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Page 1 of * 57		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 013 Amendment No. (req. for Amendments *)	
Filing by Options Clearing Corporation					
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input checked="" type="checkbox"/>		Amendment * <input type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Section 19(b)(2) * <input checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input type="checkbox"/>		Section 19(b)(3)(B) * <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Rule			
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>			Exhibit 3 Sent As Paper Document <input type="checkbox"/>		
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div>Proposed Rule Change by The Options Clearing Corporation Concerning Certain Revisions in Connection with Proposed Modifications to the Manner in which OCC Accounts for the Guaranty Substitution Payment in OCC's Liquidity Risk Management Processes</div>					
Contact Information Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * <input type="text"/> Last Name * <input type="text"/> Title * <input type="text"/> E-mail * <input type="text"/> rulefilings@theocc.com Telephone * <input type="text"/> Fax <input type="text"/>					
Signature Pursuant to the requirements of the Securities Exchange of 1934, Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date <input type="text"/> 08/29/2025 (Title *) By <input type="text"/> (Name *) <div>NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.</div> <div><input type="text"/> Date: 2025.08.29 13:48:35 -05'00'</div>					

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SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549		
For complete Form 19b-4 instructions please refer to the EDFS website.		
<div>Form 19b-4 Information *</div> <div><div>AddRemoveView</div><div>SR-OCC-2025-013 19b-4 .docx</div></div>	<p>The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.</p>	
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>AddRemoveView</div><div>SR-OCC-2025-013 19b-4 Exhibit 1A.c</div></div>	<p>The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)</p>	
<div>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *</div> <div><div>AddRemoveView</div></div>	<p>The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)</p>	
<div>Exhibit 2- Notices, Written Comments, Transcripts, Other Communications</div> <div><div>AddRemoveView</div></div>	<p>Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>AddRemoveView</div><div>SR-OCC_2025-013 - Exhibit 3A - RED SR-OCC-2025-013 - Exhibit 3B - RED</div></div>	<p>Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 4 - Marked Copies</div> <div><div>AddRemoveView</div></div>	<p>The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.</p>	
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>AddRemoveView</div><div>SR-OCC-2025-013-Exhibit 5A - REDA SR-OCC-2025-013-Exhibit 5B - REDA</div></div>	<p>The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change</p>	
<div>Partial Amendment</div> <div><div>AddRemoveView</div></div>	<p>If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.</p>	

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 19b-4

Proposed Rule Change
by

THE OPTIONS CLEARING CORPORATION

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

Item 1. Text of the Proposed Rule Change

Pursuant to the provisions of Section 19(b) of the Securities Exchange Act of 1934 (“Act” or “Exchange Act”),¹ and Rule 19b-4 thereunder,² The Options Clearing Corporation (“OCC”) is filing the proposed rule change with the Securities and Exchange Commission (“SEC” or “Commission”) to make certain revisions to OCC’s Comprehensive Stress Testing & Clearing Fund Methodology, and Liquidity Risk Management Description (the “Methodology”) and OCC’s Liquidity Risk Management Framework (“LRMF”) in connection with the proposed modifications to the manner in which OCC accounts for the Guaranty Substitution Payment in OCC’s liquidity risk management processes.

The proposed changes would permit OCC to account for the cash payment, i.e., a “Guaranty Substitution Payment” or “GSP” OCC could make to the National Securities Clearing Corporation (“NSCC”) following the default of a common clearing participant that is attributable only to OCC-related activity (known as the “Final GSP”), in OCC’s liquidity stress testing, as described in greater detail below.

OCC has filed the proposed changes to the Methodology and the LRMF as Confidential Exhibits 5A and 5B to File No. SR-OCC-2025-013, respectively. Material proposed to be added is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.³

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ OCC’s By-Laws and Rules can be found on OCC’s public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

Item 2. Procedures of the Self-Regulatory Organization

The proposal was approved by OCC's Risk Committee at a meeting held on February 27, 2025.

Item 3. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change**A. Purpose****Executive Summary**

OCC is the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission, including options that contemplate the physical delivery of the underlying equity securities ("physically settled" options).⁴ OCC also clears certain futures contracts that, at maturity, require delivery of underlying equity securities. The exercise/assignment of physically settled options or maturation of certain futures cleared by OCC effectively results in settlement obligations of the related underlying equity securities, i.e., shares of stock in this case. Because OCC does not clear equity securities, OCC's Rules provide that delivery of, and payment for, securities underlying certain exercised stock options and matured single stock futures that are physically settled are generally effected through the facilities of NSCC and are not settled through OCC's facilities.⁵ NSCC is a clearing agency that provides clearing, settlement, risk management, and central counterparty services for trades involving equity securities, including those equity securities related to the settlement of physically settled options and futures contracts.

⁴ The term "physically-settled" as used throughout the OCC Rulebook refers to cleared contracts that settle into their underlying interest (i.e., options or futures contracts that are not cash-settled). When a contract settles into its underlying interest, shares of stock are sent, i.e., delivered, to contract holders who have the right to receive the shares from contract holders who are obligated to deliver the shares at the time of exercise/assignment in the case of an option and maturity in the case of a future.

⁵ See Chapter IX of OCC's Rules (Delivery of Underlying Securities and Payment), supra note 3.

To effect the settlement of equity securities related to options and futures activity, NSCC and OCC maintain a legal agreement, referred to by the parties as the “Accord”, that governs the processing of physically settled options and futures cleared by OCC that result in transactions with delivery obligations in the underlying equity securities that are cleared and settled by NSCC. The Accord establishes terms under which NSCC accepts for clearing and settlement certain securities transactions that result from the exercise and assignment of OCC cleared and settled options contracts and the maturation of futures contracts, referred to as “E&A/Delivery Transactions” in the Accord.⁶ It also establishes the time when OCC’s settlement guaranty in respect of E&A/Delivery Transactions ends and NSCC’s settlement guaranty begins.

The parties most recently amended the Accord on May 28, 2024, primarily to account for the following:⁷

- Amendments that addressed issues where NSCC could choose not to guarantee the settlement of the underlying equity securities related to E&A/Delivery Transactions in the event of the default of a clearing member common to both agencies (a “Common Clearing Member”) by giving OCC the right to make a GSP to NSCC to allow for NSCC to continue to effect settlement of the underlying securities.
- Amendments that addressed operational, information sharing, and timing issues related to the industry-wide implementation of the move to a shortened settlement cycle from trade date plus two (“T+2”) to trade date plus one (“T+1”).

⁶ While the Accord contemplates NSCC’s settlement of equity securities in connection with options and futures contracts cleared by OCC, as of the date of this filing, OCC is not clearing any futures contracts that result in physical delivery.

⁷ See Exchange Act Release Nos. 99735 (Mar. 14, 2024), 89 FR 19907 (Mar. 20, 2024) (File No. SR-OCC-2023-007); 99731 (Mar. 13, 2024), 89 FR 19629 (May. 19, 2024) (File No. SR-OCC-2023-801).

In conjunction with the changes to the Accord, OCC also made changes to its liquidity risk management processes that included incorporating the potential for OCC to have to make a GSP to NSCC into its liquidity stress testing. In the time since the May 28, 2024, implementation, OCC has identified issues where OCC has been accounting for activity that is not related to the settlement of the underlying equity securities related to E&A/Delivery Transactions, thereby causing OCC to over collect financial resources from its Clearing Members. To address these issues, OCC is proposing changes to the Methodology and LRMF such that OCC only will account for the portion of deficits created at NSCC related to OCC activity in its liquidity risk management processes.

GSP and Liquidity Stress Testing Impact

GSP

Pursuant to the terms of the Accord, OCC can choose to make a cash payment to NSCC, i.e., a GSP, if a Common Clearing Member defaults. The GSP allows OCC to “step into the shoes” of a defaulting Common Clearing Member so that NSCC will continue to process, clear, and settle the underlying securities related to E&A/Delivery Transactions.

For every Common Clearing Member during each trading day (“T”), NSCC calculates and sends to OCC indications of the amounts of the components used to determine the GSP, as well as other financial information, leading up to morning settlement on the following day (T+1). NSCC also sends final indications on T+1 each day prior to morning settlement along with the final amount of the share of deficits related to E&A/Delivery Transactions, i.e., the amount of the Final GSP. To arrive at the sum of the Final GSP, NSCC determines a Common Clearing

Member's (i) unpaid Required Fund Deposit ("RFD")⁸ and (ii) unpaid Supplemental Liquidity Deposit ("SLD")⁹ obligation that are attributable to E&A/Delivery Transactions and transmits the results to OCC at the NSCC Family level.

