DCO Rules

UNITED STATES
COMMODITY FUTURES TRADING COMMISSION

Submitter Information

Organization Name
Options Clearing Corporation

Organization Type	**Organization Acronym**
DCO	OCC
Submitted By [redacted]	**Email Address** [redacted]

Cover Sheet

Submission Number	**Submission Date**
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40.6(a) Rule Certification

Submission Description
Rule Certification by The Options Clearing Corporation Concerning the Addition of the Evergreen Provisions to OCC's
LRMF

☑ **Request Confidential Treatment**

Registered Entity Identifier Code

Rule Numbers
OCC's Liquidity Risk Management Framework

Date of Intended Implementation
11/13/2026

Documents

CFTC Self-Certification (Evergreen Provisions).pdf
Confidential Exhibit A(Evergreen Provisions).pdf (Confidential Treatment Requested)

Request For Confidential Treatment - Detailed Written Justification

CFTC Confidentiality Request 10.29.26.pdf

THE FOUNDATION FOR SECURE MARKETS

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October 29, 2026

VIA CFTC PORTAL
Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, DC 20581

Re: Rule Certification by The Options Clearing Corporation Concerning the Addition of the Evergreen Provisions to OCC's LRMF

Dear Secretary Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended ("Act"), and Commodity Futures Trading Commission ("CFTC") Regulation 40.6, The Options Clearing Corporation ("OCC") hereby certifies a rule change concerning the addition of Evergreen Provisions to OCC's Liquidity Risk Management Framework. The date of implementation of the rule is at least 10 business days following receipt of the certification by the CFTC. The proposal has also been submitted to the Securities and Exchange Commission ("SEC") under Section 19(b) of the Securities Exchange Act of 1934 ("Exchange Act") and Rule 19b-4 thereunder. The change will not be implemented until OCC has obtained all necessary regulatory approvals.

In conformity with the requirements of Regulation 40.6(a)(7), OCC states the following:

Explanation and Analysis

The purpose of this rule certification is to codify the circumstances in which OCC may renew its liquidity facilities without filing an advance notice. The proposed change is described in additional detail below.

The proposed changes to OCC's Liquidity Risk Management Framework ("LRMF") are contained in confidential Exhibit A. Material proposed to be added is marked by underlining and material proposed to be deleted is marked with strikethrough text. All terms with initial capitalization not defined herein have the same meaning as set forth in OCC's By-Laws and Rules.[1]

[1] OCC's By-Laws and Rules can be found on OCC's public website: https://www.theocc.com/company-information/documents-and-archives/by-laws-and-rules.

Overview

OCC maintains certain liquidity facilities to ensure access to needed liquidity in time to satisfy settlement obligations, even in the event of a default by a Clearing Member or another market disruption. These liquidity facilities were each previously the subject of advance notice filings for renewals. At least one advance notice filing relating to each liquidity facility, to which the SEC did not object, sets forth the circumstances under which OCC may renew the facility without filing an additional advance notice (the "Evergreen Provisions").[2] These Evergreen Provisions are not presently codified in any OCC rule. OCC now seeks to (1) add these Evergreen Provisions to its LRMF; (2) make non-substantive changes to the language and structure of the Evergreen Provisions and the Liquidity Risk Management Framework for clarity and consistency; and (3) add sub-headings for clarity. OCC believes that codifying the Evergreen Provisions in the LRMF will make them more accessible within OCC and subject to annual review by OCC.

Proposed Changes

OCC proposes changes to its LRMF to memorialize the Evergreen Provisions that describe the circumstances in which OCC may renew three liquidity facilities described in detail below without filing an advance notice. Including these Evergreen Provisions will improve the completeness of the LRMF and make it more efficient to track the circumstances in which the facilities may be renewed without an advance notice. Each of the three facilities and the current conditions under which OCC may renew the facility without filing an advance notice are described below.

