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Page 1 of \* 27

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
Form 19b-4

File No. \* SR 2025 - \* 004

Amendment No. (req. for Amendments \*)

Filing by Options Clearing Corporation

Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934

Initial * <input checked="" type="checkbox"/>	Amendment * <input type="checkbox"/>	Withdrawal <input type="checkbox"/>	Section 19(b)(2) * <input type="checkbox"/>	Section 19(b)(3)(A) * <input checked="" type="checkbox"/>	Section 19(b)(3)(B) * <input type="checkbox"/>
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Pilot <input type="checkbox"/>	Extension of Time Period for Commission Action * <input type="checkbox"/>	Date Expires * <input type="text"/>
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Rule

<input type="checkbox"/> 19b-4(f)(1)	<input type="checkbox"/> 19b-4(f)(4)
<input type="checkbox"/> 19b-4(f)(2)	<input type="checkbox"/> 19b-4(f)(5)
<input type="checkbox"/> 19b-4(f)(3)	<input type="checkbox"/> 19b-4(f)(6)

Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010  
Section 806(e)(1) \*

Section 806(e)(2) \*

Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934  
Section 3C(b)(2) \*

Exhibit 2 Sent As Paper Document

Exhibit 3 Sent As Paper Document

**Description**

Provide a brief description of the action (limit 250 characters, required when Initial is checked \*).

Proposed Rule Change to Update the Options Clearing Corporation Operational Loss Fee Pursuant to its Capital Management Policy.

**Contact Information**

Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action.

First Name \*  Last Name \*

Title \*

E-mail \*

Telephone \*  Fax

**Signature**

Pursuant to the requirements of the Securities Exchange of 1934, Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized.

Date  (Title \*)

By

(Name \*)

NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed.

Digitally signed by

Date: 2025.03.27 12:08:18 -05'00'

Required fields are shown with yellow backgrounds and astericks.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

For complete Form 19b-4 instructions please refer to the EFFS website.

**Form 19b-4 Information \***

Add Remove View

SR-OCC-2025-004 19b-4 (Operational)

The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.

**Exhibit 1 - Notice of Proposed Rule Change \***

Add Remove View

SR-OCC-2025-004 Exhibit 1A (Operational)

The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies \***

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The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)

**Exhibit 2- Notices, Written Comments, Transcripts, Other Communications**

Add Remove View

Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.

Exhibit Sent As Paper Document

**Exhibit 3 - Form, Report, or Questionnaire**

Add Remove View

SR-OCC-2025-004 Exhibit 3 Redacted

Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.

Exhibit Sent As Paper Document

**Exhibit 4 - Marked Copies**

Add Remove View

The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.

**Exhibit 5 - Proposed Rule Text**

Add Remove View

SR-OCC-2025-004 Exhibit 5.doc

The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item 1 and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change

**Partial Amendment**

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If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

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Form 19b-4

Proposed Rule Change  
by

**THE OPTIONS CLEARING CORPORATION**

Pursuant to Rule 19b-4 under the  
Securities Exchange Act of 1934

**Item 1. Text of the Proposed Rule Change**

Pursuant to the provisions of Section 19(b)(1) of the Securities Exchange Act of 1934 (“Exchange Act” or “Act”),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> The Options Clearing Corporation (“OCC”) is filing with the Securities and Exchange Commission (“SEC” or “Commission”) a proposed rule change to implement a change in the maximum contingent Operational Loss Fee listed in OCC’s schedule of fees in accordance with OCC’s Capital Management Policy. Proposed changes to OCC’s schedule of fees are included as Exhibit 5 to File Number SR-OCC-2025-004. Material proposed to be added to OCC’s schedule of fees as currently in effect is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.<sup>3</sup>

**Item 2. Procedures of the Self-Regulatory Organization**

The proposed rule change was approved for filing with the Commission by the Compensation and Performance Committee of OCC’s Board of Directors (“Board”) on December 4, 2024.

**Item 3. Self-Regulatory Organization’s Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change****A. Purpose**

The purpose of this proposed rule change is to revise OCC’s schedule of fees to update the maximum aggregate Operational Loss Fee that OCC would charge Clearing Members in

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> OCC’s By-Laws and Rules can be found on OCC’s public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

equal shares in the unlikely event that OCC's Liquid Net Assets Funded by Equity ("LNAFBE")<sup>4</sup> falls below certain thresholds defined in OCC's Capital Management Policy.

The proposed fee change is designed to enable OCC to replenish capital to comply with Rule 17Ad-22(e)(15) under the Exchange Act, which requires OCC, in pertinent part, to "hold[ ] [LNAFBE] to the greater of either (x) six months . . . current operating expenses, or (y) the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and service"<sup>5</sup> and "[m]aintain[ ] a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should its equity fall close to or below the amount required."<sup>6</sup> The proposed rule change would implement a change in the maximum contingent Operational Loss Fee listed in OCC's schedule of fees in accordance with OCC's Capital Management Policy.

