

change to the ORF rate also would not impose an undue burden on intramarket competition because, pursuant to the new ORF methodology, the ORF will be collected by OCC on behalf of the Exchange from OTP Holders and non-OTP Holders for all Customer transactions executed on the Exchange, and the proposed ORF rate is designed to help ensure that collections from the ORF do not exceed a material portion of the Exchange's ORF Costs. Because the ORF is charged to all OTP Holders and non-OTP Holders on all of their transactions that clear in the Customer range at the OCC, the amount of ORF imposed is based on the amount of Customer volume transacted.

Intermarket Competition. The proposed change is not designed to address any competitive issues. Rather, the proposed change with respect to the ORF rate is designed to help the Exchange adequately fund its regulatory activities while seeking to ensure that total collections from regulatory fees do not exceed total regulatory costs, and the proposed change with respect to the Fee Schedule language describing the new ORF methodology is intended to promote consistency among the fee schedules of the various options exchanges.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received From Members, Participants, or Others

No written comments were solicited or received with respect to the proposed rule change.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A) of the Act¹⁴ and paragraph (f) of Rule 19b-4¹⁵ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule change should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views and

arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments

- Use the Commission's internet comment form (<https://www.sec.gov/rules/sro.shtml>); or
- Send an email to rule-comments@sec.gov. Please include file number SR-NYSEARCA-2026-81 on the subject line.

Paper Comments

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090.

All submissions should refer to file number SR-NYSEARCA-2026-81. This file number should be included on the subject line if email is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's internet website (<https://www.sec.gov/rules/sro.shtml>). Copies of the filing will be available for inspection and copying at the principal office of the Exchange. Do not include personal identifiable information in submissions; you should submit only information that you wish to make available publicly. We may redact in part or withhold entirely from publication submitted material that is obscene or subject to copyright protection. All submissions should refer to file number SR-NYSEARCA-2026-81 and should be submitted on or before August 27, 2026.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹⁶

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026-15925 Filed 8-5-26; 8:45 am]

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SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-106030; File No. SR-OCC-2026-005]

Self-Regulatory Organizations; The Options Clearing Corporation; Order Approving Proposed Rule Change by The Options Clearing Corporation To Amend Its System for Theoretical Analysis and Numerical Simulation Methodology Description To Incorporate Options Implied Interest Rates as an Additional Source of Interest Rates Inputs for Constructing the Interest Rate Discount Curve Used in Options Pricing

August 3, 2026.

I. Introduction

On June 5, 2026, the Options Clearing Corporation ("OCC"), filed with the Securities and Exchange Commission ("Commission"), pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act")¹ and Rule 19b-4 thereunder,² a proposed rule change to amend OCC's System for Theoretical Analysis and Numerical Simulation ("STANS") Methodology Description to incorporate options implied interest rates as an additional source of interest rates inputs for constructing the interest rate discount curve used in options pricing (hereinafter "Proposed Rule Change"). The Proposed Rule Change was published for comment in the **Federal Register** on June 23, 2026.³ The Commission did not receive comments regarding the Proposed Rule Change. For the reasons discussed below, the Commission is approving the Proposed Rule Change.

II. Background

OCC is a central counterparty ("CCP"), which means that, as part of its function as a clearing agency, it interposes itself as the buyer to every seller and seller to every buyer for certain financial transactions. As the CCP for the listed options markets in the United States,⁴ as well as for certain futures and stock loans, OCC is exposed to various risks arising from providing clearance and settlement services to its Clearing Members.⁵ Because OCC is

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ See Exchange Act Release No. 105712 (Jun. 17, 2026), 91 FR 37461 (Jun. 23, 2026) (File No. SR-OCC-2026-005) ("Notice").

⁴ OCC describes itself as "the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission." See Notice, 91 FR at 37462.

⁵ Capitalized terms used but not defined herein have the meanings specified in OCC's Rules and By-

¹⁴ 15 U.S.C. 78s(b)(3)(A).

¹⁵ 17 CFR 240.19b-4(f).