Revolving Credit Facility

OCC maintains a revolving credit facility for a 364-day term that it may use: (i) to meet obligations arising out of the default or suspension of a Clearing Member or any action taken by OCC to address such a default or suspension; (ii) to reimburse OCC for bankruptcy losses, subject to the conditions set forth in the By-Laws and Rules; (iii) to the extent permitted by the By-Laws and Rules, (a) to obtain funds projected to be required by OCC in anticipation of a potential default by, or suspension of, a Clearing Member; or (b) to address liquidity needs for daily settlement obligations as the result of the failure of any bank, securities or commodities clearing organization, or investment counterparty to perform any obligation to OCC when due ("Revolving Credit

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[2] See Securities Exchange Act Release No. 106129 (Aug. 13, 2026), 91 FR 53449 (Aug. 18, 2026) (SR-OCC-2026-802) (Notice of Filing of Advance Notice Regarding Revolving Credit Facility); Securities Exchange Act Release No. 95669 (Sept. 2, 2022); 87 FR 55064 (Sept. 8, 2022) (SR-OCC-2022-802) (Notice of No Objection to Bank Repo Facility); Securities Exchange Act Release No. 95670 (Sept. 2, 2022); 87 FR 55048 (Sept. 8, 2022) (SR-OCC-2022-803) (Notice of No Objection to Non-Bank Liquidity Facility).

Facility").[3] The Revolving Credit Facility provides short-term secured borrowings in an aggregate principal amount of $2.5 billion but may be increased to $3.5 billion if OCC so requests and sufficient commitments from lenders are received and accepted. To obtain a loan under the Revolving Credit Facility, OCC would pledge as collateral: (i) U.S. dollars; (ii) securities issued or guaranteed by the U.S. Government or the Government of Canada; (iii) equities included in the S&P 500 Market Index, the NASDAQ exchange, or any United States or Canadian national securities exchange; (iv) Exchange-Traded Funds ("ETFs"); or (v) American Depositary Receipts ("ADRs"). It is renewed annually for a 364-day term.

OCC must submit an advance notice prior to renewing the Revolving Credit Facility if it intends to make changes to the commitment period (which would continue to be 364 calendar days unless changes are necessary to avoid the expiration of the term falling on a weekend or other day that is not a business day).[4] However, without submitting an advance notice, OCC may: (1) increase the commitment amounts so long as the increase (whether in the initial commitment amount, additional commitment amount, or both) is by no more than $500 million in total as compared to the 2025 Bank Syndicate Revolving Credit Facility, which authorized a $2.5 billion initial commitment that could be increased to $3.5 billion if OCC so requests and sufficient commitments from lenders are received and accepted; (2) decrease the commitment amounts by up to $500 million so long as any decrease in the initial commitment amount is replaced by other qualifying liquid resources (as defined in Exchange Act Rule 17ad-22(a)(14)[5]) of an equal amount;[6] (3) add new lenders or remove existing lenders so long as all lenders to future renewals are subject to the same credit review as those lenders that were party to its 2020 Bank Syndicate Revolving Credit Facility; (4) change the lead administrative agent and/or the backup administrative agent so long as the new agent in future renewals is subject to the requirements for selecting providers of core

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3 Securities Exchange Act Release No. 106129 (Aug. 13, 2026), 91 FR 53449 (Aug. 18, 2026) (SR-OCC-2026-802) (Notice of Filing of Advance Notice Regarding Revolving Credit Facility).

4 See Securities Exchange Act Release No. 88971 (May 28, 2020), 85 FR 34257 (June 3, 2020) (SR-OCC-2020-804) (Notice of Filing of Advance Notice of and No Objection to Revolving Credit Facility).

5 17 CFR 240.17ad-22(a)(14).

6 For example, this may include an increase in OCC's Cash Clearing Fund Requirement as required under Rule 1002(a) or other committed liquidity resources for which the SEC has issued a Notice of No Objection. See, e.g., Securities Exchange Act Release No. 34-88971 (May 28, 2020), 85 FR 34257 (June 2, 2020) (citing Securities Exchange Act Release No. 88317 (March 4, 2020), 85 FR 13681 (March 9, 2020) (SR-OCC-2020-801)).

services set forth OCC's policies and procedures; (5) change pricing and collateral haircuts,[7] so long as such terms are consistent with the then-current market practice; and (6) change other terms and conditions of the agreement so long as the changes do not materially affect the nature or level of risk presented to OCC.