OCC's Capital Management Policy includes OCC's replenishment plan. Pursuant to the Capital Management Policy, OCC would charge an Operational Loss Fee in equal shares to Clearing Members to raise additional capital should OCC's LNAFBE fall below certain defined thresholds relative to OCC's Target Capital Requirement (i.e., a "Trigger Event"), after first applying the unvested balance held in respect of OCC's Executive Deferred Compensation

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<sup>4</sup> While the relevant rules under the Exchange Act do not define the term, the Commission-approved Capital Management Policy defines LNFABE as the level of cash and cash equivalents, no greater than shareholders' equity, less any approved adjustments. These approved adjustments exclude cash that would not be available to cover general business expenses, including (1) cash collected by OCC in an agency-related capacity, including the Section 31 fees that OCC collects monthly and transmits to the Commission bi-annually on behalf of the options exchanges, and (2) OCC's Minimum Corporate Contribution, which is the minimum level of OCC funds maintained exclusively to cover credit losses or liquidity shortfalls arising from a Clearing Member default, often referred to as "skin-in-the-game." See Exchange Act Release Nos. 92038 (May 27, 2021), 86 FR 29861, 29862 (June 3, 2021) (SR-OCC-2021-003); 88029 (Jan. 24, 2020), 85 FR 5500 (Jan. 30, 2020) (SR-OCC-2019-007) ("Order Approving OCC's Capital Management Policy").

<sup>5</sup> See 17 CFR 240.17Ad-22(e)(15)(ii).

<sup>6</sup> See 17 CFR 240.17Ad-22(e)(15)(iii).

Program.<sup>7</sup> Specifically, a Trigger Event is when LNAFBE: (i) remains below the Target Capital Requirement for 90 consecutive calendar days; or (ii) falls below 90% of the Target Capital Requirement. Based on the Board-approved Target Capital Requirement for 2025 of \$286 million, a Trigger Event would occur if OCC's LNAFBE falls below \$257.4 million at any time or below \$286 million for a period of 90 consecutive calendar days.

In the unlikely event those thresholds are breached, OCC would charge an Operational Loss Fee in an amount to raise LNAFBE to 110% of OCC's Target Capital Requirement, up to the maximum Operational Loss Fee identified in OCC's schedule of fees less the amount of any Operational Loss Fees previously charged and not refunded.<sup>8</sup> OCC calculates the maximum aggregate Operational Loss Fee based on the amount determined by the Board to be sufficient for a recovery or orderly wind-down of critical operations and services ("RWD Amount"),<sup>9</sup> which is determined based on the assumptions in OCC's Recovery and Orderly Wind-Down Plan ("RWD Plan").<sup>10</sup> In order to account for OCC's tax liability for retaining the Operational Loss Fee as earnings, OCC may apply a tax gross-up to the RWD Amount ("Adjusted RWD Amount") depending on whether the operational loss that caused OCC's LNAFBE to fall below the Trigger Event thresholds is tax deductible.<sup>11</sup>

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<sup>7</sup> See Exchange Act Release No. 101151 (Sept. 24, 2024), 89 FR 79668, 79669 (Sept. 30, 2024) (SR-OCC-2024-012) (amending OCC's replenishment plan to measure the Trigger Event against OCC's LNAFBE, rather than shareholders' equity).

<sup>8</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5503.

<sup>9</sup> Id.

<sup>10</sup> The RWD Plan states OCC's basic assumptions concerning the resolution process, including assumptions about the duration of the resolution process, the cost of the resolution process, OCC's capitalization through the resolution process, the maintenance of Critical Services and Critical Support Functions, as defined by the RWD Plan, and the retention of personnel and contractual relationships. See Exchange Act Release No. 83918 (Aug. 23, 2018), 83 FR 44091, 44094, 44096 (Aug. 29, 2018) (File No. SR-OCC-2017-021).

<sup>11</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5503.

The RWD Amount and, in turn, the Adjusted RWD Amount are determined annually based on OCC’s corporate budget, the assumptions articulated in the RWD Plan, and OCC’s projected effective tax rate.<sup>12</sup> The current Operational Loss Fee listed in OCC’s schedule of fees is the Adjusted RWD Amount calculated based on OCC’s 2024 corporate budget. Budgeted operating expenses in 2025 are higher than the 2024 budgeted operating expenses. This proposed rule change would revise the maximum Operational Loss Fee to reflect the Adjusted RWD Amount based on OCC’s 2025 budget,<sup>13</sup> as follows:

Current Fee Schedule	Proposed Fee Schedule
\$182,000,000.00 less the aggregate amount of Operational Loss Fees previously charged and not refunded as of the date calculated, divided by the number of Clearing Members at the time charged.	\$211,000,000.00 less the aggregate amount of Operational Loss Fees previously charged and not refunded as of the date calculated, divided by the number of Clearing Members at the time charged.

Since the allocation of the Operational Loss Fee is a function of the number of Clearing Members at the time of the charge, the maximum Operational Loss Fee per Clearing Member is subject to fluctuation during the course of the year. However, if the proposed Operational Loss Fee were charged to 101 Clearing Members, the number of Clearing Members as of December 31, 2024, for example, the maximum Operational Loss Fee per Clearing Member would be approximately \$2.09 million.

OCC would also update the schedule of fees to reflect the levels of LNAFBE at which OCC would charge the Operational Loss Fee according to the thresholds defined in the Capital Management Policy, as well as the level of LNAFBE at which OCC would limit the Operational

<sup>12</sup> See Order Approving OCC’s Capital Management Policy, 85 FR at 5501 n.20, 5503.