¹⁶ 17 CFR 200.30-3(a)(12).

obligated to perform on the contracts it clears, one such risk that OCC is exposed to is credit risk, including the risk that OCC would not maintain sufficient financial resources to cover exposures if one of its Clearing Members defaults. OCC manages such credit risk, in part, through financial safeguards, including the collection of margin collateral designed to cover the market risk associated with a Clearing Member's positions during the period that OCC would take to liquidate those positions in the event of a Clearing Member default. OCC employs its proprietary risk management system, STANS, to calculate each Clearing Member's margin requirements.⁶

In the STANS methodology, the interest rate discount curve ("discount curve") is a critical input for OCC's pricing models. OCC constructs the discount curve using industry standard benchmark rates and instruments. Currently, OCC states that it uses only the Secured Overnight Financing Rate ("SOFR") based discount curve.⁷ However, OCC has observed that the SOFR-based discount curve may not always align with the rates implied by the options market, and market participants likewise have reported similar discrepancies in OCC's in-the-money options marks for long-dated SPX option expiries, specifically that the SOFR rates used by OCC are systematically below the options implied interest rates.⁸

To address this misalignment, OCC proposes to amend its STANS Methodology Description to incorporate box rates implied by the SPX options market as an additional input to the discount curve construction used in options pricing.⁹ As a supplement to the current methodology, these market-

derived box rates would allow OCC to incorporate box rates into its theoretical mark calculations and, thus, would increase smoothing output adherence to market quotations.¹⁰ OCC states that it expects the proposed change to improve pricing accuracy for deep-in-the-money options with medium- to long-term expirations, resulting in more realistic margin requirement calculations that more precisely reflect the risk of Clearing Member portfolios.¹¹

A. Overview of Discount Curve Inputs

The STANS methodology utilizes large-scale Monte Carlo simulations to forecast price and volatility movements in determining a Clearing Member's margin requirement.¹² OCC's pricing model within its STANS methodology uses the discount curve, along with dividends and implied volatility, to specify underlying price dynamics. OCC uses this data, along with Exchange-listed option price data, to calibrate the implied borrow cost and implied volatility parameters used in its option pricing models. In general, the discount curve is used to project expected future cash flows for option derivatives and to discount them back to present value.

OCC has observed that a SOFR-based discount curve may not always align with the rates implied by the options market, resulting in pricing discrepancies, particularly for deep-in-the-money options.¹³ OCC states that, according to its analysis, the SOFR rate it uses generally is at a discount compared to the rate implied from put-call parity *i.e.*, box rates, and historical data shows that box rates generally exceed SOFR-based rates by approximately 20 to 40 basis points across tenors, with varied spreads observed at shorter tenors.¹⁴ OCC also states that market participants have reported discrepancies between OCC's end-of-day option marks and observed market prices for deep-in-the-money SPX options with long-dated expiries across all option types.¹⁵

B. Proposal To Incorporate Box Rates

To address these pricing discrepancies, OCC proposes to amend the STANS Methodology Description to incorporate interest rates implied by the SPX options market as inputs for constructing the discount curve. The incorporation of box rates would supplement OCC's current methodology, which uses SOFR rates as the primary input for discount curve modeling.

First, OCC would estimate such implied interest rates by sourcing market quotes for SPX European-style options and calculating their mid-prices from the average of the bid and ask. Then, using these mid-prices, OCC would apply a proprietary regression technique to derive box rates.¹⁶ SPX options typically extend to approximately five years out; as such, OCC would extend the term structure of the discount curve by applying a basis adjustment to longer term SOFR swap rates to create a curve that extends to approximately 50 years.¹⁷ OCC states that this approach would capture the market's cost of capital for equity options, which OCC has observed would typically run 20 to 40 basis points higher than SOFR-based rates.¹⁸

The proposal would revise Section 3.2 in the STANS Methodology Description, which currently provides for three legacy groups of input data available for constructing the U.S. dollar discount curve: (1) cash rates, such as SOFR, (2) contiguous interest rate futures, and (3)

Laws, available at <https://www.theocc.com/company-information/documents-and-archives/by-laws-and-rules>.

⁶ An overview of the STANS methodology is posted on OCC's public website, available at <https://www.theocc.com/Risk-Management/Margin-Methodology>. OCC makes the confidential STANS Methodology Description available to Clearing Members who execute a non-disclosure agreement. See also Exchange Act Release No. 91079 (Feb. 8, 2021), 86 FR 9410 (Feb. 12, 2021) (File No. SR-OCC-2020-016).

⁷ See Notice, 91 FR at 37462, n. 6. See also Exchange Act Release No. 93371 (Oct. 18, 2021), 86 FR 58704, 58705 (Oct. 22, 2021) (SR-OCC-2021-011) (transitioning OCC's discount curve methodology to SOFR-based rates).

⁸ See Notice, 91 FR at 37462.

⁹ Box rates are interest rates derived from box spread trades. A box spread is a delta-neutral options strategy that involves simultaneously holding a bull call spread and a bear put spread with the same strike prices and expiration dates, which essentially creates a synthetic loan with an implied interest rate. See Notice, 91 FR at 37462-63, notes 15-17.

