SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95669; File No. SR–OCC–2022–802]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection to Advance Notice Related to a Master Repurchase Agreement as Part of The Options Clearing Corporation's Overall Liquidity Plan

September 2, 2022.

I. Introduction

On July 7, 2022, the Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') advance notice SR–OCC–2022–802 (''Advance Notice'') pursuant to Section 806(e)(1) of Title VIII of the Dodd-Frank Wall Street Reform and Consumer Protection Act, entitled Payment, Clearing and Settlement Supervision Act of 2010 (''Clearing Supervision Act'') [1] and Rule 19b–4(n)(1)(i) [2] under the Securities Exchange Act of 1934 (''Exchange Act'') [3] in connection with a proposed master repurchase agreement with a bank counterparty.[4] The Advance Notice was published for public comment in the **Federal Register** on July 26, 2022.[5] The Commission has received comments regarding the changes proposed in the Advance Notice.[6] The Commission is hereby providing notice of no objection to the Advance Notice.

II. Background [7]

As the sole clearing agency for standardized U.S. securities options listed on national securities exchanges registered with the Commission (''listed options''), OCC is obligated to make certain payments. In the event of a Clearing Member default, OCC would be obligated to make payments, on time, related to that member's clearing transactions. To meet such payment obligations, OCC maintains access to cash from a variety of sources, including a requirement for members to pledge cash collateral to OCC and various agreements with banks and other counterparties (''liquidity facilities'') to provide OCC with cash in exchange for collateral, such as U.S. Government securities. OCC routinely considers potential market stress scenarios that could affect such payment obligations. Based on such considerations, OCC now believes that it should seek to expand its liquidity facilities to increase OCC's access to cash to manage a member default.[8]

OCC is proposing to expand its liquidity facilities to include a new arrangement with a bank to provide access to cash for OCC. As described in more detail below, OCC is proposing to execute a master repurchase agreement (''MRA'') with a bank counterparty as part of OCC's overall liquidity plan. OCC is not requiring its members or other market participants to provide additional or different collateral to OCC. Rather, the proposed MRA would provide OCC with another vehicle for accessing cash to meet its payment obligations, including in the event that one of its members fails to meet its payment obligations to OCC.[9]

OCC's liquidity plan already provides access to a diverse set of funding sources, including banks (*i.e.,* OCC's syndicated credit facility),[10] the Non-Bank Liquidity Facility program,[11] and Clearing Members' Clearing Fund Cash Requirement.[12] OCC currently maintains $8 billion in qualifying liquid resources,[13] consisting of $5 billion of required Clearing Fund cash contributions, $2 billion in the syndicated bank credit facility, and $1 billion in the Non-Bank Liquidity Facility. OCC intends to increase such resources by $2.5 billion to a new total of $10.5 billion. OCC's proposed expansion of its liquidity plan includes several components: (1) creating a new committed repurchase facility with a commercial bank counterparty (''Bank Repo Facility''); [14] (2) expanding OCC's existing Non-Bank Liquidity Facility program; [15] (3) expanding OCC's existing syndicated credit facility; [16] and (4) establishing a target for the aggregate amount of all external liquidity resources (*i.e.,* the syndicated credit facility, Bank Repo Facility and Non-Bank Liquidity Facility).[17] The Advance Notice concerns the first component described above, namely, a change to OCC's operations to execute an MRA with a commercial bank counterparty.[18]

Although the MRA would be based on the Securities Industry and Financial Markets Association (''SIFMA'') standard form of master repurchase agreement,[19] OCC would require the MRA to contain certain additional provisions tailored to help ensure certainty of funding and operational effectiveness, as described in more detail below.

A. MRA Standard Repurchase Agreement Terms

The MRA repurchase agreement terms would state that the buyer (*i.e.,* the bank counterparty) would purchase U.S. Government securities (''Eligible Securities'') from OCC from time to time.[20] OCC, the seller, would transfer Eligible Securities to the buyer in

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[1] 12 U.S.C. 5465(e)(1).

