

**SECURITIES AND EXCHANGE COMMISSION**

**[Release No. 34-104099; File No. SR-OCC-2025-015]**

**Self-Regulatory Organizations; the Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Options Clearing Corporation Concerning amendments to its Risk Management Framework (“RMF”), Third-Party Risk Management Framework (“TPRMF”), and Default Management Policy (“DMP”), (collectively, the “OCC Policies”).**

September 26, 2025.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on September 19, 2025, the Options Clearing Corporation (“OCC” or “Corporation”) filed with the Securities and Exchange Commission (“Commission” or “SEC”) the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and paragraph (f) or Rule 19b-4<sup>4</sup> thereunder, such that the proposed rule change was immediately effective upon filing with the Commission. 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**

The proposed changes were identified during OCC’s annual review process and are designed to update the OCC Policies to better align the descriptions therein with OCC’s current

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f).

practices and make other non-substantive, clarifying, conforming, and administrative changes.

The proposed changes to the OCC Policies are contained in Exhibit 5A, Exhibit 5B and confidential Exhibit 5C to File No. SR-OCC-2025-015. Material proposed to be added is marked by underlining and material proposed to be deleted is marked with strikethrough text in the exhibits to File No. SR-OCC-2025-015. All terms with initial capitalization that are not otherwise defined herein have the same meaning as set forth in the OCC By-Laws and Rules.<sup>5</sup>

## **II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, Uthe 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***

OCC is the sole clearing agency registered with the Commission for standardized equity options listed on national securities exchanges. OCC also clears and settles certain stock loan transactions and transactions in futures and options on futures. In connection with its clearance and settlement of transactions in securities, OCC is a “covered clearing agency”<sup>6</sup> regulated by the Commission. OCC also guarantees the performance of its Clearing Members for all transactions cleared by OCC by becoming the buyer to every seller and the seller to every buyer

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<sup>5</sup> 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>.

<sup>6</sup> The term “covered clearing agency” is defined in Exchange Act Rule 17ad-22(a) to mean “a registered clearing agency that provides the services of a central counterparty or central securities depository.” 17 CFR 240.17ad-22(a).

(or the lender to every borrower and the borrower to every lender, in the case of stock loan transactions). In its role as a covered clearing agency, OCC is exposed to various risks that may potentially impact its clearing and settlement services. To address these risks, OCC maintains policies, procedures or systems that are designed to manage risks, and which are subject to periodic review and annual approval by the Board, including the RMF, TPRMF, and DMP.

The RMF describes, in part, how OCC manages risk while providing efficient and effective clearing and settlement services. The RMF addresses OCC's ability to employ recovery tools and facilitate an orderly wind-down. Additionally, the RMF describes OCC's three lines of defense model, which assigns ownership and accountability and enhances communication for expectations around risk management at OCC. The TPRMF describes OCC's approach to the management of risks associated with third parties. Specifically, the TPRMF outlines a framework for OCC to identify, measure, monitor, and manage risks arising from third-party relationships including relationships with Clearing Members, clearing banks, custodians, liquidity providers, investment counterparties, financial market utilities, exchanges, and vendors. Lastly, the DMP summarizes the steps OCC may take in the event of a Clearing Member suspension, settlement bank failure, or the failure of a financial market utility with which OCC has a relationship to perform.

Consistent with regulatory obligations,<sup>7</sup> OCC and its Board review the OCC Policies at least annually. Through the annual review process, OCC has identified proposed changes to the OCC Policies that, at a high level, are intended to better align the descriptions in the OCC Policies with OCC's current practices and make other non-substantive, clarifying, conforming

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<sup>7</sup> See 17 CFR 240.17ad-22(e)(3)(i) (requiring, among other things, that a covered clearing agency subject its risk management policies, procedures and systems to review on a specified periodic basis and approval by the board of directors annually).

and administrative changes. These proposed changes identified during OCC’s annual review process are not expected to have any impact on OCC’s Clearing Members or other market participants.

1. Purpose

The purpose of this proposed rule change is to modify the OCC Policies to better reflect current practices at OCC and make other non-substantive, clarifying and administrative changes to the text of these policies.