Bank Repo Facility

OCC also maintains a master repurchase agreement with a bank counterparty as part of its overall liquidity plan ("Bank Repo Facility"). Pursuant to the Bank Repo Facility, the buyer (i.e., the bank counterparty) agrees to purchase from OCC, from time to time, U.S. Government securities. OCC, as the seller, would transfer these securities to the buyer in exchange for a payment by the buyer to OCC in immediately available funds. The buyer would simultaneously agree to transfer the purchased securities back to OCC at a specified later date or on OCC's demand against the transfer of funds by OCC to the buyer in an amount equal to the amount the buyer paid plus the accrued and unpaid price differential, which is the interest component of the agreement. The buyer provides a funding commitment of up to $1 billion, with the commitment extending for one year (plus or minus one day).

The Bank Repo Facility is renewed annually. OCC would submit another advance notice with respect to such renewal for the same term only if: (i) OCC determines its liquidity needs merit funding levels above the $1 billion, (ii) OCC should seek to change the terms and conditions of the Master Repurchase Agreement ("MRA") in a manner that materially affects the nature or level of risk presented by OCC,[8] (iii) OCC should seek to add counterparties or substitute the bank counterparty to the Bank Repo Facility program, or (iv) the bank counterparty has experienced a negative change to its credit profile or a material adverse change since the latest renewal of the MRA.[9]

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7 "Collateral haircuts" with respect to the collateral for any borrowing under the Facility refers to the schedule of percentages of market value by type of collateral, determining the collateral value of that type of collateral, for purposes of securing a borrowing.

8 For the purposes of clarity, OCC would not consider changes to pricing or changes in representations, covenants, and terms of events of default, to be changes to a term or condition that would require the filing of a subsequent advance notice provided that pricing is at the then prevailing market rate and changes to such other provisions are immaterial to OCC as the seller and do not impair materially OCC's ability to draw against the facility.

9 See Securities Exchange Act Release No. 95669 (Sept. 2, 2022); 87 FR 55064 (Sept. 8, 2022) (SR-OCC-2022-802) (Notice of No Objection to Bank Repo Facility).

Non-Bank Liquidity Facility

OCC also maintains a program for accessing additional committed sources of liquidity that do not increase the concentration of OCC's counterparty exposures ("Non-Bank Liquidity Facility"). The Non-Bank Liquidity Facility is comprised of two parts: an MRA and confirmations with one or more institutional investors, which contain certain individualized terms and conditions of transactions executed between OCC, the institutional investors and their agents. The MRA is structured like a typical repurchase arrangement. This facility has no commitment limit, but OCC has established a target across all external liquidity resources of at least $3 billion.[10] OCC seeks new and renewed commitments of varying term lengths under this facility.

OCC would submit another advance notice with respect to the execution of individual commitments under the Non-Bank Liquidity Facility only if: (i) OCC should seek to execute a commitment at a level that would have the effect of reducing external liquidity below the target of $3 billion; (ii) OCC should seek to change the terms and conditions of the MRA or commitments thereunder in a manner that materially affects the nature or level of risk presented by OCC;[11] or (iii) OCC should seek to execute a commitment with a counterparty that has experienced a negative change to its credit profile or a material adverse change since OCC last executed a commitment with that counterparty. But OCC may make changes to (i) liquidity providers provided that any new counterparty is subject to a credit review under OCC's Third-Party Risk Management Framework[12] and (ii) term lengths consistent with those approved by OCC's Board of Directors ("Board")

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[10] From time to time OCC's Board of Directors sets the level of aggregate commitments at a level to ensure that OCC maintains sufficient liquidity resources to cover its liquidity risk exposures at all times considering such factors including, but not limited to: (1) the size and make-up of the Clearing Fund; (2) the aggregate amount of OCC's other liquidity resources; and (3) changing market conditions. Securities Exchange Act Release No. 95670 (Sept. 2, 2022); 87 FR 55048, 55050 (Sept. 8, 2022) (SR-OCC-2022-803) (Notice of No Objection to Non-Bank Liquidity Facility)

[11] For the purposes of clarity, OCC would not consider changes to pricing or changes in representations, covenants, and terms of events of default, to be changes to a term or condition that would require the filing of a subsequent advance notice provided that pricing is at the then prevailing market rate and changes to such other provisions are immaterial to OCC as the seller and do not impair materially OCC's ability to draw against the facility.

