



Date: September 28, 2021

Subject: Increase to Minimum Clearing Fund Cash Requirement

OCC is issuing this Memo to notify Clearing Members of changes to the minimum Clearing Fund Cash Requirement pursuant to OCC Rule 1002 and OCC's Liquidity Risk Management Framework.¹ OCC intends to exercise its authority under Rule 1002(a)(i)(A) to temporarily increase the amount of cash required to be maintained in the Clearing Fund from \$4,000,000,000 to \$5,000,000,000 (an increase of 25%). Projected new requirements will be available starting with the next Clearing Fund Daily Requirement Projection Report.² The Clearing Fund Sizing Report on Friday October 1, 2021, will contain each Clearing Member's finalized new requirement amount. All settlements will be due on, or before, 9AM Central Time Tuesday, October 5, 2021.

The increase in the Clearing Fund Cash Requirement is based on analyses of OCC's projected liquidity demands under a variety of stress scenarios. OCC believes the temporary increase in the Clearing Fund Cash Requirement is necessary to ensure that OCC's prefunded liquidity resources are consistent with the amounts required under OCC's stress testing and liquidity risk management methodology, and is therefore necessary for the protection of OCC, Clearing Members and the general public. The temporary increase will be reviewed by OCC's Risk Committee as soon as practical to determine whether this increase should be made permanent.

This change does not impact the Clearing Fund size; rather it impacts the required amount of cash and other eligible deposits. OCC determines each Clearing Member's proportionate share of the Clearing Fund Cash Requirement as equal to its proportionate share of the Clearing Fund as determined by the Clearing Fund allocation methodology, which is recalculated monthly.

If you have any questions pertaining to this memorandum or the impact of this change to your minimum cash Clearing Fund requirement, please email stlrngroup@theocc.com or call Member Services at 1-800-621-6072.

¹ See Securities Exchange Act Release No. 89014 (Jun. 4, 2020), 85 FR 35446 (Jun. 10, 2020) (File No. SR-OCC-2020-003).

² The Clearing Fund Daily Requirement Projection Report is accessible via ENCORE (Reports > CMO/Exchange > Collateral Reports > Clearing Fund Daily Requirement Projection Report).