**1. Proposed Changes to OCC’s RMF**

OCC proposes to update the *OCC Risk Universe* section, which outlines the risk categories that may potentially impact OCC’s clearing and settlement services. OCC’s existing RMF states that OCC plans for the possibility that events will occur and affect the delivery of its critical services. To align with SEC Rule 17ad-25(i),<sup>8</sup> which concerns the governance of service providers for core services, OCC proposes to replace the term “critical” services with “core” services. Therefore, OCC’s proposed changes would provide that OCC plans for the possibility that events will occur and affect the delivery of its core services. OCC believes this proposed change will improve clarity and consistency with SEC Rule 17ad-25(i).<sup>9</sup>

The Legal and Regulatory Risk category under the *OCC Risk Universe* section describes the risk of loss that results from a lack of awareness, misunderstanding or unexpected application of the laws and regulations that apply to OCC’s business, products, services, and relationships or from a failure to comply with contractual obligations. OCC’s proposed changes would update this description to provide that Legal and Regulatory Risk is the risk of loss that results from acts

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<sup>8</sup> 17 CFR 240.17ad-25(i).

<sup>9</sup> Id.

or omissions by OCC that cause a failure to comply with the laws, regulations, or other legal obligations applicable to OCC's business, products, services, and relationships. OCC believes this proposed change better reflects how OCC categorizes Legal and Regulatory Risk. The purpose of this proposed change is to articulate a more accurate and robust definition of OCC's Legal and Regulatory Risk. Furthermore, the proposed change is intended to express, in a more straightforward manner for ease of use and readability, what OCC believes its Legal and Regulatory Risk are to be.

OCC proposes to revise the *Governance* section, which outlines OCC's governance model related to the management of risks for OCC's Board and Board Committees, Management Committee, working groups, and employees. Under the *Management Committee and Working Groups* subsection, OCC's proposed changes would add a provision that provides that the Chief Compliance Officer and Chief Audit Executive are members of the Management Committee and report to the Audit Committee of the Board ("Audit Committee"). This proposed change is designed to conform the RMF to OCC's existing governance structure.<sup>10</sup>

OCC proposes to update the *OCC Risk Management* section, which outlines its three lines of defense model. OCC's three lines of defense model is currently comprised of: (i) the first line of defense, including but not limited to, OCC's Financial Risk Management ("FRM"), Business Operations, Information Technology, and corporate functions such as Human Resources, Corporate Finance and Enterprise Project Management; (ii) the second line of defense, including but not limited to, OCC's Compliance, Corporate Risk Management, Security

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<sup>10</sup> See OCC's Board Audit Committee Charter (stating that the "Chief Audit Executive shall report functionally to the [Audit] Committee and administratively to a member of the Management Committee designated by the [Audit] Committee" and that the "Chief Compliance Officer shall report functionally to the [Audit] Committee and administratively to a member of the Management Committee designated by the [Audit] Committee), available at [https://www.theocc.com/getmedia/0a3ccbce-4481-42c5-86b1-8f44b50c0727/audit\\_committee\\_charter.pdf](https://www.theocc.com/getmedia/0a3ccbce-4481-42c5-86b1-8f44b50c0727/audit_committee_charter.pdf).

and Business Continuity functions; and (iii) the third line of defense, which consists of OCC's Internal Audit function. OCC's existing RMF provides that the first line of defense maintains policies, procedures, processes, and controls established for day-to-day risk management. To align more closely with OCC's existing practices, OCC proposes to include the term "systems" in the referenced list to clarify that the first line of defense also maintains certain systems for day-to-day risk management. In addition, OCC's proposed changes would update the title of a referenced policy to reflect accurate and up-to-date information. Specifically, OCC's proposed changes would remove the term "Employee" in the reference to "OCC Employee Code of Conduct" to reflect the current title of the policy, which is the "OCC Code of Conduct."

