Inter-Market Competition

The Exchange believes that the proposed change would not impose any unnecessary or inappropriate burden on inter-market competition because the proposed change will have no impact on inter-competition as it is not designed to address any competitive issue but rather is designed to remove outdated text from the Fee Schedule.

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

Written comments were neither solicited nor received.

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

Because the foregoing proposed rule change does not: (i) significantly affect the protection of investors or the public interest; (ii) impose any significant burden on competition; and (iii) become operative for 30 days after the date of the filing, or such shorter time as the Commission may designate if consistent with the protection of investors and the public interest, it has become effective pursuant to Section 19(b)(3)(A) of the Act [18] and Rule 19b–4(f)(6) [19] thereunder.

A proposed rule change filed under Rule 19b–4(f)(6) [20] normally does not become operative prior to 30 days after the date of the filing. However, pursuant to Rule 19b–4(f)(6)(iii),[21] the Commission may designate a shorter time if such action is consistent with the protection of investors and the public interest. The Exchange has asked the Commission to waive the 30-day operative delay so that the proposed rule change may become operative upon filing. The Exchange states that the proposed change is to remove obsolete text from the Fee Schedule, which will provide greater clarity to Members and the public regarding the Exchange's Fee Schedule. For these reasons, and because this proposal does not raise any novel regulatory issues, the Commission finds that waiver of the 30-day operative delay is consistent with the protection of investors and the public interest. Therefore, the Commission hereby waives the 30-day operative delay and designates the proposal operative upon filing.[22]

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 under Section 19(b)(2)(B) [23] of the Act 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–MIAX–2025–24 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–MIAX–2025–24. 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 submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed 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 a.m. and 3 p.m. Copies of the filing also 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–MIAX–2025–24 and should be submitted on or before June 11, 2025.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.[24]

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–09072 Filed 5–20–25; 8:45 am]

BILLING CODE 8011–01–P

[18] 15 U.S.C. 78s(b)(3)(A).

[19] 17 CFR 240.19b–4(f)(6). In addition, Rule 19b–4(f)(6) requires a self-regulatory organization to give the Commission written notice of its intent to file the proposed rule change, along with a brief description and text of the proposed rule change, at least five business days prior to the date of filing of the proposed rule change, or such shorter time as designated by the Commission. The Exchange has satisfied this requirement.

[20] 17 CFR 240.19b–4(f)(6).

[21] 17 CFR 240.19b–4(f)(6)(iii).

[22] For purposes only of waiving the 30-day operative delay, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. *See* 15 U.S.C. 78c(f).

[23] 15 U.S.C. 78s(b)(2)(B).

[24] 17 CFR 200.30–3(a)(12), (59).

SECURITIES AND EXCHANGE COMMISSION

[Release No. 34–103047; File No. SR–OCC–2025–801]

Self-Regulatory Organizations; The Options Clearing Corporation; Notice of No Objection To Advance Notice Concerning The Options Clearing Corporation's Proposed Amendments to Certain Key Terms of a Master Repurchase Agreement for a Committed Liquidity Facility With a Bank Counterparty as Part of the Options Clearing Corporation's Overall Liquidity Plan

May 15, 2025.

I. Introduction

On February 14, 2025, The Options Clearing Corporation (''OCC'') filed with the Securities and Exchange Commission (''Commission'') advance notice SR–OCC–2025–801 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 propose amendments to certain key terms of a master repurchase agreement for a committed liquidity facility with a bank counterparty as part

[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.*

of OCC's overall liquidity plan (hereinafter, the ''Advance Notice'').[4] On February 26, 2025, the Notice of Filing of the Advance Notice was published in the **Federal Register** to solicit public comment.[5] On March 14, 2025, the Commission requested additional information for consideration of the Advance Notice from OCC, pursuant to section 806(e)(1)(D) of the Clearing Supervision Act,[6] which tolled the Commission's period of review of the Advance Notice until 60 days from the date the information requested by the Commission was received by the Commission.[7] On March 19, 2025, the Commission received OCC's response to the Commission's request for additional information.[8] The Commission has not received public comment regarding the changes proposed in the Advance Notice. The Commission is hereby providing notice of no objection to the Advance Notice.

