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#60028

Date: October 23, 2026

Subject: Approved Changes to OCC's Clearing Membership Standards

The purpose of this Information Memo is to notify Clearing Members that on October 21, 2026, the Securities and Exchange Commission ("SEC") approved OCC's proposed rule change to amend its Clearing Membership Standards. The changes are effective immediately.

The information below is a summary of the changes, and the attached FAQ provides answers to anticipated questions. For complete details, please refer to the approved rule filing ([SR-OCC-2026-009](#)).

The rule updates include, but are not limited to:

- ☐ New onboarding requirements for eligible Clearing Member applicants;
- ☐ Risk mitigation requirements for existing Clearing Members, particularly those OCC determines may present a heightened risk profile;
- ☐ OCC's existing authority to deny an applicant's membership or suspend a Clearing Member's membership;
- ☐ Amending admission procedures and conditions to expand the delegation of authority to the Risk Committee's delegates or agents; and
- ☐ OCC's existing authority to impose protective measures on applicants and Clearing Members.

Eligibility and Admissions (Rules 201, 203, and 204)

- ☐ Applicants must have at least one year of operating history in a business similar to the one they plan to clear at OCC, or senior personnel with sufficient experience to conduct it, and must provide a business plan upon request.
- ☐ The Risk Committee may delegate approval or denial of applicants and business expansions to its designated delegates or agents.
- ☐ Applicants may be denied membership if OCC becomes aware of any factor or circumstance about the applicant, or a Key Person of the applicant, that may pose elevated risk to OCC or impact the suitability of the applicant as a Clearing Member. Examples of factors or circumstances that may pose elevated risk to OCC are provided in Rule 204(e). The examples provided in Rule 204(e) do not constitute an exhaustive list.
- ☐ Applicants that have been denied membership may not reapply until they demonstrate to OCC's satisfaction that the grounds for denial have been adequately addressed, and applicants approved with contingencies attached to its membership will be deemed to be in a probationary period for 12 months following the date of the approval as a Clearing Member.
- ☐ Applicants must maintain OCC Confidential Information in confidence. Similar requirements apply to Clearing Members under Rule 207.

- Applicants must notify OCC within two business days if the firm or a Key Person (as defined in Rule 101) becomes subject to a Statutory Disqualification or formal investigation by the SEC, CFTC, or any other regulatory organization. Similar requirements apply to Clearing Members under Rule 306A(c).

Financial Responsibility (Rule 301)

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

Operational Capability (Rule 302)

- Clearing Members must maintain physical office facilities for conducting business with OCC, unless OCC determines, in its sole discretion, that the use of a remote office model does not present heightened risk to OCC. The same requirement applies to applicants under Rule 204(g).

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

- Clearing Members must employ individuals with relevant industry experience in senior management roles, or equivalent positions, including: Chief Executive Officer or President, Chief Financial Officer, Chief Risk Officer, and Chief Compliance Officer. The Clearing Member must maintain a clear division of responsibility between each role.
- Clearing Members must maintain at least four full-time risk management personnel.

Event-Based and Periodic Reporting (Rules 306A and 306B)

- Clearing Members must give OCC a minimum of 30 days prior written notice, or prompt written notice where such decision is made less than 30 days prior to taking effect, of any material change in its form of organization or ownership structure.
- Upon OCC's request, Clearing Members must provide the annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared in accordance with generally accepted accounting principles applicable to the parent or affiliate. The same requirement applies to applicants under Rule 204(p).
- Clearing Members must provide accurate, complete, and timely responses to OCC's annual and periodic due diligence requests.

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

- Rule 307 clarifies OCC's authority to impose protective measures on Clearing Members and applicants.
- Rule 307B codifies the hearing process for appeals of protective measures, including examples of the measures that may be used.
- Rule 307C provides an inexhaustive list of examples of protective measures that OCC may impose.

Reapplication for Membership (Rule 309)

- OCC may require a Clearing Member to reapply for membership, or may impose protective measures, in response to a material change affecting that Clearing Member.
- Any denial of reapplication will be made pursuant to Rule 203.

Clearing Member Suspension and Disciplinary Proceedings (Rules 1102 and 1201)

- OCC may suspend a Clearing Member that does not meet its membership standards following reapplication under Rule 309.
- Rule 1201 provides an inexhaustive list of examples of conduct that may lead to disciplinary action, such as failure to cure a protective measure violation or patterns of late or misleading information or regulatory infractions.

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

- Clearing Members that participate in the Stock Loan/Hedge program must register their existing Master Securities Loan Agreement relationships within OCC's clearing system.

If you have any questions, please contact your Credit Risk Analyst representative at creditriskanalysts@theocc.com, your Clearing Member representative, or the Member Services Help Desk at 800-621-6072 or 800-544-6091 (within Canada, 800-424-7320). Clearing Members may also email memberservices@theocc.com.