To account for the liquidity needs associated with the potential for OCC to make a GSP, OCC creates a "hypothetical GSP" using the final indications of the GSP components NSCC sends to OCC on the morning of T+1. These amounts include, among other things, final total SLDs and total deficits at NSCC. OCC subsequently uses the hypothetical GSP in OCC's end of day stress testing processes. OCC's inclusion of the entire amounts owed at NSCC in the hypothetical GSP is a conservative approach; OCC is incorporating into its liquidity stress testing amounts representing Common Clearing Member obligations attributable to transactions at both NSCC and OCC when OCC ultimately is only responsible for satisfying those portions of the unpaid RFD and unpaid SLD related to OCC E&A/Delivery Transactions, i.e., the Final GSP.

Liquidity Stress Testing Impact

In the 13 months since OCC implemented the hypothetical GSP in its liquidity risk management processes, OCC identified unexpected amounts in the data that NSCC sends every day that could cause OCC to over collect resources. More specifically, OCC identified the following:

⁸ The Required Fund Deposit is the portion of a defaulted Common Member's Required Fund Deposit deficit to NSCC, calculated as a difference between the Required Fund Deposit deficit calculated on the entire portfolio and the Required Fund Deposit deficit calculated on the Common Member's portfolio prior to the submission of E&A/Delivery Transactions. The Required Fund Deposit is calculated pursuant to Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters) of the NSCC Rules available at https://www.dtcc.com/-/media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁹ See id. at NSCC Rule 4A. Under the NSCC Rules, NSCC collects Supplemental Liquidity Deposits as additional cash deposits from those Members who would generate the largest settlement debits in stressed market conditions.

- NSCC’s existing methodologies calculate SLDs at the “family” level, which can include activity undertaken by affiliates of a Common Clearing Member that are NSCC members, but not OCC Clearing Members. This SLD data that NSCC provides at the family level is apportioned separately based on the NSCC and OCC contributions to the overall amount, and OCC currently uses both data points in the construction of the hypothetical GSP. The GSP is not intended to address the default of an NSCC member that is not a Common Clearing Member.
- Similarly, the data NSCC sends to OCC can include deficits related to non-E&A/Delivery Transactions, e.g., ETF creation and redemption activity. The GSP is intended to address only OCC E&A/Delivery Transactions settlements related to a Common Clearing Member default.

By way of example, OCC identified these issues in late 2024, when data NSCC sent to OCC included anomalous SLDs driven by the activity of affiliates of a Common Clearing Member that were not OCC Clearing Members, as well as activity that was not related to E&A/Delivery Transactions. The amount was approximately \$7 billion. At the same time, the Final GSP – the amount OCC would pay to NSCC for NSCC to settle E&A/Delivery Transactions – for that same Common Clearing Member – was approximately \$60 million.

OCC is now proposing to incorporate only the Final GSP into its liquidity stress testing because the Final GSP is the most accurate assessment of what OCC would owe to NSCC to effect settlement of E&A/Delivery Transactions. OCC believes that this approach would continue to represent conservative treatment because OCC would include two consecutive days of peak Final GSP calculations on a 12-month lookback basis in its liquidity demand calculation. More specifically, OCC would apply the peak Final GSP amounts from the prior twelve months

for the relevant expiration category for the specific CMO Group for each forecasted liquidity demand calculation by adding the peak Final GSP amounts to the CMO Group's other forecasted liquidity demands for the relevant expiration day. If a Common Clearing Member defaulted, OCC may have to pay a Final GSP to NSCC on two successive days to facilitate the close-out of the defaulted Clearing Member's positions.

To account for this possibility in its liquidity risk management process, OCC will continue to contemplate the payment of the GSP on expirations that result in settlements on the first and second days of the default management process. As proposed, OCC would provision sufficient resources to cover the peak Final GSP on two consecutive days as opposed to OCC's current process of provisioning for payment of a peak hypothetical GSP on two consecutive days. From time to time, the exposures posed by a Common Member's portfolio will result in the setting of a new peak GSP. However, since the inception of the GSP, OCC has not observed a single instance in which peak GSPs have been set on two consecutive days.¹⁰ Additionally, as described below, OCC believes that its default management processes make it operationally unlikely that OCC would make two consecutive GSP payments at peak levels for the default of a single Common member.

OCC believes further that provisioning for payment of two peak Final GSPs is conservative because OCC will include two consecutive days of peak Final GSPs in its liquidity demand calculations, which historically are based on two days of trading activity. The likelihood of observing two consecutive peak Final GSP amounts is low due to the cyclical nature of OCC E&A activity whose largest notional exposures tend to be separated across tenors further than

¹⁰ OCC provided data demonstrating how frequently new peaks have been set in Confidential Exhibit 3A to File No. SR-OCC-2025-013.

one day apart, and most highly concentrated during standard monthly expirations. As noted above, since the inception of the GSP, OCC has not observed a single instance in which peak GSPs have been set on two consecutive days.¹¹ Furthermore, as the RFD component of Final GSP is driven by contributions to deficits, large increases in exposures linked to changes in unsettled positions at NSCC and the successful collection of the resulting RFD deficits from clearing members at NSCC tend to reduce the potential for and/or magnitude of RFD deficits on a subsequent day given the increased level of pre-funded collateralization. OCC also believes provisioning for payment of two peak Final GSP is conservative because the default of a member, by definition, would stop further trading by the suspended member and result in OCC taking only risk reducing actions with regard to the defaulter's portfolio. On the day OCC declares a Common Clearing Member to be in default ("D") – most likely for the Clearing Member failing to make morning settlement on D prior to the opening of trading – the defaulting Common Clearing Member would be prevented from engaging in any trading activity on D. The defaulting Common Clearing Member would be unable to add to or subtract from its existing positions at OCC, therefore the option position set that would result in delivery instructions at the end of the day becomes fixed. OCC could elect to make a GSP to NSCC on D to ensure NSCC processes E&A/Delivery Transactions that were sent to NSCC on D-1 on behalf of the defaulting Clearing Member. This payment would account for the first day of Final GSP that OCC would include in its liquidity demand calculations.

OCC would next create a close-out action plan ("CAP") to dispose of the defaulting Clearing Member's remaining positions. OCC would, to the extent possible, reduce its risk by

¹¹ See id.

internally netting positions and liquidating the defaulting Clearing Member's positions by way of a private auction before or on the morning of D+1 prior to the open of trading and/or use a broker to liquidate the Clearing Member's positions in the open market. In development of the CAP, OCC possesses the optionality to liquidate the Clearing Member's remaining positions via private auction or liquidation in the open market, which can include physically settled options expiring on D. This means OCC could potentially not submit any E&A/Delivery Transactions to NSCC on the evening of D for overnight processing. This could also occur in the case that the defaulting Clearing Member has no physically settled option positions that expire on day D. In such cases, OCC would not be responsible for making the second Final GSP that OCC accounted for in its liquidity demand calculations.

OCC will continue to use a one-year lookback time period to determine the appropriate Final GSP amount to apply because OCC believes that the one-year lookback allows for the best like-to-like application of a historical Final GSP due to the cyclical nature of option standard expirations with quarterly expirations (i.e., March, June, September, and December) and January expiration generally being more impactful than non-quarterly expirations. The one-year lookback also allows behavior changes of a Clearing Member to be recognized within an annual cycle.

To effect these changes, OCC would amend the Methodology and LRMF as described in more detail in the Proposed Changes to the Methodology and LRMF Section, below.

Ongoing Monitoring

In addition to accounting for the GSP in OCC's liquidity stress testing, OCC is continuously risk managing and monitoring all Clearing Member activity throughout each trading day. OCC monitors forecasted liquidity demands on an ongoing basis and can take

mitigating action, or protective measures, including directly with Clearing Members who are presenting elevated risk.¹² Through ongoing monitoring, OCC's Credit Risk Management (CRM) staff detect business-related concerns and/ or financial or operational deterioration of Clearing Members in order to protect OCC and its stakeholders. CRM identifies a Clearing Member for placement on watch and suggests appropriate preventative measures by presenting a summary and recommendation to the OCC Credit and Liquidity Risk Working Group (CLRWG), which in turn makes a recommendation for approval to the OCC Chief Financial Risk Officer (CFRO) and the OCC Office of the Chief Executive Officer (OCEO). A summary of Clearing Member watch status is presented at monthly CLRWG meetings and is also provided to the Management Committee and Board Risk Committee. Protective measures might include, but are not limited to, placement on a Watch List, more frequent financial reporting, and margin adjustments.¹³

Some examples of ongoing monitoring include:

- If an account exhibits losses exceeding 50% of that account's total risk charges,¹⁴ which are based upon start-of-day positions that are inclusive of all NSCC-settled options expiring at the end of the day, OCC may require the deposit of intra-day margin by a Clearing Member in any account at any time. While OCC generally issues intraday margin calls at or around 12:00 p.m. CT, OCC has broad authority

¹² See OCC Rule 307 (Protective Measures), *supra* note 3.

¹³ OCC provided its Clearing Member Monitoring and Protective Measures Procedure as Confidential Exhibit 3B to File No. SR-OCC-2025-013.