Under the *First Line of Defense* subsection, OCC proposes to relocate the *Margin* category to earlier in the description of clearing and settlement services outlined in the RMF. Specifically, OCC's proposed changes would relocate the Margin category from section (d) to section (c). The purpose of this proposed change is to align more closely with OCC's existing order of operations used to execute risk management related to the clearing and settlement services described in the RMF. OCC's proposed changes would also relocate the *Default Management* category from the *First Line of Defense* subsection into the *Second Line of Defense* subsection. The purpose of this proposed change is to reflect that ownership of *Default Management* will move from OCC's Financial Risk Management ("FRM") business unit to OCC's Corporate Risk Management ("CRM") function. OCC believes that *Default Management* is not exclusively a FRM activity, rather, it touches many areas across OCC. Therefore, OCC believes it is more appropriate for ownership of *Default Management* to reside with OCC's CRM function, which will coordinate default management activities across OCC in the event OCC ever has to implement the procedures outlined in the DMP. Because OCC's CRM function exists

in OCC's second line of defense, OCC's proposed changes relocate the *Default Management* category from the *First Line of Defense* subsection to the *Second Line of Defense* subsection.

Under the *General Business* category within the *First Line of Defense* subsection, OCC's proposed changes would update the reference of "critical" services to "core" services to align with SEC Rule 17ad-25(i).<sup>11</sup> More specifically, OCC's proposed changes would provide, in part, that Information Technology reviews OCC's ability to maintain its "core" services under a range of scenarios, including adverse market conditions.

OCC's proposed changes would update the *Legal* category within the *First Line of Defense* subsection to more accurately reflect how OCC manages its legal risk. OCC's existing RMF provides, in part, that to manage legal risk across OCC, employees are required to consult with Legal on legal and regulatory matters. OCC's proposed revisions would update this provision to remove the reference "legal and regulatory matters" and revise the provision to state that in order to manage legal risk across OCC, "Legal provides counsel to OCC on laws, regulations, [and] other legal obligations applicable to OCC." OCC's proposed changes would also make conforming changes to this sentence by removing the phrase "including but not limited to." The existing RMF outlines specific matters in which employees are required to consult Legal. OCC's proposed changes would revise this information to more accurately reflect OCC's current business practices. OCC's current RMF provides that employees are required to consult with Legal on interpretation of laws and regulations applicable to OCC. OCC's proposed changes would revise this sentence to add the provision "matters that may involve application of or" interpretation of laws and regulations. OCC's proposed changes would remove the reference "applicable to OCC." For the next matter described in which employees are required to consult

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<sup>11</sup> See *supra*, note 8.

Legal, OCC's proposed changes would add the clarifying language "actual or potential" before the phrase "legal claims against OCC." OCC's proposed changes would also include two new provisions, the "identification and protection of OCC intellectual property" and the "recommended contractual protections for OCC business activities" as matters in which employees must consult Legal. Furthermore, OCC's proposed changes would add clarifying language to update the phrase "contractual obligations of third parties to OCC" to "interpretation of contractual obligations between third parties and OCC."

OCC proposes general revisions throughout the RMF, including formatting and grammatical changes, such as capitalizing defined terms, deleting unnecessary or redundant language and updating section numbering.

## **2. Proposed Changes to OCC's TPRMF**

OCC's proposed changes to the TPRMF would update the definition of Third-Party as it relates to OCC's relationship with liquidity providers. Under the *Definitions* section, Third-Party is defined as a Clearing Member, clearing bank, custodian, liquidity provider, investment counterparty, financial market utility, Exchange, or vendor, which also has: (1) a relationship with OCC where products and/or services are exchanged; (ii) other ongoing business relationships with OCC; or (iii) responsibility for OCC associated records. OCC's proposed changes would update the reference from "liquidity provider" to "liquidity provider under OCC's committed facilities." OCC believes the addition of the language "under OCC's committed facilities" would help limit ambiguity as to what OCC constitutes a "liquidity provider" for this purpose. To promote consistency throughout the TPRMF, OCC's proposed changes would add "under OCC's committed facilities" where "liquidity provider" is mentioned in the *Executive Summary* section and in subsection B of the *Third-Party Relationship Management* section.



Specifically, the *Executive Summary* section outlines OCC’s approach to identify, measure, monitor, and manage risk arising from Third-Party relationships, including relationships with Clearing Members, clearing banks, custodians, liquidity providers, investment counterparties, financial market utilities, exchange relationships and vendors. OCC’s proposed changes update the reference from “liquidity providers” to “liquidity providers under OCC’s committed facilities” to align with the proposed changes described above. In addition, OCC’s proposed changes would revise subsection B of the *Third-Party Relationship Management* section to include the terminology “under OCC’s committed facilities” when referencing liquidity providers. OCC’s TPRMF currently provides that OCC maintains relationships with Financial Institutions that facilitate clearance and settlement activities, manage collateral, provide liquidity, and serve as investment counterparties. OCC’s proposed changes would add the phrase “under OCC’s committed facilities” to align with the proposed changes described above.

