

Subject: Opposition to Proposed Rule SR-OCC-2024-001

Dear Securities and Exchange Commission,

I am writing to express my strong opposition to the proposed rule SR-OCC-2024-001 and provide commentary on various aspects of concern.

Introduction:

Firstly, I would like to extend gratitude to the Securities and Exchange Commission for providing the opportunity to comment on this rule. However, I must express my concern about the lack of external input from the OCC, which limits the breadth of perspectives considered in this regulatory process.

Transparency Concerns:

There are significant transparency issues surrounding the proposal, notably the extensive redaction of crucial supporting information, making it impossible for the public to fully review and provide meaningful feedback. Specific concerns include the lack of clarity on how parameters in the OCC's proprietary system are determined during times of high market volatility.

Recommendations to Improve Transparency and Engagement:

To address these transparency concerns, I recommend the SEC push for complete disclosure of supporting information, eliminating extensive redactions. Additionally, proactive steps should be taken to ensure transparency in the OCC's rule-making processes, including the active solicitation and consideration of input from stakeholders.

Risk Management and Procyclicality:

There are notable risks associated with the proposed measures, particularly concerning credit and procyclicality risks. Effective risk management is crucial to mitigate these risks and maintain the stability of the clearing system. However, the observed procyclicality in the STANS model raises concerns about excessive margin requirements during market downturns.

Proposed Measures to Mitigate Procyclicality:

While the OCC's proposed measures aim to address procyclicality, there are doubts about their effectiveness. It is essential to establish clear guidelines for governing the use of idiosyncratic control settings and stress the importance of transparency in decision-making to safeguard against potential abuse.

Idiosyncratic Control Settings:

Frequent use of idiosyncratic control settings raises concerns about market fairness and stability. The lack of transparency and justification for these decisions undermines confidence in the market. Enhanced review processes and transparency measures are necessary to address these concerns and ensure fair and transparent practices.

Financial Risk Management Officer's Role:

Granting extensive discretionary power to the FRM Officer raises concerns about accountability and market integrity. Clear guidelines and external oversight are needed to regulate the FRM Officer's decisions and ensure transparency in the decision-making process.

Recommendations:

In conclusion, I urge the Securities and Exchange Commission to reconsider the proposed rule in light of the concerns raised. Strengthening transparency, accountability, and risk management measures is essential to safeguard market integrity and investor protection.

Thank you for considering my comments.

Sincerely,

A very concerned investor