

SECURITIES AND EXCHANGE COMMISSION
(Release No. 34-94504; File No. SR-OCC-2022-801)

March 24, 2022

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Extension of Review Period of Advance Notice Concerning The Options Clearing Corporation's Margin Methodology for Incorporating Variations in Implied Volatility

On January 24, 2022, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") advance notice SR-OCC-2022-801 ("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 to change quantitative models related to certain volatility products.⁴ The Advance Notice was published for public comment in the Federal Register on February 11, 2022.⁵ The

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 Fed. Reg. 8063.

⁵ Securities Exchange Act Release No. 94166 (Feb. 7, 2022), 87 Fed. Reg. 8063 (Feb. 11, 2022) (File No. SR-OCC-2022-801) ("Notice of Filing"). On January 24, 2022, OCC also filed a related proposed rule change (SR-OCC-2022-001) with the Commission pursuant to Section 19(b)(1) of the Exchange Act and Rule 19b-4 thereunder ("Proposed Rule Change"). 15 U.S.C. 78s(b)(1) and 17 CFR 240.19b-4, respectively. In the Proposed Rule Change, which was published in the Federal Register on February 11, 2022, OCC seeks approval of proposed changes to its rules necessary to implement the Advance Notice. Securities Exchange Act Release No. 94165 (Feb. 7, 2022), 87 Fed. Reg. 8072 (Feb. 11, 2022) (File No. SR-OCC-2022-001). The comment period for the related Proposed Rule Change filing closed on March 4, 2022.

Commission received a comment regarding the changes proposed in the Advance Notice.⁶

Section 806(e)(1)(G) of the Clearing Supervision Act provides that OCC may implement the changes if it has not received an objection to the proposed changes within 60 days of the later of (i) the date that the Commission receives the Advance Notice or (ii) the date that any additional information requested by the Commission is received,⁷ unless extended as described below.

Pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act, the Commission may extend the review period of an advance notice for an additional 60 days, if the changes proposed in the advance notice raise novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension.⁸

Here, as the Commission has not requested any additional information, the date that is 60 days after OCC filed the Advance Notice with the Commission is March 25, 2022. However, the Commission finds the issues raised by the Advance Notice complex because OCC proposes to change three models within its margin methodology, in part, to build the foundation for a single, consistent framework to model equity volatility

⁶ Since the proposal contained in the Advance Notice was also filed as a proposed rule change, all public comments received on the proposal are considered regardless of whether the comments are submitted on the Proposed Rule Change or the Advance Notice. Comments on the Proposed Rule Change are available at <https://www.sec.gov/comments/sr-occ-2022-001/srocc2022001.htm>.

⁷ 12 U.S.C. 5465(e)(1)(G).

⁸ 12 U.S.C. 5465(e)(1)(H).

products in margin and stress testing.⁹ Therefore, the Commission finds it appropriate to extend the review period of the Advance Notice for an additional 60 days under Section 806(e)(1)(H) of the Clearing Supervision Act.¹⁰

Accordingly, the Commission, pursuant to Section 806(e)(1)(H) of the Clearing Supervision Act,¹¹ extends the review period for an additional 60 days so that the Commission shall have until May 24, 2022 to issue an objection or non-objection to advance notice SR-OCC-2022-801.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

J. Matthew DeLesDernier
Assistant Secretary

⁹ See Notice of Filing, 87 Fed. Reg. 8063.

¹⁰ 12 U.S.C. 5465(e)(1)(H).

¹¹ Id.

¹² 17 CFR 200.30-3(a)(94).