¹⁰ See Notice, 91 FR at 37462, note 8.

("Smoothing refers to OCC's Implied Volatility Smoothing algorithm, which generates implied volatilities for all listed and FLEX options. The discount curve serves as an input to this algorithm and is used in computing forward prices and option valuations throughout the smoothing process.")

¹¹ See Notice, 91 FR at 37462.

¹² See OCC Rule 601.

¹³ See Notice, 91 FR at 37462. OCC states that at-the-money options and out-of-the-money options are relatively less affected because the calibration of implied borrow costs largely absorbs the interest rate differences and it dampens the impact on the calculated implied forwards. *Id.*

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ OCC states that using mid-prices is consistent with common market practice and produces more stable and reliable results than working directly with bid and ask spreads because midpoint prices provide a neutral estimate of prevailing market value by mitigating the effect of bid-ask spread variability. See Notice, 91 FR at 37463.

¹⁷ See Notice, 91 FR at 37463, note 19. ("The basis adjustment would be calculated as the observed spread between box rates and SOFR rates at the longest available box rate expiry, applied as a constant adjustment to SOFR rates beyond that point.")

¹⁸ See Notice, 91 FR at 37463. As part of SR-OCC-2026-005, OCC filed confidential Exhibit 3C containing data underlying its impact analysis. OCC states that the proposal would result in a modest reduction in the aggregate margin collected, but that individual portfolios may experience varying effects depending on their composition. See Notice, 91 FR at 37463. For example, "a single-day impact assessment for a typical business date in November 2025 indicates a modest total margin reduction of approximately \$141 million, or approximately 0.27% in relative terms." *Id.* OCC states that portfolios with a greater concentration of deep-in-the-money options are likely to see a more pronounced margin impact since the impact of discount rates is higher in such options. *Id.* OCC also states that "[i]n all cases, these adjustments are a consequence of correcting existing mispricing in option prices thereby aligning margin requirements more closely with actual risk." *Id.*

interest rate swaps.¹⁹ The proposal would expand the input data sources by adding a fourth input source to the list, namely, interest rates over the short and medium term implied by market quotes for options and other derivatives. Under the proposal, OCC would be able to use box rates derived from market quotes of standard SPX options, where available. As amended, Section 3.2 also would describe the process of extending the curve beyond available box rates to maintain continuity across the entire term structure, thus allowing OCC to extrapolate beyond the longest available expiration of standard SPX options using adjusted SOFR swap rates.

Further proposed changes to Section 3.2 of the STANS Methodology Description include replacement of specific maturity details with generalized timeframes so that, for example, cash rates would span from “overnight (*i.e.*, one day) to a few months” rather than listing specific tenors. Likewise, under the proposal, the term “contiguous” would be removed from the interest rate futures discussion, as would the last sentence on seamless selection changes. Other changes in Section 3.2 would revise terminology from “yield curve” to “discount curve”, as well as provide additional clarifying context and remove certain references to algorithmic notations. The proposal would eliminate entirely from Section 3.2 the cash instruments subsection, which references legacy instrument-specific details related to the construction of the interest rate curve before OCC transitioned away from LIBOR to SOFR transition.²⁰

III. Discussion and Commission Findings

Section 19(b)(2)(C) of the Exchange Act requires the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to the organization.²¹ Under the Commission’s Rules of Practice, the “burden to demonstrate that a proposed rule change is consistent with the Exchange Act and the rules and regulations issued

thereunder . . . is on the self-regulatory organization [‘SRO’] that proposed the rule change.”²²

After carefully considering the Proposed Rule Change, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act and the rules and regulations thereunder applicable to OCC. More specifically, the Commission finds that the Proposed Rule Change is consistent with Section 17A(b)(3)(F) of the Exchange Act,²³ and Rule 17ad–22(e)(6)(i) thereunder, as described in detail below.²⁴

A. Consistency With Section 17A(b)(3)(F) of the Exchange Act

Section 17A(b)(3)(F) of the Act²⁵ requires, in part, that the rules of a clearing agency be designed to assure the safeguarding of securities and funds which are in the custody or control of the clearing agency or for which it is responsible.

OCC uses its proprietary risk management system, STANS, to set risk-based margin requirements for its Clearing Members to address the credit risk it faces as a central counterparty in the event of a Clearing Member default. Pricing models outlined in OCC’s STANS Methodology Description help inform the calculation of such margin requirements. The interest rate discount curve is a crucial component of these pricing models and is solely based on the secured overnight financing rate, but OCC and certain Clearing Members have stated the discount curve calculation is misaligned with current markets. They noted that the SOFR rates used by OCC to construct its discount curve are systematically below the options implied interest rates, especially for deep in-the-money SPX options for long-dated expiries across all option types. To address this mispricing and obtain a more accurate modeling of margin requirements, the proposal would incorporate box rates as a supplemental input in the discount curve construction.