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 the seller to every buyer for financial transactions. It is the sole clearing agency for standardized equity options listed on national securities exchanges registered with the Commission. In OCC's role as a registered clearing agency, and as a derivatives clearing organization (''DCO'') registered with the Commodity Futures Trading Commission (''CFTC''), it guarantees all contracts it clears. As the CCP for the listed options markets and for certain futures in the United States, OCC is exposed to the risk that one or more of its Clearing Members [9] may fail to make a payment or to deliver securities.

OCC addresses such risk exposure, in part, by maintaining an overall liquidity plan that provides access to a diverse set of funding sources, including a minimum amount of cash in OCC's Clearing Fund,[10] syndicated bank credit facility [11] and a program for accessing additional committed sources of liquidity that do not increase the concentration of OCC's counterparty exposure (''Non-Bank Liquidity Facility'').[12] The credit facility and Non-Bank Liquidity Facility provide OCC with cash in exchange for collateral (*e.g.,* U.S. Government securities deposited by Clearing Members in satisfaction of their Clearing Fund requirements) and comprise part of the liquid resources OCC maintains to effect same-day settlement of its payment obligations.

In addition to these resources, OCC is permitted to establish a Master Repurchase Agreement (the ''MRA'') with a bank counterparty on an ongoing basis with a commitment amount of up to $1 billion (the ''Bank Repo Facility'').[13] Under the Bank Repo Facility, the designated bank counterparty (the ''buyer'') would purchase U.S. Government securities from OCC in exchange for payment to OCC in immediately available funds (the ''Purchase Price''). The buyer, in exchange, must agree to later transfer the purchased securities back to OCC on a specified ''Repurchase Date'' or on OCC's demand against the transfer of funds from OCC to the buyer. The transfer of funds from OCC to the buyer would equal the outstanding Purchase Price and the accrued and unpaid price differential agreed to by the parties.

The Bank Repo Facility, as filed with the Commission in 2022, includes the condition that the buyer not pledge, charge, encumber, hypothecate, transfer, dispose of, or otherwise grant any third party any interest in (*i.e.,* ''rehypothecate'') any eligible securities.[14] OCC states that the prohibition on rehypothecation was intended to prevent the bank from granting third parties 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 to OCC on the Repurchase Date.[15] However, OCC also states that the prohibition on rehypothecation is not a standard feature for bilateral repo transactions like the one contemplated by the Bank Repo Facility, and its inclusion in the MRA has made the transaction less commercially appealing to the bank counterparty than OCC initially anticipated.[16] Specifically, the bank counterparty will not execute an MRA for a $1 billion commitment without a limited right of rehypothecation.[17] As a result, OCC has not implemented the $1 billion Bank Repo Facility and believes it will be able to do so with the amendment of the MRA to permit a limited right of rehypothecation.[18]

As proposed, the Bank Repo Facility would continue to provide OCC with access to up to $1 billion in liquidity [19] and provides an alternative to OCC's other liquidity sources described above (*i.e.,* required Clearing Fund cash, bank credit facility, Non-Bank Liquidity Facility). Accordingly, to make the MRA more commercially appealing to its bank counterparty, OCC proposes modifying the MRA to provide for a right to rehypothecate the purchased securities.[20]

The current prohibition against rehypothecation was intended to prevent the bank from granting third parties an interest in purchased securities and thereby reduce the risk that the bank counterparty would not be able to retrieve the securities from the third-party and, as a result, would fail to return the purchased securities to OCC either on the Repurchase Date or otherwise upon OCC's request.[21] OCC now proposes to provide for rehypothecation subject to certain limitations. Specifically, that the rehypothecation is (1) within a tri-party repo program of a third-party custodian where the buyer would hold the eligible securities in a custodial account [22] and

[4] *See* Notice of Filing *infra* note 5, 90 FR 10734.

[5] Securities Exchange Act Release No. 102462 (Feb. 20, 2025), 90 FR 10734 (Feb. 26, 2025) (File No. SR–OCC–2025–801) (''Notice of Filing'').

[6] 12 U.S.C. 5465(e)(1)(D).

[7] *See* 12 U.S.C. 5465(e)(1)(E)(ii); Memorandum from the Office of Clearance and Settlement Supervision, Division of Trading and Markets, titled ''Commission's Request for Additional Information,'' *available at https://www.sec.gov/comments/sr-occ-2025-801/srocc2025801-581155-1670662.pdf.*

[8] *See* 12 U.S.C. 5465(e)(1)(E)(ii) and (G)(ii); Memorandum from the Office of Clearance and Settlement Supervision, Division of Trading and Markets, titled ''Response to the Commission's Request for Additional Information,'' *available at https://www.sec.gov/comments/sr-occ-2025-801/srocc2025801-586055-1693302.pdf.*

[9] 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.*

[10] *See* OCC Rule 1002 (requiring each Clearing Member deposit a minimum amount of cash in the Clearing Fund).