¹⁴ See Confidential Exhibit 5A File No. SR-OCC-2025-013 (the Methodology) (defining "total risk" as a risk measure aggregated across all accounts of a Clearing Member, determined using the OCC's STANS margin methodology and such add-on charges as may be determined by OCC).

pursuant to OCC Rule 609 to issue margin calls to any Clearing Member at any time during the day.¹⁵

- On settlement date minus 1, to the extent information is available OCC monitors anticipated RFD deficits and liquidity needs at NSCC for next day settlement by reviewing intraday equity trade activity at NSCC in conjunction with expected exercise and assignment activity at OCC based on intraday option position and pricing snapshots. OCC would escalate to NSCC in the event that calculated results for projected VaR, Mark-to-Market, and Liquidity Need amounts were to indicate potential Final GSPs that are approaching or in excess of OCC Financial Resources.¹⁶
- OCC expects the projections that were generated during the day to be a reasonable approximation of the Clearing Member margin deficit and SLD estimates provided by NSCC during the evening as part of the GSP Monitoring Data information sharing per the Accord.¹⁷ OCC may escalate to NSCC for discussion if the projected amounts are approaching or in excess of OCC Financial Resources.¹⁸
- OCC monitors anticipated large cash settlements each business day during the week leading up to standard monthly expiration.¹⁹ OCC also evaluates margin forecasts and intraday trading activity to determine if projected settlement

¹⁵ See Chapter VI of OCC's Rules (Margins), supra note 3.

¹⁶ See Accord Section 9 "Additional Reports; Information Sharing," Confidential Exhibit 5C to File Nos. SR-OCC-2023-007 & SR-OCC-2023-801, supra note 7.

¹⁷ See Confidential Exhibit 5B to File No. SR-OCC-2025-013 (LRMF).

¹⁸ See Accord Section 3 "Historical Peak Guaranty Substitution Payment," supra note 16.

¹⁹ See Confidential Exhibit 3B to File No. SR-OCC-2025-013, supra note 13.

amounts for T+1 exceed monitoring thresholds, and if necessary, OCC will contact the Clearing Member and their settlement bank to ensure the Clearing Member is prepared to meet settlement. In the event that OCC were to become aware of a potential issue with the Clearing Member or settlement bank satisfying the projected amount, OCC would escalate internally to determine necessary follow-up action.

In addition to the monitoring described above, OCC may call for additional financial resources from its Clearing Members in the form of a Required Cash Deposit or an increase to the Clearing Member's overall margin requirement based on the liquidity demands inclusive of two days of historical peak Final GSP payments generated by Sufficiency Scenarios.²⁰

Based on the results of OCC's Adequacy and/or Sufficiency Scenarios where forecasts are made out to 20 calendar days, OCC may also place a Clearing Member on Watch Level and/or collect additional margin in advance of expiration via protective measures. The collection of such margin in advance is done to collateralize a Clearing Member's elevated liquidity exposures in the event that forecasted liquidity demands approach or exceed OCC's Base and/or Available Liquidity Resources. An intra-month resizing of the Clearing Fund pursuant to OCC Rule 1001(c) may also be performed to mutualize the risk and maintain resources consistent with a "Cover One" standard.²¹

²⁰ See OCC Rule 307C (Additional Operational, Personnel, Financial Resource and Risk Management Requirements), supra note 3. See also id. at OCC Rule 609 (Intraday Margin).

²¹ See id. at Chapter X (Clearing Fund Contributions), supra note 3.

Proposed Changes to the Methodology and LRMF

Proposed Changes to the Methodology

OCC developed the Methodology to enable OCC to analyze the adequacy of its financial resources and to challenge its risk management framework. The Methodology allows OCC to better manage its risks by promoting OCC's ability to thoroughly monitor its potential exposure under flexible and varied sets of stressed market scenarios. The Methodology also provides OCC with the ability to review the sufficiency of its financial resources and includes stress tests designed to size and monitor the sufficiency of prefunded credit and liquidity resources.

In conjunction with the implementation of the Accord that became effective on May 28, 2024, OCC revised the Methodology to include the GSP in its liquidity risk management practices. The Methodology reflects that the GSP functions as an additional liquidity demand type at the Clearing Member Organization ("CMO") Group level.²² The Methodology explains that the GSP is the amount of cash OCC would need to pay to NSCC on behalf of a defaulting Common Clearing Member. The Methodology explains that the GSP accounts for liquidity demands at NSCC that are comprised of NSCC Clearing Fund deficits, i.e., RFD, which are analogous to OCC margin deficits, and start of day SLDs. The Methodology also explains that to account for the liquidity demand associated with a potential GSP (i) OCC will include the peak amount of historical actual RFDs and SLDs specific to each CMO Group for the relevant type of expiration on a rolling twelve-month lookback at a CMO Group level and (ii) OCC will account for its potential GSP obligation using the total amount of deficits at NSCC in its calculation, i.e., the hypothetical GSP. Although the Methodology is clear that in the event of a default, OCC will only be responsible for a proportionate share of both the NSCC Clearing Fund

²²

A Clearing Member Group is composed of a set of affiliated OCC Clearing Members.

deficits and SLDs that are attributable to OCC E&A Delivery Transactions, and that NSCC will be responsible for the portion of the deficits associated with activity that NSCC clears unrelated to E&A/Delivery Transactions, the Methodology nevertheless requires that OCC must account for a potential GSP obligation using the total amount of deficits at NSCC in the GSP liquidity demand calculation.

OCC is proposing to amend the Methodology to account for the Final GSP, i.e., the amount of unpaid RFDs and SLDs attributable to E&A Delivery Transactions, instead of the hypothetical GSP, which consists of the entire amount of unpaid RFDs and SLDs at NSCC. To accomplish this, the Methodology would be changed to reflect that NSCC could reject the E&A/Delivery Transactions of a suspended Common Clearing Member if OCC did not elect to make a Final GSP, in place of GSP as currently reflected in the Methodology.

The Methodology also would reflect that the Final GSP is a firm-specific liquidity demand. The Methodology would reflect that the Final GSP represents only that portion of a GSP related to E&A/Delivery Transactions that would include SLDs and unpaid RFDs related to E&A/Delivery Transactions. OCC would replace an existing footnote in the Methodology with text in the body of the document that states that NSCC aggregates RFDs and SLDs at the Family Level. The Methodology would continue to reflect that SLDs are an additional cash requirement NSCC levies upon clearing members who have a projected liquidity need breaching NSCC total qualifying liquidity resources. The Methodology also would continue to explain that the projected liquidity need is the potential share net purchase obligations generated by physical/stock settlement from equity trading and OCC long call and short put expiration. The Methodology will also explain that OCC will include the peak Final GSP amount specific to each CMO Group for the relevant type of expiration on a rolling twelve-month lookback to

account for liquidity demand associated with GSP. The Methodology also would explain that SLD amounts are calculated by NSCC at the Family Level with netting of transactions allowed across both Common Clearing Members and their non-Common Clearing Member affiliates. The Methodology would explain that OCC's proportionate share of the SLD is determined by the pro-rata contribution of E&A Delivery Transactions to the overall liquidity need at NSCC after netting has taken place and that OCC further aggregates the Final GSP to the corresponding CMO Group.

The Methodology would further state that if a Common Clearing Member defaults, OCC is responsible for the Final GSP, which represents a proportionate share of the RFD deficit and SLD amounts that are attributable to E&A/Delivery Transactions that OCC transmitted to NSCC for settlement. The Methodology would reflect that NSCC provides these proportionate amounts as the Final GSP and that NSCC will be responsible for the portion of the deficits associated with activity that NSCC clears and that is unrelated to E&A/Delivery Transactions transmitted to NSCC by OCC.

Because OCC intends to only include the Final GSP in its liquidity stress testing, OCC is also proposing to remove references to the inclusion of the peak historical actual unpaid RFDs and SLDs specific to each CMO Group. Additionally, OCC would include the word "Final" next to GSP in the section where OCC is referring to the inclusion of the GSP in liquidity stress testing. OCC would remove from the Methodology existing references to the fact that OCC will account for its potential GSP obligation using the total amount of deficits at NSCC in its calculation. OCC also would remove from the Methodology existing language that states OCC will be responsible for a proportionate share of both the NSCC Clearing Fund deficits and SLDs that are attributable to OCC E&A activity transmitted to NSCC for settlement and that NSCC

will be responsible for the portion of the deficits associated with activity that NSCC clears which is not transmitted by OCC because OCC would include the concept of OCC's responsibility for its proportionate share in the new language described above.

OCC would update six additional references to the GSP to include the word "Final" where OCC indicates that it may have to pay a GSP on two consecutive days and where OCC discusses its flooring process for different expiration types.

