



**THE FOUNDATION
FOR SECURE
MARKETS**

#55417

DATE: October 23, 2024
SUBJECT: INCREASE TO MINIMUM CLEARING FUND CASH REQUIREMENT

OCC is issuing this Memo to notify Clearing Members of changes to the minimum cash requirement for the Clearing Fund (the "Clearing Fund Cash Requirement") pursuant to OCC Rule 1002, OCC's Liquidity Risk Management Framework,¹ and OCC's Clearing Fund Methodology Policy.² 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 \$8,000,000,000 to \$10,000,000,000 (an increase of 25%). OCC will implement the increase to the Clearing Fund Cash Requirement at the next monthly sizing of the Clearing Fund, which will occur after the close of business on the last business day of October 2024.

Projected new requirements will be available starting with the next Clearing Fund Daily Requirement Projection Report.³ The Clearing Fund Sizing Report on Friday November 1, 2024, will contain each Clearing Member's finalized new requirement amount. All settlements will be due on, or before, 8AM Central Time Friday, November 1, 2024.

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

¹ See Securities Exchange Act Release No. 99735 (Mar. 14, 2024), 89 FR 19907 (Mar. 20, 2024) (File No. SR-OCC-2024-007).

² See Securities Exchange Act Release No. 96566 (Dec. 22, 2022), 87 FR 80207 (Dec. 29, 2022) (SR-OCC-2022-010).

³ The Clearing Fund Daily Requirement Projection Report is accessible via ENCORE (Reports > CMO/Exchange > Collateral Reports > Clearing Fund Daily Requirement Projection Report).

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 Clearing Fund Cash Requirement, please email stlrngroup@theoec.com or call Member Services at 1-800-621-6072.