SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-102057; File No. SR-OCC-2024-014)

December 30, 2024

Self-Regulatory Organizations; The Options Clearing Corporation; Order Granting Approval of Proposed Rule Change, as Modified by Partial Amendment No. 1, by The Options Clearing Corporation Concerning Its Process for Adjusting Certain Parameters in Its Proprietary System for Calculating Margin Requirements During Periods When the Products It Clears and the Markets It Serves Experience High Volatility

I. INTRODUCTION

On October 1, 2024, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") the proposed rule change SR-OCC-2024-014, pursuant to Section 19(b) of the Securities Exchange Act of 1934 ("Exchange Act")[1] and Rule 19b-4[2] thereunder, to codify OCC's process for adjusting certain parameters in its proprietary system for calculating margin requirements during periods when the products OCC clears and the markets it serves experience high volatility.[3] The proposed rule change, as modified by Partial Amendment No. 1 (hereinafter, the "Proposed Rule Change") was published for public comment in the *Federal Register* on October 9, 2024.[4] The Commission has received no comments regarding the Proposed Rule Change.

On November 21, 2024, pursuant to Section 19(b)(2) of the Exchange Act,[5] the Commission designated a longer period within which to approve, disapprove, or institute

---

1 15 U.S.C. 78s(b)(1).

2 17 CFR 240.19b-4.

3 *See* Notice of Filing *infra* note 4, at 89 FR 81958.

4 *See* Securities Exchange Act Release No. 101246 (Oct. 3, 2024), 89 FR 81958 (Oct. 9, 2024) (File No. SR-OCC-2024-014) ("Notice of Filing").

5 15 U.S.C. 78s(b)(2).

proceedings to determine whether to disapprove the Proposed Rule Change.[6] For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. BACKGROUND[7]

OCC is a central counterparty ("CCP"), which means that as part of its function as a clearing agency, it interposes itself as the buyer to every seller and the seller to every buyer for financial transactions. As the CCP for the listed options markets and for certain futures in the United States, OCC is exposed to the risk that one or more of its Clearing Members may fail to make a payment or to deliver securities. OCC addresses such risk exposure, in part, by requiring its Clearing Members to provide collateral, including margin collateral. Margin is the collateral that CCPs collect to cover potential changes in a member's positions over a set period of time. Typically, margin is designed to cover such exposures during normal market conditions, which means that margin collateral should be sufficient to cover exposures at least 99 out of 100 days.[8] OCC's methodology for calculating margin collateral—including daily and intra-day margin requirements for Clearing Members—is a collection of margin models collectively called the System for Theoretical Analysis and Numerical Simulations ("STANS"). The STANS Methodology Description is a document that comprehensively describes the material aspects of

---

6 *See* Securities Exchange Act Release No. 101684 (Nov. 21, 2024), 89 FR 93693 (Nov. 27, 2024) (File No. SR-OCC-2024-014).

7 Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-Laws, available at *https://www.theocc.com/about/publications/bylaws.jsp*.

8 *See* Securities Exchange Act Release No. 78961 (Sep. 28, 2016), 81 FR 70786, 70819 (Oct. 13, 2016) ("Standards for Covered Clearing Agencies") (stating that a covered clearing agency generally should consider, among other things, "whether initial margin meets an established single-tailed confidence level of at least 99 percent with respect to the estimated distribution of future exposure[.]").

OCC's risk-based margin system, including its approach for calculating daily and intra-day margin requirements for its Clearing Members.[9]

As a collection of models, STANS is subject to assumptions and limitations that are incorporated into STANS as margin model parameters. For example, OCC has a price return model that employs bounds, or "control sets" that are implemented under either regular or high volatility settings, for certain parameters that are calculated daily based on current market data.[10] OCC maintains authority under its rules to adjust member margin requirements to protect the respective interests of OCC, its Clearing Members, and the public. OCC has established an exception process for implementing, changing, and terminating certain of these margin model parameters in STANS to control margin requirements where such parameters cause STANS to produce inappropriate margin requirements during periods of heightened volatility (the "high-volatility parameter controls"). While the STANS Methodology Description currently includes a brief discussion of the high-volatility parameter controls that OCC uses,[11] it does not provide a detailed description of OCC's actual process and governance for implementing, changing, and terminating the high-volatility parameter controls. As such, OCC is filing the Proposed Rule Change to codify and describe more fully in the STANS Methodology Description its process and governance surrounding the high-volatility parameter controls.