OCC’s proposed changes to the TPRMF would also remove an outdated reference to Article V of OCC’s By-Laws, which is currently “reserved,” and replace it with reference to existing provisions throughout the OCC Rules. OCC recently reorganized such provisions in a prior rule filing.<sup>12</sup> Specifically, OCC’s proposed changes would replace the reference “Article V, Section 2 of OCC’s By-Laws” with “OCC Rule 203(a),” as outlined in subsection A of the *Third-Party Relationship Management* section.

### **3. Proposed Changes to OCC’s DMP**

OCC’s proposed changes to the DMP update the *Purpose* section to streamline language and remove reference to unnecessary detail. The *Purpose* section of the DMP provides, in part,

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<sup>12</sup> See Order Granting Approval of Proposed Rule Change by the Options Clearing Corporation Concerning the Amendment of its Clearing Membership Standards, Exchange Act Release No. 97439 (May 5, 2023), 88 FR 30373 (May 11, 2023) (SR-OCC-2023-002) (“Clearing Membership Standards”).

that the DMP outlines the steps that OCC may take in the event of Clearing Member suspension, settlement bank failure, or the failure of a financial market utility (“FMU”) to perform. The DMP provides examples of FMUs, including DTC, NSCC or CME. OCC’s proposed changes eliminate the specific reference to DTC, NSCC, and CME. OCC believes these specific details regarding FMUs are better suited to OCC’s policies and procedures specific to FMUs.<sup>13</sup>

OCC’s proposed changes also update footnote one in the *Purpose* section related to Clearing Member default and Clearing Member suspension. OCC’s proposed changes streamline the descriptions in footnote one to more closely align with OCC’s Rules and By-Laws. The current language in footnote one states that in accordance with the By-Laws and Rules, OCC may liquidate the Clearing Member’s margin and Clearing Fund contribution and may take any other applicable actions as set for in the By-Laws and Rules. However, liquidating the Clearing Member’s margin and Clearing Fund contribution is not the only action that OCC can take in the event of a Clearing Member default or Clearing Member suspension. OCC’s proposed changes would instead clarify that in either situation, OCC may take any applicable actions as set forth in the By-Laws and Rules that it deems necessary for the protection of the Corporation, other Clearing Members, or the general public. OCC believes this description more closely aligns with OCC’s Rules and By-Laws. Conforming changes are also proposed in footnote one to streamline language and eliminate unnecessary terms.

In the *Applicability and Scope* section, OCC proposes to remove duplicative information related to the list of high-level activities that may occur in the event of a Clearing Member default, settlement bank failure, or failure of an FMU to perform. Each high-level activity

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<sup>13</sup> For example, OCC’s Linked FMU Disruption Procedure addresses risk to OCC arising from a disruption to the functioning of a linked FMU, including specific details related to the disruption of DTC, NSCC and CME.

referenced is its own subsection header throughout the document. OCC believes it is unnecessary and duplicative to maintain such information in multiple places, so OCC proposes to eliminate the list.

OCC proposes amendments to the *Continued Performance of Settlement Obligations* section. OCC proposes to specify that the abbreviation for “FRM” is “Financial Risk Management.” The current language in this section provides, in part, that FRM prepares for the Management Committee and/or its delegates an exposure summary report that contains certain information regarding a suspended Clearing Member. OCC proposes to delete the outdated reference that the exposure summary report is prepared “for Management Committee and/or its delegates” because such report is currently prepared for and distributed to OCC’s Default Management group and the Office of the Chief Executive Officer, in accordance with OCC’s existing Default Management Procedure. The current language in this section also provides, in part, that FRM must recommend to the Management Committee and/or its delegates whether it believes OCC needs to draw on OCC’s available liquidity resources to satisfy the settlement obligations of the suspended Clearing Member. For the same reason described above, OCC also proposes to delete the outdated reference “for Management Committee and/or its delegates.”