[2] 17 CFR 240.19b–4(n)(1)(i).

[3] 15 U.S.C. 78a *et seq.*

[4] *See* Notice of Filing, *infra* note 5, at 87 FR 44457.

[5] Exchange Act Release No. 95326 (Jul. 20, 2022), 87 FR 44457 (Jul. 26, 2022) (File No. SR–OCC–2022–802) (''Notice of Filing'').

[6] Comments on the Advance Notice are available at *https://www.sec.gov/comments/sr-occ-2022-802/srocc2022802.htm.*

[7] Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-Laws, available at *https://www.theocc.com/about/publications/bylaws.jsp.*

[8] *See* Notice of Filing, 87 FR at 44458.

[9] *See* OCC Rule 1006(f)(1)(A). OCC may also use the Clearing Fund to address liquidity shortfalls arising from the failure of any bank, securities or commodities clearing organization, or investment counterparty to perform any obligation to OCC when due. *See* OCC Rule 1006(f)(1)(C); Exchange Act Release No. 94304 (Feb. 24, 2022), 87 FR 11776 (Mar. 2, 2022) (File No. SR–OCC–2021–014).

[10] *See* Exchange Act Release No. 88971 (May 28, 2020), 85 FR 34257 (June 3, 2020) (File No. SR–OCC–2020–804).

[11] *See* Exchange Act Release No. 89039 (Jun. 10, 2020), 85 FR 36444 (Jun. 16, 2020) (File No. SR–OCC–2020–803); Exchange Act Release No. 76821 (Jan. 4, 2016), 81 FR 3208 (Jan. 20, 2016) (File No. SR–OCC–2015–805); Exchange Act Release No. 73979 (Jan. 2, 2015), 80 FR 1062 (Jan. 8, 2015) (File No. SR–OCC–2014–809).

[12] *See* OCC Rule 1002.

[13] *See* 17 CFR 240.17Ad–22(a)(14) (defining qualifying liquid resources).

[14] The Bank Repo Facility would retain a funding limit and a limit on adding new counterparties because OCC is proposing this facility as a discrete MRA with a single counterparty. To the extent OCC determines to add additional commitments or counterparties to the Bank Repo Facility in the future, OCC would first file an advance notice.

[15] In a separate advance notice, OCC is proposing changes to the Non-Bank Liquidity Facility program, including the elimination of the current funding limit to that program in favor of an established target for external liquidity across all sources. *See* Exchange Act Release No. 95327 (Jul. 20, 2022), 87 FR 44477 (Jul. 26, 2022) (File No. SR–OCC–2022–803).

[16] *Id.* at 44479.

[17] *Id.*

[18] The proposed Bank Repo Facility would have terms that largely resemble those of an earlier Bank Repo Facility that OCC executed with a bank counterparty in 2020 after obtaining a notice of no objection from the Commission (''2020 Bank Repo Facility''). *See* Exchange Act Release No. 88317 (Mar. 4, 2020), 85 FR 13681 (Mar. 9, 2020) (File No. SR–OCC–2020–801). However, in this case, the committed amount would be up to $1 billion (as opposed to $500 million), and the bank counterparty would be one to which OCC has minimal other credit exposure.

[19] The standard form master repurchase agreement is published by SIFMA and is commonly used in the repurchase market by institutional investors.

[20] For the repurchase arrangements, OCC would use Eligible Securities that are included in Clearing Fund contributions by Clearing Members and margin deposits of any suspended Clearing Member. OCC Rule 1006(f) and OCC Rule 1104(b) authorize OCC to use these sources to obtain funds from third parties through securities repurchases. The officers who may exercise this authority include the Chairman, Chief Executive Officer, and Chief Operating Officer.

exchange for a buyer payment to OCC in immediately available funds (''Purchase Price''). The buyer would simultaneously agree to transfer the purchased securities back to OCC at a specified later date (''Repurchase Date''), or on OCC's demand against the transfer of funds from OCC to the buyer, where the funds would be equal to the outstanding Purchase Price plus the accrued and unpaid price differential (together, ''Repurchase Price'').