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

[12] *See, e.g.,* Exchange Act Release No. 89039 (June 10, 2020), 85 FR 36444 (June 16, 2020) (File No. SR–OCC–2020–803).

[13] *See* Exchange Act Release No. 88317 (Mar. 4, 2020), 85 FR 13681 (Mar. 9, 2020) (File No. SR–OCC–2020–801) and Exchange Act Release No. 95669 (Sept. 2, 2022), 87 FR 55064 (Sept. 8, 2022) (File No. SR–OCC–2022–802).

[14] *See* Exchange Act Release No. 95669, *supra* note 10, 87 FR at 55064–66.

[15] *See* Notice of Filing, 90 FR at 10735.

[16] *See id.*

[17] *See* Notice of Filing, 90 FR 10737 (stating that the current prohibition on rehypothecation has prevented execution of the facility on commercially acceptable terms).

[18] *See id.*

[19] *See* Notice of Filing, 90 FR 10735.

[20] OCC proposes to modify the Bank Repo Facility to provide for a limited right to rehypothecate non-customer collateral. *See* Notice of Filing, 90 FR 10735.

[21] OCC generally would make such a request in the event that OCC needed to substitute the purchased securities as a result of a Clearing Member's request to substitute collateral.

[22] *See* Notice of Filing, 90 FR 10735, n. 17 (''Tri-party repos use a custodian bank that provides

Continued

(2) only to a third-party cash investor (*e.g.,* a large institutional money market fund) that is legally restricted from further pledging, charging, encumbering, hypothecating, transferring, disposing of, or otherwise granting any interest in the purchased securities.[23] OCC states that these limitations serve two purposes: (1) ensuring that the rehypothecated securities remain in a segregated account held at the buyer's custodial bank on behalf of the third-party cash investors (thereby reducing the risk that the bank counterparty will not be able to deliver the purchased securities back to OCC on the Repurchase Date or sooner upon OCC's demand); and (2) creating requisite commercial incentives for the bank counterparty to execute the modified MRA.[24]

Further, OCC believes it can mitigate the risks attendant to the Bank Repo Facility without prohibiting rehypothecation.[25] The prohibition on rehypothecation facilitated collateral substitution by ensuring that a third-party could not interfere with OCC's ability to honor a Clearing Member's substitution request.[26] OCC's rules, however, allow OCC to reject substitution requests for securities contributed to the Clearing Fund that OCC has taken possession of to borrow funds from a liquidity facility.[27] OCC states that it may facilitate substitutions following such a draw as a convenience and accommodation to Clearing Members, but it is not required to do so.[28]

III. Discussion 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.[29]

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, including OCC, engaged in designated activities for which the Commission is the supervisory agency.[30] 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):[31]

- 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 that the Commission's risk management standards may address such areas as risk management and default policies and procedures, among other areas.[32]

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'').[33] The Clearing Agency Rules require, among other things, each covered clearing agency (''CCA'') 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.[34] 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 changes proposed in the Advance Notice are consistent with the objectives and principles described in section 805(b) of the Clearing Supervision Act,[35] and in the Clearing Agency Rules, in particular Rule 17ad–22(e)(7).[36]

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

The proposal contained in the Advance Notice is consistent with the stated objectives and principles of section 805(b) of the Clearing Supervision Act. Specifically, as discussed below, 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.[37]

The proposed change to the Bank Repo Facility is consistent with the promotion of robust risk management, in particular the management of liquidity risk presented to OCC. As a CCP and SIFMU,[38] OCC must have adequate resources to satisfy its counterparty settlement obligations, including in the event of a Clearing Member default.[39] As described above, and as the Commission has previously acknowledged,[40] the Bank Repo Facility provides an additional source of liquidity to OCC's overall liquidity plan and increases 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 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. Adding another committed source of liquidity resources also would help OCC 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 Bank Repo Facility cannot, however, provide a committed source of liquidity resources if OCC cannot implement the facility. As stated above, OCC believes it will be able to implement the Bank Repo Facility if it amends the MRA to permit a limited right of rehypothecation. As a result, OCC now proposes to modify the MRA to allow a bank counterparty a limited right of rehypothecation. Because this is the only change to the Bank Repo Facility that OCC is proposing, our analysis of whether the Advance Notice is consistent with the stated objectives and principles of section 805(b) of the Clearing Supervision Act is focused on the specific risks to OCC posed by the provision of such a limited right of rehypothecation and whether such risks are appropriately mitigated.

collateral valuation, margining, and management services to the counterparties to the agreement.'').

