



DATE: NOVEMBER 02, 2020

SUBJECT: STANDARDS FOR DESIGNATING CLEARING MEMBERS REQUIRED TO PARTICIPATE IN BUSINESS CONTINUITY AND DISASTER RECOVERY TESTING

As a covered entity under Regulation Systems Compliance and Integrity (“Reg. SCI”) promulgated by the SEC, OCC is required to establish standards for designating those Clearing Members required to participate in Business Continuity and Disaster Recovery testing (“BC/DR testing”) that OCC reasonably determines are, taken as a whole, the minimum necessary for the maintenance of fair and orderly markets in the event that Business Continuity and Disaster Recovery Plans are required to be activated.

This notice is to advise Clearing Members of the standards OCC has adopted and intends to rely upon in making such designations. OCC has adopted a risk-based approach that is based on Financial, Operational, and Third Party risks a member introduces or may introduce:

Risk Criteria	Threshold for Mandatory testing
Volume Risk	<p>Any firm with one percent or greater of the US options or futures volume over the first three quarters of the year (January through September) as specified by OCC’s Firm Ranking By Related Entity Report will be required to participate in BC/DR testing.</p> <p>One third of the firms with less than one percent of the volume will be selected and required to participate in mandatory BC/DR testing once every three years, thus ensuring all Clearing Members participate in testing at least once every three years.</p>
Interconnectedness Risk	Any firm that acts as an Execution Only firm will be considered by OCC for required participation in BC/DR testing.
Operational Risk	Any firm that experienced significant operational issues over the previous 12 months will be considered for required participation in BC/DR testing. Examples of significant operational issues include security breaches, cyber incidents, OCC rule violations, Regulator fines or sanctions, failure to successfully complete the previous year’s BC/DR test, concerns over third party risk management survey responses received by OCC, inability to properly address actual business continuity events, etc.

Clearing Members that are required to participate in BC/DR testing will be notified in November of each year, and will be provided additional information concerning the nature of such testing as the specific test plans are determined. Clearing Members that are not required to participate in testing, who wish to do so on a voluntary basis are also encouraged to participate.

If you have any questions regarding this memo, please contact Member Services Help Desk at the following numbers: 800-544-6091 or 800-621-6072. Within Canada, please call 800-424-7320. Clearing Members may also e-mail us at memberservices@theocc.com.