At all times while a transaction is outstanding, OCC would be required to maintain a specified amount of securities or cash margin with the buyer.[21] The market value of the securities supporting each transaction would be determined daily, based on a price obtained from a generally recognized pricing source. If the market value of the purchased securities falls below OCC's required margin, OCC would be required to satisfy its margin requirement by transferring sufficient cash or additional securities reasonably acceptable to the buyer.[22] If the market value of the purchased securities rises above OCC's required margin, OCC would be permitted to require the buyer to return excess purchased securities.

A buyer would default if it fails to purchase securities on a Purchase Date, fails to transfer purchased securities on any applicable Repurchase Date, or fails to transfer any interest, dividends, or distributions on purchased securities to OCC within a specified period after receiving notice of such failure. OCC would default if it fails to transfer purchased securities on a Purchase Date, or fails to repurchase purchased securities on an applicable Repurchase Date. The MRA would also provide for standard events of default for either party, including a party's failure to maintain required margin or an insolvency event with respect to either party. If one party defaults, the non-defaulting party has the option to accelerate the Repurchase Date of all outstanding transactions between the defaulting party and the non-defaulting party, among other rights. If OCC or the buyer did not timely perform, the non-defaulting party would be permitted to buy or sell, or deem itself to have bought or sold, securities as needed to be made whole, and the defaulting party would be required to pay the costs related to any covering transactions. Additionally, if OCC were required to obtain replacement securities to be made whole because of a buyer default, the buyer would be required to pay the excess of the price paid by OCC to obtain replacement securities over the Repurchase Price.

B. Additional Provisions To Promote Funding Certainty

Commitment To Fund

The buyer would provide a funding commitment of up to $1 billion, with the commitment extending for one year (plus or minus one day). The buyer would be obligated to enter into transactions under the MRA up to its committed amount, so long as no default had occurred and OCC transferred sufficient Eligible Securities. The buyer would be obligated to enter into transactions even if OCC had experienced a material adverse change, such as the failure of a Clearing Member.

Funding Mechanics

OCC would receive the Purchase Price in immediately available funds within 60 minutes of its request for funds and delivery of Eligible Securities and, if needed, prior to OCC's regular daily settlement time.[23] These targeted funding mechanics would allow OCC to receive needed liquidity in time to satisfy settlement obligations, even in the event of a default by a Clearing Member or a market disruption. For example, the funding mechanism may be delivery versus payment/receive versus payment [24] or another method acceptable to OCC that both satisfies the objectives of the Bank Repo Facility and presents limited operational risks.

Rehypothecation Not Permitted

The buyer would not be permitted to grant any third party an interest in purchased securities, in order to reduce the risk that the third party could interfere with the buyer's transfer of the purchased securities on the Repurchase Date. The buyer would agree to provide OCC with daily information about the account the buyer uses to hold the purchased securities, which would allow OCC to act quickly in the event the buyer violates any requirements.

Early Termination Rights

OCC would be able to terminate any transaction early upon providing written notice to the buyer, but the buyer would only be able to terminate a transaction upon an OCC default, as further described below. A notice of termination by OCC would specify a new Repurchase Date prior to the originally agreed-upon Repurchase Date. Upon the early termination of a transaction, the buyer would be required to return all purchased securities to OCC and OCC would be required to pay the Repurchase Price.

Substitution

OCC would have the discretion to substitute any Eligible Securities for purchased securities by a specified time, so long as the Eligible Securities satisfy any applicable criteria contained in the MRA and the transfer of the Eligible Securities would not create a margin deficit, as described above.[25]

Default Events

Beyond standard default events (*e.g.,* failure to purchase or transfer securities on the applicable Purchase Date or Repurchase Date), OCC would require the MRA to not contain any additional default events that would restrict OCC's access to funding. Most importantly, OCC would require that if OCC suffers a ''material adverse change,'' it would not be a default event.[26] This provision provides OCC with funding certainty, even in difficult market conditions.

