

as appropriate regarding its implementation of sequestration.

After its review, the Commission determined that the 2020 annual accounting support fee for the FASB is consistent with Section 109 of the Act. Accordingly,

*It Is Ordered*, pursuant to Section 109 of the Act, that the FASB may act in accordance with this determination of the Commission.

By the Commission.

**Vanessa A. Countryman,**  
Secretary.

[FR Doc. 2020-02678 Filed 2-10-20; 8:45 am]

BILLING CODE 8011-01-P

## SECURITIES AND EXCHANGE COMMISSION

[Release No. 34-88120; File No. SR-OCC-2020-801]

### Self-Regulatory Organizations; The Options Clearing Corporation; Notice of Filing of Advance Notice Concerning a Master Repurchase Agreement as Part of OCC's Overall Liquidity Plan

February 5, 2020.

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")<sup>1</sup> and Rule 19b-4(n)(1)(i)<sup>2</sup> under the Securities Exchange Act of 1934 ("Exchange Act" or "Act"),<sup>3</sup> notice is hereby given that on January 10, 2020, the Options Clearing Corporation ("OCC") filed with the Securities and Exchange Commission ("Commission") an advance notice as described in Items I, II and III below, which Items have been prepared by OCC. The Commission is publishing this notice to solicit comments on the advance notice from interested persons.

#### I. Clearing Agency's Statement of the Terms of Substance of the Advance Notice

This advance notice is filed by OCC this advance notice is filed by OCC [sic] in connection with a proposed change to its operations in the form of enter into a committed master repurchase agreement with a bank counterparty as part of OCC's overall liquidity plan. All terms with initial capitalization that are not otherwise defined herein have the

same meaning as set forth in the OCC By-Laws and Rules.<sup>4</sup>

#### II. Clearing Agency's Statement of the Purpose of, and Statutory Basis for, the Advance Notice

In its filing with the Commission, OCC included statements concerning the purpose of and basis for the advance notice and discussed any comments it received on the advance notice. 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 and B below, of the most significant aspects of these statements.

##### (A) Clearing Agency's Statement on Comments on the Advance Notice Received From Members, Participants, or Others

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

##### (B) Advance Notices Filed Pursuant to Section 806(e) of the Payment, Clearing, and Settlement Supervision Act

###### Description of Change

This advance notice is being filed in connection with a proposed change to OCC's operations through which OCC would enter into a committed master repurchase agreement with a bank counterparty (the "Repo Liquidity Facility") to access an additional committed source of liquidity to meet its settlement obligations.

###### Background

OCC's current liquidity plan provides it with access to a diverse set of funding sources, including OCC's syndicated credit facility,<sup>5</sup> a committed master repurchase program with institutional investors such as pension funds (the "Non-Bank Liquidity Facility")<sup>6</sup> and Clearing Member minimum Cash Clearing Fund Requirement.<sup>7</sup> The Repo Liquidity Facility would provide OCC with an additional source of liquidity resources. The facility would take the form of OCC executing a committed master repurchase agreement ("MRA") with a commercial bank counterparty. OCC would perform a review and ongoing monitoring of the counterparty to obtain reasonable assurance that the

counterparty has the financial and operational ability to satisfy its obligations under the agreement. This review would include the counterparty's standing on OCC's watch list including key metrics and ratios from the financial statements, the proposed level of activity including a comparison to the counterparty's regulatory capital levels, proposed operational processes associated with the agreement, past relevant operational incidents, and research of adverse counterparty news.