---

9 *See* Securities Exchange Act Release No. 91079 (Feb. 8, 2021), 86 FR 9410 (Feb. 12, 2021) (File No. SR-OCC-2020-016) ("STANS Methodology Approval").

10 *See* Notice of Filing, notes 25-28 (describing the parameters to which bounds are applied).

11 In the initial rule filing to introduce the STANS Methodology Description, OCC included a brief description of the high-volatility parameter controls discussion. *See* Securities Exchange Act Release No. 90763 (Dec. 21, 2020), 85 FR 85788, 85793 (Dec. 29, 2020) (File No. SR-OCC-2020-016) ("The STANS Methodology Description would also describe the controls that may be placed on the GJR-GARCH parameters after their initial calibration. GARCH volatility forecasting models can be very reactive in certain market environments. As a result, OCC may implement parameter controls for risk factors and classes of risk factors, which are subject to periodic review and approval by the [Model Risk Working Group].").

More specifically, OCC proposes to amend its existing Margin Policy to include material details regarding its high-volatility parameter control setting process.[12] Although the Proposed Rule Change would amend OCC's Margin Policy, OCC states that the proposal does not significantly change OCC's existing high-volatility parameter control setting practices,[13] which OCC indicates have been in use since at least 2020.[14]

Proposed additions to the Margin Policy describing OCC's exception process for setting high-volatility parameter controls include the following: (1) setting and reviewing regular and high-volatility parameter control settings; (2) monitoring the volatility of products being cleared and markets served, and establishing thresholds to escalate the results of such monitoring to senior decisionmakers; and (3) internal governance for implementing and terminating high-volatility parameter control settings. The three sets of changes to OCC's Margin Policy are described in further detail below.

A. *Setting and Reviewing Regular and High-Volatility Parameter Control Settings*

STANS uses large-scale Monte Carlo simulations to calculate the margin requirements of OCC's Clearing Members. The methodology includes econometric models that incorporate a number of risk factors.[15] One of these econometric models, GARCH, is used to estimate the volatility of equity securities based on historical data. Over time, OCC has observed that the

---

12 OCC also intends to update its internal Margin Setting and Maintenance procedure (Exhibit 3F to the Proposed Rule Change) to provide greater detail about its high-volatility parameter control process.

13 *See* Notice of Filing, 89 FR at 81959.

14 *See id.* at 81961-62 (describing an instance when OCC applied the idiosyncratic control settings in 2021). Additionally, various exhibits to File No. SR-OCC-2024-014 indicate OCC's use of high-volatility parameter control settings since 2020. For example, confidential Exhibit B to that filing, which is an internal OCC memorandum addressing high-volatility parameter control settings, describes an instance on March 9, 2020 when OCC implemented the global control settings.

15 OCC defines a risk factor in STANS as a product or attribute whose historical data is used to estimate and simulate the risk for an associated product. The majority of risk factors utilized in STANS are the returns on individual equity securities.

margin requirements produced by its GARCH model are strongly reactive to market movements and are considered to be "procyclical"—meaning that changes in margin requirements produced by the GARCH model may be positively correlated with the overall state of the market. OCC states that such procyclicality could inflate the margin requirements of OCC's Clearing Members beyond the related risk posed by Clearing Members' positions if it is not addressed during high-volatility periods in the market, and would potentially threaten the operational stability of those Clearing Members.[16]

As part of its current practice, OCC applies high-volatility parameter control settings to constrain the GARCH parameters temporarily during periods of high market volatility. OCC's price return model uses upper and lower bounds for parameters calculated daily based on market data. OCC's high-volatility parameter control settings consist of parameters that are bounded differently than regular control settings. These high-volatility parameter control settings, when applied to GARCH parameters after their initial calibration, mitigate the reactivity of the model volatility forecast and, in turn, generally prevent significant overestimation of Clearing Members' margin requirements.[17] Depending on the circumstances, OCC may apply control