If a default event were to occur, the non-defaulting party may elect to take the actions specified in a ''mini close-out'' provision of the MRA instead of declaring an event of default. For example, if the buyer were to fail to transfer purchased securities on the applicable Repurchase Date, OCC may choose to take one of the following actions, instead of declaring an event of default: (1) If OCC has already paid the Repurchase Price, OCC could require the buyer to repay it; (2) If there is a margin excess, OCC could require the buyer to pay cash or deliver purchased securities in an amount equal to the margin excess; or (3) OCC could declare that the applicable transaction, and only that transaction, will be immediately terminated, and apply default remedies under the MRA to only that transaction. OCC would therefore have remedies to mitigate risk with respect to a particular

[21] OCC expects that it would be required to maintain margin equal to 102% of the Repurchase Price, which is a standard rate for arrangements involving Government securities.

[22] OCC expects that it would use Clearing Fund securities and securities posted as margin by defaulting Clearing Members.

[23] This would include OCC's regular daily settlement time and any extended settlement time implemented by OCC in an emergency situation under Rule 505.

[24] Delivery versus payment/receive versus payment is a method of settlement under which payment for securities must be made prior to or simultaneously with delivery of the securities.

[25] In addition to its substitution rights, OCC could cause the return of purchased securities by exercising its optional early termination rights under the MRA. If OCC were to terminate the transaction, the buyer would be required to return purchased securities to OCC against payment of the corresponding Repurchase Price.

[26] A ''material adverse change'' is typically defined contractually as a change that would have a materially adverse effect on the business or financial condition of a company.

transaction, without having to declare an event of default with respect to all transactions under the MRA.

C. The Proposed Program: Annual Renewal

As discussed above, the MRA would be for an annual term. OCC anticipates that it would renew the MRA with the same bank counterparty, based on the same or substantially similar terms.

At each renewal, OCC would evaluate the commitment amount so that OCC's available liquidity resources remain properly calibrated to its activities and settlement obligations. OCC would submit another advance notice with respect to such renewal for the same term only under one of the following conditions: (1) OCC determines its liquidity needs merit funding levels above the $1 billion; (2) OCC should seek to change the terms and conditions of the MRA in a manner that materially affects the nature or level of risk presented by OCC; [27] (3) OCC should seek to add counterparties or substitute the bank counterparty to the Bank Repo Facility program; or (4) the bank counterparty has experienced a negative change to its credit profile or a material adverse change since the latest renewal of the MRA. Annual renewals for the Bank Repo Facility would proceed in a similar manner to renewals of term commitments under the existing Non-Bank Liquidity Facility.[28]

Absent one or more of the changes described above, OCC states that it does not believe that renewal of the MRA would constitute a change to OCC's operations that could materially affect the nature or level of risks presented by OCC so as to require an advance notice under Section 806(e)(1) of the Clearing Supervision Act.[29] OCC would consider such a renewal to be on substantially the same terms and conditions. Conversely, a new commitment or renewal under different conditions would necessitate OCC providing advance notice to the Commission for consideration.

III. Commission Findings and Notice of No Objection

Although the Clearing Supervision Act does not specify a standard of review for an advance notice, the stated purpose of the Clearing Supervision Act is instructive: to mitigate systemic risk in the financial system and promote financial stability by, among other things, promoting uniform risk management standards for systemically important financial market utilities (''SIFMUs'') and strengthening the liquidity of SIFMUs.[30]

Section 805(a)(2) of the Clearing Supervision Act authorizes the Commission to prescribe regulations containing risk management standards for the payment, clearing, and settlement activities of designated clearing entities engaged in designated activities for which the Commission is the supervisory agency.[31] Section 805(b) of the Clearing Supervision Act provides the following objectives and principles for the Commission's risk management standards prescribed under Section 805(a): [32]

- to promote robust risk management;
- to promote safety and soundness;
- to reduce systemic risks; and
- to support the stability of the broader financial system.