Although the MRA would be based on the standard form of master repurchase agreement,<sup>8</sup> OCC would require the MRA, or an annex thereto, to contain certain additional provisions tailored to help ensure certainty of funding and operational effectiveness, as described in more detail below. OCC believes that these provisions are necessary and appropriate to integrate the program into its operations and in order to promote safety and soundness consistent with OCC's systemic responsibilities. A summary of the additional terms and conditions applicable to the MRA are set forth in the Summary of Terms attached [sic] to this filing as confidential Exhibit 3a.<sup>9</sup>

###### The Proposed Program: Standard Repurchase Agreement Terms

The MRA would be structured like a typical repurchase arrangement in which the buyer (*i.e.*, the bank counterparty) would purchase from OCC, from time to time, United States government securities ("Eligible Securities").<sup>10</sup> OCC, as the seller, would transfer Eligible Securities to the buyer in exchange for a payment by the buyer to OCC in immediately available funds ("Purchase Price"). The buyer would simultaneously agree to transfer the purchased securities back to OCC at a specified later date ("Repurchase Date") or on OCC's demand against the transfer

<sup>8</sup> The standard form master repurchase agreement is published by the Securities Industry and Financial Markets Association ("SIFMA") and is commonly used in the repurchase market by institutional investors.

<sup>9</sup> In addition, OCC is attaching to this filing as Exhibit 3b responses to certain information requests from staff of the Division of Trading and Markets ("Staff") concerning the additional provisions summarized in confidential Exhibit 3a as reflected in a draft of this advance notice provided to Staff.

<sup>10</sup> OCC would use U.S. government securities that are included in Clearing Fund contributions by Clearing Members and margin deposits of any Clearing Member that has been suspended by OCC for the repurchase arrangements. OCC Rule 1006(f) and OCC Rule 1104(b) authorize OCC to obtain funds from third parties through securities repurchases using these sources. The officers who may exercise this authority include the Executive Chairman, Chief Executive Officer, and Chief Operating Officer.

<sup>1</sup> 12 U.S.C. 5465(e)(1).

<sup>2</sup> 17 CFR 240.19b-4(n)(1)(i).

<sup>3</sup> 15 U.S.C. 78a *et seq.*

<sup>4</sup> OCC's By-Laws and Rules can be found on OCC's public website: <http://optionsclearing.com/about/publications/bylaws.jsp>.

<sup>5</sup> See Securities Exchange Act Release No. 85924 (May 23, 2019), 84 FR 25089 (May 30, 2019) (SR-OCC-2019-803).

<sup>6</sup> See Securities Exchange Act Release No. 76821 (Jan. 4, 2016), 81 FR 3208 (Jan. 20, 2016) (SR-OCC-2015-805).

<sup>7</sup> See OCC Rule 1002.

of funds by OCC to the buyer in an amount equal to the outstanding Purchase Price plus the accrued and unpaid price differential (together, "Repurchase Price"), which is the interest component of the Repurchase Price.

At all times while a transaction is outstanding, OCC would be required to maintain a specified amount of securities or cash margin with the buyer.<sup>11</sup> The market value of the securities supporting each transaction would be determined daily, typically based on a price obtained from a generally recognized pricing source. If the market value of the purchased securities is determined to have fallen below OCC's required margin, OCC would be required to transfer to the buyer sufficient cash or additional securities reasonably acceptable to the buyer so that OCC's margin requirement is satisfied.<sup>12</sup> If the market value of the purchased securities is determined to have risen to above OCC's required margin, OCC would be permitted to require the return of excess purchased securities from the buyer.

As in a typical master repurchase agreement, an event of default would occur with respect to the buyer if the buyer failed to purchase securities on a Purchase Date, failed to transfer purchased securities on any applicable Repurchase Date, or failed to transfer any interest, dividends or distributions on purchased securities to OCC within a specified period after receiving notice of such failure. An event of default would occur with respect to OCC if OCC failed to transfer purchased securities on a Purchase Date or failed to repurchase purchased securities on an applicable Repurchase Date. The MRA would also provide for standard events of default for either party, including a party's failure to maintain required margin or an insolvency event with respect to the party. Upon the occurrence of an event of default, the non-defaulting party, at its option, would have the right to accelerate the Repurchase Date of all outstanding transactions between the defaulting party and the non-defaulting party, among other rights. For example, if OCC were the defaulting party with respect to a transaction and the buyer chose to terminate the transaction, OCC would be required to immediately transfer the

Repurchase Price to the buyer. If the buyer were the defaulting party with respect to a transaction and OCC chose to terminate the transaction, the buyer would be required to deliver all purchased securities to OCC. If OCC or the buyer did not timely perform, the non-defaulting party would be permitted to buy or sell, or deem itself to have bought or sold, securities as needed to be made whole and the defaulting party would be required to pay the costs related to any covering transactions. Additionally, if OCC was required to obtain replacement securities as a result of an event of default, the buyer would be required to pay the excess of the price paid by OCC to obtain replacement securities over the Repurchase Price.