<sup>13</sup> Confidential data and analysis evidencing the calculation of the Adjusted RWD Amount based on OCC’s 2025 corporate budget is included in Exhibit 3 to File Number SR-OCC-2025-004.

Loss Fee charged, based on OCC's current Target Capital Requirement.<sup>14</sup> Consistent with OCC's approach to its persistent minimum skin-in-the-game, the threshold in the schedule of fees continues to reflect that consistent with OCC's Capital Management Policy, the Trigger Event threshold is measured against LNAFBE.

OCC proposes the fee change to be effective immediately upon filing, because the Board approved the Adjusted RWD Amount upon which the Operational Loss Fee is based for 2025. Notwithstanding the immediate effectiveness, OCC would not make the fee change operative until after the time required to self-certify the proposed change with the Commodity Futures Trading Commission ("CFTC").

B. Statutory Basis

OCC believes the proposed rule change is consistent with the Act<sup>15</sup> and the rules and regulations thereunder. In particular, OCC believes that the proposed fee change is also consistent with Section 17A(b)(3)(D) of the Act,<sup>16</sup> which requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. OCC believes that the proposed fee change is reasonable because it is designed to replenish OCC's LNAFBE as a component of OCC's plan to replenish its capital in the event that OCC's LNAFBE falls close to or below its Target Capital Requirement so that OCC can continue to meet its obligations as a systemically important financial market utility ("SIFMU") to Clearing Members and the general public should operational losses materialize (including through a recovery or orderly wind-down of critical operations and services) and thereby

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<sup>14</sup> OCC does not propose any change to the thresholds and limits defined in the Capital Management Policy. This proposed change merely conforms the disclosure in OCC's schedule of fees to the current amounts based on the Board-approved Target Capital Requirement of \$286 million.

<sup>15</sup> 15 U.S.C. 78a *et seq.*

<sup>16</sup> 15 U.S.C. 78q-1(b)(3)(D).



facilitate compliance with Rule 17Ad-22(e)(15)(iii).<sup>17</sup> The maximum Operational Loss Fee is sized to ensure that OCC maintains sufficient liquid net assets to support its RWD Plan and imposes a contingent obligation on Clearing Members that is similar to a Clearing Member's contingent obligation for Clearing Fund assessments for a Clearing Member operating at the minimum Clearing Fund deposit.<sup>18</sup> OCC thus believes the proposed maximum Operational Loss Fee sized to OCC's Adjusted RWD Amount is reasonable.

OCC also believes that the proposed Operational Loss Fee would result in an equitable allocation of fees among its participants because it would be equally applicable to all Clearing Members. As the Commission has recognized, OCC's designation as a SIFMU and its role as the sole covered clearing agency for all listed options contracts in the U.S. makes it an integral part of the national system for clearance and settlement, through which "Clearing Members, their customers, investors, and the markets as a whole derive significant benefit . . . regardless of their specific utilization of that system."<sup>19</sup> Neither the SEC nor OCC is aware of a positive correlation between measures of Clearing Member utilization and OCC's benefit to Clearing Members<sup>20</sup> or its risk of operational loss.<sup>21</sup> As a result, OCC believes that the proposed change to OCC's fee

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<sup>17</sup> 17 CFR 240.17Ad-22(e)(15)(iii).

<sup>18</sup> A Clearing Member operating at the minimum Clearing Fund deposit (\$500,000) could be assessed up to an additional \$1 million (the minimum deposit, assessed up to two times), for a total contingent obligation of \$1.5 million. See OCC Rule 1006(h).

<sup>19</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5506.

<sup>20</sup> Id. ("The Commission is not aware of evidence demonstrating that those benefits are tied directly or positively correlated to an individual Clearing Member's rate of utilization of OCC's clearance and settlement services.")

<sup>21</sup> Id. (rejecting an objection to the equal allocation of the proposed Operational Loss Fee based on the SEC's regulatory experience and OCC's analyses of Clearing Member utilization (e.g., contract volume) or credit risk (e.g., Clearing Fund size) and the various operational and general business risks that could trigger an Operational Loss Fee). To date, OCC has observed no correlation between Clearing Member utilization or credit risk and OCC's potential risk of operational loss. See Confidential Exhibit 3, demonstrating that operational risks may arise from a variety of sources that are represented in different ways.

schedule provides for the equitable allocation of reasonable fees in accordance with Section 17A(b)(3)(D) of the Act.<sup>22</sup>

In addition, OCC believes that the proposed rule change is consistent with Rule 17Ad-22(e)(15)(iii), which requires that OCC establish, implement, maintain and enforce written policies and procedures reasonably designed to identify, monitor, and manage OCC's general business risk, including by maintaining a viable plan, approved by the Board and updated at least annually, for raising additional equity should its equity fall close to or below the amount required under Rule 17Ad-22(e)(15)(ii).<sup>23</sup> While Rule 17Ad-22(e)(15)(iii) does not by its terms specify the amount of additional equity a clearing agency's plan for replenishment capital must be designed to raise, the Commission's adopting release states that "a viable plan generally should enable the covered clearing agency to hold sufficient liquid net assets to achieve recovery or orderly wind-down."<sup>24</sup> OCC sets the maximum Operational Loss Fee at an amount sufficient to raise, on a post-tax basis, the amount determined annually by the Board to be sufficient to ensure recovery or orderly wind-down pursuant to the RWD Plan.<sup>25</sup> Therefore, OCC believes the proposed change to the Operational Loss Fee in OCC's schedule of fees is consistent with Rule 17Ad-22(e)(15)(iii) and the guidance provided by the SEC in the adopting release.

