

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106469; File No. SR-OCC-2026-008]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change by the Options Clearing Corporation Concerning Amendments to Its Rules to Establish a Procedures-Based Approach for Determining Product Eligibility During Overnight or Extended Trading Sessions Utilizing Its Current ETH Risk Management Framework.

September 23, 2026.

I. INTRODUCTION

On July 30, 2026, The Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4 thereunder,² a proposed rule change to establish a procedures-based approach for determining product eligibility during overnight or extended trading sessions (hereinafter, the “Proposed Rule Change”).³ The Proposed Rule Change was published for public comment in the *Federal Register* on August 17, 2026.⁴ The Commission has not received public comment regarding. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. BACKGROUND

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

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Notice *infra* note 4, 91 FR 53294.

⁴ See Exchange Act Release No. 106080 (Aug. 12, 2026), 91 FR 53294 (Aug. 17, 2026) (File No. SR-OCC-2026-008) (“Notice”).

financial transactions. As the CCP for the listed options markets in the United States,⁵ as well as for certain futures and stock loans, OCC is exposed to various risks arising from providing clearance and settlement services to its Clearing Members.⁶ OCC's risk management framework is designed to accommodate the specific products and trading hours its participant exchanges support. Expanded trading into new extended or overnight sessions would rely on OCC's core clearing and risk management functions. This proposed rule change would establish a procedures-based framework enabling OCC to determine whether products proposed for trading outside of regular trading hours can be appropriately risk-managed under its existing Extended Trading Hours framework for managing risk outside of regular trading hours ("Extended Trading Hours" or "ETH").

Currently, the only products that OCC clears during Extended Trading Hours are index options listed by Cboe Global Markets, Inc. ("Cboe") and index futures listed by Cboe Futures Exchange, LLC ("CFE").⁷ OCC first established its ETH risk management framework in 2015 in connection with the clearance of these products.⁸ OCC has received requests from Exchanges to expand the scope of products and trading sessions supported under its ETH framework.⁹

⁵ OCC describes itself as "the sole clearing agency for standardized equity options listed on a national securities exchange registered with the Commission ('listed options')." *See* Securities Exchange Act Release No. 96533 (Dec. 19, 2022), 87 FR 79015 (Dec. 23, 2022) (File No. SR-OCC-2022-012).

⁶ Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-Laws, *available at* <https://www.theocc.com/company-information/documents-and-archives/by-laws-and-rules>.

⁷ *See* Exchange Act Release No. 74241 (Feb. 10, 2015), 80 FR 8383 (Feb. 17, 2015) (File No. SR-OCC-2014-812) (Notice of No Objection to Advance Notice concerning Extended and Overnight Trading Sessions).

⁸ *See* Exchange Act Release No. 74268 (Feb. 12, 2015), 80 FR 8917 (Feb. 19, 2015) (File No. SR-OCC-2014-24) (Order approving Proposed Rule Change concerning Extended and Overnight Trading Sessions, establishing the framework now being expanded).

⁹ *See* Notice, 91 FR 53295.

Rather than filing a separate proposed rule change with the Commission each time an Exchange seeks to expand ETH products or trading sessions, OCC proposes to amend its Rules and its Extended Trading Hours Set-Up and Monitoring Procedure (the "ETH Procedure") to establish a procedures-based framework governing OCC's determination of product eligibility for trading outside of regular trading hours. As discussed below, OCC believes its existing ETH risk management framework is sufficient to accommodate the currently proposed expansion,¹⁰ and OCC believes the procedures-based framework will similarly permit it to evaluate future Exchange requests without the need for a rule filing addressed to each individual product or session.¹¹

A. *Proposed Rule 402*

OCC proposes to amend its Rule 402, which is currently reserved, to establish OCC's authority over the treatment of products traded outside of regular trading hours. As proposed, Rule 402 would provide that products executed on an Exchange outside of regular trading hours, as determined by OCC, will be subject to OCC's established ETH risk management procedures.¹² Under Proposed Rule 402 OCC determines whether a given trading session constitutes "regular trading hours" or "extended trading hours" for purposes of OCC's operations and risk management.¹³ OCC states that this determination is necessary because Exchange classifications of trading sessions are not always determinative of the operational and risk management considerations relevant to OCC.¹⁴

¹⁰ See Notice, 91 FR 53294.

¹¹ See Notice, 91 FR 53302.

¹² See Notice, 91 FR 53299.

