



**THE FOUNDATION
FOR SECURE
MARKETS®**

#53392

Date: October 18, 2023
Subject: Clearing Member Monitoring

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 the purpose of that Rule. Each Clearing Member must also maintain adequate procedures, including but not limited to contingency funding, to ensure it is able to meet obligations arising from its clearing membership.

Daily, OCC uses stress tests to monitor potential Clearing Member-level credit stress test obligations relative to a Clearing Member's net capital to understand the Clearing Member's ability to meet potential obligations. When heightened exposures are detected, OCC Rules provide 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 307B.

Also, please be aware OCC has the authority, under OCC Rule 307C, to require a Clearing Member to, among other things, maintain higher minimum capital amounts, require the Clearing Member to add new personnel or provide additional training to existing personnel, require the Clearing Member to execute an agreement with a third-party service provider determined to be acceptable to OCC, require a Clearing Member to enhance its risk management policies, procedures and practices, and/or require additional reporting of its financial or operational condition.

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