OCC also believes that the proposed fee change is consistent with Section 19(g)(1) of the Act,<sup>26</sup> which, among other things, requires every self-regulatory organization to comply with its own rules. OCC filed its Capital Management Policy as a "proposed rule change" within the

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<sup>22</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>23</sup> 17 CFR 240.17Ad-22(e)(15)(iii).

<sup>24</sup> Standards for Covered Clearing Agencies, Exchange Act Release No. 78961 (Sept. 28, 2016), 81 FR 70786, 70836 (Oct. 13, 2016) (File No. S7-03-14).

<sup>25</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5510 ("The Operational Loss Fee would be sized to the Adjusted RWD Amount, and therefore would be designed to provide OCC with at least enough capital either to continue as a going concern or to wind-down in an orderly fashion.").

<sup>26</sup> 15 U.S.C. 78s(g)(1).

meaning of Section 19(b) of the Act,<sup>27</sup> and Rule 19b-4 under the Act.<sup>28</sup> The Capital Management Policy specifies that the maximum Operational Loss Fee shall be the Adjusted RWD Amount.<sup>29</sup> Because the Adjusted RWD Amount will change annually based, in part, on OCC's corporate budget, fee filings are necessary to ensure that the maximum Operational Loss Fee in OCC's schedule of fees remains consistent with the amount identified in the Capital Management Policy. In addition, the amounts associated with the thresholds at which OCC would charge the Operational Loss Fee and the limit to the amount that would change in accordance with the Capital Management Policy are determined based upon the level at which the Board sets OCC's Target Capital Requirement. Consequently, OCC seeks to amend the amounts identified in the schedule of fees to reflect OCC's current Target Capital Requirement.

**Item 4. Self-Regulatory Organization's Statement on Burden on Competition**

Section 17A(b)(3)(I) of the Act<sup>30</sup> requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. OCC does not believe that the proposed rule change would have any impact or impose a burden on competition. Although the proposed Operational Loss Fee affects Clearing Members, their customers, and the markets that OCC serves, OCC believes that the proposed increase in the Operational Loss Fee would not disadvantage or favor any particular user of OCC's services in relationship to another user because the proposed Operational Loss Fee would apply equally to all Clearing Members. In addition, OCC does not believe that the proposed Operational Loss Fee imposes a significant burden on smaller firms because the maximum Operational Loss Fee imposes a contingent obligation on Clearing Members that is similar to a Clearing Member's

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<sup>27</sup> 15 U.S.C. 78s(b).

<sup>28</sup> 17 CFR 240.19b-4.

<sup>29</sup> Order Approving OCC's Capital Management Policy, 85 FR at 5503.

<sup>30</sup> 15 U.S.C. 78q-1(b)(3)(I).

contingent obligation for Clearing Fund assessments for a Clearing Member operating at the minimum Clearing Fund deposit.<sup>31</sup> Accordingly, OCC does not believe that the proposed rule change would have any impact or impose a burden on competition.

**Item 5. Self-Regulatory Organization’s Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others**

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

**Item 6. Extension of Time Period for Commission Action**

OCC does not consent to an extension of the time period specified in Section 19(b)(2) of the Act.<sup>32</sup>

**Item 7. Basis for Summary Effectiveness Pursuant to Section 19(b)(3) or for Accelerated Effectiveness Pursuant to Section 19(b)(2) or Section 19(b)(7)(D)**

Pursuant to Section 19(b)(3)(A)(ii) of the Act<sup>33</sup> and Rule 19b-4(f)(2) thereunder,<sup>34</sup> the proposed rule change is filed for immediate effectiveness as it constitutes a change in fees charged to OCC Clearing Members. 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. The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.<sup>35</sup>

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<sup>31</sup> See supra note 18.

<sup>32</sup> 15 U.S.C. 78s(b)(2).

<sup>33</sup> 15 U.S.C. 78s(b)(3)(A)(ii).

<sup>34</sup> 17 CFR 240.19b-4(f)(2).

<sup>35</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Regulation 40.6.

**Item 8. Proposed Rule Change Based on Rules of Another Self-Regulatory Organization or of the Commission**

Not applicable.

**Item 9. Security-Based Swap Submissions Filed Pursuant to Section 3C of the Act**

Not applicable.

**Item 10. Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing and Settlement Supervision Act**

Not applicable.

**Item 11. Exhibits**

Exhibit 1A. Completed Notice of Proposed Rule Change for publication in the Federal Register.

Exhibit 3. Confidential Data and Analysis.

Exhibit 5. Proposed changes to OCC's schedule of fees.