---

16 *See* Notice of Filing, 89 FR at 81960. For example, OCC states that its GARCH model produced forecasts for particular S&P 500 Index ("SPX") options that were four-fold larger than the comparable market index, leading to margin requirement increasing by 80% overnight, with some margin requirements increasing ten-fold. *Id*. OCC has attempted a number of approaches to mitigate the impact of procyclicality, including changes to its GARCH model. *See* Securities Exchange Act Release No. 84879 (Dec. 20, 2018), 83 FR 67392, 67393 (Dec. 28, 2018) (File No. SR-OCC-2018-014). OCC has also developed a new model to replace GARCH for simulating implied volatility for SPX-based options and volatility index futures. *See* Securities Exchange Act Release No. 95319 (July 19, 2022), 87 FR 44167 (July 25, 2022) (File No. SR-OCC-2022-001).

17 *See* Notice of Filing, 89 FR at 81959. OCC also provides detailed examples in which high-volatility parameter control settings were implemented. *Id*. at 81962, notes 41-42.

settings to individual risk factors (*i.e.*, "idiosyncratic control settings"), or to all or a class of risk factors (*i.e.*, "global control settings").[18]

As part of the Proposed Rule Change, OCC proposes to amend its Margin Policy to describe the current exception process for setting and reviewing both regular and high-volatility parameter control settings. Specifically, the proposed addition to the Margin Policy would state that GARCH parameters may be temporarily constrained through the application of idiosyncratic or global control settings. The added language would state that OCC's Financial Risk Management team ("FRM") maintains both regular and high-volatility parameter control sets, which it reviews on an at-least annual basis. FRM's review of the high-volatility parameter control sets assesses whether they effectively mitigate procyclicality while remaining appropriately risk-based. The new Margin Policy language would further state that OCC's Model Risk Working Group ("MRWG") must approve any changes to the regular or high-volatility sets. The Proposed Rule Change would also provide further detail on the review of both regular and high-volatility parameter control sets.[19] These proposed changes to the Margin Policy describe current OCC processes that will remain unchanged.

---

[18] When OCC implements global control settings for a class or sector of risk factors, it is OCC's practice to blend the high volatility and regular control settings based on a weighted percentage between them. *See* Notice of Filing, 89 FR at 81961. Such a "blended" or "weighted" approach allows OCC's risk managers, when appropriate, to select bounds that provide more conservative margin coverage when applying high volatility control settings globally across multiple risk factors. *See id.*

[19] The proposed language states that in the case of the regular control set, the review assesses whether the GARCH parameter bounds are appropriately risk-based, including but not limited to assessing whether they align with the 95th percentile of the parameter calibrations over the prior review period; and, in the case of the high-volatility parameter control sets, the review assesses whether they effectively mitigate procyclicality while remaining appropriately risk-based, including but not limited to whether the bounds keep the day-over-day change in 2-day expected shortfall coverage within a factor of approximately 1.5, assuming price shocks based on observed returns for top risk factors.

B. *Monitoring Volatility of Products and Markets Served*

As part of the Proposed Rule Change, OCC proposes to amend the Margin Calls and Adjustments section of the Margin Policy to include details about how OCC currently sets volatility controls. Specifically, the new Control Setting details would include information about OCC's current use of certain monitoring thresholds related to high market volatility, low market liquidity, and significant increases in position size or concentration ("CCA Monitoring Thresholds").[20] The new details would state that the Quantitative Risk Management ("QRM") team,[21] in collaboration with Stress Testing and Liquidity Risk Management, will perform a review of the CCA Monitoring Thresholds to ensure that they remain adequate to identify periods of high market volatility, low market liquidity, and significant increases in position size or concentration. Moreover, the new language would state that any changes to the CCA Monitoring Thresholds must be approved by the MRWG and the Stress Testing Working Group.

OCC also proposes to amend the Margin Calls and Adjustments section to state that QRM shall perform a monthly sensitivity analysis of the margin model, but may review more frequently when CCA Monitoring Thresholds are breached.

These proposed changes to the Margin Policy describe current OCC processes that will remain unchanged.

---

[20] The establishment of these CCA Monitoring Thresholds is described in OCC's internal Clearing Fund Methodology Policy and its internal Stress Test Reporting Procedure.

