



**THE FOUNDATION  
FOR SECURE  
MARKETS®**

#54916

**Date:** July 22, 2024

**Subject:** Broker-to-Broker Obligation Processing

OCC and NSCC have cooperated to enhance the current broker to broker settlement process through NSCC's Obligation Warehouse to address various challenges experienced by OCC Clearing Members. **Beginning August 2, 2024, all settlement obligations resulting from new OCC broker-to-broker exercise and assignment activity submitted to NSCC will no longer be subject to NSCC's Reconfirmation and Pricing Services (RECAPS).**

Broker-to-broker obligations are created by option exercise or assignment activity resulting in the delivery of a security that is not eligible for guaranteed settlement at NSCC. These obligations are sent to NSCC's Obligation Warehouse for settlement, and OCC maintains the guarantee on this activity until the two counterparties confirm to OCC that settlement has occurred.

Currently, within Obligation Warehouse, items are included in the Reconfirmation and Pricing Services (RECAPS) process which may result in broker-to-broker obligations being netted against other obligations a Clearing Member may have. This creates challenges when tracking multiple settlements with various counterparties over time.

To remediate these challenges, beginning August 2, 2024, all new settlement obligations resulting from OCC broker-to-broker exercise and assignment activity will no longer be subject to the RECAPS process within NSCC's Obligation Warehouse. This will ensure the counterparties to the original OCC submitted trade remain the same throughout the lifecycle of the obligation at both OCC and NSCC.

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](mailto:memberservices@theocc.com).