[23] *See* Notice of Filing, 90 FR 10734 and 10735.

[24] *See id.*

[25] *See* Notice of Filing, 90 FR 10736.

[26] *See id.*

[27] See OCC Rule 1006(f)(4).

[28] *See* Notice of Filing, 90 FR 10736.

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

[30] 12 U.S.C. 5464(a)(2).

[31] 12 U.S.C. 5464(b).

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

[33] 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. OCC is a ''covered clearing agency'' as defined in Rule 17ad–22(a).

[34] 17 CFR 240.17ad–22.

[35] 12 U.S.C. 5464(b).

[36] 17 CFR 240.17ad–22(e)(7).

[37] 12 U.S.C. 5464(b).

[38] *See* Financial Stability Oversight Council (''FSOC'') 2012 Annual Report, Appendix A, available at *https://home.treasury.gov/system/files/261/2012-Annual-Report.pdf* (last visited Feb. 26, 2025).

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

[40] *See* Exchange Act Release No. 95669 (Sept. 2, 2022), 87 FR 55064, 55066 (Sept. 8, 2022) (File No. SR–OCC–2022–802).

The initial risk is that the bank counterparty fails to return the purchased securities. The terms of the revised MRA would limit the right to rehypothecate to the bank counterparty, which would bar a third-party investor from further rehypothecating the securities and thereby expanding the set of counterparties involved. Additionally, the terms would require that rehypothecation take place in a tri-party arrangement, such that the securities could not be held directly by the third-party investor, but rather would be held in a custodial account at a trusted bank, limiting the risk that might otherwise arise out of giving the securities directly to the third-party investor. Such an arrangement would also allow OCC's bank counterparty to provide OCC visibility to the collateral and transparency to the allocation of that collateral in a tri-party deal.

In the event that the foregoing is not sufficient to ensure that the bank counterparty returns the purchased securities, both the terms of the revised MRA and OCC's existing rules would provide protections for OCC and specific tools to allow OCC to manage such an event. The primary risks to OCC presented by such an event would be credit losses incurred by OCC or payment obligations that OCC would be required to meet arising out of the bank counterparty's failure to return the securities to OCC. With regard to potential credit losses, OCC's existing Rules permit it to charge such losses to the Clearing Fund in the same manner as it may charge other losses arising out of Clearing Member default.[41] With regard to its payment obligations, the express terms of the revised MRA would permit OCC to retain the funds borrowed from its bank counterparty if the counterparty fails to return the purchased securities, which funds OCC could use to meet its payment obligations.[42] Additionally, OCC's existing Rules allow it to use Clearing Fund collateral to meet its settlement obligations as part of OCC's regular default management process.[43] Thus, for example, OCC could use the borrowed funds received from the repurchase agreement, or if the borrowed funds were insufficient to meet OCC's full payment obligations additional Clearing Fund collateral, to meet the remainder of its settlement obligations as part of OCC's standard default management process.

Another risk presented by rehypothecation could arise in the event a Clearing Member whose Clearing Fund collateral is included in the purchased securities makes a request for collateral substitution.[44] Such a request could require OCC to demand early repurchase of the purchased securities by the bank counterparty. If the bank counterparty has itself rehypothecated the securities, it may not be in a position to return the collateral to OCC when requested. Again, OCC's existing Rules provide it with protection and tools to manage this risk. Specifically, OCC's Rules would allow it to refuse such a substitution request if the securities at issue have been utilized by OCC as part of the Bank Repo Facility.[45]