Lastly, OCC would address one minor typographical error in the section related to the use of substitute brokers where OCC references "informationals" scenarios. OCC would replace the word "informationals" with the word "informational".

Proposed Changes to the LRMF

OCC's LRMF is designed to allow OCC to hold sufficient liquid resources to enable it to meet its intraday, same-day, and multiday settlement obligations with a high degree of confidence under a wide range of foreseeable stress scenarios, including the default of a Clearing Member Group that would generate the largest aggregate payment obligation to OCC in extreme but plausible market conditions.

In conjunction with the implementation of the Accord on May 28, 2024, OCC also revised the LRMF to incorporate the GSP within OCC's processes for managing liquidity risk. More specifically, the Liquidity Risk Identification section of the LRMF specifies that, in a situation where a Clearing Member defaults, OCC may elect to make a GSP to NSCC to compel NSCC to accept and process E&A/Delivery Transactions. The LRMF further notes that if OCC elects not to make a GSP, OCC would effect settlement of the defaulted Clearing Member's E&A/Delivery Transactions through alternate settlement means. In relevant part, the LRMF also: (i) includes definitions for (a) "Historical Peak GSP", which is the largest Final GSP for a

Common Clearing Member over the prior twelve months, and (b) Final GSP; and (ii) explains that the GSP is a Clearing Member-specific liquidity demand that represents the amount of cash OCC would need to pay to NSCC on behalf of a defaulting Common Clearing Member to settle E&A/Delivery Transactions in accordance with the terms of the Accord.

OCC is proposing to amend the LRMF to clarify that OCC would be able to make a Final GSP to NSCC, instead of the GSP. To accomplish this, OCC would amend the LRMF to change the reference to OCC's ability to make a GSP to NSCC in the Liquidity Risk Identification Section of the LRMF to OCC's ability to make a Final GSP.

OCC also is proposing amendments to the definition of Final GSP in the LRMF to clarify that Final GSP represents only those portions of the unpaid RFDs and SLDs at NSCC related to E&A/Delivery Transactions. OCC also would remove references to the fact that to account for the liquidity demand associated with the potential payment of a Final GSP, OCC includes a hypothetical GSP calculation specific to each CMO Group for the relevant type of expiration on a rolling twelve-month lookback in its liquidity stress testing.

The LRMF provides that OCC's Risk Department will prepare reports that include analyses of the results of daily Adequacy and Sufficiency stress tests and that review the adequacy of OCC's liquidity resources. The reports are reviewed by OCC's Stress Testing Working Group. OCC is proposing to amend the LRMF to indicate that the monthly reviews will include an analysis of impacts of the Final GSP within liquidity demands, as well as the sensitivities to the application of Final GSP amounts received from NSCC subsequent to the original calculation of liquidity demands. This sensitivity analysis varies the application of which Final GSP amounts are applied in liquidity stress testing corresponding with the day of default

and day after, demonstrating the overall impact to prior stressed liquidity demand calculations when new historical peaks are subsequently observed.

OCC is also proposing amendments to the LRMF regarding daily review activities that include the following actions:

- Pursuant to OCC Rule 609, OCC may call for additional financial resources from Clearing Members in the form of a Required Cash Deposit or an increase to the Clearing Member's overall margin requirement if potential settlement obligations, including estimated Final GSP amounts, approach or exceed OCC liquidity resources available to make settlement in the event of a Clearing Member default. For example, OCC may determine that the Clearing Member's forecasted settlement obligations could exceed available liquidity resources based on two days of historical peak Final GSP payments generated by Sufficiency Scenarios, which is detailed in the Financial Resources Sufficiency Monitoring Procedure.
- Placing a Clearing Member on Watch Level as a result of presenting increased liquidity risk from stressed liquidity demands within OCC's Adequacy and/or Sufficiency Scenarios. Pursuant to OCC Rule 307, as a result of placing a member on a higher Watch Level, OCC would be authorized to collect additional margin in advance of expiration via protective measures to collateralize a given Clearing Member's elevated liquidity exposures once on Watch Level.
- Pursuant to OCC Rule 1001(c), performing an intra-month resizing of the Clearing Fund to mutualize the risk and maintain resources consistent with a "Cover One" standard.

B. Statutory Basis

OCC believes the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, OCC believes the proposed changes are consistent with Section 17A(b)(3)(F) of the Act.²³ Section 17A(b)(3)(F)²⁴ of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest. As described above, OCC believes that modifying its liquidity stress testing procedures to allow OCC to account for the Final GSP related only to E&A/Delivery Transactions in its liquidity risk management processes would promote prompt and accurate clearance and settlement because it would ensure OCC is using a more accurate reflection of the potential financial risks associated with the settlement of E&A/Delivery Transactions of a defaulting Common Clearing Member.

Additionally, by ensuring that it accounts for only those risks related to the settlement of E&A/Delivery Transactions, OCC reduces the risk of over-collecting financial resources from its Clearing Members, which could lead to unintended consequences for OCC Clearing Members and their ability to perform their obligations in other areas in the marketplace, thus protecting investors and the public interest.

OCC believes that the proposed changes are also consistent with the SEC rules that apply to OCC as a covered clearing agency. In particular, SEC Rule 17ad-22(e)(20) requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to identify, monitor and manage risks related to any link that OCC establishes with one or more

²³ 15 U.S.C. 78q-1(b)(3)(F).

²⁴ 15 U.S.C. 78q-1(b)(3)(F).

other clearing agencies, financial market utilities, or trading markets.²⁵ As described in OCC's publicly available disclosure framework for financial market infrastructures,²⁶ the Existing Accord between OCC and NSCC is one such link. Based on OCC's experience with the current approach for incorporating the GSP into liquidity risk management, OCC believes the approach is beyond extreme and plausible. OCC has noted that the highest exposures under the current approach are outliers driven by non-OCC related activity. The approach proposed in this filing, where OCC would rely on the Final GSP in liquidity risk management, would isolate the potential payment of a GSP to OCC-only activity. OCC believes this would change OCC's approach from implausible to more plausible. As noted above, the likelihood of observing two consecutive peak Final GSP amounts is low due to the cyclical nature of OCC E&A activity whose largest notional exposures tend to be separated across tenors that are further than one day apart, and most highly concentrated during standard monthly expirations. Furthermore, as the RFD component of Final GSP is driven by contributions to deficits, large increases in exposures linked to changes in unsettled positions at NSCC and the successful collection of the resulting Required Fund Deposit deficits from clearing members at NSCC tend to reduce the potential for and/or magnitude of RFD deficits on a subsequent day given the increased level of available collateral. Furthermore, based on data OCC has reviewed to date, OCC believes that the incorporation of two peak Final GSP payments in liquidity demand calculations, combined with stressed liquidity demands of non-expiring and OCC settled positions, provides a more rational measure of the financial resources necessary to cover exposures that could arise in an extreme

²⁵ 17 CFR 240.17ad-22(e)(20).

²⁶ See The Options Clearing Corporation Disclosure Framework for Financial Market Infrastructures, Principle 20 (FMI Links), available at <https://www.theocc.com/risk-management/pfmi-disclosures> (last updated July 10, 2025).

but plausible scenario. OCC also will continue to monitor liquidity and E&A/Delivery Transactions settlements on an ongoing basis and would have the ability to take mitigating action directly with any Clearing Members presenting elevated risk to OCC. As described above, OCC believes that because the data NSCC sends to OCC for use in OCC's liquidity stress testing may include activity not related to OCC E&A/Delivery Transactions, the proposed modifications to OCC's stress testing procedures (i) are designed to enhance OCC's ability to call for a more accurate amount of liquidity resources from its Clearing Members, while (ii) ensuring that it will be able to make a Final GSP to NSCC, which, in turn, will help manage the risks presented to OCC and its Clearing Members by the settlement link with NSCC because OCC's ability to pay the Final GSP would continue to ensure that the relevant securities settlement obligations would be accepted by NSCC for clearance and settlement.

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

Section 17A(b)(3)(I) of the Act²⁷ requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposal would impose any burden on competition. The proposed changes would allow OCC to more accurately capture the potential impact of OCC making a Final GSP on behalf of any defaulting Clearing Member in OCC's liquidity risk management processes, while continuing to ensure that OCC would have adequate resources to make a Final GSP. Accordingly, OCC does not believe that the proposed rule change would impose a burden on competition. Rather, OCC expects that the proposed changes would reduce liquidity demands for OCC Clearing Members because OCC is proposing to account for the risk from a Common Clearing Member default in a manner that would more accurately reflect the risks associated

²⁷ 15 U.S.C. 78q-1(b)(3)(I).

historically with the settlement of E&A/Delivery Transactions. This potential reduction in liquidity needs at OCC could mean that OCC's Clearing Members would have more of their own resources available for use for other purposes. The proposal also would reduce the potential overlap between OCC and NSCC related to calling common Clearing Members for resources for the same activity as OCC would only reflect OCC activity within its liquidity demands.