[12] See Third-Party Risk Management Framework, available at Documents & Archives, https://www.theocc.com/getcontentasset/68a1ea2d-ddae-4a93-a309-100bf70a0f28/dfc3d011-8f63-43f6-9ed8-4b444333a1d0/third-party-risk-management-framework.pdf. While credit monitoring of insurance companies that may become liquidity providers would necessarily be different than credit monitoring of existing pension fund counterparties, any new liquidity would be subject to the same credit review for counterparties of the same type.

considering factors including, but not limited to, the initial committed length of the term, market conditions, and OCC's liquidity needs.[13]

Adding the Evergreen Conditions to the LRMF

The current conditions under which OCC may renew its liquidity facilities without filing an advance notice are not codified in any OCC written policy or procedure. Rather, they are documented in the advance notices OCC filed with respect to each liquidity facility, and in the SEC's notices of no objection thereto.[14] OCC seeks to add these Evergreen Provisions to its LRMF, which is designed to effectively identify, measure, monitor, and manage the liquidity risks that arise in or are borne by OCC. A crucial component of the LRMF is OCC's access to a reliable and diverse set of committed liquidity resources, including the three liquidity facilities at issue in this advance notice. Adding the Evergreen Provisions for all three liquidity facilities to the LRMF would improve the overall organization of OCC's liquidity risk processes and would make them more accessible. In addition, adding the Evergreen Provisions to the LRMF would ensure that OCC, its Board, and its Risk Committee review them on an at-least annual basis as part of the review of OCC's risk management policies, procedures and systems. Such review may identify the need to propose changes to the Evergreen Provisions. For example, to the extent that OCC later determines that access to additional liquidity is necessary or appropriate, OCC may determine to increase the maximum amount of commitments it may seek under either the Revolving Credit Facility or Bank Repo Facility. Documenting the Evergreen Provisions in the LRMF would serve as a reminder that such a change would require regulatory filings, thereby improving the clarity of OCC's governance arrangements.

Consistency with DCO Core Principles

OCC reviewed the DCO core principles ("Core Principles") as set forth in the Act, the regulations thereunder, and the provisions applicable to a DCO that elects to be subject to the provisions of 17 CFR Subpart C ("Subpart C DCO"). During this review, OCC identified the following as potentially being impacted:

Risk Management. OCC believes that implementing the proposed rule change will be aligned with Core Principle D,[15] which requires, in part, that each DCO ensure that it possesses the ability to manage the risks associated with discharging the responsibilities of a DCO through the use of appropriate tools and procedures. The proposed changes are

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13 See Securities Exchange Act Release No. 95670 (Sept. 2, 2022); 87 FR 55048 (Sept. 8, 2022) (SR-OCC-2002-803)

14 See supra note 2.

15 7 U.S.C. 7a-1(c)(2)(D).

intended to codify the circumstances in which OCC may renew its liquidity facilities, which it relies on to reduce risk by providing liquidity in the case of a Clearing Member default or other shock, without the need for an advance notice filing. Codifying these provisions in the LRMF streamlines OCC's ability to renew its liquidity facilities as necessary and reduces the risk of operational error by ensuring all Evergreen Provisions are within the same document.

For these reasons, OCC believes that the proposed changes are consistent with the requirements of the DCO Core Principles and the CFTC Regulations thereunder.

Opposing Views

No substantive opposing views were expressed related to the rule amendments by OCC's Board members, Clearing Members or market participants. Public comments on the proposed rule change filed with the SEC, if any, and any OCC response to such comments may be viewed on the SEC's public website.[16]

Notice of Pending Rule Certification

OCC hereby certifies that notice of this rule filing has been given to Clearing Members of OCC in compliance with Regulation 40.6(a)(2) by posting a copy of this certification on OCC's website concurrently with the filing of this submission.

Certification

OCC hereby certifies that the rule set forth at confidential Exhibit A of the enclosed filing complies with the Act and the CFTC's regulations thereunder.

Should you have any questions regarding this matter, please do not hesitate to contact me.

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16 See Options Clearing Corporation (OCC) Rulemaking, https://www.sec.gov/rules-regulations/self-regulatory-organization-rulemaking/occ.

Sincerely,

/s/ [redacted]

[redacted]
The Options Clearing Corporation

Enclosure: Confidential Exhibit A