



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#47601**

**DATE: SEPTEMBER 18, 2020**

**SUBJECT: STOCK LOAN PROGRAMS – HEDGE AND MARKET LOAN**

In the event of a Clearing Member Suspension, under Rules 2211 and 2211A, The Options Clearing Corporation (“OCC”) may seek to close the stock loan positions of a defaulting member by instructing non-defaulting Clearing Member counterparties to execute buy-in or sell-out transactions.

Currently, a Clearing Member counterparty must execute buy-in or sell-out transactions and provide notice of such execution to OCC by the **end of the business day following receipt of the instruction**. In the event notice of execution is not provided, OCC would terminate the relevant stock loan positions at OCC’s **closing price on the business day following the buy-in/sell-out instruction**.

Effective September 28, 2020, in accordance with amended Rules 2211 and 2211A, Clearing Member counterparties will be required to execute buy-in or sell-out transactions as instructed by OCC and provide notice of such execution by OCC’s **time for settlement of start-of-day debits on the business day following receipt of the instruction**.<sup>1</sup> In the event that notice of execution is not provided, OCC would terminate the relevant stock loan positions at OCC’s **closing price on the day the buy-in/sell-out instruction was issued**.

If you have any questions regarding this memo, please contact Collateral Services at [collateralservices@theocc.com](mailto:collateralservices@theocc.com).

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<sup>1</sup> Currently 9:00 a.m. Central Time.