Section 805(c) provides, in addition, that the Commission's risk management standards may address such areas as risk management and default policies and procedures, among other areas.[33]

The Commission has adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act and Section 17A of the Exchange Act (the ''Clearing Agency Rules'').[34] The Clearing Agency Rules require, among other things, each covered clearing agency to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for its operations and risk management practices on an ongoing basis.[35] As such, it is appropriate for the Commission to review advance notices against the Clearing Agency Rules and the objectives and principles of these risk management standards as described in Section 805(b) of the Clearing Supervision Act. As discussed below, the Commission believes the changes proposed in the Advance Notice are consistent with the objectives and principles described in Section 805(b) of the Clearing Supervision Act,[36] and in the Clearing Agency Rules, in particular Rule 17Ad–22(e)(7).[37]

A. Consistency With Section 805(b) of the Clearing Supervision Act

The Commission believes that the proposal contained in OCC's Advance Notice is consistent with the stated objectives and principles of Section 805(b) of the Clearing Supervision Act. Specifically, as discussed below, the Commission believes that the changes proposed in the Advance Notice are consistent with promoting robust risk management, promoting safety and soundness, reducing systemic risks, and supporting the stability of the broader financial system.[38]

The Commission believes that the addition of a Bank Repo Facility to OCC's overall liquidity plan is consistent with the promotion of robust risk management, in particular management of liquidity risk presented to OCC. As a central counterparty and SIFMU,[39] it is imperative that OCC have adequate resources to be able to satisfy its counterparty settlement obligations, including in the event of a Clearing Member default.[40] As described above, the Bank Repo Facility program would provide an additional source of liquidity to OCC's overall liquidity plan and increase the amount of OCC's qualifying liquid resources. This would promote the reduction of risks to OCC, its Clearing Members, and the options market in general, because it would

[27] 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. This would be OCC's position so long as pricing is at the then-prevailing market rate, and changes to such other provisions are immaterial to OCC as the seller and do not materially impair OCC's ability to draw against the facility.

[28] *See* Exchange Act Release No. 76821, 81 FR at 3209 (describing OCC's proposal to submit an advance notice in connection with a renewal of commitments under the Non-Bank Liquidity Facility if: (i) OCC determined that its liquidity needs merited commitments above or below certain levels; (ii) OCC should seek to change the terms and conditions of the Non-Bank Liquidity Facility; and (iii) the commitment counterparty experienced a negative change to its credit profile or a material adverse change since entering the commitment or the latest renewal of the commitment). OCC subsequently submitted an advance notice pursuant to that commitment to support its ability to onboard multiple liquidity providers below the identified thresholds and with different term lengths to replace expiring commitments, *see* Exchange Act Release No. 89039, 85 FR at 36445–46, and has, concurrent with the filing of File No. SR–OCC–2022–802, submitted another advance notice to eliminate the current funding limit to that program in favor of an established target for external liquidity across all sources. *See supra* note 15.

[29] 12 U.S.C. 5465(e)(1).

[30] *See* 12 U.S.C. 5461(b).

[31] 12 U.S.C. 5464(a)(2).

[32] 12 U.S.C. 5464(b).

[33] 12 U.S.C. 5464(c).

[34] 17 CFR 240.17Ad–22. *See* Exchange Act Release No. 68080 (Oct. 22, 2012), 77 FR 66220 (Nov. 2, 2012) (S7–08–11). *See also* Covered Clearing Agency Standards, 81 FR 70786. The Commission established an effective date of December 12, 2016 and a compliance date of April 11, 2017 for the Covered Clearing Agency Standards. OCC is a ''covered clearing agency'' as defined in Rule 17Ad–22(a)(5).

[35] 17 CFR 240.17Ad–22.

[36] 12 U.S.C. 5464(b).

[37] 17 CFR 240.17Ad–22(e)(7).

[38] 12 U.S.C. 5464(b).