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

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

Item 6. Extension of Time Period for Commission Action

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act²⁸ for Commission action.

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

Not applicable.

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

Not applicable.

Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act

Not applicable.

Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act

Not applicable.

²⁸

15 U.S.C. 78s(b)(2).

Item 11. Exhibits

- Exhibit 1A. Completed Notice of Proposed Rule Change for publication in the
 Federal Register
- Exhibit 3A Confidential data and analysis concerning the proposed rule change
- Exhibit 3B OCC Clearing Member Monitoring and Protective Measures Procedure
- Exhibit 5A Proposed Changes to OCC's Comprehensive Stress Testing & Clearing
 Fund Methodology, and Liquidity Risk Management Description
- Exhibit 5B Proposed Changes to OCC's Liquidity Risk Management Framework

**CONFIDENTIAL TREATMENT IS REQUESTED FOR EXHIBITS 3A, 3B, 5A and 5B
PURSUANT TO SEC RULE 24b-2**

EXHIBIT 1A

SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[_____]); File No. SR-OCC-2025-013)

[August __, 2025]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Proposed Rule Change by The Options Clearing Corporation Concerning Certain Revisions in Connection with Proposed Modifications to the Manner in which OCC Accounts for the Guaranty Substitution Payment in OCC's Liquidity Risk Management Processes

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),¹ and Rule 19b-4 thereunder,² notice is hereby given that on August 29, 2025, The Options Clearing Corporation ("OCC" or "Corporation") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change would make certain revisions to OCC's Comprehensive Stress Testing & Clearing Fund Methodology, and Liquidity Risk Management Description (the "Methodology") and OCC's Liquidity Risk Management Framework ("LRMF") to permit OCC to account for the cash payment, i.e., a "Guaranty

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

Substitution Payment” or “GSP” OCC could make to the National Securities Clearing Corporation (“NSCC”) following the default of a common clearing participant that is attributable only to OCC-related activity (known as the “Final GSP”), in OCC’s liquidity stress testing, as described in greater detail below.

OCC filed the proposed changes to the Methodology and the LRMF as Confidential Exhibits 5A and 5B to File No. SR-OCC-2025-013, respectively. Material proposed to be added is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.³

II. Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

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

(A) Clearing Agency’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Executive Summary

³ OCC’s By-Laws and Rules can be found on OCC’s public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

OCC is the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission, including options that contemplate the physical delivery of the underlying equity securities (“physically settled” options).⁴ OCC also clears certain futures contracts that, at maturity, require delivery of underlying equity securities. The exercise/assignment of physically settled options or maturation of certain futures cleared by OCC effectively results in settlement obligations of the related underlying equity securities, i.e., shares of stock in this case. Because OCC does not clear equity securities, OCC’s Rules provide that delivery of, and payment for, securities underlying certain exercised stock options and matured single stock futures that are physically settled are generally effected through the facilities of NSCC and are not settled through OCC’s facilities.⁵ NSCC is a clearing agency that provides clearing, settlement, risk management, and central counterparty services for trades involving equity securities, including those equity securities related to the settlement of physically settled options and futures contracts.

To effect the settlement of equity securities related to options and futures activity, NSCC and OCC maintain a legal agreement, referred to by the parties as the “Accord”, that governs the processing of physically settled options and futures cleared by OCC that result in transactions with delivery obligations in the underlying equity securities that are

⁴ The term “physically-settled” as used throughout the OCC Rulebook refers to cleared contracts that settle into their underlying interest (i.e., options or futures contracts that are not cash-settled). When a contract settles into its underlying interest, shares of stock are sent, i.e., delivered, to contract holders who have the right to receive the shares from contract holders who are obligated to deliver the shares at the time of exercise/assignment in the case of an option and maturity in the case of a future.

⁵ See Chapter IX of OCC’s Rules (Delivery of Underlying Securities and Payment), supra note 3.

cleared and settled by NSCC. The Accord establishes terms under which NSCC accepts for clearing and settlement certain securities transactions that result from the exercise and assignment of OCC cleared and settled options contracts and the maturation of futures contracts, referred to as “E&A/Delivery Transactions” in the Accord.⁶ It also establishes the time when OCC’s settlement guaranty in respect of E&A/Delivery Transactions ends and NSCC’s settlement guaranty begins.

The parties most recently amended the Accord on May 28, 2024, primarily to account for the following:⁷

- Amendments that addressed issues where NSCC could choose not to guarantee the settlement of the underlying equity securities related to E&A/Delivery Transactions in the event of the default of a clearing member common to both agencies (a “Common Clearing Member”) by giving OCC the right to make a GSP to NSCC to allow for NSCC to continue to effect settlement of the underlying securities.
- Amendments that addressed operational, information sharing, and timing issues related to the industry-wide implementation of the move to a shortened settlement cycle from trade date plus two (“T+2”) to trade date plus one (“T+1”).

⁶ While the Accord contemplates NSCC’s settlement of equity securities in connection with options and futures contracts cleared by OCC, as of the date of this filing, OCC is not clearing any futures contracts that result in physical delivery.

⁷ See Exchange Act Release Nos. 99735 (Mar. 14, 2024), 89 FR 19907 (Mar. 20, 2024) (File No. SR-OCC-2023-007); 99731 (Mar. 13, 2024), 89 FR 19629 (May. 19, 2024) (File No. SR-OCC-2023-801).

In conjunction with the changes to the Accord, OCC also made changes to its liquidity risk management processes that included incorporating the potential for OCC to have to make a GSP to NSCC into its liquidity stress testing. In the time since the May 28, 2024, implementation, OCC has identified issues where OCC has been accounting for activity that is not related to the settlement of the underlying equity securities related to E&A/Delivery Transactions, thereby causing OCC to over collect financial resources from its Clearing Members. To address these issues, OCC is proposing changes to the Methodology and LRMF such that OCC only will account for the portion of deficits created at NSCC related to OCC activity in its liquidity risk management processes.

GSP and Liquidity Stress Testing Impact

GSP

Pursuant to the terms of the Accord, OCC can choose to make a cash payment to NSCC, i.e., a GSP, if a Common Clearing Member defaults. The GSP allows OCC to “step into the shoes” of a defaulting Common Clearing Member so that NSCC will continue to process, clear, and settle the underlying securities related to E&A/Delivery Transactions.

For every Common Clearing Member during each trading day (“T”), NSCC calculates and sends to OCC indications of the amounts of the components used to determine the GSP, as well as other financial information, leading up to morning settlement on the following day (T+1). NSCC also sends final indications on T+1 each day prior to morning settlement along with the final amount of the share of deficits related to E&A/Delivery Transactions, i.e., the amount of the Final GSP. To arrive at the sum of the Final GSP, NSCC determines a Common Clearing Member’s (i) unpaid

Required Fund Deposit (“RFD”)⁸ and (ii) unpaid Supplemental Liquidity Deposit (“SLD”)⁹ obligation that are attributable to E&A/Delivery Transactions and transmits the results to OCC at the NSCC Family level.

To account for the liquidity needs associated with the potential for OCC to make a GSP, OCC creates a “hypothetical GSP” using the final indications of the GSP components NSCC sends to OCC on the morning of T+1. These amounts include, among other things, final total SLDs and total deficits at NSCC. OCC subsequently uses the hypothetical GSP in OCC’s end of day stress testing processes. OCC’s inclusion of the entire amounts owed at NSCC in the hypothetical GSP is a conservative approach; OCC is incorporating into its liquidity stress testing amounts representing Common Clearing Member obligations attributable to transactions at both NSCC and OCC when OCC ultimately is only responsible for satisfying those portions of the unpaid RFD and unpaid SLD related to OCC E&A/Delivery Transactions, i.e., the Final GSP.

Liquidity Stress Testing Impact

In the 13 months since OCC implemented the hypothetical GSP in its liquidity risk management processes, OCC identified unexpected amounts in the data that NSCC

⁸ The Required Fund Deposit is the portion of a defaulted Common Member’s Required Fund Deposit deficit to NSCC, calculated as a difference between the Required Fund Deposit deficit calculated on the entire portfolio and the Required Fund Deposit deficit calculated on the Common Member’s portfolio prior to the submission of E&A/Delivery Transactions. The Required Fund Deposit is calculated pursuant to Rule 4 (Clearing Fund) and Procedure XV (Clearing Fund Formula and Other Matters) of the NSCC Rules available at https://www.dtcc.com/-/media/Files/Downloads/legal/rules/nscc_rules.pdf.

