



Date: September 06, 2022

Subject: UPDATE: PROCESSING SEQUENCING CHANGE

As stated in Information Memo #50526, OCC will be modifying the processing sequence to separate open buy/open sell (open ups) and closing buy/closing sell (close outs) position adjustments that occur within the same account from position adjustments that occur between accounts. Clearing Members have requested this change since the current position adjustment process creates confusion in determining the correct quantity to be adjusted when there is an excess closing transaction.

For example, if a clearing member wants to increase their long and short position by one contract, they expect to enter an open up of one. If the account has an excess closing transaction, the Clearing Member needs to take the excess closing transactions into consideration when determining the correct contract quantity to enter and as a result may need to submit a larger adjustment just to increase the position by one. The Position Simulator is used by many Clearing Members to assist in these scenarios.

By modifying the processing sequence to separate out open up and close out position adjustments, Clearing Members will not have to account for excess closing quantities when increasing or the long and short position. Below are the changes to the processing sequence:

OCC Current Processing Sequence	OCC's New Processing Sequence
<ol style="list-style-type: none">1. All Opening Buys2. All Opening Sells3. All Closing Buys4. All Closing Sells5. Position Netting for Accounts Held Net6. Exercises7. Assignments	<ol style="list-style-type: none">1. All Opening Buys2. All Opening Sells3. All Closing Buys4. All Closing Sells5. Open Ups and Close Outs (processed in the order received) *6. Position Netting for Accounts Held Net7. Exercises8. Assignments <p>* These are Position Adjustment which are open buy/sell or close buy/sell within the same account type</p>

Entering Open Up/Close Outs

The Open Up and Close Out transactions are still considered position adjustments and users will continue to use the position adjustment screen when entering these transactions. Once the change is implemented, the user only needs to enter the quantity that they want to increase or decrease. The Position Simulator will also continue to function and support these types of Position Adjustments.

Screen Changes

In order to accommodate this change, there are several screen changes which are listed below.

- ☐ Position Movement Filter screen – added Open Up/Close Out filter criteria allowing a user to search for these transactions
- ☐ Position Inquiry screen – remove Gross Long column
- ☐ Position Details screen – Open Up and Close Out lines are added
- ☐ Position Details – Open Up/Close Out Transactions – New screen listing all Open Up and Close Out transactions and the times submitted
- ☐ ExbyEx Totals screen –no longer displays the “Total Long Qty” column

Report Changes

The Position Activity Report will identify Open Up/Close Out transactions as Position Adjustments but will be further identified as follows:

- ☐ Position Adjustment – OU (Open Ups)
- ☐ Position Adjustment – CO (Close Outs)
- ☐ Position Adjustment (moving position from one account to another)

AMZN	04/14/2022	5200.000	CALL	AMAZON COM		
	EXPIRATION DATE:	04/14/2022		AMERICAN,	SETTLEMENT M	
	BEGINNING POSITION		03/18		0	0
	POSITION ADJUSTMENT		03/18	O B	50	
	POSITION ADJUSTMENT		03/18	O S		100
	POSITION ADJUSTMENT			C B	5	
	POSITION ADJUSTMENT - OU		03/18	O	200	200
	POSITION ADJUSTMENT - CO		03/18	C	51	51
	EXCESS CLOSING SELLS		03/18		2	
	ENDING POSITION		03/18		200	245
AMZN	04/14/2022	5200.000	CALL	TOTAL PREMIUM IN USD		

DDS Impact

There are no DDS changes to either inbound or outbound record layouts. However, Clearing Members that had previously incorporated the excess closing transactions included in the On-Demand Position File into their internal processing when determining position adjustments will have to make changes to ignore the excess transactions.

Install Date

OCC will be implementing this change on November 5, 2022.

Testing Date

OCC will be offering testing for the change from September 26, 2022 through the end of October 2022.

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