



**THE FOUNDATION
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#56571

Date: May 19, 2025

Subject: SHORT-DATED OPTION MODEL ENHANCEMENTS - UPDATE

OCC is publishing this information memo to supplement Memo#56421 and announce the target date for external parallel testing for the Short-Dated Option Model Enhancements.

The target date for external parallel testing has now been set as Monday, May 19, 2025. OCC's proposed date for deployment to production remains unchanged as Sunday, June 1, 2025. On Monday June 2, 2025, overnight margin processing will then account for this release with reporting available the morning of Tuesday, June 3, 2025, reflecting the model enhancements.

Clearing Member Testing

This testing allows Clearing Members to assess the SDO Enhancements impact on daily margins and stress test output for comparison against existing production values. The following reports will be available to Clearing Members accessible via MyOCC Training environment (Reports -> CMO/Exchange -> Collateral Reports):

- ☐ Add-on Charge Summary by CMO
- ☐ Clearing Fund Sufficiency Report
- ☐ Liquidity Sufficiency Report

Related impacts to Clearing Fund requirements will take effect with the July sizing and be available in the Clearing Fund Daily Requirement Projection report generated in production throughout the month of June. These projections will become more accurate as June month-end approaches will be accessible via production ENCORE (Reports -> CMO/Exchange -> Collateral Reports).

In addition, the below set of reports would also be available via MyOCC Training environment (Reports -> Clearing Membership -> Margins):

- ☐ Daily Margin Reconciliation
- ☐ Daily Margin Summary
- ☐ Daily Margin Detail
- ☐ Stock Loan Memo Margin Reconciliation
- ☐ Margin Memo – Collateral Reconciliation
- ☐ Margin Memo – Coll, Stock Loan & Repo Reconciliation
- ☐ Customer Gross Margins Summary Report

Clearing Members can generate reports for selected business dates, and can use the External Test - Training environment.

When accessing reports related to this testing, please be sure to identify the 'DRGFR00', 'ENGFR00' or 'ST' environment tag in the lower left-hand corner of each report. Other environment tags are applicable to different testing initiatives.

Testing Requests

OCC external testing requests are initiated by completing an online form with the OCC.

The form is available on the OCC Website (www.theocc.com) from the 'Clearing & Services / Certification Testing Services' menus or directly from the following link:

<http://www.theocc.com/clearing/certification-testing/default.jsp>

OCC requires a minimum of a 1-week lead time for all testing requests in order to confirm system and resource availability as well as to complete any pre-test verifications. Submitted testing requests will be responded to within 2 business days of receipt.

The Technical Certification and Documentation Services group will then initiate the process of confirming any scope, timeline, and needed inputs/outputs for the test, including test connectivity and access to the training environment.

OCC encourages its membership to review the full proposal for more detailed information and contact OCC's Market Risk Group (marketrisk@theocc.com) and/or Stress Testing and Liquidity Risk Management Group (stlrmgroup@theocc.com) with questions.