⁹ See id. at NSCC Rule 4A. Under the NSCC Rules, NSCC collects Supplemental Liquidity Deposits as additional cash deposits from those Members who would generate the largest settlement debits in stressed market conditions.

sends every day that could cause OCC to over collect resources. More specifically, OCC identified the following:

- NSCC’s existing methodologies calculate SLDs at the “family” level, which can include activity undertaken by affiliates of a Common Clearing Member that are NSCC members, but not OCC Clearing Members. This SLD data that NSCC provides at the family level is apportioned separately based on the NSCC and OCC contributions to the overall amount, and OCC currently uses both data points in the construction of the hypothetical GSP. The GSP is not intended to address the default of an NSCC member that is not a Common Clearing Member.
- Similarly, the data NSCC sends to OCC can include deficits related to non-E&A/Delivery Transactions, e.g., ETF creation and redemption activity. The GSP is intended to address only OCC E&A/Delivery Transactions settlements related to a Common Clearing Member default.

By way of example, OCC identified these issues in late 2024, when data NSCC sent to OCC included anomalous SLDs driven by the activity of affiliates of a Common Clearing Member that were not OCC Clearing Members, as well as activity that was not related to E&A/Delivery Transactions. The amount was approximately \$7 billion. At the same time, the Final GSP – the amount OCC would pay to NSCC for NSCC to settle E&A/Delivery Transactions – for that same Common Clearing Member – was approximately \$60 million.

OCC is now proposing to incorporate only the Final GSP into its liquidity stress testing because the Final GSP is the most accurate assessment of what OCC would owe to NSCC to effect settlement of E&A/Delivery Transactions. OCC believes that this approach would continue to represent conservative treatment because OCC would include two consecutive days of peak Final GSP calculations on a 12-month lookback basis in its liquidity demand calculation. More specifically, OCC would apply the peak Final GSP amounts from the prior twelve months for the relevant expiration category for the specific CMO Group for each forecasted liquidity demand calculation by adding the peak Final GSP amounts to the CMO Group's other forecasted liquidity demands for the relevant expiration day. If a Common Clearing Member defaulted, OCC may have to pay a Final GSP to NSCC on two successive days to facilitate the close-out of the defaulted Clearing Member's positions.

To account for this possibility in its liquidity risk management process, OCC will continue to contemplate the payment of the GSP on expirations that result in settlements on the first and second days of the default management process. As proposed, OCC would provision sufficient resources to cover the peak Final GSP on two consecutive days as opposed to OCC's current process of provisioning for payment of a peak hypothetical GSP on two consecutive days. From time to time, the exposures posed by a Common Member's portfolio will result in the setting of a new peak GSP. However, since the inception of the GSP, OCC has not observed a single instance in which peak

GSPs have been set on two consecutive days.¹⁰ Additionally, as described below, OCC believes that its default management processes make it operationally unlikely that OCC would make two consecutive GSP payments at peak levels for the default of a single Common member.

OCC believes further that provisioning for payment of two peak Final GSPs is conservative because OCC will include two consecutive days of peak Final GSPs in its liquidity demand calculations, which historically are based on two days of trading activity. The likelihood of observing two consecutive peak Final GSP amounts is low due to the cyclical nature of OCC E&A activity whose largest notional exposures tend to be separated across tenors further than one day apart, and most highly concentrated during standard monthly expirations. As noted above, since the inception of the GSP, OCC has not observed a single instance in which peak GSPs have been set on two consecutive days.¹¹ Furthermore, as the RFD component of Final GSP is driven by contributions to deficits, large increases in exposures linked to changes in unsettled positions at NSCC and the successful collection of the resulting RFD deficits from clearing members at NSCC tend to reduce the potential for and/or magnitude of RFD deficits on a subsequent day given the increased level of pre-funded collateralization. OCC also believes provisioning for payment of two peak Final GSP is conservative because the default of a member, by definition, would stop further trading by the suspended member and result in OCC taking only risk reducing actions with regard to the

¹⁰ OCC provided data demonstrating how frequently new peaks have been set in Confidential Exhibit 3A to File No. SR-OCC-2025-013.

¹¹ See id.

defaulter's portfolio. On the day OCC declares a Common Clearing Member to be in default ("D") – most likely for the Clearing Member failing to make morning settlement on D prior to the opening of trading – the defaulting Common Clearing Member would be prevented from engaging in any trading activity on D. The defaulting Common Clearing Member would be unable to add to or subtract from its existing positions at OCC, therefore the option position set that would result in delivery instructions at the end of the day becomes fixed. OCC could elect to make a GSP to NSCC on D to ensure NSCC processes E&A/Delivery Transactions that were sent to NSCC on D-1 on behalf of the defaulting Clearing Member. This payment would account for the first day of Final GSP that OCC would include in its liquidity demand calculations.

OCC would next create a close-out action plan ("CAP") to dispose of the defaulting Clearing Member's remaining positions. OCC would, to the extent possible, reduce its risk by internally netting positions and liquidating the defaulting Clearing Member's positions by way of a private auction before or on the morning of D+1 prior to the open of trading and/or use a broker to liquidate the Clearing Member's positions in the open market. In development of the CAP, OCC possesses the optionality to liquidate the Clearing Member's remaining positions via private auction or liquidation in the open market, which can include physically settled options expiring on D. This means OCC could potentially not submit any E&A/Delivery Transactions to NSCC on the evening of D for overnight processing. This could also occur in the case that the defaulting Clearing Member has no physically settled option positions that expire on day D. In such cases,

OCC would not be responsible for making the second Final GSP that OCC accounted for in its liquidity demand calculations.

OCC will continue to use a one-year lookback time period to determine the appropriate Final GSP amount to apply because OCC believes that the one-year lookback allows for the best like-to-like application of a historical Final GSP due to the cyclical nature of option standard expirations with quarterly expirations (i.e., March, June, September, and December) and January expiration generally being more impactful than non-quarterly expirations. The one-year lookback also allows behavior changes of a Clearing Member to be recognized within an annual cycle.

To effect these changes, OCC would amend the Methodology and LRMF as described in more detail in the Proposed Changes to the Methodology and LRMF Section, below.

Ongoing Monitoring

In addition to accounting for the GSP in OCC's liquidity stress testing, OCC is continuously risk managing and monitoring all Clearing Member activity throughout each trading day. OCC monitors forecasted liquidity demands on an ongoing basis and can take mitigating action, or protective measures, including directly with Clearing Members who are presenting elevated risk.¹² Through ongoing monitoring, OCC's Credit Risk Management (CRM) staff detect business-related concerns and/ or financial or operational deterioration of Clearing Members in order to protect OCC and its

¹² See OCC Rule 307 (Protective Measures), supra note 3.

stakeholders. CRM identifies a Clearing Member for placement on watch and suggests appropriate preventative measures by presenting a summary and recommendation to the OCC Credit and Liquidity Risk Working Group (CLRWG), which in turn makes a recommendation for approval to the OCC Chief Financial Risk Officer (CFRO) and the OCC Office of the Chief Executive Officer (OCEO). A summary of Clearing Member watch status is presented at monthly CLRWG meetings and is also provided to the Management Committee and Board Risk Committee. Protective measures might include, but are not limited to, placement on a Watch List, more frequent financial reporting, and margin adjustments.¹³

Some examples of ongoing monitoring include:

- If an account exhibits losses exceeding 50% of that account's total risk charges,¹⁴ which are based upon start-of-day positions that are inclusive of all NSCC-settled options expiring at the end of the day, OCC may require the deposit of intra-day margin by a Clearing Member in any account at any time. While OCC generally issues intraday margin calls at or around 12:00 p.m. CT, OCC has broad authority pursuant to OCC Rule 609 to issue margin calls to any Clearing Member at any time during the day.¹⁵

¹³ OCC provided its Clearing Member Monitoring and Protective Measures Procedure as Confidential Exhibit 3B to File No. SR-OCC-2025-013.

¹⁴ See Confidential Exhibit 5A File No. SR-OCC-2025-013 (the Methodology) (defining "total risk" as a risk measure aggregated across all accounts of a Clearing Member, determined using the OCC's STANS margin methodology and such add-on charges as may be determined by OCC).

¹⁵ See Chapter VI of OCC's Rules (Margins), supra note 3.

- On settlement date minus 1, to the extent information is available OCC monitors anticipated RFD deficits and liquidity needs at NSCC for next day settlement by reviewing intraday equity trade activity at NSCC in conjunction with expected exercise and assignment activity at OCC based on intraday option position and pricing snapshots. OCC would escalate to NSCC in the event that calculated results for projected VaR, Mark-to-Market, and Liquidity Need amounts were to indicate potential Final GSPs that are approaching or in excess of OCC Financial Resources.¹⁶
- OCC expects the projections that were generated during the day to be a reasonable approximation of the Clearing Member margin deficit and SLD estimates provided by NSCC during the evening as part of the GSP Monitoring Data information sharing per the Accord.¹⁷ OCC may escalate to NSCC for discussion if the projected amounts are approaching or in excess of OCC Financial Resources.¹⁸
- OCC monitors anticipated large cash settlements each business day during the week leading up to standard monthly expiration.¹⁹ OCC also evaluates margin forecasts and intraday trading activity to determine if projected settlement amounts for T+1 exceed monitoring thresholds, and if

¹⁶ See Accord Section 9 “Additional Reports; Information Sharing,” Confidential Exhibit 5C to File Nos. SR-OCC-2023-007 & SR-OCC-2023-801, supra note 7.

