



SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-99568; File No. SR-OCC-2023-007]

Self-Regulatory Organizations; Options Clearing Corporation; Notice of Designation of Longer Period for Commission Action on Proceedings to Determine Whether to Approve or Disapprove a Proposed Rule Change, as Modified by Partial Amendment No. 1 and Amendment No. 2, Concerning Modifications to the Amended and Restated Stock Options and Futures Settlement Agreement Between The Options Clearing Corporation and the National Securities Clearing Corporation

February 20, 2024.

On August 10, 2023, the Options Clearing Corporation (“OCC”) filed with the Securities and Exchange Commission (“Commission”) the proposed rule change SR-OCC-2023-007 (“Proposed Rule Change”) pursuant to section 19(b) of the Securities Exchange Act of 1934 (“Exchange Act”)¹ and Rule 19b-4² thereunder to modify the Amended and Restated Stock Options and Futures Settlement Agreement dated August 5, 2017, between OCC and National Securities Clearing Corporation (“NSCC”), OCC’s rules related to liquidity risk management, and OCC’s rules related to default management in connection with the proposed modifications to the Existing Accord.³ The Proposed Rule Change was published for public comment in the *Federal Register* on August 30, 2023.⁴

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Notice of Filing *infra* note 4, at 88 FR 59976.

⁴ Securities Exchange Act Release No. 98215 (Aug. 24, 2023), 88 FR 59976 (Aug. 30, 2023) (File No. SR-OCC-2023-007) (“Notice of Filing”). OCC also filed a related advance notice (SR-OCC-2023-801) (“Advance Notice”) with the Commission pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled the Payment, Clearing,

On September 25, 2023, pursuant to section 19(b)(2) of the Exchange Act,⁵ the Commission designated a longer period within which to approve, disapprove, or institute proceedings to determine whether to approve or disapprove the Proposed Rule Change.⁶ On November 8, 2023, OCC filed a Partial Amendment No. 1 to the Proposed Rule Change.⁷ On November 14, 2023, the Commission published notice of Partial Amendment No. 1 and instituted proceedings, pursuant to section 19(b)(2)(B) of the Exchange Act,⁸ to determine whether to approve or disapprove the proposed rule change, as modified by the Partial Amendment No. 1.⁹ On January 23, 2024, OCC filed Amendment No. 2 to the Proposed Rule Change, which was published in the *Federal Register* for public comment on January 30, 2024.¹⁰ The Commission has received comments regarding the Proposed Rule Change.¹¹

and Settlement Supervision Act of 2010 and Rule 19b-4(n)(1)(i) under the Exchange Act. 12 U.S.C. 5465(e)(1). 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. The Advance Notice was published in the *Federal Register* on August 30, 2023. Securities Exchange Act Release No. 98214 (Aug. 24, 2023), 88 FR 59988 (Aug. 30, 2023) (File No. SR-OCC-2023-801).

⁵ 15 U.S.C. 78s(b)(2).

⁶ Securities Exchange Act Release No. 98508 (Sep. 25, 2023), 88 FR 67407 (Sep. 29, 2023) (File No. SR-OCC-2023-007).

⁷ Partial Amendment No. 1 delays implementation of the proposed change; however, Partial Amendment No. 1 was amended and replaced by Amendment No. 2. *See* Notice of Amendment *infra* note 10, at 89 FR 5974.

⁸ 15 U.S.C. 78s(b)(2)(B).

⁹ *See* Securities Exchange Act Release No. 98932 (Nov. 14, 2023), 88 FR 80781 (Nov. 20, 2023) (File No. SR-OCC-2023-007).

¹⁰ *See* Securities Exchange Act Release No. 99426 (Jan. 24, 2024), 89 FR 5974 (Jan. 30, 2024) (File No. SR-OCC-2023-007) (“Notice of Amendment”). Amendment No. 2 adds a second phase of changes to the proposed rule change. The changes added in Phase 2 include improved information sharing between OCC and NSCC and are designed to facilitate the shortening of the standard settlement cycle for most broker-dealer transactions from T+2 to T+1. *See* Securities Exchange Act Release No. 96930 (Feb. 15, 2023), 88 FR 13872 (Mar. 6, 2023) (File No. S7-05-22).

¹¹ Comments on the Advance Notice are available at <https://www.sec.gov/comments/sr-occ-2023-801/srocc2023801.htm>. The Commission received one comment supporting the proposed changes. *See* comment from John P. Davidson, Principal, Pirnie Advisory (Oct. 4, 2023), available at <https://www.sec.gov/comments/sr-occ-2023-801/srocc2023801-268179-645042.htm>. Since the proposal contained in the Advance Notice was also filed as a proposed rule change, all public comments received on the proposal are considered regardless of whether the comments are submitted on the Proposed Rule Change or the Advance Notice. Comments on the Proposed Rule Change are available at <https://www.sec.gov/comments/sr-occ-2023-007/srocc2023007.htm>. The

Section 19(b)(2) of the Exchange Act¹² provides that proceedings to determine whether to approve or disapprove a proposed rule change must be concluded within 180 days of the date of publication of notice of filing of the proposed rule change. The time for conclusion of the proceedings may be extended for up to 60 days if the Commission determines that a longer period is appropriate and publishes the reasons for such determination.¹³ The 180th day after publication of the Notice in the *Federal Register* is February 26, 2024.

The Commission is extending the period for Commission action on the Proposed Rule Change, as modified by Partial Amendment No. 1 and Amendment No. 2 (hereinafter, the “Proposed Rule Change”). The Commission finds that it is appropriate to designate a longer period within which to take action on the Proposed Rule Change so that the Commission has sufficient time to consider the issues raised by the Proposed Rule Change and to take action on the Proposed Rule Change. Accordingly, pursuant to section 19(b)(2)(B)(ii)(II) of the Exchange Act,¹⁴ the Commission designates April 26, 2024, as the date by which the Commission should either approve or disapprove the Proposed Rule Change SR-OCC-2023-007.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁵

Commission received comments on the proposed rule change that express concerns unrelated to the substance of the filing. *See, e.g.*, comment from Gregory Englebert (Feb. 2, 2024) (raising concerns about a conflict of interest in the role of Financial Risk Management Officers as well as margin calls) comment from Curtis H. (Feb. 3, 2024) (referencing short selling and margin), and comment from CK Kashyap (Feb. 5, 2024) (referring to broker risk management in response to margin).

¹² 15 U.S.C. 78s(b)(2).

¹³ 15 U.S.C 78s(b)(2)(B)(ii)(II).

¹⁴ *Id.*

¹⁵ 17 CFR 200.30-3(a)(57).

Sherry R. Haywood,

Assistant Secretary.

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