In the *Extension of Settlements* section, OCC’s proposed changes clarify OCC’s settlement obligation to non-defaulting Clearing Members. The current language in this section provides that OCC’s settlement obligation is to fund credits (i.e., payment obligations owed by OCC to its Clearing Members) by 1:00 PM CT. OCC proposes to specify that the payment obligation is owed by OCC to its “non-defaulting” Clearing Members. OCC also proposes to update language within this section to align more closely with existing Rule 505<sup>14</sup> as it relates to

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<sup>14</sup> See supra, note 5 at Rule 505.

reporting the determination to extend settlement. Specifically, the existing language in the DMP provides, in part, that such determination [to extend settlement] and the reasons thereof will be promptly reported to the SEC and the CFTC by the General Counsel or delegate in Legal. In addition to the SEC and CFTC, OCC proposes to include that the determination will be reported to “any other regulatory or supervisory agencies having jurisdiction over OCC.” The purpose of this proposed change is to accurately reflect and conform to existing Rule 505.<sup>15</sup>

OCC proposes a clarifying change in the *Sources and Uses of Financial Resources* (“*Waterfall*”) section, which outlines the resources that OCC can utilize to meet financial resource obligations as a result of Clearing Member suspension. Under item six, “Clearing Fund assessments,” OCC proposes to specify the reference to a “non-defaulting” Clearing Member. Currently under “Clearing Fund assessments,” the language states that each Clearing Member may be assessed additional amounts, subject to a cap. For clarity and consistency throughout the document, OCC’s proposed changes provide that the Clearing Member that may be assessed additional amounts is a “non-defaulting” Clearing Member. OCC also proposes to update the *Sources and Uses of Financial Resources* (“*Waterfall*”) section to specify that the abbreviation for “EDCP” is “Executive Deferred Compensation Plan.”

OCC proposes additional revisions in the *Close-Out of Positions* section. The current footnote eight in the DMP provides that in the event the CFRO is unavailable, the Close-out Action plan can be presented to the CRO for approval. To align with the provision in footnote eight, OCC proposes to clarify that the CRO, in addition to the CFRO, may also determine the manner in which positions and collateral will be closed out. In addition, OCC proposes to update the name of the referenced OCC department from the “Market Risk and Default Management

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<sup>15</sup> Id.

Department (“MRDM”)” to the “Market Risk Department” to reflect the current title of the department. Therefore, OCC’s proposed revisions would provide that the CFRO “or CRO” may determine, based upon the recommendations of the “Market Risk Department (“Market Risk”)” but subject to the rules concerning reporting requirements, to take any one or any combination of actions in closing out the option position of a suspended Clearing Member. OCC’s proposed changes update the reference from “MRDM” to “Market Risk” throughout the remainder of the DMP. Further, under the “Market Transactions” bullet point, OCC proposes minor clarifying changes to update the referenced term from “Liquidation Agent” to “liquidation agent(s)” because this is not a defined term by OCC and therefore does not need to be capitalized. Under the “Private Portfolio Auction” bullet point, OCC proposes to eliminate the provision that states “Certain non-defaulting members may be required to participate in auctions for OTC or other products as required under Rule 1106(e)(2),” because OCC does not intend to offer OTC options going forward.<sup>16</sup> In the last paragraph under the *Close-Out Positions* section, OCC proposes conforming changes to align with the concept in footnote eight related to the ability for the CRO to approve the Close-Out Action Plan (“CAP”). The current language in the last paragraph of the *Close-Out Positions* section provides that upon approval of the CAP by the CFRO, FRM and other designated business officers/departments must be responsible for its execution. OCC proposes to delete the phrase “by the CFRO” because the CRO, in the event the CFRO is unavailable, also can approve the CAP, as stated in footnote eight of the DMP.