¹⁷ See Confidential Exhibit 5B to File No. SR-OCC-2025-013 (LRMF).

¹⁸ See Accord Section 3 “Historical Peak Guaranty Substitution Payment,” supra note 16.

¹⁹ See Confidential Exhibit 3B to File No. SR-OCC-2025-013, supra note 13.

necessary, OCC will contact the Clearing Member and their settlement bank to ensure the Clearing Member is prepared to meet settlement. In the event that OCC were to become aware of a potential issue with the Clearing Member or settlement bank satisfying the projected amount, OCC would escalate internally to determine necessary follow-up action.

In addition to the monitoring described above, OCC may call for additional financial resources from its Clearing Members in the form of a Required Cash Deposit or an increase to the Clearing Member's overall margin requirement based on the liquidity demands inclusive of two days of historical peak Final GSP payments generated by Sufficiency Scenarios.²⁰

Based on the results of OCC's Adequacy and/or Sufficiency Scenarios where forecasts are made out to 20 calendar days, OCC may also place a Clearing Member on Watch Level and/or collect additional margin in advance of expiration via protective measures. The collection of such margin in advance is done to collateralize a Clearing Member's elevated liquidity exposures in the event that forecasted liquidity demands approach or exceed OCC's Base and/or Available Liquidity Resources. An intra-month resizing of the Clearing Fund pursuant to OCC Rule 1001(c) may also be performed to mutualize the risk and maintain resources consistent with a "Cover One" standard.²¹

²⁰ See OCC Rule 307C (Additional Operational, Personnel, Financial Resource and Risk Management Requirements), supra note 3. See also id. at OCC Rule 609 (Intraday Margin).

²¹ See id. at Chapter X (Clearing Fund Contributions).

Proposed Changes to the Methodology and LRMF

Proposed Changes to the Methodology

OCC developed the Methodology to enable OCC to analyze the adequacy of its financial resources and to challenge its risk management framework. The Methodology allows OCC to better manage its risks by promoting OCC's ability to thoroughly monitor its potential exposure under flexible and varied sets of stressed market scenarios. The Methodology also provides OCC with the ability to review the sufficiency of its financial resources and includes stress tests designed to size and monitor the sufficiency of prefunded credit and liquidity resources.

In conjunction with the implementation of the Accord that became effective on May 28, 2024, OCC revised the Methodology to include the GSP in its liquidity risk management practices. The Methodology reflects that the GSP functions as an additional liquidity demand type at the Clearing Member Organization ("CMO") Group level.²² The Methodology explains that the GSP is the amount of cash OCC would need to pay to NSCC on behalf of a defaulting Common Clearing Member. The Methodology explains that the GSP accounts for liquidity demands at NSCC that are comprised of NSCC Clearing Fund deficits, i.e., RFD, which are analogous to OCC margin deficits, and start of day SLDs. The Methodology also explains that to account for the liquidity demand associated with a potential GSP (i) OCC will include the peak amount of historical actual RFDs and SLDs specific to each CMO Group for the relevant type of expiration on a

²²

A Clearing Member Group is composed of a set of affiliated OCC Clearing Members.

rolling twelve-month lookback at a CMO Group level and (ii) OCC will account for its potential GSP obligation using the total amount of deficits at NSCC in its calculation, i.e., the hypothetical GSP. Although the Methodology is clear that in the event of a default, OCC will only be responsible for a proportionate share of both the NSCC Clearing Fund deficits and SLDs that are attributable to OCC E&A Delivery Transactions, and that NSCC will be responsible for the portion of the deficits associated with activity that NSCC clears unrelated to E&A/Delivery Transactions, the Methodology nevertheless requires that OCC must account for a potential GSP obligation using the total amount of deficits at NSCC in the GSP liquidity demand calculation.

OCC is proposing to amend the Methodology to account for the Final GSP, i.e., the amount of unpaid RFDs and SLDs attributable to E&A Delivery Transactions, instead of the hypothetical GSP, which consists of the entire amount of unpaid RFDs and SLDs at NSCC. To accomplish this, the Methodology would be changed to reflect that NSCC could reject the E&A/Delivery Transactions of a suspended Common Clearing Member if OCC did not elect to make a Final GSP, in place of GSP as currently reflected in the Methodology.

The Methodology also would reflect that the Final GSP is a firm-specific liquidity demand. The Methodology would reflect that the Final GSP represents only that portion of a GSP related to E&A/Delivery Transactions that would include SLDs and unpaid RFDs related to E&A/Delivery Transactions. OCC would replace an existing footnote in the Methodology with text in the body of the document that states that NSCC aggregates RFDs and SLDs at the Family Level. The Methodology would continue to reflect that

SLDs are an additional cash requirement NSCC levies upon clearing members who have a projected liquidity need breaching NSCC total qualifying liquidity resources. The Methodology also would continue to explain that the projected liquidity need is the potential share net purchase obligations generated by physical/stock settlement from equity trading and OCC long call and short put expiration. The Methodology will also explain that OCC will include the peak Final GSP amount specific to each CMO Group for the relevant type of expiration on a rolling twelve-month lookback to account for liquidity demand associated with GSP. The Methodology also would explain that SLD amounts are calculated by NSCC at the Family Level with netting of transactions allowed across both Common Clearing Members and their non-Common Clearing Member affiliates. The Methodology would explain that OCC's proportionate share of the SLD is determined by the pro-rata contribution of E&A Delivery Transactions to the overall liquidity need at NSCC after netting has taken place and that OCC further aggregates the Final GSP to the corresponding CMO Group.

The Methodology would further state that if a Common Clearing Member defaults, OCC is responsible for the Final GSP, which represents a proportionate share of the RFD deficit and SLD amounts that are attributable to E&A/Delivery Transactions that OCC transmitted to NSCC for settlement. The Methodology would reflect that NSCC provides these proportionate amounts as the Final GSP and that NSCC will be responsible for the portion of the deficits associated with activity that NSCC clears and that is unrelated to E&A/Delivery Transactions transmitted to NSCC by OCC.

Because OCC intends to only include the Final GSP in its liquidity stress testing, OCC is also proposing to remove references to the inclusion of the peak historical actual unpaid RFDs and SLDs specific to each CMO Group. Additionally, OCC would include the word “Final” next to GSP in the section where OCC is referring to the inclusion of the GSP in liquidity stress testing. OCC would remove from the Methodology existing references to the fact that OCC will account for its potential GSP obligation using the total amount of deficits at NSCC in its calculation. OCC also would remove from the Methodology existing language that states OCC will be responsible for a proportionate share of both the NSCC Clearing Fund deficits and SLDs that are attributable to OCC E&A activity transmitted to NSCC for settlement and that NSCC will be responsible for the portion of the deficits associated with activity that NSCC clears which is not transmitted by OCC because OCC would include the concept of OCC’s responsibility for its proportionate share in the new language described above.

OCC would update six additional references to the GSP to include the word “Final” where OCC indicates that it may have to pay a GSP on two consecutive days and where OCC discusses its flooring process for different expiration types.

Lastly, OCC would address one minor typographical error in the section related to the use of substitute brokers where OCC references “informationals” scenarios. OCC would replace the word “informationals” with the word “informational”.

Proposed Changes to the LRMF

OCC’s LRMF is designed to allow OCC to hold sufficient liquid resources to enable it to meet its intraday, same-day, and multiday settlement obligations with a high

degree of confidence under a wide range of foreseeable stress scenarios, including the default of a Clearing Member Group that would generate the largest aggregate payment obligation to OCC in extreme but plausible market conditions.

In conjunction with the implementation of the Accord on May 28, 2024, OCC also revised the LRMF to incorporate the GSP within OCC's processes for managing liquidity risk. More specifically, the Liquidity Risk Identification section of the LRMF specifies that, in a situation where a Clearing Member defaults, OCC may elect to make a GSP to NSCC to compel NSCC to accept and process E&A/Delivery Transactions. The LRMF further notes that if OCC elects not to make a GSP, OCC would effect settlement of the defaulted Clearing Member's E&A/Delivery Transactions through alternate settlement means. In relevant part, the LRMF also: (i) includes definitions for (a) "Historical Peak GSP", which is the largest Final GSP for a Common Clearing Member over the prior twelve months, and (b) Final GSP; and (ii) explains that the GSP is a Clearing Member-specific liquidity demand that represents the amount of cash OCC would need to pay to NSCC on behalf of a defaulting Common Clearing Member to settle E&A/Delivery Transactions in accordance with the terms of the Accord.