#### The Proposed Program: Customized Features To Promote Certainty of Funding and Operational Effectiveness

In addition to the typical repurchase arrangements, OCC would require the MRA, or an annex thereto, to contain certain additional provisions tailored to help ensure certainty of funding and operational effectiveness.<sup>13</sup>

#### Commitment to Fund

The buyer would provide a funding commitment of \$500 million, with the commitment extending for one year and one day. The buyer would be obligated to enter into transactions under the MRA up to its committed amount so long as no default had occurred and OCC transferred sufficient Eligible Securities. The buyer would be obligated to enter into transactions even if OCC had experienced a material adverse change, such as the failure of a Clearing Member. This commitment to provide funding would be a key departure from ordinary repurchase arrangements and a key requirement for OCC.

#### Funding Mechanics

Funding mechanics would be targeted so that OCC would receive the Purchase Price in immediately available funds within 60 minutes of its request for funds and delivery of Eligible Securities and, if needed, prior to OCC's regular daily settlement time.<sup>14</sup> These targeted funding mechanics would allow OCC to receive needed liquidity in time to satisfy settlement obligations, even in

the event of a default by a Clearing Member or a market disruption. The funding mechanism may be, for example, delivery versus payment/receive versus payment<sup>15</sup> or another method acceptable to OCC that both satisfies the objectives of the Repo Liquidity Facility and presents limited operational risks.<sup>16</sup>

#### No Rehypothecation

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

#### Early Termination Rights

OCC would have the ability to terminate any transaction upon written notice to the buyer, but the buyer would only be able to terminate a transaction upon the occurrence of an event of default with respect to OCC, as further described below. A notice of termination by OCC would specify a new Repurchase Date prior to the originally agreed upon Repurchase Date. Upon the early termination of a transaction, the buyer would be required to return all purchased securities to OCC and OCC would be required to pay the Repurchase Price. This optional early termination right is important to OCC because OCC's liquidity needs may change unexpectedly over time and as a result OCC may not want to keep a transaction outstanding as long as originally planned.

#### Substitution

OCC would have the ability to substitute any Eligible Securities for purchased securities in its discretion by a specified time, so long as the Eligible Securities satisfy any applicable criteria contained in the MRA and the transfer

<sup>15</sup> Delivery versus payment/receive versus payment is a method of settlement under which payment for securities must be made prior to or simultaneously with delivery of the securities.

<sup>16</sup> Unlike for the Non-Bank Liquidity Facility, OCC would not require the Repo Liquidity Facility counterparty to maintain cash and investments in a designated account in which OCC has visibility. OCC required a designated account for Non-Bank Liquidity Facility counterparties in order to facilitate prompt funding by counterparties that, unlike the Repo Liquidity Facility counterparty, are not commercial banks and therefore are not in the business of daily funding.

<sup>11</sup> OCC expects that it would be required to maintain margin equal to 102% of the Repurchase Price, which is a standard rate for arrangements involving U.S. government securities.

<sup>12</sup> OCC expects that it would use Clearing Fund securities and securities posted as margin by defaulting Clearing Members, as more fully discussed in footnote 8.

<sup>13</sup> OCC expects that the MRA will also include other, more routine, provisions such as the method for giving notices and basic due authorization representations by the parties.

<sup>14</sup> This would include OCC's regular daily settlement time and any extended settlement time implemented by OCC in an emergency situation under Rule 505.

of the Eligible Securities would not create a margin deficit, as described above.<sup>17</sup> This substitution right is important to OCC because it must be able to manage requests of Clearing Members to return excess or substitute Eligible Securities in accordance with established operational procedures.