As described above, such rehypothecation would be limited to a tri-party repo program, where the eligible securities would be held in a custodial account, and the third-party cash investor would be restricted from further rehypothecation. As a result, OCC could request that the bank counterparty provide visibility to the collateral and transparency to the allocation of that collateral in a tri-party deal. Such limitation and visibility serve to increase the likelihood that the bank counterparty would return purchased securities pursuant to the terms of the MRA. Even if the bank counterparty were not able to return the purchased securities, the terms of the Bank Repo Facility include protections designed to ensure that OCC would retain the borrowed funds.[46] As described above, OCC's rules provide for OCC's management of credit losses [47] or liquidity shortfalls [48] arising out of the bank counterparty's failure to return the purchased securities. To the extent OCC were to suffer a loss due to the bank counterparty's failure to return the purchased securities, OCC could charge such a loss to the Clearing Fund.[49] OCC's rules also provide sufficiently flexibility to manage a scenario in which a Clearing Member requests a substitution of its Clearing Fund collateral, but the bank counterparty has not returned that collateral.[50]

The Advance Notice is also consistent with the promotion of safety and soundness. As described above, the Advance Notice is designed to facilitate implementation of the Bank Repo Facility by amending the permissible terms such that they provide sufficient commercial incentives for the bank counterparty to agree to a $1 billion commitment repurchase facility. Implementation of the Bank Repo Facility would provide OCC access to $1 billion in committed liquidity not otherwise available to it which, in turn, would reduce the likelihood that OCC would have insufficient financial resources to address liquidity demands arising out of a Clearing Member default.[51] Further, to the extent the Advance Notice is consistent with promoting OCC's safety and soundness, it also is consistent with reducing systemic risks and 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.[52] The proposed changes to the MRA 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. 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.

Accordingly, and for the reasons stated above, the changes proposed in the Advance Notice are consistent with

[41] *See* OCC Rule 1006(a).

[42] *See* Exchange Act Release No. 88317 (Mar. 4, 2020), 85 FR 13681, 13862 (Mar. 9, 2020) (File No. SR–OCC–2020–801) (providing for the use of a ''mini-default'' in lieu of declaring an event of default at the discretion of the non-defaulting party). For example, if the buyer fails to transfer purchased securities on the applicable repurchase date, rather than declaring an event of default, OCC may (1) if OCC has already paid the repurchase price, require the buyer to repay the repurchase price, (2) if there is a margin excess, require the buyer to pay cash or deliver purchased securities in an amount equal to the margin excess, or (3) declare that the applicable transaction, and only that transaction, will be immediately terminated, and apply default remedies under the MRA to only that transaction. *Id.* at n. 15.

[43] *See* OCC Rule 1006(f)(1)(C).

[44] *See* OCC Rule 1002(a)(iv).

[45] *See* OCC Rule 1006(f)(4) (allowing OCC to refuse any Clearing Member substitution request regarding securities contributed to the Clearing Fund that the Corporation has taken possession to borrow funds).

[46] *See* Exchange Act Release No. 88317 (Mar. 4, 2020), 85 FR 13681, 13862 (Mar. 9, 2020) (File No. SR–OCC–2020–801) (providing for the use of a ''mini-default'' in lieu of declaring an event of default at the discretion of the non-defaulting party).

[47] *See* OCC Rule 1006(a).

[48] *See* OCC Rule 1006(f)(1)(C).

[49] *See* OCC Rule 1006(a).

[50] *See* OCC Rule 1006(f)(4) (allowing OCC to refuse any Clearing Member substitution request regarding securities contributed to the Clearing Fund that the Corporation has taken possession to borrow funds).

[51] *See* Exchange Act Release No. 95669 (Sept. 2, 2022), 87 FR 55064, 55067 (Sept. 8, 2022) (File No. SR–OCC–2022–802).

[52] *See* Financial Stability Oversight Council (''FSOC'') 2012 Annual Report, Appendix A, available at *https://home.treasury.gov/system/files/261/2012-Annual-Report.pdf* (last visited Feb. 26, 2025).

section 805(b) of the Clearing Supervision Act.[53]

B. Consistency With Section 17ad–22(e)(7) of the Exchange Act

Rule 17ad–22(e)(7)(ii) under the Exchange Act requires that a CCA 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 CCA, 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) [54] in each relevant currency for which the CCA has payment obligations owed to clearing members.[55] For any CCA, ''qualifying liquid resources'' includes assets that are readily available and convertible into cash through prearranged funding arrangements, such as committed arrangements without material adverse change provisions, including repurchase agreements.[56]

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 designated bank counterparty, which would meet the definition of ''qualifying liquid resources'' as that term is defined in Rule 17ad–22(a) under the Exchange Act.[57] OCC does not currently have access to the committed $1 billion repurchase agreement permitted under the Bank Repo Facility because OCC's bank counterparty will not enter into such an agreement without a limited right of rehypothecation. OCC now proposes to amend the Bank Repo Facility to allow the provision of a limited right of rehypothecation to provide the necessary commercial incentives for its bank counterparty to agree to a $1 billion commitment. As also discussed above, both the limitations placed on rehypothecation under the existing and proposed terms of the Bank Repo Facility as well as OCC's existing rules reasonably mitigate the potential risks posed by permitting rehypothecation under the MRA.

