



## DCO Rules

### UNITED STATES COMMODITY FUTURES TRADING COMMISSION

<b>Submitter Information</b>	
<b>Organization Name</b> Options Clearing Corporation	
<b>Organization Type</b> DCO	<b>Organization Acronym</b> OCC
<b>Submitted By</b> mbrown1	<b>Email Address</b> mcbrown@theocc.com
<b>Cover Sheet</b>	
<b>Submission Number</b> 2111-0311-3222-36	<b>Submission Date</b> 11/3/2021 11:32:22 AM ET
<b>Submission Type</b> 40.6(a) Rule Certification	
<b>Submission Description</b> Certification of Updates to the Service Level Agreement Between OCC and CME under the Second Amended and Restated Cross-Margining Agreement	
<input checked="" type="checkbox"/> <b>Request Confidential Treatment</b>	
<b>Registered Entity Identifier Code</b>	
<b>Rule Numbers</b> n/a	
<b>Date of Intended Implementation</b> 11/18/2021	
<b>Documents</b>	
CFTC Certification - SLA Updates (11.3.2021).pdf CONFIDENTIAL Exhibit A (11.3.2021).pdf (Confidential Treatment Requested)	
<b>Request For Confidential Treatment - Detailed Written Justification</b>	
CFTC Confidentiality Request (11.3.2021).pdf	



November 3, 2021

**VIA ELECTRONIC MAIL**

Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, DC 20581

**Re: CFTC Regulation 40.6(a) Certification of Updates to the Service Level Agreement Between OCC and CME under the Second Amended and Restated Cross-Margining Agreement**

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(a), The Options Clearing Corporation (“OCC”) hereby certifies to the CFTC amendments to the service level agreement (“SLA”) between OCC and the Chicago Mercantile Exchange Inc. (“CME”) under the Second Amended and Restated Cross-Margining Agreement (the “Agreement”). The date of implementation of the rule is at least 10 business days following receipt of the rule filing by the CFTC. The OCC has not filed the proposed changes with the Securities and Exchange Commission (“SEC”) because the SLA, as updated, is not a rule of the clearing agency for purposes of Section 19(b) of the Securities Exchange Act of 1934 and SEC Rule 240.19b-4.

Amendments to the SLA are included in Confidential Exhibit A. Material proposed to be added is marked by underlining, and material proposed to be deleted is marked with strikethrough text.

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

**Explanation and Analysis**

In 2020, CME and OCC executed the Agreement and SLA after the parties obtained all necessary regulatory approvals. The parties moved certain operational details from the then-existing cross-margining agreement to the SLA to present those details more clearly and allow for more frequent modifications without requiring amendments to the Agreement. Specifically, the SLA governs the times, methods and forms of deliveries, notifications and consents described in the

Agreement. The proposed updates to the SLA are administrative in nature to update timing, file names and information sharing arrangements.

OCC reviewed the derivatives clearing organization (“DCO”) core principles (“Core Principles”) as set forth in the Act, 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 Core Principles and regulations and provisions applicable to subpart C DCOs as potentially being impacted:

**Risk Management.** OCC believes that the SLA updates are aligned with Core Principle D,<sup>1</sup> which requires, in part, that a DCO ensure it possesses the ability to manage the risks associated with discharging the responsibilities of a DCO through use of appropriate tools and procedures. OCC believes that the proposed SLA updates serve to clarify the operational processes of the existing cross-margining program with respect to payments, file names and information sharing between the organizations, thus enhancing the ability of OCC to manage the risks associated with discharging the responsibilities of a DCO through the use of appropriate procedures.

**Legal Risk.** OCC believes that the SLA updates are also aligned with Core Principle R,<sup>2</sup> which requires that a DCO have a well-founded, transparent, and enforceable legal framework for each aspect of its activities as a DCO. The parties established the SLA to allow them to more easily update the legal requirements of the cross-margining program consistent with evolving operational needs and capabilities. The updates are examples of revisions intended to reflect the changing operational environment.

#### Opposing Views

No opposing views were expressed related to the rule amendments.

#### 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 enclosed Confidential Exhibit A 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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<sup>1</sup> 7 U.S.C. 7a-1(c)(2)(D).

<sup>2</sup> 7 U.S.C. 7a-1(c)(2)(R).

Christopher J. Kirkpatrick  
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Sincerely,

/s/ Mark C. Brown  
Assistant General Counsel

Enclosure: Confidential Exhibit A