Overview and Scope

1. When do the changes take effect?

These changes are effective immediately.

2. Who is subject to these changes?

These changes apply to existing Clearing Members and applicants for clearing membership at OCC.

Eligibility and the Application Process

3. Is there a minimum operating history required for clearing membership at OCC?

Yes. Under Rule 201(b), Clearing Members must maintain a minimum operating history of one year in the same or substantially the same business activities as those for which they are applying. Alternatively, a firm without that history must maintain senior personnel with sufficient financial, risk, and operational background and experience, in OCC's sole opinion, to conduct the business of the Clearing Member.

4. Will an applicant be required to provide OCC with its business plan?

Yes, if OCC requests it. Under Rule 204(m), an applicant must provide its business plan to OCC for review, upon OCC's request. The business plan should highlight the applicant's financial projections and assumptions, including the applicant's proposed use of OCC's services, that demonstrates to the satisfaction of OCC that the applicant has a viable plan to meet OCC's membership standards.

In addition, the applicant must also provide, upon OCC's request, an assessment of that business plan by an independent third-party consultant deemed acceptable by OCC, and at the applicant's expense, to evaluate the reasonableness and viability of the plan, including its assumptions and projections. Failure to provide the plan when requested may result in denial of the application.

5. Can an application be denied for incomplete or delayed responses to OCC's information requests?

Yes. Under Rule 204(j), if an applicant fails to respond fully to OCC's requests for information after a period of 90 days from the inception of the application process, or for any subsequent 90-day period thereafter, OCC may deny the applicant.

Application Review

6. How are applications reviewed?

Under Rule 203(b)(1), the Risk Committee, or its designated delegates or agents, determines whether to approve or deny applications and reapplications for clearing membership. Under Rule 203(c), the Risk Committee, or its designated delegates or agents, may approve an applicant on an expedited basis where approval is appropriate for the protection of investors and the public interest.

For business expansion requests, Rule 203(d) provides that requests may be reviewed and approved or disapproved by the Risk Committee, or its designated delegates or agents, pursuant to OCC's procedures.

7. On what grounds can OCC deny an application?

Under Rule 204(e), the Risk Committee, or its designated delegates or agents, may disapprove any application for clearing membership if OCC becomes aware of any factor or circumstance about the applicant, or a Key Person of the applicant, that may pose elevated risk to OCC or impact the suitability of the applicant as a Clearing Member. These factors include, but are not limited to:

- Concerns relating to the applicant's liquidity profile.
- Concerns with the results of an independent assessment, performed in the last 12 to 18 months, of the applicant's AML program compliance with Bank Secrecy Act requirements, or OFAC Sanctions List and sanctions list data.
- Concerns relating to the amount or degree of financial leverage maintained or proposed to be maintained by the applicant.
- Concerns relating to pending, adjudicated or settled regulatory or other legal actions involving the applicant or its management, including the applicant or a Key Person of the applicant being subject to a Statutory Disqualification.
- If an applicant does not conduct business from a physical office facility and OCC determines doing so represents an unacceptable level of operational risk to OCC.
- Concerns relating to the applicant's profitability.

This list is illustrative. OCC may consider other factors or circumstances that pose elevated risk.

8. What does it mean to be approved with contingencies, and what is the probationary period?

Rule 204(n) provides that if OCC determines to apply a limitation or restriction on an applicant in lieu of applying a membership standard, as OCC is currently authorized to do as outlined in Rule 307, such limitations and restrictions also include contingencies and, in addition to the examples already provided in Rule 307, such limitations, restrictions and contingencies also may include increased or adjusted ongoing membership financial requirements or an ongoing requirement to provide additional information or reports to OCC. Any such financial requirements will be risk-based.

Rule 204(o) provides that if an applicant is approved with contingencies attached to its membership, such applicant's membership will be deemed to be in a probationary period for twelve months following the date of approval as a Clearing Member. If a Clearing Member subject to a probationary period violates any contingency, or any of OCC's Rule, it is subject to suspension by OCC as provided in Chapter XII of OCC's Rules.

9. If OCC proposes to deny an application or a reapplication, what rights does an applicant or Clearing Member have?

Under Rule 203(b)(3), if the Risk Committee, or its designated delegates or agents, proposes to deny an application or a reapplication for clearing membership, the Secretary of OCC will furnish the Clearing Member or applicant with a written statement of the proposed denial and the specific grounds therefor, and afford the Clearing Member or applicant an opportunity to be heard and to present evidence on its own behalf.

