

the same long-run and short-run factor components as the two-factor model and adds a seasonality factor. Using historical data, OCC asserts that Energy Futures contracts, except for Energy Futures contracts on Brent Crude Oil and WTI Crude Oil, experience seasonality.¹⁷ To address seasonality, OCC will employ a trigonometric function,¹⁸ which it states will capture price dynamics in different seasons.

OCC stated its belief that the proposed enhancements to STANS are appropriately designed to support the clearance and settlement of Energy Futures contracts, based on model back testing results. Moreover, OCC asserts that the Energy Futures contracts are not new or novel contracts, and that the clearance and settlement of Energy Futures contracts will not present material risk to OCC.¹⁹

Schedule C to the Clearing Agreement

Pursuant to approved rule change 2015-OCC-03, OCC added a Schedule C to the Clearing Agreement to support the clearance and settlement of Energy Futures contracts and options on Energy Futures. Pursuant to the Clearing Agreement between OCC and NFX, OCC has agreed to clear the specifically enumerated contracts and may agree to clear and settle additional types of contracts should both parties execute a new Schedule C to the Clearing Agreement. This was necessary because Energy Futures contracts and options on Energy Futures were not enumerated in either the Previous Agreement, or in any existing Schedule C to the Previous Agreement. The approved rule change adds this new Schedule C to allow OCC to provide for the clearance and settlement of Energy Futures contracts and options on Energy Futures.

II. Discussion and Commission Findings

Section 19(b)(2)(C) of the Act²⁰ directs the Commission to approve a proposed rule change of a self-regulatory organization if it finds that the proposed rule change is consistent with the requirements of the Act and the

seasonal behavior of natural gas prices," *European Financial Management*, vol. 18, pp. 410-443.

¹⁷ OCC provides that this is due to the lack of low-cost transportation and limited, or no ability to store the commodity.

¹⁸ See note 14 *supra*.

¹⁹ OCC provides that cleared futures contracts account for less than two percent of its total overall volume and, in 2011, OCC cleared 1,388 contracts traded on NFX. In 2012, OCC cleared 518,360 contracts traded on NFX (NFX did not have any cleared futures contract volume in 2013 and 2014). By way of reference, OCC's average daily cleared contract volume in through February 19, 2015, is 17 million contracts.

²⁰ 15 U.S.C. 78s(b)(2)(C).

rules and regulations thereunder applicable to such organization. The Commission finds that the proposed rule change is consistent with Section 17A(b)(3)(F) of the Act²¹ because it assures the safeguarding of securities and funds in the custody and control of OCC and permits OCC to risk manage Energy Futures contracts and options on Energy Futures through appropriate risk models as described above. Such risk models should reduce the risk that clearing members' margin assets will be insufficient in the event that OCC needs such assets to close-out the positions of a defaulted clearing member and, in turn also help protect investors and the public interest. Furthermore, the proposed rule change is also consistent with Rule 17Ad-22(b)(2) under the Act,²² because it will allow OCC to implement risk-based models and parameters to set margin requirements for clearing members who trade Energy Futures contracts and Energy Futures Options.

III. Conclusion

On the basis of the foregoing, the Commission finds that the proposal is consistent with the requirements of the Act and in particular with the requirements of Section 17A of the Act²³ and the rules and regulations thereunder.

It is therefore ordered, pursuant to Section 19(b)(2) of the Act,²⁴ that the proposed rule change (SR-OCC-2015-006) be, and it hereby is, approved.

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.²⁵

Brent J. Fields,
Secretary.

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SMALL BUSINESS ADMINISTRATION

[Disaster Declaration #14289 and #14290]

New York Disaster #NY-00159

AGENCY: U.S. Small Business Administration.

ACTION: Notice.

SUMMARY: This is a notice of an Administrative declaration of a disaster for the State of New York dated 04/28/2015.

²¹ 15 U.S.C. 78q-1(b)(3)(F).

²² 17 CFR 240.17Ad-22(b)(2).

²³ In approving this proposed rule change, the Commission has considered the proposed rule's impact on efficiency, competition, and capital formation. See 15 U.S.C. 78c(f).

²⁴ 15 U.S.C. 78s(b)(2).

²⁵ 17 CFR 200.30-3(a)(12).

Incident: Building Fire and Explosion.
Incident Period: 03/26/2015.
Effective Date: 04/28/2015.
Physical Loan Application Deadline Date: 06/29/2015.

Economic Injury (EIDL) Loan Application Deadline Date: 01/28/2016.

ADDRESSES: Submit completed loan applications to: U.S. Small Business Administration, Processing And Disbursement Center, 14925 Kingsport Road, Fort Worth, TX 76155.

FOR FURTHER INFORMATION CONTACT: A. Escobar, Office of Disaster Assistance, U.S. Small Business Administration, 409 3rd Street SW., Suite 6050, Washington, DC 20416.

SUPPLEMENTARY INFORMATION: Notice is hereby given that as a result of the Administrator's disaster declaration, applications for disaster loans may be filed at the address listed above or other locally announced locations.

The following areas have been determined to be adversely affected by the disaster:

Primary Counties: New York.

Contiguous Counties:

New York: Bronx, Kings, Queens.

New Jersey: Bergen, Hudson.

The Interest Rates are:

	Percent
<i>For Physical Damage:</i>	
Homeowners With Credit Available Elsewhere	3.625
Homeowners Without Credit Available Elsewhere	1.813
Businesses With Credit Available Elsewhere	6.000
Businesses Without Credit Available Elsewhere	4.000
Non-Profit Organizations With Credit Available Elsewhere ...	2.625
Non-Profit Organizations Without Credit Available Elsewhere	2.625
<i>For Economic Injury:</i>	
Businesses & Small Agricultural Cooperatives Without Credit Available Elsewhere	4.000
Non-Profit Organizations Without Credit Available Elsewhere	2.625

The number assigned to this disaster for physical damage is 14289 4 and for economic injury is 14290 0.

The States which received an EIDL Declaration # are New York and New Jersey.

(Catalog of Federal Domestic Assistance Numbers 59002 and 59008)

Dated: April 28, 2015.

Maria Contreras-Sweet,
Administrator.

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