



**THE FOUNDATION
FOR SECURE
MARKETS®**

#52184

Date: March 28, 2023

Subject: Reminder – Clearing Member Surveillance

Under OCC Rule 301(d), each Clearing Member must have access to financial resources to meet obligations arising from clearing membership in extreme-but-plausible market conditions, as determined by OCC for purposes of that Rule. Each Clearing Member must also maintain adequate procedures, including but not limited to contingency funding, to ensure that it is able to meet its obligations arising in connection with clearing membership when such obligations arise.

On a daily basis, OCC uses stress tests and monitors potential Clearing Member-level credit stress test obligations relative to a firm's net capital to understand the Clearing Member's ability to meet their potential obligations. When heightened exposures are detected, OCC's rules provide it with the authority to, among other things, subject a Clearing Member to heightened surveillance, call for additional margin pursuant to Rules 601(c) and 609, and/or impose restrictions on certain transactions, positions and activity pursuant to OCC Rule 305.

If you have any questions regarding this memo, please contact your Credit Risk Analyst. Clearing Members may also e-mail: creditriskanalysts@theocc.com.