OCCM:

Introduction

Overview

The Options Clearing Corporation Mark to Market OCCM function allows OCC to settle mark-to-market hedge positions at DTC.

DTC will take in a nightly file (via NDM) from OCC and generate two records: one from the deliverer to OCC, and one from OCC to the receiver. These transactions will appear on settlement statements as OCC Hedge Payment Orders. The OCCM function allows OCC or DTC's Settlement Department to enter corrections or missed transactions for processing into the system on an intra-day basis.

About Processing

Transactions are sent via NDM, or can be entered via the OCCM function. Both generated and data-entered payment orders (POs) are processed using reason code SA (which translates to 790), indicating an internal adjustment. These transactions are processed as original transactions and will force controls.

Transactions accepted for processing will not generate electronic error messages. Rejected transactions are placed in a messaging mailbox, allowing pick-up by OCC throughout the day. The error identification information is distributed to OCC by the end of the month.

Note- If the entire file is accepted for processing, an electronic message is generated.

Warning! These transactions are not reclaimable, and will override a participant's debit cap and collateral monitor controls via a force indicator. OCC hedge position transactions are treated as OCC guaranteed transactions in the event of a failure to settle.

About Confirmation Tickets

Participants will receive confirmation tickets identifying these transactions as OCC Hedge PO transactions. OCC will also receive confirmation tickets.

DTC will also generate optional mailbox messages to participants. OCC hedge position transactions can optionally show up on the DTFPART file; participants will need to request an info indicator update in order to include these transactions. Contact your Participant Services representative.

Note- OCC hedge position transactions will NOT appear on the normal PO output files, and will not be included in the normal SPO messages; they will have their own mailbox number.

When to Use

Use OCCM to enter corrections or missed transactions on mark-to-market hedge positions.

OCCM is available on business days from 3:00 a.m. to 3:00 p.m. eastern time. The cutoff for processing the hedge file is 3:00 p.m. eastern time. The cutoff for adjustments is 3:30 p.m.

List of Procedures:

Entering OCC Hedge Transactions

Use the following procedure to enter the details of your mark-to-market hedge transactions.

1 Type OCCM on the Enter Function screen and press ENTER.

Result- The OCC Hedge Mark-to-Market Trans Entry screen appears.

2 Type the participant numbers of the involved parties in the **From Participant ID** and **To Participant ID** fields.

3 Type the security information in the following fields:

- **CUSIP**: Type the CUSIP number
- **Shares**: Type the number of shares
- **Curr Mark Price**: Type the current market price
- **Prev Mark Price**: Type the previous market price
- **Money Value**: Type the dollar value of the transaction.

Note- See the Field Descriptions for more information.

4 Type one of the following in the **Action** field to specify the type of action to be taken against the account of the participant specified in the **From Participant ID** field:

- CR: Credit the account
- DR: Debit the account.

5 Press ENTER.

Result- If errors are found, an applicable message appears. Correct the error and press ENTER again, until all errors are corrected. When no errors are found, the message'Press PF1 for update' appears.

6 Press PF1/13.

Result- The message'Transaction completed. . . press ENTER to continue' appears. Confirmation tickets are generated for both OCC and the participant.

Note- Press ENTER to clear the screen and enter more transactions.

List of Screens:

OCC Hedge Mark-to-Market Trans Entry Screen

The OCC Hedge Mark-to-Market Trans Entry screen allows you to enter the details of your mark-to-market hedge transactions.

Sample Screen

```
EAAA                DEPOSITORY TRUST & CLEARING COMPANY        DATE MM/DD/CCYY
00002199-99       "OCC" HEDGE MARK-TO-MARKET TRANS ENTRY       TIME   HH:MM:SS
==============================================================================
```

```
        From Participant ID :
        To   Participant ID :

        Cusip               :
        Shares              :
        Curr Mark Price     :
        Prev Mark Price     :
        Money Value         :

        Action ( CR / DR )  :


================================================================================
ENTER  :  PRE EDIT    PF1/13 : UPDATE
                      PF8/20 : END        PF9/21 : SIGNOFF
```

Field Descriptions

Field	Description	Expanded Description
From Participant ID	The participant number of the party who receives a credit or debit in Settlement based on the debit/credit indicator.	Enter your participant number, or the participant number of the party on whose behalf you are entering this transaction.
To Participant ID	The participant number of the party who receives a credit or debit in Settlement based on the opposite of the debit/credit indicator.	Enter the receiving participant's number.
CUSIP	The CUSIP number.	Enter the CUSIP number of the security involved in this transaction.
Shares	The number of shares.	Enter the number of shares involved in the transaction, up to seven digits (no decimal places).
Curr Mark Price	The current market price.	Enter the security's current market price, up to seven digits and four decimal places.
Prev Mark Price	The last market price before the change to the current market price.	Enter the security's previous market price, up to seven digits and four decimal places.
Money Value	The mark-to-market value.	Enter the mark-to-market value of this transaction, up to nine digits and two decimal places.
Action	The type of action being taken (credit or debit)	Specify the type of action to be taken against the sending (delivering) participant's account. Enter CR for credit or DR for debit.