[21] FRM is the parent department of QRM, which is responsible for, among other things, monitoring the use and performance of risk models according to relevant procedures, maintaining risk tolerances and associated key risk indicators to measure and monitor risk models. *See* Securities Exchange Act Release No. 97484 (May 11, 2023), 88 FR 31549, 31550 (May 17, 2023) (File No. SR-OCC-2023-004).

C. *Internal Governance for Implementing and Terminating High-Volatility Parameter Controls*

As part of the Proposed Rule Change, OCC proposes to amend its Margin Policy to include details about its current internal governance process for implementing and terminating high-volatility parameter control settings. The new Margin Policy details would include descriptions of both idiosyncratic and global control settings, and the circumstances under which these settings may be used.

For example, for global control settings, FRM monitors market volatility on a daily basis, and escalates to the MRWG if a market volatility threshold is exceeded. As part of the escalation to the MRWG, FRM recommends whether global control settings should be applied to all risk factors or to a class of risk factors. MRWG approval is required for OCC to implement global control settings, and for OCC to revert back to regular control settings.[22]

Meanwhile, for idiosyncratic control settings, FRM monitors securities against thresholds for idiosyncratic price moves.[23] These thresholds may be a tiered structure that takes into account the type and magnitude of OCC's risk exposure to the security, the value of the security, the magnitude of the price move, and the coverage rates. When an idiosyncratic threshold is breached, FRM Officer approval is required for any implementation of idiosyncratic control settings for an individual risk factor. An FRM Officer may also approve idiosyncratic control settings based on additional considerations, including market moves, expected shortfall risk

---

22 When OCC implements global control settings, MRWG evaluates and selects a control setting with different weightings between the regular control set and high-volatility parameter control set based on an assessment of which blended approach generates a coverage level that converges with the implied volatility of the SPX. Factors that the MRWG considers when determining whether to revert to regular control settings include, but are not limited to, whether SPX coverage rates produced under regular control settings have converged with the initial coverage rates when the global control settings were first implemented. *See* Notice of Filing, 89 FR at 81961.

23 These "idiosyncratic thresholds" are defined in OCC's internal Margin Setting and Maintenance Procedure. OCC included a copy of this procedure as Exhibit 3F for the Proposed Rule Change.

contribution, and changes in Clearing Member positions. Generally, the FRM Officer will approve the reversion back to regular control settings once market volatility lessens, but in exceptional circumstances, the FRM Officer has the discretion to apply the idiosyncratic control settings for a longer or shorter period of time.

The new language in the Margin Policy would also state that changes to the idiosyncratic thresholds require MRWG approval.

These proposed changes to the Margin Policy describe current OCC processes that will remain unchanged.

III. DISCUSSION AND COMMISSION FINDINGS

Section 19(b)(2)(C) of the Exchange Act directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that such proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to such organization.[24] Under the Commission's Rules of Practice, the "burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued thereunder . . . is on the self-regulatory organization ['SRO'] that proposed the rule change."[25]

The description of a proposed rule change, its purpose and operation, its effect, and a legal analysis of its consistency with applicable requirements must all be sufficiently detailed and specific to support an affirmative Commission finding,[26] and any failure of an SRO to provide this information may result in the Commission not having a sufficient basis to make an affirmative finding that a proposed rule change is consistent with the Exchange Act and the

---

24 15 U.S.C. 78s(b)(2)(C).

25 Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

26 *Id.*

applicable rules and regulations.[27] Moreover, "unquestioning reliance" on an SRO's representations in a proposed rule change is not sufficient to justify Commission approval of a proposed rule change.[28]

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to OCC. More specifically, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Exchange Act[29] and Rules 17Ad-22(e)(2)[30] and 17Ad-22(e)(6)[31] thereunder, as described in detail below.

A. *Consistency with Section 17A(b)(3)(F) of the Exchange Act*

Section 17A(b)(3)(F) of the Exchange Act requires, among other things, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.[32] Based on the review of the record, and for the reasons described below, OCC's proposed update to its Margin Policy in the manner described above is consistent with the safeguarding of securities and funds which are in OCC's custody or control or for which it is responsible.

