizations
From: Department of Financial Compliance
Subject: Put Escrow Receipts Eligible for Deposit With OCC

On August 26, 1996 the Securities and Exchange Commission ("SEC") approved a rule filing by The Options Clearing Corporation ("OCC") that will permit clearing members to make escrow deposits with OCC in order to meet margin requirements for short equity and index put options (see OCC Rules 610 and 1801). The escrow receipts can be collateralized by cash, cash equivalents¹ or combination thereof equal to 105% of the aggregate exercise price for equity options and 100% for index options, respectively. Further, OCC established a minimum maintenance requirement of 97.5%/50% of the options exercise price for equity and index options, respectively. Substitution of deposited property will be permitted provided that the substituted property is at least equal to the value of the property being replaced.

OCC anticipates being able to accept put escrow deposits from approved banks on September 9, 1996. For further information, contact Jean Cawley at OCC (312) 322-6269.

¹ Securities issued or guaranteed by the United States and having one year or less to maturity.