



**THE FOUNDATION
FOR SECURE
MARKETS**

#55740

TO: ALL CLEARING MEMBERS

DATE: DECEMBER 19, 2024

SUBJECT: LETTER OF CREDIT AND GSE DEBT COLLATERAL

OCC has determined to disallow Letters of Credit (LOC) and Government Sponsored Enterprise (GSE) debt as acceptable collateral.

As a result, all inactive LOC banks will be revoked of their OCC approved LOC Bank Role status effective immediately. Additionally, any existing LOCs on deposit with an expiry date of March 1, 2025 will not be allowed to be extended. Subsequent to the termination of any existing LOC's, any remaining approved LOC Banks will also be revoked of their LOC Role status. This action is supported by OCC Rule 604 Interpretations and Policies .06 which states:

"The Corporation reserves the right in its sole discretion to refuse or revoke approval of any institution as an issuer of letters of credit at any time."

With respect to GSE Debt, all previously eligible GSE Debt CUSIPS have been restricted under OCC Rule 604 Interpretations and Policies .15 which states:

"The Corporation may in its discretion determine that a security which meets the criteria listed in Rule 604(b) is nevertheless disapproved as margin collateral with respect to all accounts of all Clearing Members, and therefore not grant margin credit, based on such factors as (i) trading volume, (ii) number of outstanding shareholders, (iii) number of outstanding shares, (iv) volatility and liquidity and (v) any other factors the Corporation determines are relevant."

If you have any questions pertaining to this memo, please e-mail contact Collateral Services at collateralservices@theocc.com.