#### Events of Default

Beyond the standard events of default for a failure to purchase or transfer securities on the applicable Purchase Date or Repurchase Date, as described above, OCC would require that the MRA not contain any additional events of default that would restrict OCC's access to funding. Most importantly, OCC would require that it would not be an event of default if OCC suffers a "material adverse change."<sup>18</sup> This provision is important because it provides OCC with certainty of funding, even in difficult market conditions. Upon the occurrence of an event of default, in addition to the non-defaulting party's right to accelerate the Repurchase Date of all outstanding transactions or to buy or sell securities as needed to be made whole, the non-defaulting party may elect to take the actions specified in the "mini close-out" provision of the MRA, rather than declaring an event of default. 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 delivered 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. Therefore, if the buyer fails to deliver purchased securities on any Repurchase Date, OCC would have remedies that allow it to mitigate risk with respect to a particular transaction, without declaring an event of default with respect to all transactions under the MRA.

<sup>17</sup> In addition to its substitution rights, OCC could cause the return of purchased securities by exercising its optional early termination rights under the Master Repurchase Agreement. If OCC were to terminate the transaction, the buyer would be required to return purchased securities to OCC against payment of the corresponding Repurchase Price.

<sup>18</sup> When included in a contract, a "material adverse change" is typically defined as a change that would have a materially adverse effect on the business or financial condition of a company.

#### Anticipated Effect on and Management of Risk

Completing timely settlement is a key aspect of OCC's role as a clearing agency performing central counterparty services. OCC believes that the overall impact of the Repo Liquidity Facility on the risks presented by OCC would be to reduce settlement risk associated with OCC's operations as a clearing agency. The Repo Liquidity Facility would reduce settlement risk by providing an additional source of liquidity that would promote the reduction of risks to OCC, its Clearing Members and the options market in general because it would allow OCC to obtain short-term funds to address liquidity demands arising out of the default or suspension of a Clearing Member, in anticipation of a potential default or suspension of Clearing Members, the insolvency of a bank or another securities or commodities clearing organization, or the failure of a bank or another securities or commodities clearing organization to achieve daily settlement. The resulting reduction in OCC settlement risk would lead to a corresponding reduction in systemic risk and would have a positive impact on the safety and soundness of the clearing system by enabling OCC to have continuous access to funds to settle its obligations to its Clearing Members. In order to sufficiently perform this key role in promoting market stability, it is critical that OCC continuously has access to funds to settle its obligations.

Providing for another committed source of liquidity resources would also 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. If circumstances arise that affect OCC's current liquidity resources from another of its facilities,<sup>19</sup> an additional source of liquidity resources would allow OCC to reallocate liquidity resources as

<sup>19</sup> For example, the existing confirmations under OCC's Non-Bank Liquidity Facility, totaling \$1 billion, expired on January 2, 2020 and January 6, 2020. In anticipation of their expiration, OCC exercised an accordion feature under its syndicated credit facility to increase the amount from \$2 billion to \$2.5 billion. Since learning of the Non-Bank Liquidity Facility counterparty's decision not to renew its confirmations, OCC has also been working with a lending agent to identify interested institutional investors to secure replacement commitments to cover the difference between the Non-Bank Liquidity Facility's \$1 billion in commitments and the \$500 million increase in OCC's syndicated credit facility. The proposed \$500 million Repo Liquidity Facility would also cover that difference.

necessary to avoid a shortfall in its overall liquidity resources.<sup>20</sup>

The Repo Liquidity Facility, like any liquidity source, would involve certain risks, but OCC would structure the program to mitigate those risks. Most of these risks are standard in any master repurchase agreement. For example, the buyer could fail to deliver, or delay in delivering, purchased securities to OCC by the applicable Repurchase Date. OCC will address this risk by seeking a security interest from the buyer in that portion of the purchased securities representing the excess of the market value over the Repurchase Price, or by obtaining other comfort from the buyer that the purchased securities will be timely returned. Further, the purchased securities generally will not be "on-the-run" securities, *i.e.*, the most recently issued Treasury securities. The demand in the marketplace for Treasury securities, for uses other than collateral, is much greater for on-the-run Treasury securities, and therefore, OCC believes the buyer will have little incentive to retain the securities transferred by OCC.

