THE FOUNDATION FOR SECURE MARKETS®

#57681

Date: November 20, 2025

Subject: Clearing Fund Allocation Update – Parallel Report Availability

Introduction

The purpose of this Information Memo is to notify Clearing Members that a parallel report is now available that provides projected Clearing Fund requirements under the previously announced Clearing Fund allocation enhancement proposal methodology.

Background

As relayed in Information Memo 57374, on September 26, 2025, OCC filed with the Securities and Exchange Commission ("SEC") a proposed rule change File No. SR-OCC-2025-018 concerning revisions to the approach for allocating Clearing Fund requirements across Clearing Members. The purpose of the proposal is to better align the Clearing Fund allocation with its sizing by modifying OCC's allocation weighting formula to be primarily composed of stress testing shortfalls, with smaller proportions for the existing margin risk and cleared volume components while eliminating the open interest component. The process for determining the overall size of the Clearing Fund is not changing, and the size of the Clearing Fund is not impacted by the proposal.

Report Updates:

The parallel version of the Clearing Fund Daily Requirement Projection Report is now available in ENCORE (Reports -> CMO/Exchange -> Collateral Reports->CLEARING FUND DAILY REQ PROJ REPORT PARALLEL). The parallel report has been updated as follows in conjunction with the allocation enhancement to make it easy for the Clearing Members to view their daily projected requirement and understand how the requirement was calculated.

- Page 1 provides the overall Clearing Fund requirement at a Clearing Member as well as an attribution to the stress test account level alongside average component values over a rolling three-month lookback period.
    - A stress test account is a grouping of like margin tier accounts for the same Clearing Member, and each such margin tier account is listed on the first page of the report.

- Page 2 provides the collateral values and associated excess/deficit for the overall and minimum cash requirements along with the exact calculation of both the overall and minimum cash requirements consistent with the existing production report.
- Page 3 provides the share of each allocation component at a Clearing Member and stress test account level (i.e. the percentage of each component total contributed by Clearing Member and separately by each stress test account of the Clearing Member over the associated lookback period).
- Pages 4 through 6 provide the projected Clearing Fund size calculation and the history of associated peak shortfalls consistent with the existing production report.

Reports are expected to be generated daily going forward and reports since close of business October 31, 2025, are currently available. Please note the October 31, 2025 report, and any subsequent month-end versions of the parallel report, effectively provides the official requirements under the proposal for the monthly sizing as the three-month lookback and Clearing Fund size are known with certainty.

As a reminder, the following existing Clearing Fund related reports can be accessed via ENCORE in the same location as the new parallel report.

- CLEARING FUND SIZING REPORT: a monthly report which provides Clearing Members with their official Clearing Fund requirement including the portion required to be maintained in cash.
- CLEARING FUND DAILY REQ PROJECTION REPORT: a daily report which provides projected requirements using a rolling lookback and projected Clearing Fund size. As noted above, this report will be identical to the monthly report as of the last business day of each month.
- CLEARING FUND SIZING PROJECTION REPORT: a daily report which provides the projected Clearing Fund size calculation along with the history of associated peak shortfalls. The last page of the report also includes the Clearing Member's peak sizing scenario shortfall.

Implementation

Upon receiving all necessary regulatory approvals for the Clearing Fund allocation enhancement proposal, both the official monthly Clearing Fund Sizing Report and the daily Clearing Fund Daily Requirement Projection Report will be updated to match the format and content of the parallel report as detailed above. OCC will publish further guidance with details of the final implementation date, once all regulatory approvals have been secured.

Any questions pertaining to this memorandum, please email stlrmgroup@theocc.com.