**CONFIDENTIAL TREATMENT IS REQUESTED FOR EXHIBIT 3  
PURSUANT TO SEC RULE 24b-2**

## EXHIBIT 1A

## SECURITIES AND EXCHANGE COMMISSION

(Release No. 34-[\_\_\_\_\_]; File No. SR-OCC-2025-004)

[March\_\_, 2025]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing and Immediate Effectiveness of Proposed Rule Change by The Options Clearing Corporation Concerning a change in the maximum contingent Operational Loss Fee listed in OCC's schedule of fees in accordance with OCC's Capital Management Policy.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),<sup>1</sup> and Rule 19b-4 thereunder,<sup>2</sup> notice is hereby given that on March 27, 2025, The Options Clearing Corporation ("OCC" or "Corporation") filed with the Securities and Exchange Commission ("SEC" or "Commission") the proposed rule change as described in Items I, II, and III below, which Items have been prepared primarily by OCC. OCC filed the proposed rule change pursuant to Section 19(b)(3)(A)<sup>3</sup> of the Act and paragraph (f) or Rule 19b-4<sup>4</sup> thereunder, such that the proposed rule change was immediately effective upon filing with the Commission. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Clearing Agency's Statement of the Terms of Substance of the Proposed Rule Change

This proposed rule change would implement a change in the maximum contingent Operational Loss Fee listed in OCC's schedule of fees in accordance with OCC's Capital Management Policy. Proposed changes to OCC's schedule of fees are included as

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<sup>1</sup> 15 U.S.C. 78s(b)(1).

<sup>2</sup> 17 CFR 240.19b-4.

<sup>3</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>4</sup> 17 CFR 240.19b-4(f).

Exhibit 5 to File Number SR-OCC-2025-004. Material proposed to be added to OCC's schedule of fees as currently in effect is underlined and material proposed to be deleted is marked in strikethrough text. All capitalized terms not defined herein have the same meaning as set forth in the OCC By-Laws and Rules.<sup>5</sup> Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. OCC has prepared summaries, set forth in sections (A), (B), and (C) below, of the most significant aspects of these statements.

(A) Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

(1) Purpose

The purpose of this proposed rule change is to revise OCC's schedule of fees to update the maximum aggregate Operational Loss Fee that OCC would charge Clearing Members in equal shares in the unlikely event that OCC's Liquid Net Assets Funded by Equity ("LNAFBE")<sup>6</sup> falls below certain thresholds defined in OCC's Capital Management Policy.

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<sup>5</sup> OCC's By-Laws and Rules can be found on OCC's public website: <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

<sup>6</sup> While the relevant rules under the Exchange Act do not define the term, the Commission-approved Capital Management Policy defines LNAFBE as the level of cash and cash equivalents, no greater than shareholders' equity, less any approved adjustments. These approved adjustments exclude cash that would not be available to cover general business expenses, including (1) cash collected by OCC in an agency-related capacity, including the Section 31 fees that OCC collects monthly and transmits to the Commission bi-annually on behalf of the options exchanges, and (2) OCC's Minimum Corporate Contribution, which is the minimum level of OCC funds maintained exclusively to cover credit losses or liquidity shortfalls arising from a Clearing Member default, often referred to as "skin-in-the-game." See Exchange Act Release Nos. 92038 (May 27, 2021),

The proposed fee change is designed to enable OCC to replenish capital to comply with Rule 17Ad-22(e)(15) under the Exchange Act, which requires OCC, in pertinent part, to “hold[ ] [LNAFBE] to the greater of either (x) six months . . . current operating expenses, or (y) the amount determined by the board of directors to be sufficient to ensure a recovery or orderly wind-down of critical operations and service”<sup>7</sup> and “[m]aintain[ ] a viable plan, approved by the board of directors and updated at least annually, for raising additional equity should its equity fall close to or below the amount required.”<sup>8</sup> The proposed rule change would implement a change in the maximum contingent Operational Loss Fee listed in OCC’s schedule of fees in accordance with OCC’s Capital Management Policy.

OCC’s Capital Management Policy includes OCC’s replenishment plan. Pursuant to the Capital Management Policy, OCC would charge an Operational Loss Fee in equal shares to Clearing Members to raise additional capital should OCC’s LNAFBE fall below certain defined thresholds relative to OCC’s Target Capital Requirement (i.e., a “Trigger Event”), after first applying the unvested balance held in respect of OCC’s Executive Deferred Compensation Program.<sup>9</sup> Specifically, a Trigger Event is when LNAFBE: (i) remains below the Target Capital Requirement for 90 consecutive calendar days; or (ii) falls below 90% of the Target Capital Requirement. Based on the Board-approved Target Capital Requirement for 2025 of \$286 million, a Trigger Event would occur if OCC’s

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86 FR 29861, 29862 (June 3, 2021) (SR-OCC-2021-003); 88029 (Jan. 24, 2020), 85 FR 5500 (Jan. 30, 2020) (SR-OCC-2019-007) (“Order Approving OCC’s Capital Management Policy”).

<sup>7</sup> See 17 CFR 240.17Ad-22(e)(15)(ii).

<sup>8</sup> See 17 CFR 240.17Ad-22(e)(15)(iii).

<sup>9</sup> See Exchange Act Release No. 101151 (Sept. 24, 2024), 89 FR 79668, 79669 (Sept. 30, 2024) (SR-OCC-2024-012) (amending OCC’s replenishment plan to measure the Trigger Event against OCC’s LNAFBE, rather than shareholders’ equity).