¹³ *Id.*

¹⁴ See Notice, 91 FR 53300.

Proposed Rule 402 further provides that OCC will determine whether the risk presented by a product that an Exchange proposes to trade during extended trading hours may be managed under OCC's existing ETH procedures.¹⁵ Finally, proposed Rule 402 provides that, to the extent OCC determines that an Exchange's proposal would require changes to OCC's existing ETH procedures, any such changes will be made in a manner consistent with (i) OCC's regulatory obligations, including its obligation to file proposed rule changes with the Commission pursuant to Section 19(b) of the Exchange Act and Rule 19b-4 thereunder, and (ii) OCC's agreements with the Exchanges, including the Participant Exchange Agreement or any comparable agreement entered into with a futures market pursuant to Article XII, Section 1 of OCC's By-Laws.

B. Proposed Amendment to Rule 307B

OCC also proposes to amend Rule 307B, which sets forth the restrictions that may be imposed on a Clearing Member's transactions, positions, and activities in circumstances warranting protective measures. As amended, Rule 307B(a) would add a new paragraph 5 expressly authorizing the Chief Executive Officer, Chief Operating Officer, or a Designated Officer of OCC to revoke a Clearing Member's authorization to participate in extended trading hours where such officer deems it necessary or appropriate under the circumstances. OCC believes that adding an express reference to the revocation of ETH authorization will eliminate interpretive ambiguity regarding the scope of OCC's authority in this context. Any revocation of ETH authorization under new Rule 307B(a)(5) would remain subject to the existing procedural protections set forth in Rule 307B(b) and (c), including the affected Clearing Member's right to request review by OCC's Risk Committee, to receive advance notice of any hearing, to be heard and present evidence, and to be represented by counsel.

¹⁵ *Id.*

C. Proposed Changes to the ETH Procedure

OCC also proposes to revise its internal ETH Procedure and to adopt the procedure as a rule governing OCC's management of trading outside of regular trading hours.¹⁶ With regard to monitoring outside of regular trading hours, OCC proposes revising the ETH Procedure to clarify that ETH credit risk monitoring and Clearing Member eligibility validation will occur throughout the same monitoring window. Such monitoring would occur over the full duration of any ETH session, continuing without interruption until the start of regular trading hours at 8:30 a.m. Central Time. OCC states that this revision is intended to make OCC's monitoring extend to cover the proposed early morning ETH session, from 6:30 a.m. to 8:25 a.m. Central Time.¹⁷

OCC proposes to publish the ETH Procedure, together with a list of ETH-eligible products and their associated clearing sessions, on OCC's public website, and to issue an Information Memorandum whenever the ETH Procedure is amended or the list of eligible products is revised.¹⁸ OCC also proposes to remove certain header information from the ETH Procedure identifying the procedure owner, version number, and revision history, on the basis that such information does not constitute a rule and will continue to be maintained in OCC's internal policy governance system.

OCC proposes revising the process by which Clearing Members are approved to participate in ETH sessions. Under the proposed procedure a Clearing Member's participation must be approved by an Executive Director or above within Financial Risk Management ("FRM"). Market Risk will assess a Clearing Member's suitability for ETH participation based

¹⁶ OCC established the ETH Procedure in its current form in 2015. As described herein, OCC proposes several substantive and organizational changes to the ETH Procedure.

¹⁷ See Notice, 91 FR 53301.

¹⁸ See Notice, 91 FR 53301.

on the Clearing Member's financial condition, operational readiness, and risk profile, and will present its recommendation to the FRM officer, whose approval or denial will be documented via email.¹⁹ OCC proposes to clarify that, when an Exchange proposes a new product or trading session for ETH clearing, the proposal will be evaluated pursuant to OCC's existing New Product Procedure, taking into account operational, financial risk, regulatory, and trading-session-designation factors applicable to new products generally.

OCC proposes adding provisions to the ETH Procedure clarifying that not all credit risk monitoring alerts generated during ETH sessions reflect losses attributable to ETH trading activity. Under the revised procedure, Core Clearing or Market Operations will review trade logs to confirm whether a given exceedance resulted from actual ETH trade activity, as distinguished from non-trade-related causes such as position transfers, erroneous file submissions, or price smoothing calculations. Exceedances confirmed to result from non-trade activity will be documented in the ETH Turnover Log as false positives and will not require further escalation. OCC also proposes certain non-substantive, conforming, and administrative changes to the ETH Procedure, including updated departmental references and organizational titles, and grammatical corrections.