The mechanics under the Repo Liquidity Facility would be structured so that OCC could avoid losses by paying the Repurchase Price. For example, OCC will have optional early termination rights, under which OCC would be able to accelerate the Repurchase Date of any transaction by providing written notice to the buyer and paying the Repurchase Price. Through this mechanism, OCC can maintain the benefit of the Repo Liquidity Facility, while mitigating any risk associated with a particular transaction.

The Repo Liquidity Facility would be structured to avoid potential third-party risks, which are typical of repurchase arrangements. The prohibition on buyer rehypothecation and use of purchased securities would reduce the risk to OCC of a buyer default.

As with any repurchase arrangement, OCC is subject to the risk that it may have to terminate existing transactions and accelerate the applicable Repurchase Date with respect to the buyer due to changes in the financial health or performance of the buyer. Terminating transactions could negatively affect OCC's liquidity position. However, any negative effect is

<sup>20</sup> For example, OCC has authority under OCC Rule 1002(a)(i) to temporarily increase the cash funding requirement in its Clearing Fund for the protection of OCC, Clearing Members or the general public. On December 12, 2019, OCC informed Clearing Members that OCC would exercise this authority on January 3, 2020 to increase the Cash Clearing Fund Requirement temporarily from \$3 billion to \$3.5 billion during the monthly sizing of the Clearing Fund.

reduced by the fact that OCC maintains a number of different financing arrangements, and thus will have access to liquidity sources in the event the Liquidity Repo Facility is no longer a viable source.

Under the MRA, OCC would be obligated to transfer additional cash or securities as margin in the event the market value of any purchased securities decreases. OCC seeks to ensure it can meet any such obligation by monitoring the value of the purchased securities and maintaining adequate cash resources to make any required payments. Such payments are expected to be small in comparison to the total amount of cash received for each transfer of purchased securities.

#### Consistency With the Payment, Clearing and Settlement Supervision Act

The stated purpose of the Clearing Supervision Act is 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 and strengthening the liquidity of systemically important financial market utilities.<sup>21</sup> Section 805(a)(2) of the Clearing Supervision Act<sup>22</sup> also authorizes the Commission to prescribe risk management standards for the payment, clearing and settlement activities of designated clearing entities, like OCC, for which the Commission is the supervisory agency. Section 805(b) of the Clearing Supervision Act<sup>23</sup> states that the objectives and principles for risk management standards prescribed under Section 805(a) shall be to:

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

The Commission has adopted risk management standards under Section 805(a)(2) of the Clearing Supervision Act and the Exchange Act in furtherance of these objectives and principles.<sup>24</sup> Rule 17Ad-22 requires registered clearing agencies, like OCC, to establish, implement, maintain, and enforce written policies and procedures that are reasonably designed to meet certain minimum requirements for their operations and risk management

practices on an ongoing basis.<sup>25</sup> Therefore, the Commission has stated<sup>26</sup> that it believes it is appropriate to review changes proposed in advance notices against Rule 17Ad-22 and the objectives and principles of these risk management standards as described in Section 805(b) of the Clearing Supervision Act.<sup>27</sup>

OCC believes that the proposed changes are consistent with Section 805(b)(1) of the Clearing Supervision Act<sup>28</sup> because the proposed Repo Liquidity Facility would provide OCC with an additional source of committed liquidity to meet its settlement obligations while at the same time being structured to mitigate certain operational risks, as described above, that arise in connection with this committed liquidity source. In this way, the proposed changes are designed to promote robust risk management; promote safety and soundness; reduce systemic risks; and support the stability of the broader financial system.

OCC believes that the Repo Liquidity Facility is also consistent with the requirements of Rule 17Ad-22(e)(7) under the Act.<sup>29</sup> Rule 17Ad-22(e)(7) 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, as specified in the rule.<sup>30</sup> In particular, Rule 17Ad-22(e)(7)(i) under the Act<sup>31</sup> directs that OCC meet this obligation by, among other things, “[m]aintaining 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 obligation for [OCC] in extreme but plausible market conditions.”