LNAFBE falls below \$257.4 million at any time or below \$286 million for a period of 90 consecutive calendar days.

In the unlikely event those thresholds are breached, OCC would charge an Operational Loss Fee in an amount to raise LNAFBE to 110% of OCC's Target Capital Requirement, up to the maximum Operational Loss Fee identified in OCC's schedule of fees less the amount of any Operational Loss Fees previously charged and not refunded.<sup>10</sup> OCC calculates the maximum aggregate Operational Loss Fee based on the amount determined by the Board to be sufficient for a recovery or orderly wind-down of critical operations and services ("RWD Amount"),<sup>11</sup> which is determined based on the assumptions in OCC's Recovery and Orderly Wind-Down Plan ("RWD Plan").<sup>12</sup> In order to account for OCC's tax liability for retaining the Operational Loss Fee as earnings, OCC may apply a tax gross-up to the RWD Amount ("Adjusted RWD Amount") depending on whether the operational loss that caused OCC's LNAFBE to fall below the Trigger Event thresholds is tax deductible.<sup>13</sup>

The RWD Amount and, in turn, the Adjusted RWD Amount are determined annually based on OCC's corporate budget, the assumptions articulated in the RWD Plan, and OCC's projected effective tax rate.<sup>14</sup> The current Operational Loss Fee listed in OCC's schedule of fees is the Adjusted RWD Amount calculated based on OCC's 2024

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<sup>10</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5503.

<sup>11</sup> Id.

<sup>12</sup> The RWD Plan states OCC's basic assumptions concerning the resolution process, including assumptions about the duration of the resolution process, the cost of the resolution process, OCC's capitalization through the resolution process, the maintenance of Critical Services and Critical Support Functions, as defined by the RWD Plan, and the retention of personnel and contractual relationships. See Exchange Act Release No. 83918 (Aug. 23, 2018), 83 FR 44091, 44094, 44096 (Aug. 29, 2018) (File No. SR-OCC-2017-021).

<sup>13</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5503.

<sup>14</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5501 n.20, 5503.

corporate budget. Budgeted operating expenses in 2025 are higher than the 2024 budgeted operating expenses. This proposed rule change would revise the maximum Operational Loss Fee to reflect the Adjusted RWD Amount based on OCC’s 2025 budget,<sup>15</sup> as follows:

Current Fee Schedule	Proposed Fee Schedule
\$182,000,000.00 less the aggregate amount of Operational Loss Fees previously charged and not refunded as of the date calculated, divided by the number of Clearing Members at the time charged.	\$211,000,000.00 less the aggregate amount of Operational Loss Fees previously charged and not refunded as of the date calculated, divided by the number of Clearing Members at the time charged.

Since the allocation of the Operational Loss Fee is a function of the number of Clearing Members at the time of the charge, the maximum Operational Loss Fee per Clearing Member is subject to fluctuation during the course of the year. However, if the proposed Operational Loss Fee were charged to 101 Clearing Members, the number of Clearing Members as of December 31, 2024, for example, the maximum Operational Loss Fee per Clearing Member would be approximately \$2.09 million.

OCC would also update the schedule of fees to reflect the levels of LNAFBE at which OCC would charge the Operational Loss Fee according to the thresholds defined in the Capital Management Policy, as well as the level of LNAFBE at which OCC would limit the Operational Loss Fee charged, based on OCC’s current Target Capital

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<sup>15</sup> Confidential data and analysis evidencing the calculation of the Adjusted RWD Amount based on OCC’s 2025 corporate budget is included in Exhibit 3 to File Number SR-OCC-2025-004.

Requirement.<sup>16</sup> Consistent with OCC’s approach to its persistent minimum skin-in-the-game, the threshold in the schedule of fees continues to reflect that consistent with OCC’s Capital Management Policy, the Trigger Event threshold is measured against LNAFBE.

OCC proposes the fee change to be effective immediately upon filing, because the Board approved the Adjusted RWD Amount upon which the Operational Loss Fee is based for 2025. Notwithstanding the immediate effectiveness, OCC would not make the fee change operative until after the time required to self-certify the proposed change with the Commodity Futures Trading Commission (“CFTC”).

(2) Statutory Basis

OCC believes the proposed rule change is consistent with the Act<sup>17</sup> and the rules and regulations thereunder. In particular, OCC believes that the proposed fee change is also consistent with Section 17A(b)(3)(D) of the Act,<sup>18</sup> which requires that the rules of a clearing agency provide for the equitable allocation of reasonable dues, fees, and other charges among its participants. OCC believes that the proposed fee change is reasonable because it is designed to replenish OCC’s LNAFBE as a component of OCC’s plan to replenish its capital in the event that OCC’s LNAFBE falls close to or below its Target Capital Requirement so that OCC can continue to meet its obligations as a systemically important financial market utility (“SIFMU”) to Clearing Members and the general public should operational losses materialize (including through a recovery or orderly

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<sup>16</sup> OCC does not propose any change to the thresholds and limits defined in the Capital Management Policy. This proposed change merely conforms the disclosure in OCC’s schedule of fees to the current amounts based on the Board-approved Target Capital Requirement of \$286 million.

