THE FOUNDATION FOR SECURE MARKETS

#59799

Date: September 21, 2026

Subject: Proposed Changes to OCC's Clearing Membership Standards

To keep pace with heightened regulatory, financial, operational, and system/data expectations, the Options Clearing Corporation ("OCC") reviewed its clearing membership standards and determined it was necessary to amend certain provisions of OCC's Rules. The proposed changes to OCC's Rules strengthen its risk mitigation processes and comprehensively address heightened expectations for both applicants and Clearing Members. For a detailed description of the changes, please refer to the proposed rule filing, sr-occ-2026-009.pdf.

The following is a summary of proposed changes applicable to applicants and Clearing Members:

- New onboarding requirements for eligible Clearing Member applicants;
- Risk mitigation requirements for existing Clearing Members, and specifically for those Clearing Members that OCC determines may present a heightened risk profile;
- Expansion of the factors or circumstances that may result in an applicant's denial of membership or a Clearing Member's suspension of membership;
- Expansion of delegated authority to the designated delegates or agents of OCC's Risk Committee as it pertains to the approval or denial of applicants;
- Expansion of the use of protective measures that OCC may impose on an applicant or Clearing Member.

The proposed rule filing will take effect upon receipt of all required regulatory approvals, at which time Clearing Members and applicants will be required to comply with its provisions.

Eligibility (Rule 201)

- Applicants must maintain a minimum operating history of one year in a similar business that the applicant plans to clear at OCC, or must maintain senior personnel with sufficient experience to conduct the business.

Admission Procedures and Conditions to Admission (Rules 203 and 204)

- Allows OCC's Risk Committee to delegate the approval or denial of an applicant or business expansion to its designated delegates or agents.
- Codifies a detailed process that OCC would undertake in hearings on denials of Clearing Member applicants or reapplicants, as outlined in proposed Rule 309.
- Streamlines business expansion reviews by eliminating the 10-day negative-consent period for OCC's Risk Committee and replacing it with a risk-based approval framework.
- Applicants must maintain OCC Confidential Information in confidence, and OCC will similarly hold in confidence any non-public information furnished by the applicant. The same requirements apply to Clearing Members under proposed Rules 207 and 306.
- Applicants must notify OCC within two business days if the firm or Key Person, as defined in proposed Rule 101, becomes subject to a statutory disqualification or formal investigation by the SEC, CFTC or any other regulatory organization. The same requirements apply to Clearing Members in proposed Rule 306A.
- Applicants may be denied membership based on events or circumstances related to the firm or controlling management that may pose elevated risk or impact suitability as a Clearing Member.
- Denied applicants are restricted from reapplying for membership until the applicant has demonstrated to the satisfaction of OCC that the applicant has adequately addressed the grounds upon which the applicant was denied.
- Applicants approved with contingencies attached to its membership will be placed in a 12-month probationary period.
- Upon request, applicants must provide OCC with its business plan that demonstrates the applicant is able to meet and sustain the financial and operational responsibility standards and financial obligations under OCC Rules.

Financial Responsibility (Rule 301)

- Allows OCC to establish risk-based minimum capital requirements above current levels when necessary to mitigate the risk posed by a Clearing Member or applicant.
- Upon request, Clearing Members must furnish contingency-plan procedures to OCC.

Operational Capability (Rule 302)

- Clearing Members must maintain physical office facilities to conduct business with OCC, unless such Clearing Member utilizes a remote office model that OCC determines, in its sole discretion, does not present heightened risk to OCC. The same requirements apply to applicants under proposed Rule 204(g).
- Upon request, Clearing Members must make its books and records available for inspection by OCC.

Financial, Operations, and Risk Management Personnel (Rule 303)

- Clearing Members must maintain senior management with relevant industry experience in the following roles: Chief Executive Officer or President, Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer. Clearing Members must maintain a clear division of responsibility between each of the listed roles.
- Clearing Members must maintain a minimum of four full-time risk management personnel.

Event-Based Reporting (Rule 306A)

- Clearing Members must notify OCC prior to 3:00pm CT of notices received from any regulatory organization, or of any financial or operational difficulty.

Periodic Reporting (Rule 306B)

- Upon request, Clearing Members must provide annual audited financial statements of a parent or affiliate. The same requirements apply to applicants under proposed Rule 204(m).
- Clearing Members must provide accurate, complete and timely responses to OCC's annual and periodic due diligence information requests.

Protective Measures (Rules 307, 307B, 307C)

- Enhances transparency for Clearing Members and applicants regarding OCC's authority to impose protective measures, including examples of the types of measures that may be used.
- Codifies a detailed process that OCC would undertake in hearings on appeals of protective measures.

Reapplication for Membership (Rule 309)

- Establishes OCC's authority to require a Clearing Member reapply, or to impose protective measures, in response to a material change affecting that Clearing Member. Any denial of reapplication will be made pursuant to proposed Rule 203.

Clearing Member Suspension (Rule 1102)

- Establishes OCC's authority to suspend a Clearing Member that does not meet OCC's membership standards following reapplication under proposed Rule 309.

Clearing Member Sanctions (Rule 1201)

- Establishes examples of conduct that may lead to disciplinary action against a Clearing Member, such as failure to cure a protective measure violation, patterns of late or misleading information, or patterns of regulatory infractions.

Suspension of Clearing Members – Re-Matching in Suspension (Rule 2212)

- All Clearing Members that are participants of the Stock Loan/Hedge program must register their existing Master Securities Loan Agreement relationship within OCC's clearing system.

If you have any questions, please contact your Credit Risk Analyst representative at creditriskanalysts@theocc.com. Or 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.