III. DISCUSSION AND COMMISSION FINDINGS

Section 19(b)(2)(C) of the Exchange Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the organization.²⁰ Under the Commission's Rules of Practice, the "burden to demonstrate that a

¹⁹ See Notice, 91 FR 53301.

²⁰ 15 U.S.C. 78s(b)(2)(C).

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.”²¹

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,²² 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 applicable rules and regulations.²³ 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.²⁴

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 Act²⁵ and Rules 17ad-22(e)(1) and (21) thereunder, as described in detail below.²⁶

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

Under Section 17A(b)(3)(F) of the Exchange Act, OCC’s rules, among other things, must be designed to promote the prompt and accurate clearance and settlement of securities

²¹ Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

²² *Id.*

²³ *Id.*

²⁴ *Susquehanna Int’l Group, LLP v. Securities and Exchange Commission*, 866 F.3d 442, 447 (D.C. Cir. 2017).

²⁵ 15 U.S.C. 78q-1(b)(3)(F).

²⁶ 17 CFR 240.17ad-22(e)(1) and (21)(ii) and (iii).

transactions and, to the extent applicable, derivatives agreements, contracts, and transactions.²⁷

Based on a review of the record, and for the reasons discussed below, the Proposed Rule Change is consistent with Section 17A(b)(3)(F).

As discussed above, the Proposed Rule Change would establish a procedures-based framework governing OCC's evaluation of products and trading sessions proposed by Exchanges for clearance outside of regular trading hours. This framework is designed to promote the prompt and accurate clearance and settlement of securities transactions and derivatives contracts by ensuring that OCC's risk management framework remains appropriately calibrated as ETH clearing activity expands.

Proposed Rule 402 would establish OCC's authority to determine "regular trading hours" and "extended trading hours.". This authority promotes the prompt and accurate clearance and settlement of transactions because it enables OCC to apply consistent operational and risk management standards based on the actual characteristics of a trading session rather than relying on an Exchange's own classification, which could vary by Exchange for cross-listed products.

The proposed amendment to Rule 307B authorizes OCC to revoke a Clearing Member's ETH participation authorization where OCC's Chief Executive Officer, Chief Operating Officer, or a Designated Officer deems it necessary or appropriate. This change promotes the prompt and accurate clearance and settlement of transactions by ensuring that OCC retains a clear and unambiguous mechanism to limit or terminate a Clearing Member's participation in ETH sessions where circumstances warrant protective action. This authority is subject to the procedural protections including the affected Clearing Member's right to request review by OCC's Risk Committee, advance notice of any hearing, the opportunity to be heard and present

²⁷ 15 U.S.C. 78q-1(b)(3)(F).

evidence, and the right to be represented by counsel. These protections appropriately balance OCC's need to act promptly to address risks arising from ETH participation against the interests of affected Clearing Members.

With respect to the proposed changes to the ETH Procedure, the proposed extension of continuous credit risk monitoring and Clearing Member eligibility validation through the start of regular trading is designed to promote the prompt and accurate clearance and settlement of transactions by ensuring that OCC's risk monitoring capabilities extend to cover the full duration of ETH trading activity without interruption. Further, the proposed approval process for Clearing Member ETH participation, under which Market Risk assesses a Clearing Member's financial condition, operational readiness, and risk profile and presents a recommendation to an Executive Director or above within Financial Risk Management, is reasonably designed to ensure that only Clearing Members with adequate risk management and operational capabilities participate in ETH sessions, thereby supporting the prompt and accurate clearance and settlement of transactions executed during such sessions.

The proposed provisions clarifying the treatment of new products or trading sessions proposed by Exchanges for ETH clearing are designed to promote the prompt and accurate clearance and settlement of transactions by ensuring that OCC applies a consistent and comprehensive risk evaluation process to new ETH products, comparable to the process OCC applies to new products generally.

Finally, the proposed provisions addressing the review and documentation of credit risk monitoring alerts generated during ETH sessions are designed to promote the prompt and accurate clearance and settlement of transactions. By enabling OCC to distinguish alerts attributable to actual ETH trading activity from those resulting from other causes, this provision

should allow OCC to focus its risk management resources on responding to genuine indicia of risk arising from ETH trading, thereby supporting the prompt and accurate clearance and settlement of transactions cleared during ETH sessions. Accordingly, and for the reasons stated above, the Proposed Rule Change promotes the prompt and accurate clearance and settlement of securities transactions.