Under Rule 203(b)(4), a Clearing Member or applicant may request a hearing by filing with the Secretary of OCC within five (5) business days from the date on which the Secretary of OCC furnished the applicant with a written statement under Rule 203(b)(3) setting forth the name of the representative of the Clearing Member or applicant who may be contacted with respect to the hearing. The Secretary of OCC will give the Clearing Member or applicant not less than ten (10) business days' prior written notice of the place and time of the hearing.

The hearing process is codified in Rule 203(b)(4)-(7).

10. Can an applicant reapply after being denied?

Yes, once the applicant has, to OCC's satisfaction, adequately addressed the specific grounds for the denial. Under Rule 204(f), if an applicant is denied membership, the applicant is restricted from reapplying for membership until the applicant has demonstrated to OCC's satisfaction that the applicant has adequately addressed the specific grounds on which it was denied.

Office, Personnel and Operational Requirements

11. Is a physical office facility required to conduct business with OCC?

Yes, unless OCC determines that a firm's use of a remote office model does not present heightened risk to OCC.

Under Rule 204(g) and Rule 302(b), applicants and Clearing Members must maintain physical office facilities for conducting business with OCC, unless they use a remote office model that OCC determines, in its sole discretion, does not present heightened risk to OCC. Applicants may be subject to an onsite visit from OCC at their physical office facility as part of the onboarding process, and Clearing Members may be subject to an onsite visit as part of OCC's ongoing monitoring and due diligence.

12. What are the personnel requirements?

Rule 303(a) requires every Clearing Member to employ individuals with relevant industry experience in senior management roles, or equivalent positions, including:

- President or Chief Executive Officer
- Chief Financial Officer
- Chief Risk Officer
- Chief Compliance Officer

The Clearing Member must maintain a clear division of responsibility between each of those roles. In addition, the Clearing Member must maintain a minimum number of four full-time risk management personnel.

13. What is a "Key Person" and why does the definition matter in practice?

A Key Person means any person associated with a Clearing Member or applicant that OCC deems is critical to the firm's operations or risk management, including but not limited to the President, Chief Executive Officer, Chief Financial Officer, Chief Risk Officer and Chief Compliance Officer, or equivalent positions, or a major shareholder or partner. The phrase "associated with" is intended to encompass positions beyond direct employment or control of the Clearing Member or applicant. Key Persons matter because they may control day-to-day decisions, maintain key client relationships, or have extensive knowledge of the company such that their position is critical to the operation of the business.

Capital, Financial Information and Reporting

14. Can OCC establish risk-based minimum capital requirements?

Yes. Under Rule 301(b), OCC may, in its sole discretion, pursuant to Rule 307C(a), establish risk-based minimum capital levels, higher than those specified in Rule 301, to mitigate risk to OCC. Examples of risks that may lead to a higher capital requirement include, but are not limited to, a Clearing Member that may, as determined by OCC, present a short operating history, an inadequate liquidity profile, a business strategy determined to be high risk, a highly leveraged profile, weak internal risk controls, or insufficient personnel.

15. How is the early warning notification threshold changing?

Under Rules 306A(a)(2)(A)(i) and 306A(a)(4)(B)(i), broker-dealer Clearing Members and Non-U.S. Securities Firms (other than Canadian Investment Dealers) must also give early warning notice if their net capital falls below 20% above their applicable minimum capital requirement. This is in addition to the existing triggers.

16. Will applicants and Clearing Members be required to provide financial statements of a parent or affiliate?

Yes, upon OCC's request. Rule 204(p) for applicants and Rule 306B(b) for Clearing Members require the firm, to provide, upon OCC's request, annual audited financial statements of a parent or affiliate for the applicable fiscal year, certified by an independent certified public accountant and prepared under the generally accepted accounting principles applicable to that parent or affiliate. If the annual audited financial statements are not available, the firm must provide, upon OCC's request, unaudited financial statements, audited consolidated financial statements, or other financial information of the parent or affiliate, as applicable.

17. How quickly must a firm report a Statutory Disqualification or a regulatory investigation?

Applicants

Rule 204(c)(2) requires every applicant to notify OCC in writing within two business days if the applicant or a Key Person is or becomes subject to a Statutory Disqualification, or if the applicant learns that it or a Key Person is the subject of a formal investigation by a regulatory organization.

Clearing Members

Rule 306A(c)(1) requires a Clearing Member to notify OCC in writing within two business days if the Clearing Member is or becomes subject to, or whose Key Person is or becomes subject to, a Statutory Disqualification.

18. Are there other new reporting requirements for Clearing Members?

Yes. Rule 306B(f) requires Clearing Members to provide accurate, complete and timely responses to OCC's annual and periodic due diligence information requests, including any supplemental or follow-up requests. Rule 301(d) also requires every Clearing Member to furnish copies of its contingency planning procedures upon OCC's request.