OCC proposes additional minor and clarifying revisions to the *Demand and Transfer of Collateral* section. The current text in this section states that all pledged valued margin collateral

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<sup>16</sup> See Securities Exchange Act Release No. 101621 (Nov. 14, 2024), 89 FR 91825 (Nov. 20, 2024) (File No. SR-OCC-2024-013) (approving changes including OCC’s proposal to “delete rule provisions related to [OTC] option products.”)

shall be moved by the Collateral Services Department into an OCC account and may be transferred to an auction recipient, delivered to a liquidating agent or delivered to a liquidating settlement account. OCC proposes to clarify the valued margin collateral is valued “securities” margin collateral. OCC also proposes to clarify that the valued securities margin collateral moved by the Collateral Services Department into an OCC account is into an OCC account “at DTC.” This proposed change is intended to articulate OCC’s existing practice; it does not introduce a new concept. Lastly, OCC’s proposed changes would replace “liquidating agent” with “liquidation agent” to promote consistency across the referenced terms in the document.

Under the *Clearing Fund Replenishment* section, OCC’s proposed changes provide additional details on the authority to approve a proportionate charge against the Clearing Fund. Specifically, the existing language provides, in part, that during or upon the completion of the close-out of open obligations, the Chairman, CEO or COO must determine whether a proportionate charge needs to be made against the Clearing Fund in connection with the liquidation. OCC proposes to eliminate the phrase “shall determine whether” and replace that with “has the authority to approve.” OCC’s proposed changes also include specific details that the Chairman, CEO, or COO has the authority to approve a proportionate charge against the Clearing Fund “upon recommendation from the CFRO or CRO.” The requirement of receiving a recommendation from the CFRO or CRO is not a new concept, rather, it is included as a proposed change to memorialize the information in writing to promote clarity for use of the DMP. To streamline the language provided, OCC also proposes to eliminate the phrase “in connection with the liquidation” at the end of the referenced sentence. Finally, OCC proposes to add clarifying language by including the terms “financial resource” before the term “shortfall” in

the last paragraph of this section. OCC believes this additional detail will help to clarify the type of shortfall and eliminate ambiguity.

Within the *Recovery Tools* section, OCC proposes to more clearly describe voluntary and mandatory tear-ups. OCC proposes to revise the description from “voluntary and mandatory tear-ups” to “voluntary and mandatory tear-ups of open positions.” OCC believes this additional detail clarifies exactly what is being torn up in the event OCC deploys this recovery tool.

OCC also proposes amendments to the *Testing and Review* section. The current language in this section provides that the Default & Recovery Working Group (“Working Group”) assists the Management Committee by overseeing OCC’s default management program. OCC proposes to include additional detail to this provision by adding that the Default & Recovery Working Group oversees the default management “and recovery” program. The Default & Recovery Working Group was recently renamed to reflect the combination of two separate working groups: the Recovery and Wind-Down Working Group and the Default Management Working Group. To memorialize the responsibilities from both working groups in the combined Working Group, OCC proposes to include the additional information that the Working Group oversees the default management “and recovery” program. Furthermore, OCC’s proposed changes to the *Testing and Review* section update existing language to eliminate redundancy. The current language provides, in part, that on at least an annual basis, the Working Group must establish and present to the Management Committee for information and consent an annual default testing plan. OCC believes the term “information” is redundant in nature, and therefore OCC proposes to eliminate the reference. Lastly, OCC proposes to revise a reference in this section from an “Information and Consent” memorandum to a “Consent” memorandum to reflect the current

practices at OCC. OCC no longer utilizes an “Information and Consent” memo format and as such, OCC proposes to delete reference to it.

OCC also proposes general revisions throughout the DMP, including formatting and grammatical changes, such as updating the section header of the document to align with current format, capitalizing the term “Clearing Member,” and deleting unnecessary or redundant language

## 2. Statutory Basis

OCC believes the proposed rule change is consistent with Section 17A of the Exchange Act<sup>17</sup> and Rules 17ad-22(e)(1) through (3)<sup>18</sup> thereunder. Section 17A(b)(3)(F) of the Act<sup>19</sup> 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 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. OCC’s proposed changes update the OCC Policies to more closely align with current business practices at OCC. The proposed changes also provide additional detail and clarifying information in the OCC Policies to enhance accuracy, clarity, and consistency in the documents. OCC believes that updating the OCC Policies to align with existing practice and enhancing the clarity of the descriptions in the OCC Policies, which are central to OCC’s clearance and settlement activities, would promote the accurate clearance and settlement of securities transactions and the safeguarding of securities and funds. For these reasons, OCC believes its proposed changes align with Section 17A(b)(3)(F) of the Act.