<sup>17</sup> 15 U.S.C. 78a *et seq.*

<sup>18</sup> 15 U.S.C. 78q-1(b)(3)(D).

wind-down of critical operations and services) and thereby facilitate compliance with Rule 17Ad-22(e)(15)(iii).<sup>19</sup> The maximum Operational Loss Fee is sized to ensure that OCC maintains sufficient liquid net assets to support its RWD Plan and imposes a contingent obligation on Clearing Members that is similar to a Clearing Member's contingent obligation for Clearing Fund assessments for a Clearing Member operating at the minimum Clearing Fund deposit.<sup>20</sup> OCC thus believes the proposed maximum Operational Loss Fee sized to OCC's Adjusted RWD Amount is reasonable.

OCC also believes that the proposed Operational Loss Fee would result in an equitable allocation of fees among its participants because it would be equally applicable to all Clearing Members. As the Commission has recognized, OCC's designation as a SIFMU and its role as the sole covered clearing agency for all listed options contracts in the U.S. makes it an integral part of the national system for clearance and settlement, through which "Clearing Members, their customers, investors, and the markets as a whole derive significant benefit . . . regardless of their specific utilization of that system."<sup>21</sup> Neither the SEC nor OCC is aware of a positive correlation between measures of Clearing Member utilization and OCC's benefit to Clearing Members<sup>22</sup> or its risk of operational loss.<sup>23</sup> As a result, OCC believes that the proposed change to OCC's fee

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<sup>19</sup> 17 CFR 240.17Ad-22(e)(15)(iii).

<sup>20</sup> A Clearing Member operating at the minimum Clearing Fund deposit (\$500,000) could be assessed up to an additional \$1 million (the minimum deposit, assessed up to two times), for a total contingent obligation of \$1.5 million. See OCC Rule 1006(h).

<sup>21</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5506.

<sup>22</sup> Id. ("The Commission is not aware of evidence demonstrating that those benefits are tied directly or positively correlated to an individual Clearing Member's rate of utilization of OCC's clearance and settlement services.")

<sup>23</sup> Id. (rejecting an objection to the equal allocation of the proposed Operational Loss Fee based on the SEC's regulatory experience and OCC's analyses of Clearing Member utilization (e.g., contract volume) or credit risk (e.g., Clearing Fund size) and the various operational and general business risks that could trigger an Operational Loss Fee). To date, OCC has observed no

schedule provides for the equitable allocation of reasonable fees in accordance with Section 17A(b)(3)(D) of the Act.<sup>24</sup>

In addition, OCC believes that the proposed rule change is consistent with Rule 17Ad-22(e)(15)(iii), which requires that OCC establish, implement, maintain and enforce written policies and procedures reasonably designed to identify, monitor, and manage OCC's general business risk, including by maintaining a viable plan, approved by the Board and updated at least annually, for raising additional equity should its equity fall close to or below the amount required under Rule 17Ad-22(e)(15)(ii).<sup>25</sup> While Rule 17Ad-22(e)(15)(iii) does not by its terms specify the amount of additional equity a clearing agency's plan for replenishment capital must be designed to raise, the Commission's adopting release states that "a viable plan generally should enable the covered clearing agency to hold sufficient liquid net assets to achieve recovery or orderly wind-down."<sup>26</sup> OCC sets the maximum Operational Loss Fee at an amount sufficient to raise, on a post-tax basis, the amount determined annually by the Board to be sufficient to ensure recovery or orderly wind-down pursuant to the RWD Plan.<sup>27</sup> Therefore, OCC believes the proposed change to the Operational Loss Fee in OCC's schedule of fees is

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correlation between Clearing Member utilization or credit risk and OCC's potential risk of operational loss. See Confidential Exhibit 3, demonstrating that operational risks may arise from a variety of sources that are represented in different ways.

<sup>24</sup> 15 U.S.C. 78q-1(b)(3)(D).

<sup>25</sup> 17 CFR 240.17Ad-22(e)(15)(iii).

<sup>26</sup> Standards for Covered Clearing Agencies, Exchange Act Release No. 78961 (Sept. 28, 2016), 81 FR 70786, 70836 (Oct. 13, 2016) (File No. S7-03-14).

<sup>27</sup> See Order Approving OCC's Capital Management Policy, 85 FR at 5510 ("The Operational Loss Fee would be sized to the Adjusted RWD Amount, and therefore would be designed to provide OCC with at least enough capital either to continue as a going concern or to wind-down in an orderly fashion.").

consistent with Rule 17Ad-22(e)(15)(iii) and the guidance provided by the SEC in the adopting release.

OCC also believes that the proposed fee change is consistent with Section 19(g)(1) of the Act,<sup>28</sup> which, among other things, requires every self-regulatory organization to comply with its own rules. OCC filed its Capital Management Policy as a “proposed rule change” within the meaning of Section 19(b) of the Act,<sup>29</sup> and Rule 19b-4 under the Act.<sup>30</sup> The Capital Management Policy specifies that the maximum Operational Loss Fee shall be the Adjusted RWD Amount.<sup>31</sup> Because the Adjusted RWD Amount will change annually based, in part, on OCC’s corporate budget, fee filings are necessary to ensure that the maximum Operational Loss Fee in OCC’s schedule of fees remains consistent with the amount identified in the Capital Management Policy. In addition, the amounts associated with the thresholds at which OCC would charge the Operational Loss Fee and the limit to the amount that would change in accordance with the Capital Management Policy are determined based upon the level at which the Board sets OCC’s Target Capital Requirement. Consequently, OCC seeks to amend the amounts identified in the schedule of fees to reflect OCC’s current Target Capital Requirement.