Addressing the pricing discrepancies described above would provide a more accurate means of constructing the discount curve as an input to pricing options. More accurate pricing would, in turn, improve OCC’s ability to assess its credit exposures and collect an appropriate amount of margin collateral to address such exposures. Collecting an appropriate amount of margin collateral

would increase the likelihood that OCC is able to risk manage the default of a Clearing Member without recourse to loss mutualization through the use of Clearing Fund assets of non-defaulting Clearing Members, which supports the safeguarding of securities and funds of such non-defaulting members in OCC’s custody or control or for which it is responsible.

Accordingly, the Proposed Rule Change is consistent with the requirements of Section 17A(b)(3)(F) of the Act.²⁶

B. Consistency With Rule 17ad–22(e)(6) Under the Exchange Act

Exchange Act Rule 17Ad–22(e)(6) requires that a covered clearing agency establish, implement, maintain and enforce written policies and procedures reasonably designed to cover its credit exposures to its participants by establishing a risk-based margin system that, among other things, considers, and produces margin levels commensurate with, the risks and particular attributes of each relevant product, portfolio, and market.²⁷

As stated above, the proposal seeks to address the discrepancy noted by OCC and certain Clearing Members regarding one of the inputs underlying pricing models used to set margin requirements. OCC and its Clearing Members have observed that the SOFR-based discount curve used in margin-setting pricing models may not always align with the rates implied by the options market and that SOFR rates used by OCC are systematically below the options implied rates, particularly impacting deep in-the-money options marks for long-dated SPX option expiries across all option types. To address this misalignment, OCC proposes to supplement the SOFR-based input with box interest rates implied by the SPX options market. Additionally, OCC proposes to establish a process of extending the curve beyond available box rates, which typically extend to approximately five years out, to maintain continuity across the entire term structure, and allow for extrapolation beyond the longest available expirations of standard SPX options using adjusted SOFR swap rates.

The Proposed Rule Change would help improve pricing accuracy, especially for deep-in-the-money options with medium- to long-term expirations by aligning margin requirements and OCC’s credit risk management more closely with the

¹⁹ Not all of these sources are used under the current approach nor would be used under the proposal. See Notice, 91 FR at 37463.

²⁰ The proposal would make non-substantive formatting, grammatical, and other minor updates throughout the methodology document, such as renumbering certain numerical computations to accurately reflect proposed deletions. See Notice, 91 FR at 37463.

²¹ 15 U.S.C. 78s(b)(2)(C).

²² Rule 700(b)(3), Commission Rules of Practice, 17 CFR 201.700(b)(3).

²³ 15 U.S.C. 78q–1(b)(3)(F).

²⁴ 17 CFR 240.17ad–22(e)(6)(i).

²⁵ 15 U.S.C. 78q–1(b)(3)(F).

²⁶ *Id.*

²⁷ 17 CFR 240.17Ad–22(e)(6)(i).

current market. The proposal would, therefore, result in more accurate calculations for margin requirements commensurate with risks and particular attributes of the products it clears.

Accordingly, the Proposed Rule Change is consistent with the requirements of Rule 17ad–22(e)(6) under the Act.²⁸

IV. Conclusion

On the basis of the foregoing, the Commission finds that the Proposed Rule Change is consistent with the requirements of the Exchange Act, and in particular, with the requirements of Section 17A(b)(3)(F) of the Exchange Act,²⁹ and Rule 17ad–22(e)(6)(i) thereunder.³⁰ It is therefore ordered pursuant to Section 19(b)(2) of the Exchange Act³¹ that the proposed rule change (SR–OCC–2026–005) be, and hereby is, approved.³²

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.³³

Sherry R. Haywood,
Assistant Secretary.

[FR Doc. 2026–15928 Filed 8–5–26; 8:45 am]

BILLING CODE 8011–01–P

SECURITIES AND EXCHANGE COMMISSION

[OMB Control No. 3235–0548]

Agency Information Collection Activities; Submission for OMB Review; Comment Request; Extension: Rule 35d–1 Under the Investment Company Act of 1940

Upon Written Request, Copies Available From: Securities and Exchange Commission, Office of FOIA Services, 100 F Street NE, Washington, DC 20549–2736

Notice is hereby given that, pursuant to the Paperwork Reduction Act of 1995

(44 U.S.C. § 3501 *et seq.*), the Securities and Exchange Commission (“SEC” or “Commission”) is submitting to the Office of Management and Budget (“OMB”) this request for Extension of the proposed collection of information.