[39] *See* Financial Stability Oversight Council (''FSOC'') 2012 Annual Report, Appendix A, available at *https://www.treasury.gov/initiatives/fsoc/Documents/2012%20Annual%20Report.pdf.*

[40] *See* Exchange Act Release No. 73979 (Jan. 2, 2015), 80 FR 1062, 1065 (Jan. 8, 2015) (File No. SR–OCC–2014–809).

allow OCC to increase the amount and availability of short-term funds to address liquidity demands arising out of the default or suspension of a Clearing Member, or in anticipation of a potential default or suspension of a Clearing Member. Moreover, adding another committed source of liquidity resources would help OCC to manage the allocation between its sources of liquidity by giving OCC more flexibility to adjust the mix of liquidity resources based on market conditions, availability, and shifting liquidity needs.

The Commission also believes that the proposed changes to add the Bank Repo Facility are consistent with the promotion of safety and soundness. By adding a liquidity resource of up to $1 billion, OCC is reducing the likelihood that it would have insufficient financial resources to address liquidity demands arising out of a Clearing Member default. Further, the Commission believes that, to the extent the proposed changes are consistent with promoting OCC's safety and soundness, they are also consistent with supporting the stability of the broader financial system. OCC has been designated as a SIFMU, in part, because its failure or disruption could increase the risk of significant liquidity or credit problems spreading among financial institutions or markets.[41] The Commission believes that the proposed changes would support OCC's ability to continue providing services to the options markets by addressing losses and shortfalls arising out of the default of a Clearing Member or a market disruption. OCC's continued operations would, in turn, help support the stability of the financial system by reducing the risk of significant liquidity or credit problems spreading among market participants that rely on OCC's central role in the options market.

The Commission received comments asserting that the proposal would be harmful to U.S. markets, investors, and pension holders, and that ''changing the rules regarding advance notice'' (likely referring to OCC not having to file an advance notice at renewal) has ''no value to the public.'' [42] As described above, an additional liquidity source of $1 billion would reduce the likelihood that OCC would have insufficient financial resources resulting from a Clearing Member default, and would in fact promote the safety and soundness of the U.S. markets. Moreover, the Commission has carefully considered the risk of allowing renewals of the Bank Repo Facility without additional advance notice filings. Given that such a renewal would only be permitted without an advance notice if executed on substantially similar terms as those of the Bank Repo Facility,[43] to which the Commission does not object, the Commission does not believe that future renewals would pose any more risk than the proposal considered here. Any change to the terms of the proposed Bank Repo Facility or a renewal thereof that could materially affect the nature or level of risk posed by OCC would necessitate an advance notice filing.

Accordingly, and for the reasons stated above, the Commission believes the changes proposed in the Advance Notice are consistent with Section 805(b) of the Clearing Supervision Act.[44]

B. Consistency With Rule 17Ad–22(e)(7) Under the Exchange Act

Rule 17Ad–22(e)(7)(ii) under the Exchange Act requires that a covered clearing agency establish, implement, maintain, and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage the liquidity risk that arises in or is borne by the covered clearing agency, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, holding qualifying liquid resources sufficient to meet the minimum liquidity resource requirement under Rule 17Ad–22(e)(7)(i) [45] in each relevant currency for which the covered clearing agency has payment obligations owed to clearing members.[46] For any covered clearing agency, ''qualifying liquid resources'' means assets that are readily available and convertible into cash through prearranged funding arrangements, such as, committed arrangements without material adverse change provisions, including, among others, repurchase agreements.[47]

As described above, implementation of the Bank Repo Facility would provide OCC with a committed funding arrangement that would give OCC access to $1 billion of committed liquid resources through an MRA with a bank counterparty. Under the terms of the MRA, OCC's bank counterparty would be required to provide OCC with funding subject to a number of conditions, including an obligation to fund regardless of any material adverse change at OCC, such as the failure of a Clearing Member. Taken together, the Commission believes that the Bank Repo Facility provides OCC with $1 billion of ''qualifying liquid resources'' as that term is defined in Rule 17Ad–22(e)(14) of the Exchange Act,[48] and therefore is consistent with the requirements of Rule 17Ad–22(e)(7)(ii) under the Exchange Act.

