

The additional consideration and opportunity extended by SR-OCC-2024-001 Release No 34-100009 to comment on SR-OCC-2024-001 34-99393 is much appreciated. As a concerned retail investor, I SUPPORT the SEC's grounds for disapproval.

The proposed rule change by the Options Clearing Corporation (OCC) raises serious concerns about maintaining fair and orderly markets and warrants careful consideration. Allowing the OCC to unilaterally adjust margin requirements for clearing members facing default risks raises questions about accountability and transparency. The redaction of critical information undermines public trust and limits meaningful review. It's crucial for any proposed changes to be transparent and subject to thorough scrutiny to ensure the integrity of the financial system.

The OCC's proposed rule change places undue blame on regulators for purportedly hindering its ability to adjust risk controls, seeking permission to potentially increase systemic vulnerabilities. This contradicts the core purpose of a self-regulatory organization tasked with upholding market integrity. The proposal to waive margin calls for undercapitalized clearing members is concerning, as it could privatize gains while socializing losses, deviating from sound risk management practices. Clearing members should be held accountable for their risky positions rather than relying on waivers, which have been excessively utilized in recent years according to OCC records.

At its essence, this rule promotes a double standard, contradicting the SEC's mandate. Shielding clearing members from margin calls unfairly transfers risks to other investors and threatens market stability. The admission that a single clearing member's default could trigger systemic repercussions underscores the overleveraged nature of these firms. Rather than addressing this underlying issue, the OCC's proposal grants more flexibility to already vulnerable members, perpetuating the "too big to fail" mindset.

Such a proposal undermines financial resilience and integrity, particularly in the wake of recent market events. The OCC's request for looser safeguards amid heightened risks is alarming and risks shifting the burden of potential losses onto unsuspecting parties. This approach disregards prudential responsibilities and transparent governance, favoring short-term gains over long-term stability.

Regulators must demand higher margin requirements, enforce external audits, and establish clear processes for addressing insolvency. This would promote accountability and protect investors from undue risk. Ultimately, the SEC should reject this proposal to uphold its commitment to market integrity and safeguard the interests of all stakeholders.

Sincerely,
Benoît Varela