OCC is proposing to amend the LRMF to clarify that OCC would be able to make a Final GSP to NSCC, instead of the GSP. To accomplish this, OCC would amend the LRMF to change the reference to OCC's ability to make a GSP to NSCC in the Liquidity Risk Identification Section of the LRMF to OCC's ability to make a Final GSP.

OCC also is proposing amendments to the definition of Final GSP in the LRMF to clarify that Final GSP represents only those portions of the unpaid RFDs and SLDs at

NSCC related to E&A/Delivery Transactions. OCC also would remove references to the fact that to account for the liquidity demand associated with the potential payment of a Final GSP, OCC includes a hypothetical GSP calculation specific to each CMO Group for the relevant type of expiration on a rolling twelve-month lookback in its liquidity stress testing.

The LRMF provides that OCC's Risk Department will prepare reports that include analyses of the results of daily Adequacy and Sufficiency stress tests and that review the adequacy of OCC's liquidity resources. The reports are reviewed by OCC's Stress Testing Working Group. OCC is proposing to amend the LRMF to indicate that the monthly reviews will include an analysis of impacts of the Final GSP within liquidity demands, as well as the sensitivities to the application of Final GSP amounts received from NSCC subsequent to the original calculation of liquidity demands. This sensitivity analysis varies the application of which Final GSP amounts are applied in liquidity stress testing corresponding with the day of default and day after, demonstrating the overall impact to prior stressed liquidity demand calculations when new historical peaks are subsequently observed.

OCC is also proposing amendments to the LRMF regarding daily review activities that include the following actions:

- Pursuant to OCC Rule 609, OCC may call for additional financial resources from Clearing Members in the form of a Required Cash Deposit or an increase to the Clearing Member's overall margin requirement if potential settlement obligations, including estimated Final GSP amounts, approach or exceed OCC

liquidity resources available to make settlement in the event of a Clearing Member default. For example, OCC may determine that the Clearing Member's forecasted settlement obligations could exceed available liquidity resources based on two days of historical peak Final GSP payments generated by Sufficiency Scenarios, which is detailed in the Financial Resources Sufficiency Monitoring Procedure.

- Placing a Clearing Member on Watch Level as a result of presenting increased liquidity risk from stressed liquidity demands within OCC's Adequacy and/or Sufficiency Scenarios. Pursuant to OCC Rule 307, as a result of placing a member on a higher Watch Level, OCC would be authorized to collect additional margin in advance of expiration via protective measures to collateralize a given Clearing Member's elevated liquidity exposures once on Watch Level.
- Pursuant to OCC Rule 1001(c), performing an intra-month resizing of the Clearing Fund to mutualize the risk and maintain resources consistent with a "Cover One" standard.

2. Statutory Basis

OCC believes the proposed changes are consistent with the requirements of the Act and the rules and regulations thereunder applicable to a registered clearing agency. In particular, OCC believes the proposed changes are consistent with Section

17A(b)(3)(F) of the Act.²³ Section 17A(b)(3)(F)²⁴ of the Act requires, among other things, that the rules of a clearing agency be designed to promote the prompt and accurate clearance and settlement of securities transactions and, in general, to protect investors and the public interest. As described above, OCC believes that modifying its liquidity stress testing procedures to allow OCC to account for the Final GSP related only to E&A/Delivery Transactions in its liquidity risk management processes would promote prompt and accurate clearance and settlement because it would ensure OCC is using a more accurate reflection of the potential financial risks associated with the settlement of E&A/Delivery Transactions of a defaulting Common Clearing Member.

Additionally, by ensuring that it accounts for only those risks related to the settlement of E&A/Delivery Transactions, OCC reduces the risk of over-collecting financial resources from its Clearing Members, which could lead to unintended consequences for OCC Clearing Members and their ability to perform their obligations in other areas in the marketplace, thus protecting investors and the public interest.

OCC believes that the proposed changes are also consistent with the SEC rules that apply to OCC as a covered clearing agency. In particular, SEC Rule 17ad-22(e)(20) requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to identify, monitor and manage risks related to any link that OCC establishes with one or more other clearing agencies, financial market utilities,

²³ 15 U.S.C. 78q-1(b)(3)(F).

²⁴ 15 U.S.C. 78q-1(b)(3)(F).

or trading markets.²⁵ As described in OCC's publicly available disclosure framework for financial market infrastructures,²⁶ the Existing Accord between OCC and NSCC is one such link. Based on OCC's experience with the current approach for incorporating the GSP into liquidity risk management, OCC believes the approach is beyond extreme and plausible. OCC has noted that the highest exposures under the current approach are outliers driven by non-OCC related activity. The approach proposed in this filing, where OCC would rely on the Final GSP in liquidity risk management, would isolate the potential payment of a GSP to OCC-only activity. OCC believes this would change OCC's approach from implausible to more plausible. As noted above, the likelihood of observing two consecutive peak Final GSP amounts is low due to the cyclical nature of OCC E&A activity whose largest notional exposures tend to be separated across tenors that are further than one day apart, and most highly concentrated during standard monthly expirations. Furthermore, as the RFD component of Final GSP is driven by contributions to deficits, large increases in exposures linked to changes in unsettled positions at NSCC and the successful collection of the resulting Required Fund Deposit deficits from clearing members at NSCC tend to reduce the potential for and/or magnitude of RFD deficits on a subsequent day given the increased level of available collateral. Furthermore, based on data OCC has reviewed to date, OCC believes that the incorporation of two peak Final GSP payments in liquidity demand calculations, combined with stressed liquidity demands of non-expiring and OCC settled positions,

²⁵ 17 CFR 240.17ad-22(e)(20).

²⁶ See The Options Clearing Corporation Disclosure Framework for Financial Market Infrastructures, Principle 20 (FMI Links), available at <https://www.theocc.com/risk-management/pfmi-disclosures> (last updated July 10, 2025).

provides a more rational measure of the financial resources necessary to cover exposures that could arise in an extreme but plausible scenario. OCC also will continue to monitor liquidity and E&A/Delivery Transactions settlements on an ongoing basis and would have the ability to take mitigating action directly with any Clearing Members presenting elevated risk to OCC. As described above, OCC believes that because the data NSCC sends to OCC for use in OCC's liquidity stress testing may include activity not related to OCC E&A/Delivery Transactions, the proposed modifications to OCC's stress testing procedures (i) are designed to enhance OCC's ability to call for a more accurate amount of liquidity resources from its Clearing Members, while (ii) ensuring that it will be able to make a Final GSP to NSCC, which, in turn, will help manage the risks presented to OCC and its Clearing Members by the settlement link with NSCC because OCC's ability to pay the Final GSP would continue to ensure that the relevant securities settlement obligations would be accepted by NSCC for clearance and settlement.

(B) Clearing Agency's Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposal would impose any burden on competition. The proposed changes would allow OCC to more accurately capture the potential impact of OCC making a Final GSP on behalf of any defaulting Clearing Member in OCC's liquidity risk management processes, while continuing to ensure that OCC would have adequate resources to make a Final GSP. Accordingly, OCC does not believe that the proposed rule change would impose a burden on competition. Rather,

OCC expects that the proposed changes would reduce liquidity demands for OCC Clearing Members because OCC is proposing to account for the risk from a Common Clearing Member default in a manner that would more accurately reflect the risks associated historically with the settlement of E&A/Delivery Transactions. This potential reduction in liquidity needs at OCC could mean that OCC's Clearing Members would have more of their own resources available for use for other purposes. The proposal also would reduce the potential overlap between OCC and NSCC related to calling common Clearing Members for resources for the same activity as OCC would only reflect OCC activity within its liquidity demands.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

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

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

Within 45 days of the date of publication of this notice in the Federal Register or within such longer period up to 90 days (i) as the Commission may designate if it finds such longer period to be appropriate and publishes its reasons for so finding or (ii) as to which the self regulatory organization consents, the Commission will:

- (A) by order approve or disapprove such proposed rule change, or
- (B) institute proceedings to determine whether the proposed rule change should be disapproved.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-OCC-2025-013 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Vanessa Countryman, Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-OCC-2025-013. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of such filing will be available for inspection and copying at the principal office of OCC and on OCC's website at

<https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection.

All submissions should refer to File Number SR-OCC-2025-013 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁷

Secretary

²⁷

17 CFR 200.30-3(a)(12).

Exhibit 3A

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- Confidential data and analysis concerning the proposed rule change; spreadsheet file

Exhibit 3B

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- OCC Clearing Member Monitoring and Protective Measures Procedure; 35 pages

Exhibit 5A

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- Proposed Changes to OCC’s Comprehensive Stress Testing and Clearing Fund Methodology, and Liquidity Risk Management Description; 20 pages

Exhibit 5B

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- Proposed Changes to OCC’s Liquidity Risk Management Framework; 5 pages