Material Changes and Reapplication for Membership

19. How many days' notice must a Clearing Member give to OCC of a material change in its organization or ownership?

Rule 306A(b)(1) requires each Clearing Member to give OCC a minimum of 30 days prior written notice, or prompt written notice where such decision is made less than 30 days prior to taking effect, of any material change in its form of organization or ownership structure.

20. When can OCC require an existing Clearing Member to reapply for membership?

Under Rule 309, when a Clearing Member undergoes a material change listed in Rule 306A(b)(1), OCC may:

- require the Clearing Member to reapply for membership, if OCC determines, in its sole discretion, that the event has or is expected to have a material impact on the financial or operational condition or materially change the business strategy of such Clearing Member; or
- apply protective measures necessary to address any new risks arising from the material change.

21. Does a reapplication interrupt access to OCC services?

No, not automatically. Rule 309(b) provides that if OCC determines that a Clearing Member must reapply for membership, the Clearing Member's access to OCC's services remains active during the reapplication period; provided, however, that Rule 309 does not limit OCC's authority to impose protective measures under Rules 307 through 307C, or to suspend a Clearing Member under Rule 1102.

22. How is a reapplication reviewed?

On the same terms as a new application. Under Rules 203(a) and 309(c), reapplications follow the admission procedures in Rule 203. The reapplying Clearing Member would be afforded the same rights under Rule 203 as a new applicant. Under Rule 203(b)(8), a final decision to deny a reapplication of a Clearing Member pursuant to Rule 309 and Rule 203 will constitute a suspension or expulsion from a self-regulatory organization and is therefore grounds for summary suspension under Rule 1102.

Protective Measures, Discipline and Suspension

23. When can OCC impose protective measures?

Under Rule 307(a), OCC may impose protective measures on any Clearing Member or applicant for clearing membership that:

- is approaching or does not meet OCC's minimum membership standards, or fails to provide information required under Chapters II and III of the Rules such that OCC is unable to determine whether it meets those standards;
- presents increased credit, market or liquidity risk to OCC;
- is, or will be in the case of a new Clearing Member, subject to enhanced monitoring and surveillance under OCC's watch level reporting process; or
- has a financial condition, operational capability, risk management capability, regulatory or compliance risk profile that otherwise makes protective measures necessary or advisable for the protection of OCC, other Clearing Members or the general public.

24. What are examples of protective measures that OCC may impose?

Rule 307C lists additional operational, personnel, financial resource and risk management requirements that OCC may impose, including but not limited to:

- Financial guaranty from the Clearing Member's parent company or affiliate.
- Limitations on the Clearing Member's financial leverage, for example, gross or adjusted leverage caps.
- Requirement to fill a key risk management or operational role created by the loss of a Key Person.
- Requirement to implement or enhance certain internal controls, procedures or systems.
- Requirement to provide OCC with an independent assessment of the member's financial projections, operational capabilities, AML controls or compliance with OFAC.

The above list is not exhaustive.

25. What are examples of conduct that can result in discipline of a Clearing Member?

Rule 1201(a) provides examples of conduct for which OCC may censure, suspend, expel, fine or limit the activities of a Clearing Member, including but not limited to:

- failure to comply with a protective measure and to cure that failure to OCC's satisfaction within the cure period OCC specifies;
- a pattern of providing late financial or other information requested by OCC;
- a pattern of providing false or misleading financial information such that, in OCC's sole opinion, OCC can no longer fully assess or monitor the risk the member presents; and
- a pattern of regulatory or legal infractions by the member or a Key Person that, in OCC's sole opinion, creates a significant reputational risk for OCC.

Confidentiality and Information Sharing

26. What are the confidentiality obligations?

Obligations owed to OCC

Rule 207(d) for Clearing Members, and Rule 203(f)(2) for applicants, require each firm to maintain OCC Confidential Information in confidence to the same extent and using the same means it uses to protect its own confidential information, but no less than a reasonable standard of care. A firm must not use OCC Confidential Information, or disclose it to any third party, except as necessary to perform its obligations under OCC's By Laws and Rules or as otherwise required by applicable law. These provisions do not prevent OCC or a firm from providing OCC Confidential Information to a governmental or regulatory authority, subject to request for confidential treatment.

Obligations owed by OCC

Rule 306(b) for Clearing Members, and Rule 203(f)(1) for applicants, provide that nonpublic information a firm furnishes to OCC is held in confidence as may be required under the laws, rules and regulations applicable to OCC that relate to the confidentiality of records. These provisions do not prevent OCC from releasing such nonpublic information, in its sole discretion, to any governmental or regulatory authority or to any regulatory organization to which the firm is a member or participant.

Stock Loan/Hedge Program

27. Is there a new requirement for stock loan participants?

Yes. Rule 2212(c), requires all Clearing Members that participate in OCC's Stock Loan/Hedge Program to register their existing Master Securities Loan Agreement relationships within OCC's clearing system.