As described above, the Repo Liquidity Facility would provide OCC with a readily available liquidity resource that would enable it to, among other things, continue to meet its

obligations in a timely fashion and as an alternative to selling Clearing Member collateral under what may be stressed and volatile market conditions. For these reasons, OCC believes that the proposal is consistent with Rule 17Ad-22(e)(7)(i).<sup>32</sup>

Rule 17Ad-22(e)(7)(ii) under the Act requires OCC to establish, implement, maintain and enforce written policies and procedures reasonably designed to hold qualifying liquid resources sufficient to satisfy payment obligations owed to Clearing Members.<sup>33</sup> Rule 17Ad-22(a)(14) of the Act defines “qualifying liquid resources” to include, among other things, lines of credit without material adverse change provisions, that are readily available and convertible into cash.<sup>34</sup> The MRA under the Repo Liquidity Facility would not be subject to any material adverse change provision and would be designed to permit OCC to, among other things, help ensure that OCC has sufficient, readily-available qualifying liquid resources to meet the cash settlement obligations of its largest Clearing Member Group. Therefore, OCC believes that the proposal is consistent with Rule 17Ad-22(e)(7)(ii).<sup>35</sup>

For the foregoing reasons, OCC believes that the proposed changes are consistent with Section 805(b)(1) of the Clearing Supervision Act<sup>36</sup> and Rule 17Ad-22(e)(7)<sup>37</sup> under the Act.

### III. Date of Effectiveness of the Advance Notice and Timing for Commission Action

The proposed change may be implemented if the Commission does not object to the proposed change within 60 days of the later of (i) the date the proposed change was filed with the Commission or (ii) the date any additional information requested by the Commission is received. OCC shall not implement the proposed change if the Commission has any objection to the proposed change.

The Commission may extend the period for review by an additional 60 days if the proposed change raises novel or complex issues, subject to the Commission providing the clearing agency with prompt written notice of the extension. A proposed change may be implemented in less than 60 days from the date the advance notice is filed, or the date further information

<sup>21</sup> 12 U.S.C. 5461(b).

<sup>22</sup> 12 U.S.C. 5464(a)(2).

<sup>23</sup> 12 U.S.C. 5464(b).

<sup>24</sup> 17 CFR 240.17Ad-22. See Securities Exchange Act Release Nos. 68080 (October 22, 2012), 77 FR 66220 (November 2, 2012) (S7-08-11) (“Clearing Agency Standards”); 78961 (September 28, 2016), 81 FR 70786 (October 13, 2016) (S7-03-14) (“Standards for Covered Clearing Agencies”).

<sup>25</sup> 17 CFR 240.17Ad-22.

<sup>26</sup> See, e.g., Securities Exchange Act Release No. 86182 (June 24, 2019), 84 FR 31128, 31129 (June 28, 2019) (SR-OCC-2019-803).

<sup>27</sup> 12 U.S.C. 5464(b).

<sup>28</sup> 12 U.S.C. 5464(b)(1).

<sup>29</sup> 17 CFR 240.17Ad-22(e)(7).

<sup>30</sup> *Id.*

<sup>31</sup> 17 CFR 240.17Ad-22(e)(7)(i).

<sup>32</sup> *Id.*

<sup>33</sup> 17 CFR 240.17Ad-22(e)(7)(ii).

<sup>34</sup> 17 CFR 240.17Ad-22(a)(14).

<sup>35</sup> 17 CFR 240.17Ad-22(e)(7)(ii).

<sup>36</sup> 12 U.S.C. 5464(b)(1).

<sup>37</sup> 17 CFR 240.17Ad-22(e)(7).

requested by the Commission is received, if the Commission notifies the clearing agency in writing that it does not object to the proposed change and authorizes the clearing agency to implement the proposed change on an earlier date, subject to any conditions imposed by the Commission.

OCC shall post notice on its website of proposed changes that are implemented.

The proposal shall not take effect until all regulatory actions required with respect to the proposal are completed.

#### IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the advance notice is consistent with the Clearing Supervision 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 email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number SR-OCC-2020-801 on the subject line.

##### *Paper Comments*

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

All submissions should refer to File Number SR-OCC-2020-801. 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 (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the advance notice that are filed with the Commission, and all written communications relating to the advance notice 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 the filing also will be available for inspection and copying at the principal office of the self-regulatory organization.

All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly.

All submissions should refer to File Number SR-OCC-2020-801 and should be submitted on or before February 26, 2020.

By the Commission.

**J. Matthew DeLesDernier,**

*Assistant Secretary.*

[FR Doc. 2020-02622 Filed 2-10-20; 8:45 am]

**BILLING CODE 8011-01-P**

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## TENNESSEE VALLEY AUTHORITY

### Sunshine Act Meetings

**TIME AND DATE:** 9 a.m. on February 13, 2020.

**PLACE:** The Lyric Theatre, 1006 Van Buren Avenue, Oxford, Mississippi.

**STATUS:** Open.

**MATTERS TO BE CONSIDERED:**

#### Meeting No. 20-01

The TVA Board of Directors will hold a public meeting on February 13, 2020, at the Lyric Theatre, 1006 Van Buren Avenue, Oxford, Mississippi. The meeting will be called to order at 9 a.m. CT to consider the agenda items listed below. TVA management will answer questions from the news media following the Board meeting.

On February 12, at the Powerhouse, 413 South 14th Street, the public may comment on any agenda item or subject at a board-hosted public listening session which begins at 3:30 p.m. CT and will last until 5:30 p.m. Preregistration is required to address the Board.

#### Agenda

1. Approval of Minutes of the November 14, 2019, Board Meeting
2. Report from President and CEO
3. Report of the External Relations Committee
  - A. FACA Charter Renewals
4. Report of the Finance, Rates, and Portfolio Committee
  - A. Spent Fuel Settlement Agreement
  - B. Flexibility Option
5. Report of the People and Performance Committee
6. Report of the Nuclear Oversight Committee
7. Report of the Audit, Risk, and Regulation Committee
8. Information Item
  - A. Amendments to the Long-Term

### Partnership Option

#### CONTACT PERSON FOR MORE INFORMATION:

For more information: Please call Jim Hopson, TVA Media Relations at (865) 632-6000, Knoxville, Tennessee. People who plan to attend the meeting and have special needs should call (865) 632-6000. Anyone who wishes to comment on any of the agenda in writing may send their comments to: TVA Board of Directors, Board Agenda Comments, 400 West Summit Hill Drive, Knoxville, Tennessee 37902.

Dated: February 6, 2020.

**Sherry A. Quirk,**

*General Counsel.*

[FR Doc. 2020-02791 Filed 2-7-20; 4:15 pm]

**BILLING CODE 8120-08-P**

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## OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

### Notice of Product Exclusions and Amendments: China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation

**AGENCY:** Office of the United States Trade Representative.

**ACTION:** Notice of product exclusions and amendments.

**SUMMARY:** Effective July 6, 2018, the U.S. Trade Representative imposed additional duties on goods of China with an annual trade value of approximately \$34 billion as part of the action in the Section 301 investigation of China's acts, policies, and practices related to technology transfer, intellectual property, and innovation. The U.S. Trade Representative's determination included a decision to establish a product exclusion process. The U.S. Trade Representative initiated the exclusion process in July 2018, and stakeholders have submitted requests for the exclusion of specific products. In December 2018, and March, April, May, June, July, September, October, and December 2019, the U.S. Trade Representative granted exclusion requests. This notice announces the U.S. Trade Representative's determination to grant additional exclusions, as specified in the Annex to this notice, and makes amendments to certain notes in the Harmonized Tariff Schedule of the United States (HTSUS). The U.S. Trade Representative will continue to issue decisions as necessary.

**DATES:** The product exclusions will apply as of the July 6, 2018 effective date of the \$34 billion action, and will extend to October 1, 2020 at 11:59 p.m. EDT. The amendments announced in