OCC's high-volatility parameter control settings provide an exception handling process for OCC to correct for procyclicality effects on the GARCH model calculation that may unreasonably inflate Clearing Members' margin requirements during periods of high market

---

27 *Id.*

28 *Susquehanna Int'l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

29 15 U.S.C. 78q-1(b)(3)(F).

30 17 CFR 240.17Ad-22(e)(2).

31 17 CFR 240.17Ad-22(e)(6).

32 15 U.S.C. 78q-1(b)(3)(F).

volatility.[33] The idiosyncratic control settings allow OCC to adjust Clearing Member margin requirements to be commensurate with the risk of the products, portfolios, or markets when an individual risk factor becomes volatile (*e.g.*, reflecting genuine changes in the risk of the Clearing Member's products or portfolio, or the markets), rather than allowing the Clearing Member's margin requirement to diverge from observed market dynamics based on the reactivity of OCC's GARCH model. The global control settings offer the same benefit for periods during which all or a class of risk factors becomes volatile. Therefore, by setting and reviewing high-volatility parameter control settings, OCC is able to reduce the likelihood that Clearing Members would become operationally unstable or, potentially, default as the result of unreasonably high margin calls. This in turn further assures the safeguarding of Clearing Members' collateral by reducing the likelihood that OCC would be forced to charge losses from a defaulting Clearing Member to the Clearing Fund.

OCC's use of CCA Monitoring Thresholds to monitor for market volatility is also consistent with the safeguarding of securities and funds which are in OCC's custody or control or for which it is responsible. The CCA Monitoring Thresholds are set and used for FRM to detect both high market volatility generally and high volatility of individual risk factors. When FRM observes that any of these thresholds are exceeded, FRM determines whether or not to recommend that OCC's high-volatility parameter control settings be implemented—either to MRWG that global controls should be implemented for market-wide volatility, or to the FRM Officer that idiosyncratic controls should be implemented for idiosyncratic volatility. OCC's monitoring and proper setting of these thresholds helps to lower the chances of a Clearing

[33] Examples of unreasonably inflated margin requirements were included in backtesting data and analysis provided as part of OCC's confidential Exhibit 3C to File No. SR-OCC-2024-014. *See* Notice of Filing, 89 FR at 81962, note 43.

Member default resulting from margin calls that are significantly higher than necessary to account for the risk presented by the Clearing Member's products, portfolio, or the market, and thus assures the safeguarding of Clearing Members' collateral from any loss charges to OCC's Clearing Fund.

The high-volatility parameter control setting practices described in the Proposed Rule Change are designed to ensure that Clearing Member margin requirements remain commensurate with market risk in circumstances when the margin model reacts unreasonably to high market volatility. Indeed, the confidential backtesting data that OCC provided to the Commission[34] shows that no account level exceedance has been attributed to OCC's implementation of high-volatility parameter control settings. Thus, the application of the high-volatility parameter control settings does not appear to have reduced OCC's ability to cover the risk posed by Clearing Members' positions. Additionally, the confidential information regarding model backtesting provided by OCC and reviewed by the Commission demonstrates that, overall, the use of high-volatility parameter control settings has not prevented OCC from maintaining a 2-day expected shortfall coverage level of 99%.[35] This demonstrates that, even with the use of the high-volatility parameter control settings, OCC's margin collateral remains sufficient to cover exposures at least 99 out of 100 days, as discussed above.[36]

For the foregoing reasons, the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Exchange Act.[37]

---

34 As stated in the Margin Policy, OCC monitors margin sufficiency by using its "business backtesting" process for monitoring account exceedances. OCC has provided responses to Commission requests for backtesting data and analysis as part of its confidential Exhibit 3C to File No. SR-OCC-2024-014. *See* Notice of Filing, 89 FR at 81962, note 43.

35 Notice of Filing, 89 FR at 81962.

36 *See supra* note 8.

37 15 U.S.C. 78q-1(b)(3)(F).

