

# Pandemic Exercises Helped OCC Manage Record Trading Volumes

Options Clearing Corp. held a companywide exercise on pandemic preparation in November, just in time for the coronavirus



Dave Hoag, chief information officer at Options Clearing Corp., said business continuity planning served the firm well in dealing with the coronavirus pandemic.

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By [Agam Shah](#)

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Options Clearing Corp. saw record-breaking trading volume in March as concern over the coronavirus hit markets. But the OCC, which serves as a guarantor for derivatives, was prepared, having organized a companywide exercise in pandemic preparation last November.

The exercise focused on business continuity planning and preparedness training as well as reviews of information technology systems, including bandwidth to handle a surge in connections from home workers.

“Municipalities and mega-organizations for a while have been looking at pandemics as a potential situation and how they might handle it. We felt that there was a chance that this could be a possibility,” said Dave Hoag, chief information officer at the Chicago-based firm.

As Covid-19 cases earlier this year started rising so did options-trading volumes. As a central clearinghouse for trades in equity options, the OCC acts as a guarantor to millions of options contracts a day.

The OCC in March cleared 670.6 million options contracts, a record, and a 62.8% increase in trading volume over the same month in the previous year. February’s volume totaled 568.9 million cleared contracts.

Pandemic planning is important for clearinghouses like OCC, which help maintain the stability of financial systems during times of volatility and high volumes, said Larry Tabb, managing director for Tabb Advisors.

“There also needs to be a strong people plan too. OCC, while tech focused, still needs a lot of people to ensure the technology operates properly, and to manage any problems,” said Mr. Tabb, who wasn’t involved with the OCC training exercise.

The November pandemic preparation exercise, led by Clint Fransen, vice president of business continuity, presented an event that unfolded more quickly than the real-life Covid-19 crisis. OCC conducts preparation exercises every quarter for disaster situations that include environmental factors.

Independent of the pandemic planning, OCC last year held rotational tests with entire offices in Chicago and Dallas working from home on separate days. That helped the pandemic planning team evaluate the functionality of the company’s communications infrastructure, virtual networking capabilities and work management systems.

“Our investment in having those sites be positioned to be able to operate from home was something that served us well,” Mr. Hoag said.

The OCC, which has 835 employees, switched to remote work in the middle of March.

Mr. Hoag regularly conducts tests to handle spikes in clearing options contracts. But to help deal with the record surge last month, he also sought incremental improvements such as moving processing from a single server to a cluster of computers.

The record surge in transactions also confirmed OCC's plan to move its critical systems, including its clearing and risk management platforms, to the cloud by early 2022. The OCC's current systems include servers in two data centers.

Cloud-service providers sell computer capacity on an as-needed basis, enabling companies to shift IT systems and software out of in-house data centers and servers.

"That type of growth in a single day can be managed more efficiently and effectively through cloud assets," Mr. Hoag said.

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