Messages

You may encounter the following messages when using the OCCM function. Messages are listed in alphabetical order, along with an explanation and suggested resolution for each.

Message Text	Possible Cause	Suggested Resolution
CHECK DIGIT INVALID	An invalid CUSIP number was entered.	Enter a valid CUSIP number.
'FROM' PART ID AND'TO' PART ID CAN NOT BE THE SAME	The same participant number was entered in both the **From Participant ID** field and the **To Participant ID** field. The same participant cannot deliver and receive.	Enter different participant numbers.
FROM PART ID INVALID	The participant number entered in the **From Participant ID** field is invalid.	Enter a valid delivering participant's number.
FROM-PART NUM IS DELIVERY CHILLED	The participant specified in the **From Participant ID** field is currently ineligible for this process.	Enter a different participant number.
FROM-PART NUM IS LOCKED	The participant specified in the **From Participant ID** field is currently ineligible for this process.	Enter a different participant number.
FROM-PART NUM IS RECEIVE CHILLED	The participant specified in the **From Participant ID** field is currently ineligible as a receiver.	Enter a different participant number.
FROM PARTICIPANT ID- NOT ELIGIBLE	The participant specified in the **From Participant ID** field is not eligible for this process.	Enter a different participant number.
INVALID ACTION CODE	An invalid value was entered in the **Action** field.	Enter CR for credit or DR for debit.
INVALID CURR PRICE	The **Curr Mark Price** field was left blank; entry is ***required***.	Enter the current market price, up to seven digits and four decimal places. You can also enter a zero.
INVALID CURR PRICE-(9999999.9999)	An invalid value was entered in the **Curr Mark Price** field.	Enter the current market price, up to seven digits and four decimal places. You can also enter a zero.
INVALID CUSIP	An invalid CUSIP number was entered.	Enter a valid CUSIP number.
INVALID PREV PRICE	The **Prev Mark Price** field was left blank; entry is ***required***.	Enter the previous market price, up to seven digits and four decimal places. You can also enter a zero.
INVALID PREV PRICE-(9999999.9999)	An invalid value was entered in the **Prev Mark Price** field.	Enter the previous market price, up to seven digits and four decimal places. You can also enter a zero.

Message Text	Possible Cause	Suggested Resolution
INVALID SHARE QTY- CAN NOT BE LESS THAN ONE	The **Shares** field was left blank, or zero was entered. Entry is ***required***, and the number of shares must be at least one.	Enter the number of shares, up to seven digits.
INVALID SHARE QTY- NOT NUMERIC	An invalid value was entered in the **Shares** field.	Enter a numeric value, up to seven digits.
INVALID VALUE- CAN NOT BE LESS THAN ONE	The **Money Value** field was left blank, or zero was entered. Entry is ***required***, and the value cannot be zero.	Enter the mark-to-market value, up to nine digits and two decimal places.
INVALID VALUE- (999999999.99)	An invalid value was entered in the **Money Value** field.	Enter the mark-to-market value, up to nine digits and two decimal places.
PAST CUTOFF TIME	The cutoff time for this function has been reached.	See When to Use for information about the availability of this function.
TO PART ID INVALID	An invalid participant number was entered in to **To Participant ID** field.	Enter a valid receiving participant's number.
TO PART NUM IS DELIVERY CHILLED	The participant specified in the **To Participant ID** field is currently ineligible for this process.	Enter a different participant number.
TO PART NUM IS LOCKED	The participant specified in the **To Participant ID** field is currently ineligible for this process.	Enter a different participant number.
TO PART NUM IS RECEIVE CHILLED	The participant specified in the **To Participant ID** field is currently ineligible as a receiver.	Enter a different participant number.
TO PARTICIPANT ID- NOT ELIGIBLE	The participant specified in the **To Participant ID** field is not eligible for this process.	Enter a different participant number.
2481 (OCC) IS NOT A VALID PART NUM FOR THIS PROCESS	OCC's participant number (2481) was entered in one of the participant fields; this number is invalid.	Enter a different participant number.