

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-82935; File No. SR-OCC-2017-811)

March 22, 2018

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Extension of Review Period of Advance Notice of Proposed Changes Related to The Options Clearing Corporation's Margin Methodology

On November 13, 2017, The Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-OCC-2017-811 ("Advance Notice") pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled the Payment, Clearing, and Settlement Supervision Act of 2010 ("Clearing Supervision Act")¹ and Rule 19b-4(n)(1)(i) under the Securities Exchange Act of 1934 ("Exchange Act").² The Advance Notice was published for comment in the Federal Register on December 27, 2017.³ As of February 20, 2018,⁴ the

¹ 12 U.S.C. 5465(e)(1). The Financial Stability Oversight Council designated OCC a systemically important financial market utility on July 18, 2012. See Financial Stability Oversight Council 2012 Annual Report, Appendix A, available at <http://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf>. Therefore, OCC is required to comply with the Payment, Clearing and Settlement Supervision Act and file advance notices with the Commission. See 12 U.S.C. 5465(e).

² 17 CFR 240.19b-4(n)(1)(i).

³ Exchange Act Release No. 82371 (Dec. 20, 2017), 82 FR 61354 (Dec. 27, 2017) (SR-OCC-2017-811). On November 13, 2017, OCC also filed a related proposed rule change (SR-OCC-2017-022) with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder, seeking approval of changes to its rules necessary to implement the Advance Notice ("Proposed Rule Change"). 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The Proposed Rule Change was published in the Federal Register on December 4, 2017. Exchange Act Release No. 82161 (Nov. 28, 2017), 82 FR 57306 (Dec. 4, 2017) (SR-OCC-2017-022).

⁴ The comment period closed on January 17, 2018.

Commission has received one comment letter on the proposal contained in the Advance Notice.⁵

Section 806(e)(1)(G) of the Clearing Supervision Act provides that OCC may implement the changes if it has not received an objection to the proposed changes within 60 days of the later of (i) the date that the Commission receives the Advance Notice, or (ii) the date that any additional information requested by the Commission is received,⁶ unless extended as described below.

Pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, the Commission may extend the review period of an advance notice for an additional 60 days, if the changes proposed in the advance notice raise novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension.⁷

On January 11, 2018, the Commission requested OCC provide it with additional information regarding the proposal,⁸ tolling the Commission's 60-day review period for the Advance Notice.⁹ On January 23, 2018, OCC provided the Commission with a response to its request for information. Accordingly, the new 60-day review period commenced on January 23,

⁵ See letter from Michael Kitlas, dated November 28, 2017, to Eduardo A. Aleman, Assistant Secretary, Commission, available at <https://www.sec.gov/comments/sr-occ-2017-022/occ2017022.htm>. Since the proposal contained in the Proposed Rule Change was also filed as an Advance Notice, all public comments received on the proposal are considered regardless of whether the comments are submitted to the Proposed Rule Change or the Advance Notice.

⁶ 12 U.S.C. 5465(e)(1)(G).

⁷ 12 U.S.C. 5465(e)(1)(H).

⁸ See Memorandum from Office of Clearance and Settlement, Division of Trading and Markets, dated January 12, 2018, available at <https://www.sec.gov/comments/sr-occ-2017-811/occ2017811.htm>.

⁹ See Section 806(e)(1) of the Clearing Supervision Act (stating that the Commission's period for review of an advance notice was tolled and shall be 60 days from the date the information requested by the Commission is received by the Commission).

2018 and runs through March 24, 2018. However, the Commission finds the Advance Notice complex because OCC proposes to make detailed, substantial, and numerous changes to its margin methodology, the System for Theoretical Analysis and Numerical Simulations, used to calculate clearing member margin requirements. Therefore, the Commission finds it appropriate to extend the review period of the Advance Notice for an additional 60 days pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act.¹⁰

Accordingly, the Commission, pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, extends the review period for an additional 60 days so that the Commission shall have until May 23, 2018 to issue an objection or non-objection to the Advance Notice (File No. SR-OCC-2017-811).

By the Commission.

Brent J. Fields
Secretary

¹⁰ The proposal in the Proposed Rule Change and the Advance Notice shall not take effect until all regulatory actions required with respect to the proposal are completed.

A Notice of Designation of Longer Period for Commission Action on the Proposed Rule Change was published in the Federal Register on January 24, 2018. Exchange Act Release No. 82534 (Jan. 18, 2018), 83 FR 3376 (Jan. 24, 2018).