B. *Consistency with Rule 17ad-22(e)(1)*

Rule 17ad-22(e)(1) under the Exchange Act requires, in part, that OCC establish, implement, maintain, and enforce written policies and procedures reasonably designed to, as applicable, provide for a well-founded, clear, transparent, and enforceable legal basis for each aspect of its activities in all relevant jurisdictions.²⁸

Proposed Rule 402 would provide OCC with express rule-based authority to determine which trading sessions constitute "regular trading hours" or "extended trading hours" for purposes of OCC's clearance and risk management functions, and to determine whether the risk presented by a product proposed for trading during extended trading hours may be accommodated under OCC's existing ETH risk management framework. By establishing this authority directly in OCC's Rules, rather than relying on informal practice, the proposed rule change would provide market participants with clear and transparent notice of the legal basis for OCC's determinations regarding ETH-eligible products and sessions.

Adopting the revised ETH Procedure as a rule enhances the transparency and enforceability of the legal framework governing OCC's ETH risk management activities. The revised ETH Procedure governs material aspects of OCC's risk management of ETH clearing activity, and any future amendments to the procedure will be subject to the requirements of

²⁸ 17 CFR 240.17ad-22(e)(1).

Section 19(b) of the Exchange Act²⁹ and Rule 19b-4 thereunder.³⁰ This change would provide Clearing Members and other market participants with clear notice of such changes and further support the legal basis for the scope of, and requirements applicable to, OCC's ETH risk management framework. Accordingly, the proposed changes are consistent with Rule 17ad-22(e)(2)(i).³¹

C. *Consistency with Rule 17ad-22(e)(21)*

Rule 17ad-22(e)(21) requires that OCC establish, implement, maintain, and enforce written policies and procedures reasonably designed to be efficient and effective in meeting the requirements of its participants and the markets it serves, and have the covered clearing agency's management regularly review the efficiency and effectiveness of its operating structure, including risk management policies, procedures, and systems and scope of products cleared or settled.³²

The proposed procedures-based framework would allow OCC to evaluate future Exchange requests to expand ETH-eligible products and sessions under its existing risk management infrastructure, without requiring a separate rule filing for each request, thereby providing OCC with a scalable process for managing its operating structure, including its management of risks associated with anticipated growth in ETH trading activity. This would also allow OCC to operate more efficiently and review its product scope without having to file rule filing for each request.

²⁹ 15 U.S.C. 78s(b)(1).

³⁰ 17 CFR 240.19(b).

³¹ 17 CFR 240.17ad22(e)(1).

³² 17 CFR 240.17ad-22(e)(21)(ii) and (iii).

The proposed revisions to the ETH Procedure are also designed to efficiently and effectively review the effectiveness of its risk-management policies. The proposed extension of continuous credit risk monitoring and Clearing Member eligibility validation through the start of regular trading hours would ensure that OCC's monitoring controls appropriately cover the proposed early morning ETH session. The proposed process for reviewing credit risk monitoring exceedances would help ensure that OCC's operational resources are directed toward exceedances presenting genuine risk. Finally, the proposed formalization of the Clearing Member ETH approval process, requiring review by Market Risk and approval by an Executive Director or above within Financial Risk Management, would support risk management policies through consistent controls over Clearing Member eligibility for ETH participation. Accordingly, the proposed changes are consistent with Rule 17ad-22(e)(21) under the Exchange Act.³³

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, Section 17A(b)(3)(F) of the Exchange Act,³⁴ and Rules 17ad-22(e)(1) and (21), thereunder.³⁵

³³ 17 CFR 240.17ad-22(e)(21)(ii) and (iii).

³⁴ 15 U.S.C. 78q-1(b)(3)(F).

³⁵ 17 CFR 240.17ad-22(e)(1) and (21)(ii) and (iii).

IT IS THEREFORE ORDERED, pursuant to Section 19(b)(2) of the Exchange Act, that the proposed rule change (SR-OCC-2026-008) be, and hereby is, approved.³⁶

For the Commission by the Division of Trading and Markets, pursuant to delegated authority.³⁷

Sherry R. Haywood,

Assistant Secretary.

³⁶ In approving the proposed rule change, the Commission considered the proposal's impacts on efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³⁷ 17 CFR 200.30-3(a)(12).