Section 35(d) of the Investment Company Act of 1940 (“Investment Company Act”) ¹ prohibits a registered investment company from adopting as part of the name or title of such company, or of any securities of which it is the issuer, any word or words that the Commission finds are materially deceptive or misleading and authorizes the Commission, by rule, regulation, or order, to define such names or titles as are materially deceptive or misleading.²

Rule 35d–1 under the Investment Company Act defines as “materially deceptive and misleading” for purposes of section 35(d), among other things, a name suggesting that a registered investment company or a business development company (“BDC”), including any series thereof (a “fund”) focuses its investments in a particular type of investment or investments, a particular industry or group of industries, particular countries or geographic regions, or investments that have, or whose issuers have, particular characteristics, unless, among other things, the fund adopts a policy to invest at least 80% of the value of its assets in the type of investment suggested by its name.³ The rule imposes a similar 80% investment policy requirement for funds that have names suggesting that a fund’s distributions are exempt from federal income tax or from both federal and state income tax (“tax-exempt funds”).

Rule 35d–1 requires either that (1) the 80% investment policy be fundamental or, (2) generally in the case of funds other than tax-exempt funds, registered closed-end funds, and BDCs, that the fund has adopted a policy to provide its

shareholders with at least 60 days prior notice of any change in the investment policy, or a change to the fund’s name that accompanies the investment policy change (“notice to shareholders”).⁴ The rule further requires funds that adopt an 80% investment policy to maintain written records documenting their compliance with rule 35d–1, including records of any notice sent to the fund’s shareholders pursuant to the rule.⁵ These records must be retained for no less than six years following the creation of each required record (or, in the case of notices, following the date the notice was sent), the first two years in an easily accessible place.

Rule 35d–1 is designed to address certain broad categories of fund names that, in the Commission’s view, are likely to mislead an investor about a fund’s investments and risks. The rule’s provisions are intended to further that goal. For example, the rule’s notice to shareholders provision is designed to ensure that when shareholders purchase shares in a fund based, at least in part, on its name, and with the expectation that it will follow the investment policy suggested by that name, they will have sufficient time to decide whether to redeem their shares in the event that the fund decides to pursue a different investment policy. The rule’s recordkeeping requirements are designed to help ensure compliance with the rule’s requirements and aid in oversight.

Rule 35d–1’s collection of information requirements include, as detailed in Table 1 below, the notice requirement and recordkeeping requirements for funds that are required to adopt an 80% investment policy. Compliance with these requirements is mandatory. Responses to these requirements will not be kept confidential.

TABLE 1—SUMMARY OF REVISED ANNUAL RESPONSES, BURDEN HOURS, AND MONETIZED ANNUAL TIME BURDEN

	Annual number of responses (funds)			Annual time burden (hours)			Monetized annual time burden (dollars)		
	Currently approved	Revised estimate	Change	Currently approved	Revised estimate	Change	Currently approved	Revised estimate	Change
Rule 35d–1 Notice Requirement.	34	137	3	680	20 hours per notice ² × 37 funds = 740 hours.	60	³ \$289,000	\$750 ⁴ × 20 hours = \$15,000 per fund. \$15,000 × 37 funds = \$555,000.	\$266,000

²⁸ 17 CFR 240.17ad–22(e)(6).

²⁹ 15 U.S.C. 78q–1(b)(3)(F).

³⁰ 17 CFR 240.17ad–22(e)(6)(i).

³¹ 15 U.S.C. 78s(b)(2).

³² In approving the Proposed Rule Change, the Commission considered the proposal’s impact on

efficiency, competition, and capital formation. 15 U.S.C. 78c(f).

³³ 17 CFR 200.30–3(a)(12).

¹ 15 U.S.C. 80a–1 *et seq.*

² 15 U.S.C. 80a–34(d); *see also* Investment Company Names, Investment Company Act Release

No. 35000 (Sept. 20, 2023) [88 FR 70436 (Oct. 27, 2023)] (adopting amendments to rule 35d–1).

³ 17 CFR 270.35d–1. A policy that a fund must adopt under rule 35d–1 is referred to as an “80% investment policy.”

⁴ 17 CFR 270.35d–1(a)(2)(ii), (a)(3)(i), (d), (f).

⁵ 17 CFR 270.35d–1(b)(3).