



**THE FOUNDATION  
FOR SECURE  
MARKETS**

#55862

**DATE:** January 03, 2025

**SUBJECT: COLLATERAL TREATMENT OF DERIVATIVE-BASED EXCHANGE  
TRADED PRODUCTS AND EXCHANGE TRADED NOTES**

OCC has determined to limit the value applied to collateral deposits in Derivative-Based Exchange Traded Products (“ETP”) and Exchange Traded Notes (“ETN”) to deposits that are risk reducing for activity in cleared positions. In addition, these ETP/ETN’s will no longer be eligible as collateral for escrow deposits. This change will be implemented beginning Monday, January 6, 2024.

Clearing Members can identify the quantity of shares eligible for deposit, as well as the number of shares and market value for any deposits that are not receiving value, by consulting the “Valued Securities Concentration Limit” report found on Encore. This report can be found in the “Reports” section of Encore under the “Collateral Reports” topic. Clearing Members may consult the Operations Manual for additional information regarding this report.

For questions regarding this memo, Clearing Member firms of OCC may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email [MemberServices@theocc.com](mailto:MemberServices@theocc.com).