B. *Consistency with Rule 17Ad-22(e)(2) under the Exchange Act*

Rule 17Ad-22(e)(2) under the Exchange Act requires that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to, as applicable, provide for governance arrangements that, among other things, specify clear and direct lines of responsibility.[38] Based on the review of the record, and for the reasons described below, OCC's proposed update to its Margin Policy in the manner described above is consistent with Rule 17Ad-22(e)(2)(v).

OCC's amendments to its Margin Policy describe the the arrangements governing the implemention, modification, and termination of high-volatility parameter controls. Defining the MRWG, QRM, FRM, and FRM Officer's roles and responsibilities in these processes specifies clear and direct lines of responsibility. Specifically, the added language to the Margin Policy describes the role of FRM in monitoring for both market and idiosyncratic volatility. It also describes the FRM's direct line of responsibility to either the MRWG for global control settings or the FRM Officer for idiosyncratic control settings, as well as the roles of MRWG and the FRM Officer in approving the eventual reversion back to regular control settings.

For the foregoing reasons, the Proposed Rule Change is consistent with Rule 17Ad-22(e)(2) under the Exchange Act.[39]

C. *Consistency with Rule 17Ad-22(e)(6) under the Exchange Act*

Rule 17Ad-22(e)(6) under the Exchange Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to cover, if the covered clearing agency provides central counterparty services, its credit

---

38 17 CFR 240.17Ad-22(e)(2)(v).

39 17 CFR 240.17Ad-22(e)(2).

exposures to its participants by establishing a risk-based margin system that, among other things, (1) considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market[40] and (2) calculates sufficient margin to cover its potential future exposure to participants in the interval between the last margin collection and the close out of positions following a participant default.[41] Based on the review of the record, and for the reasons described below, OCC's proposed update to its Margin Policy in the manner described above is consistent with Rule 17Ad-22(e)(6).

As described above, the high-volatility parameter control settings provide a necessary exception process allowing OCC to mitigate a limitation of its GARCH models that have demonstrated extreme sensitivity to sudden spikes in volatility. Such reactivity can produce instability, and in certain instances, over- or underestimation of margin requirements.[42] The confidential backtesting data that OCC provided to the Commission has shown that during instances of market volatility where OCC has employed either the idiosyncratic control settings or the global control settings, the control settings have limited Clearing Member margin requirements to be commensurate with market risk by countering procyclicality effects, while still ensuring that OCC is collecting appropriate margin to cover its exposure to relevant products, portfolios, and markets.[43] Ensuring that OCC maintains processes to counter procyclicality, in turn, allows for reduced margin requirements that, as described above, do not

---

40 17 CFR 240.17Ad-22(e)(6)(i).

41 17 CFR 240.17Ad-22(e)(6)(iii).

42 For example, OCC's 2018 model would have increased aggregate margin requirements by 80 percent overnight in response to increased volatility observed on February 5, 2018. OCC stated that it believed that these margin requirements were unreasonable and procyclical. *See* Notice of Filing, 89 FR at 81960; Securities Exchange Act Release No. 84879, at 83 FR 67392, 67393.

43 OCC has provided responses to Commission requests for backtesting data and analysis as part of its confidential Exhibit 3C to File No. SR-OCC-2024-014. *See* Notice of Filing, 89 FR at 81962, note 43.

degrade backtesting coverage. Therefore, OCC is still able to calculate sufficient margin, while limiting the need for "destabilizing, procyclical changes."[44] Further, including such high-volatility parameter control settings reduces the likelihood that Clearing Members would be required to provide additional financial resources unnecessarily, which, in turn, could reduce the strain on such Clearing Members during stressed market conditions.

Accordingly, the Proposed Rule Change is consistent with Rule 17Ad-22(e)(6) under the Exchange Act.[45]

IV. CONCLUSION

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act, and in particular, the requirements of Section 17A of the Exchange Act[46] and the rules and regulations thereunder.

---

44 *See* Standards for Covered Clearing Agencies, 81 FR at 70819.

45 17 CFR 240.17Ad-22(e)(6).

46 In approving the Proposed Rule Change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act,[47] that the proposed rule change, as modified by Partial Amendment No. 1 (SR-OCC-2024-014), be, and hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[48]

Stephanie J. Fouse,

Assistant Secretary.

47 15 U.S.C. 78s(b)(2).

48 17 CFR 200.30-3(a)(12).