



#32906

**Back to Infomemo Search**

**DATE: JUNE 19, 2013**

**SUBJECT: COVIDIEN PLC - DISTRIBUTION**  
**OPTION SYMBOL: COV**  
**NEW SYMBOL: COV1**  
**FUTURES SYMBOLS: COV1C/COV1D**  
**NEW SYMBOLS: COV2C/COV2D**  
**DATE: 7/1/13**

**CONTRACT ADJUSTMENT - OPTIONS**

**EFFECTIVE DATE:** July 1, 2013

**OPTION SYMBOL:** COV changes to COV1

**STRIKE PRICES:** No Change

**NUMBER OF CONTRACTS:** No Change

**MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 65 yields \$6,500)

**NEW DELIVERABLE PER CONTRACT**

- 1) 100 Covidien plc (COV) Ordinary Shares
- 2) 12 Mallinckrodt plc (MNK) Ordinary Shares
- 3) Cash in lieu of 0.5 fractional MNK Shares

**SETTLEMENT ALLOCATION:**

COV: 90%  
MNK: 10%

**CUSIPS:**

COV: G2554F113  
MNK: G5785G107

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

**PRICING**

Until the cash in lieu amount is determined, the underlying price for COV1 will be determined as follows:

$$\text{COV1} = \text{COV} + 0.125 \text{ (MNK)}$$

## **DELAYED SETTLEMENT**

The COV and MNK components of the COV1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the COV1 deliverable until the cash in lieu of fractional MNK Shares is determined. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

## **CONTRACT ADJUSTMENT - FUTURES**

EFFECTIVE DATE:	July 1, 2013
FUTURES SYMBOLS:	COV1C changes to COV2C COV1D changes to COV2D
SETTLEMENT PRICES:	No Change
NUMBER OF CONTRACTS:	No Change
MULTIPLIER:	100 (e.g., a premium of 1.50 yields \$150)
NEW DELIVERABLE PER CONTRACT	1) 100 Covidien plc (COV) Ordinary Shares 2) 12 Mallinckrodt plc (MNK) Ordinary Shares 3) Cash in lieu of 0.5 fractional MNK Shares
SETTLEMENT ALLOCATION:	COV: 90% MNK: 10%
CUSIPS:	COV: G2554F113 MNK: G5785G107

THE SETTLEMENT ALLOCATION IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

## **PRICING**

Until the cash in lieu amount is determined, the underlying price for the COV2C/COV2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{COV2C} = \text{COV} + 0.125 \text{ (MNK)}$$

Please note that the valuation would apply only to the COV2C/COV2D deliverables in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

## **DELAYED SETTLEMENT**

The COV and MNK components of the COV2C/COV2D deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the COV2C/COV2D deliverable until the cash in lieu of fractional MNK shares is determined.

## **BACKGROUND**

Covidien plc (COV) has announced a distribution of Mallinckrodt plc (MNK) Ordinary Shares. The distribution ratio is 0.125 MNK Share for each COV share held. The record date is June 19, 2013; the mail date is June 28, 2013. The New York Stock Exchange (NYSE) has set July 1, 2013, as the ex-distribution date for this distribution.

Mallinckrodt plc Ordinary Shares began trading on a when issued basis on June 17, 2013 on NYSE under the trading symbol MNK WI.

## **DISCLAIMER**

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

**CATEGORY:            CONTRACT ADJUSTMENT**

**For questions regarding this memo, call 1-888-OPTIONS or email [options@theocc.com](mailto:options@theocc.com).**