(B) Clearing Agency’s Statement on Burden on Competition

Section 17A(b)(3)(I) of the Act<sup>32</sup> requires that the rules of a clearing agency not impose any burden on competition not necessary or appropriate in furtherance of the

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<sup>28</sup> 15 U.S.C. 78s(g)(1).

<sup>29</sup> 15 U.S.C. 78s(b).

<sup>30</sup> 17 CFR 240.19b-4.

<sup>31</sup> Order Approving OCC’s Capital Management Policy, 85 FR at 5503.

<sup>32</sup> 15 U.S.C. 78q-1(b)(3)(I).

purposes of the Act. OCC does not believe that the proposed rule change would have any impact or impose a burden on competition. Although the proposed Operational Loss Fee affects Clearing Members, their customers, and the markets that OCC serves, OCC believes that the proposed increase in the Operational Loss Fee would not disadvantage or favor any particular user of OCC's services in relationship to another user because the proposed Operational Loss Fee would apply equally to all Clearing Members. In addition, OCC does not believe that the proposed Operational Loss Fee imposes a significant burden on smaller firms because the maximum Operational Loss Fee imposes a contingent obligation on Clearing Members that is similar to a Clearing Member's contingent obligation for Clearing Fund assessments for a Clearing Member operating at the minimum Clearing Fund deposit.<sup>33</sup> Accordingly, OCC does not believe that the proposed rule change would have any impact or impose a burden on competition.

(C) Clearing Agency's Statement on Comments on the Proposed Rule Change Received from Members, Participants or Others

Written comments were not and are not intended to be solicited with respect to the proposed rule change, and none have been received.

II. 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 Act<sup>34</sup> and paragraph (f) of Rule 19b-4<sup>35</sup> 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

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<sup>33</sup> See supra note 20.

<sup>34</sup> 15 U.S.C. 78s(b)(3)(A).

<sup>35</sup> 17 CFR 240.19b-4(f).

appropriate in the public interest, for the protection of investors, or otherwise in furtherance of the purposes of the Act.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.<sup>36</sup>

### III. 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 (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2025-004 on the subject line.

#### Paper Comments:

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

All submissions should refer to File Number SR-OCC-2025-004. This file number should be included on the subject line if e-mail 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed

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<sup>36</sup> Notwithstanding its immediate effectiveness, implementation of this rule change will be delayed until this change is deemed certified under CFTC Regulation 40.6.



with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m. and 3:00 p.m. Copies of such filing also will be available for inspection and copying at the principal office of OCC and on OCC's website at <https://www.theocc.com/Company-Information/Documents-and-Archives/By-Laws-and-Rules>.

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-OCC-2025-004 and should be submitted on or before [insert date 21 days from publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.<sup>37</sup>

Secretary

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<sup>37</sup> 17 CFR 200.30-3(a)(12).

**Exhibit 3**

This Exhibit contains one electronic file embedded in this cover page for filing efficiency, as identified below. OCC has omitted the embedded file pursuant to 17 CFR 240.24b-2. OCC has separately filed and requested confidential treatment of the cover page containing the embedded file as protected from public disclosure by Exemptions 4 and 8 of the Freedom of Information Act (“FOIA”), 5 U.S.C. 552(b)(4), (b)(8), and 15 U.S.C. 78x(e) because the information it contains concerns (i) OCC’s trade secrets and commercial information not customarily released to the public and is, and always has been, treated as the private information of OCC, the release of which is likely to cause foreseeable harm to OCC’s commercial or financial interests; and (ii) the supervision of OCC, a financial institution regulated by the Commission. OCC believes the Form 19b-4 Information and Exhibit 1A provide a clear and adequate description of the relevant substance of the embedded file to facilitate meaningful public comment.

Embedded File: **[Redacted Pursuant to Rule 24b-2]**

- Confidential Data and Analysis; 21 pages.

**EXHIBIT 5**

Underlined text indicates new text

~~Strikethrough~~ text indicates deleted text

# The Options Clearing Corporation

## Schedule of Fees

### Clearing Member

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#### Operational Loss Fee

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<b>Maximum Operational Loss Fee**</b>	\$ <del>182</del> <u>211</u> ,000,000.00 less the aggregate amount of Operational Loss Fees previously charged and not refunded as of the date calculated, divided by the number of Clearing Members at the time charged.
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*\*\* After contributing the EDCP Unvested Balance, OCC would charge the Operational Loss Fee if OCC's Liquid Net Assets Funded by Equity ("LNAFBE") falls below \$~~246,625~~7400,000.00 at any time or falls below \$~~274,286~~314,000,000.00 for a period of 90 consecutive calendar days. If less than the maximum Operational Loss Fee is needed to return OCC's LNAFBE to \$~~301,431~~4314,600,000.00, OCC will charge only that amount.*

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As of ~~April 2024~~March 2025. ALL FEES ARE SUBJECT TO CHANGE.

For further information, contact Member Services at 1-800-621-6072.