Accordingly, the changes proposed in the Advance Notice are consistent with Rule 17ad–22(e)(7) under the Exchange Act.[58]

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–2025–801) and that OCC is *authorized* to implement the proposed changes as of the date of this notice.

By the Commission.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–09061 Filed 5–20–25; 8:45 am]

BILLING CODE 8011–01–P

[53] 12 U.S.C. 5464(b).

[54] 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).

[55] 17 CFR 240.17ad–22(e)(7)(ii).

[56] 17 CFR 240.17ad–22(a).

[57] *Id.*

[58] 17 CFR 240.17ad–22(e)(7).

SECURITIES AND EXCHANGE COMMISSION

[Investment Company Act Release No. 35590; File No. 812–15769]

5C Lending Partners Corp., et al.

May 16, 2025.

AGENCY: Securities and Exchange Commission (''Commission'' or ''SEC'').

ACTION: Notice.

Notice of application for an order under sections 17(d) and 57(i) of the Investment Company Act of 1940 (the ''Act'') and rule 17d–1 under the Act to permit certain joint transactions otherwise prohibited by sections 17(d) and 57(a)(4) of the Act and rule 17d–1 under the Act.

SUMMARY OF APPLICATION: Applicants request an order to permit certain business development companies (''BDCs'') and closed-end management investment companies to co-invest in portfolio companies with each other and with certain affiliated investment entities.

APPLICANTS: 5C Lending Partners Corp., 5C Lending Partners Advisor LLC, 5C Investment Partners Advisor LLC, and 5C Lending Partners Co-Investment LP.

FILING DATES: The application was filed on April 28, 2025 and amended on May 14, 2025.

HEARING OR NOTIFICATION OF HEARING: An order granting the requested relief will be issued unless the Commission orders a hearing. Interested persons may request a hearing on any application by emailing the SEC's Secretary at *Secretarys-Office@sec.gov* and serving the Applicants with a copy of the request by email, if an email address is listed for the relevant Applicant below, or personally or by mail, if a physical address is listed for the relevant Applicant below. Hearing requests should be received by the Commission by 5:30 p.m. on June 10, 2025, and should be accompanied by proof of service on the Applicants, in the form of an affidavit or, for lawyers, a certificate of service. Pursuant to rule 0–5 under the Act, hearing requests should state the nature of the writer's interest, any facts bearing upon the desirability of a hearing on the matter, the reason for the request, and the issues contested. Persons who wish to be notified of a hearing may request notification by emailing the Commission's Secretary at *Secretarys-Office@sec.gov.*

ADDRESSES: The Commission: *Secretarys-Office@sec.gov.* Applicants: Thomas Connolly, *tom.connolly@5cinvest.com,* Michael Koester, *michael.koester@5cinvest.com,* 5C Lending Partners Advisor LLC; Nicole M. Runyan, P.C., *nicole.runyan@kirkland.com,* Pamela Poland Chen, *pamela.chen@kirkland.com,* Kirkland & Ellis LLP.

FOR FURTHER INFORMATION CONTACT: Jill Ehrlich, Senior Counsel, or Thomas Ahmadifar, Branch Chief, at (202) 551–6825 (Division of Investment Management, Chief Counsel's Office).

SUPPLEMENTARY INFORMATION: For Applicants' representations, legal analysis, and conditions, please refer to Applicants' first amended application, dated May 14, 2025, which may be obtained via the Commission's website by searching for the file number at the top of this document, or for an Applicant using the Company name search field, on the SEC's EDGAR system. The SEC's EDGAR system may be searched at *https://www.sec.gov/edgar/searchedgar/companysearch.html.* You may also call the SEC's Office of Investor Education and Advocacy at (202) 551–8090.

For the Commission, by the Division of Investment Management, under delegated authority.

Sherry R. Haywood,

Assistant Secretary.

[FR Doc. 2025–09115 Filed 5–20–25; 8:45 am]

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