



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#47830**

**TO: ALL CLEARING MEMBERS**

**DATE: NOVEMBER 13, 2020**

**SUBJECT: UPDATED VERSION - BANKRUPTCY REMOTENESS MEMO**

On October 6, 2020, the U.S. Securities and Exchange Commission approved a proposed rule change by OCC<sup>1</sup> to provide OCC with express authority to commingle cash Clearing Fund contributions and certain non-customer cash margin assets in its account at the Federal Reserve Bank of Chicago (“FRB Account”).<sup>2</sup> Pursuant to this approval order, OCC may now hold both Clearing Fund cash and clearing members’ cash margin assets in its FRB Account from time to time. OCC does not maintain cash held to fund OCC’s ongoing operations in the FRB Account, other than possible de minimis amounts needed for account maintenance.

As a result of this proposed rule change, OCC recently updated its Bankruptcy Remoteness Memorandum, procured from outside counsel, to address the bankruptcy remoteness of clearing member cash margin collateral posted to OCC that may be deposited in OCC’s FRB Account. The new supplement to the Bankruptcy Remoteness Memorandum can be found under the Quick Links section on the MyOCC home page.

For questions regarding this memo, Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320 and email [memberservices@theooc.com](mailto:memberservices@theooc.com).

---

<sup>1</sup> Securities Exchange Act Release No. 90100 (October 6, 2020), 85 FR 64603 (October 13, 2020) (SR-OCC-2020-010). The SEC approval order can be viewed here: <https://www.sec.gov/rules/sro/occ/2020/34-90100.pdf>.

<sup>2</sup> “FRB Account” refers to the OCC bank account at the Federal Reserve Bank of Chicago authorized to hold cash and securities from OCC’s clearing members’ margin and Clearing Fund, cash from OCC’s internal cross-margin accounts, and cash held as funding for OCC’s ongoing operations.