The Commission received comments asserting that the proposal would leave the investing public, rather than Clearing Members, accountable for a Clearing Member default or a market disruption.[49] As permitted by the Clearing Agency Rules, OCC maintains a number of different liquidity resources to manage liquidity risk, including a requirement that Clearing Members provide a specified amount of their Clearing Fund contributions in cash.[50] As noted above, Rule 17Ad–22(a)(14) under the Exchange Act defines qualifying liquid resources to include assets that are readily available and convertible into cash through prearranged funding arrangements, such as committed repurchase agreements.[51] OCC is proposing to arrange a facility for converting assets pledged by its members into cash to ensure that OCC is able to meet its payment obligations. Any cash provided to OCC under the

[41] *See* FSOC 2012 Annual Report, Appendix A, *https://home.treasury.gov/system/files/261/here.pdf* (last visited Mar. 17, 2021).

[42] Comments on the Advance Notice are available at *https://www.sec.gov/comments/sr-occ-2022-802/srocc2022802.htm.*

[43] OCC would submit another advance notice if: (1) OCC seeks funding above $1 billion; (2) OCC seeks to change the terms and conditions of the MRA in a manner that materially affects the nature or level of risk presented by OCC; (3) OCC seeks to add or substitute counterparties; or (4) the bank counterparty has experienced a negative change to its credit profile or a material adverse change since the latest renewal of the MRA.

[44] 12 U.S.C. 5464(b).

[45] Rule 17Ad–22(e)(7)(i) requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to effectively measure, monitor, and manage liquidity risk that arises in or is borne by OCC, including measuring, monitoring, and managing its settlement and funding flows on an ongoing and timely basis, and its use of intraday liquidity by, at a minimum, maintaining sufficient liquid resources at the minimum in all relevant currencies to effect same-day settlement of payment obligations with a high degree of confidence under a wide range of foreseeable stress scenarios that includes, but is not limited to, the default of the participant family that would generate the largest aggregate payment of obligation for the covered clearing agency in extreme but plausible conditions. 17 CFR 240.17Ad–22(e)(7)(i).

[46] 17 CFR 240.17Ad–22(e)(7)(ii).

[47] 17 CFR 240.17Ad–22(a)(14)(ii)(3).

[48] *Id.*

[49] Comments on the Advance Notice are available at *https://www.sec.gov/comments/sr-occ-2022-802/srocc2022802.htm.*

[50] *See* OCC Rule OCC 1002(a)(i). OCC increased the amount of cash that Clearing Members are required to provide to address liquidity exposures twice in 2021. *See* OCC Info Memo 48995 (Jul. 16, 2021), *available at https://infomemo.theocc.com/infomemos?number=48995* and OCC Info Memo 49316 (Sep. 28, 2021) *available at https://infomemo.theocc.com/infomemos?number=49316.*

[51] 17 CFR 240.17Ad–22(a)(14)(ii).

Bank Repo Facility would be in exchange for U.S. Government Securities.[52] Retail investors would not be directly exposed to any potential risks arising out of the facility because the arrangement would be between OCC and a bank counterparty.[53] The Commission believes, therefore, that the facility would not relieve Clearing Members from collateralizing the risks they pose to OCC or inappropriately shift such risks to the investing public.[54]

Accordingly, the Commission believes that the changes proposed in the Advance Notice are consistent with Rule 17Ad–22(e)(7) under the Exchange Act.[55]

IV. Conclusion

It is therefore noticed, pursuant to Section 806(e)(1)(I) of the Clearing Supervision Act, that the Commission *does not object* to Advance Notice (SR–OCC–2022–802) and that OCC is authorized to implement the proposed change as of the date of this notice.

By the Commission.

J. Matthew DeLesDernier,

Deputy Secretary.

[FR Doc. 2022–19413 Filed 9–7–22; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

Sunshine Act Meetings

TIME AND DATE: Notice is hereby given, pursuant to the provisions of the Government in the Sunshine Act, Public Law 94–409, that the Securities and Exchange Commission Investor Advisory Committee will hold a public meeting on Wednesday, September 21, 2022. The meeting will begin at 10:00 a.m. (ET) and will be open to the public.