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<sup>17</sup> 15 U.S.C. 78q-1.

<sup>18</sup> 17 CFR 240.17ad-22(e)(1)-(3).

<sup>19</sup> 15 U.S.C. 78q-1(b)(3)(F).



Rule 17ad-22(e)(1)<sup>20</sup> requires, in part, that OCC establish, implement, maintain and enforce written policies and procedures reasonably designed to provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of OCC's activities in all relevant jurisdictions.<sup>21</sup> OCC's proposed changes update the OCC Policies to make non-substantive, clarifying, conforming and administrative changes, including revisions to (i) remove duplicative information, (ii) add relevant detail, and (iii) update references to align with relevant descriptions. OCC believes these proposed changes will improve clarity and transparency in the OCC Policies and provide for an enforceable legal basis, in accordance with Rule 17ad-22(e)(1).<sup>22</sup>

Rule 17ad-22(e)(2)<sup>23</sup> provides, in part, that OCC must establish, implement and maintain policies and procedures for governance arrangements that specify clear and direct lines of responsibility. OCC's proposed changes update the OCC Policies to better align with OCC's current business practices, including updates to descriptions of processes and governance requirements. OCC's proposed changes also clarify the responsibilities of OCC departments. More specifically, OCC's proposed changes in DMP clarify the responsibility of the CRO as it relates to the close-out of open positions of a suspended Clearing Member. OCC believes these proposed changes would promote clarity in OCC's governance arrangement and specify clear and direct lines of responsibility. Accordingly, OCC believes its proposed changes are consistent with Rule 17ad-22(e)(2).<sup>24</sup>

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<sup>20</sup> 17 CFR 240.17ad-22(e)(1).

<sup>21</sup> Id.

<sup>22</sup> See supra, note 20.

<sup>23</sup> 17 CFR 240.17ad-22(e)(2).

<sup>24</sup> Id.

Lastly, Rule 17ad-22(e)(3) requires, in part, that OCC maintain a risk management framework that includes policies, procedures, and systems designed to identify, measure, monitor, and manage the range of risks that arise in or are borne by OCC, that are subject to review on a specified periodic basis and approved by the board of directors annually.<sup>25</sup> OCC's proposed revisions in this rule filing incorporate changes to the OCC Policies that were identified during OCC's annual review process and approved by the Board. Therefore, OCC believes the proposed rule changes would support its obligation to maintain a sound risk management framework that is subject to periodic review and annual approval by the Board, in accordance with Rule 17ad-22(e)(3)(i).<sup>26</sup>

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

Section 17A(b)(3)(I) of the Act<sup>27</sup> 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 proposed rule changes would have any impact or burden on competition. The purpose of OCC's proposed rule change is to amend the OCC Policies to better reflect current practices at OCC and make other non-substantive, clarifying and administrative changes to the text of these policies. More specifically, OCC's proposed changes also (i) update terminology in the OCC Policies to align with recently adopted Rules,<sup>28</sup> (ii) remove outdated references to OCC's By-Laws, (iii) update outdated titles of referenced OCC departments when applicable, (iv) provide contextual revisions for precision, and (v) promote more robust descriptions within the OCC Policies. The proposed amendments to the OCC Policies would

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<sup>25</sup> 17 CFR 240.17ad-22(e)(3)(i).

<sup>26</sup> Id.

<sup>27</sup> 15 U.S.C. 78q-1(b)(3)(I).

<sup>28</sup> See supra, note 8.

have no impact on Clearing Members or other market participants. Accordingly, OCC believes that the proposed rule changes would be consistent with the requirements of the Act applicable to clearing agencies and would not impact or impose a burden on competition.

(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 change and none have been received.

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

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act<sup>29</sup> and paragraph (f) of Rule 19b-4<sup>30</sup> thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.<sup>31</sup>

**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:

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<sup>29</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>30</sup> 17 CFR 240.19b-4(f).

<sup>31</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Regulation 40.6.

Electronic Comments:

- Use the Commission's Internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2025-015 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-2025-015. 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 (<https://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-2025-015 and should be submitted on or before [INSERT DATE 21 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>32</sup>

**Sherry R. Haywood,**

*Assistant Secretary.*

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<sup>32</sup> 17 CFR 200.30-3(a)(12).