PLACE: The meeting will be conducted by remote means. Members of the public may watch the webcast of the meeting on the Commission's website at *www.sec.gov*.

STATUS: This Sunshine Act notice is being issued because a majority of the Commission may attend the meeting.

PUBLIC COMMENT: The public is invited to submit written statements to the Committee. Written statements should be received on or before September 20, 2022.

Written statements may be submitted by any of the following methods:

Electronic Statements

- Use the Commission's internet submission form (*http://www.sec.gov/rules/other.shtml*); or
- Send an email message to *rules-comments@sec.gov*. Please include File No. 265–28 on the subject line;

Or

Paper Electronic Statements

- Send paper statements to Vanessa A. Countryman, Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549–1090.

All submissions should refer to File No. 265–28. This file number should be included on the subject line if email is used. To help us process and review your statement more efficiently, please use only one method.

Statements also will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street NE, Room 1503, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. All statements received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

MATTERS TO BE CONSIDERED: The agenda for the meeting includes: welcome and opening remarks; approval of previous meeting minutes; a panel discussion human capital management labor valuation and performance data; a panel discussion regarding proposed rule 10b-1 position reporting of large security-based swap positions/asset-based swaps; a panel discussion regarding schedules 13d and 13g beneficial ownership reports; a panel discussion regarding esg fund disclosure; a discussion of a recommendation on cybersecurity disclosure; a discussion of a recommendation on climate disclosure; a discussion of a recommendation on accounting modernization; subcommittee reports; and a non-public administrative session.

CONTACT PERSON FOR MORE INFORMATION: For further information and to ascertain what, if any, matters have been added, deleted or postponed; please contact Vanessa A. Countryman from the Office of the Secretary at (202) 551–5400.

Authority: 5 U.S.C. 552b.

Dated: September 6, 2022.

Vanessa A. Countryman,

Secretary.

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–95655; File No. SR–CboeBZX–2022–043]

Self-Regulatory Organizations; Cboe BZX Exchange, Inc.; Notice of Filing of a Proposed Rule Change To Amend Exchange Rule 14.11(d) To Accommodate Exchange Listing and Trading of Options-Linked Securities

September 1, 2022.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (the ''Act''),[1] and Rule 19b–4 thereunder,[2] notice is hereby given that on August 18, 2022, Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') filed with the Securities and Exchange Commission (the ''Commission'') the proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization's Statement of the Terms of Substance of the Proposed Rule Change

Cboe BZX Exchange, Inc. (the ''Exchange'' or ''BZX'') proposes to amend Exchange Rule 14.11(d) (''Securities Linked to the Performance of Indexes and Commodities (Including Currencies)'') to accommodate Exchange listing and trading of Options-Linked Securities. The text of the proposed rule change is provided in Exhibit 5.

The text of the proposed rule change is also available on the Exchange's website (*http://markets.cboe.com/us/equities/regulation/rule_filings/bzx/*), at the Exchange's Office of the Secretary, and at the Commission's Public Reference Room.

[52] *See* Bank Repo Facility Notice of Filing, 87 FR at 44458.

[53] *Id.* at 44457.

[54] The Commission also received comments asserting that the proposal would leave the investing public accountable for a Clearing Member default, specifically because the OCC proposes to obtain liquidity from pension funds. *See* comments on the Advance Notice at *https://www.sec.gov/comments/sr-occ-2022-802/srocc2022802.htm*. These comments were likely intended for OCC's concurrent proposal to expand its Non-Bank Liquidity Facility program, but were erroneously submitted as comments for the Bank Repo Facility proposal. These comments have been considered and addressed as part of the Non-Bank Liquidity Facility proposal. *See* Exchange Act Release No. 95327 (Jul. 20, 2022), 87 FR 44477 (Jul. 26, 2022) (File No. SR–OCC–2022–803).

[55] 17 CFR 240.17Ad–22(e)(7).

[1] 15 U.S.C. 78s(b)(1).

[2] 17 CFR 240.19b–4.