



#33720

**Back to Infomemo Search**

**DATE:** DECEMBER 12, 2013

**SUBJECT:** TURQUOISE HILL RESOURCES LTD. - RIGHTS DISTRIBUTION  
OPTION SYMBOL: TRQ  
NEW SYMBOL: TRQ1  
DATE: 12/4/13  
\* \* \*UPDATE\* \* \*

Turquoise Hill Resources Ltd. (TRQ) has declared a Rights distribution to TRQ Common Shareholders, as described below:

**RIGHTS:** Transferable Rights ("Rights") to purchase one (1) new Turquoise Hill Resources Ltd (TRQ) Common Share per each Right at an exercise price of \$2.40 per share.

**PRICE:** \$2.40 per one TRQ Common Share

**DISTRIBUTION RATIO:** One transferable Right per each TRQ Common Share.

**RECORD DATE:** December 6, 2013

**EXPIRATION:** 5:00 p.m. Eastern Time on January 7, 2014, unless extended

**SUBSCRIPTION AGENT:** CST Trust Company

**GUARANTY PERIOD:** Three (3) Trading Days

**Turquoise Hill Resources Ltd. Rights began trading "regular way" on the New York Stock Exchange (NYSE) under the symbol "TRQ RT" and on the Nasdaq Global Select Market under the symbol "TRQ.R" on December 12, 2013.**

**CONTRACT ADJUSTMENT**

**EFFECTIVE DATE:** December 4, 2013

**OPTION SYMBOLS:** TRQ becomes TRQ1

**STRIKE DIVISOR:** 1

CONTRACT  
MULTIPLIER:

1

NEW MULTIPLIER:

100 (e.g., a premium of 1.50 yields \$150)

NEW DELIVERABLE  
PER CONTRACT

- 1) 100 Turquoise Hill Resources Ltd. (TRQ) Common Shares
- 2) 100 Rights ("TRQ RT") to Purchase 100 (New) Turquoise Hill Resources Ltd. (TRQ) Common Shares as described above

Note: Effective December 12, 2013, the TRQ RT component is no longer subject to delayed settlement.

SETTLEMENT  
ALLOCATION:

TRQ: 80%  
TRQ RT: 20%

CUSIPS:

TRQ: 900435108  
TRQ RT: 900435116

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

NOTE: It is anticipated that the Rights will cease trading on NYSE after the close of business on January 6, 2014. The Rights are expected to expire on January 7, 2014. The TRQ RT component of adjusted option TRQ1 will remain part of the TRQ1 deliverable until the Rights have expired. Once the expiration of the Rights has been confirmed, the TRQ RT component will be removed from the TRQ1 deliverable. This change to the deliverables is expected to be effective on January 8, 2014.

#### **PRICING**

The underlying price of TRQ1 will be determined as follows:

$$\text{TRQ1} = \text{TRQ} + \text{TRQ RT}$$

#### **FURTHER CONTRACT ADJUSTMENT**

When the Rights expire, adjusted TRQ1 options will be further adjusted to no longer call for the delivery of the Rights. **No adjustment will be made to the adjusted contracts to compensate for any in-the-money value the TRQ Rights may have at the time of their expiration.**

#### **DELIVERY SETTLEMENT AND PROTECT PROVISIONS**

Option contracts which are exercised, and physically-settled security Futures contracts which mature, will require the settlement of all component securities included in the contract deliverable at the time of the option contract exercise, including rights, warrants, or similar instruments. Additional entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon option exercise. Conversely, exercised calls and or matured Futures contracts may be unable to realize the benefit of securities or entitlements **not** associated to the contract deliverable at the time of the option exercise or Option contract maturity.

Except in unusual cases, securities deliverable as a result of equity option exercises and or Option contract maturity are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise/assignment are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to

them of securities subject to specific deadlines, such as the expiration of a tender offer, rights offering, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such protect provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

## **SPECIAL RISKS**

### **Call Holders/ Put Writers**

**As a result of the option contract adjustments described above, the Rights will be part of the adjusted TRQ1 option deliverable, but only until the Rights expire, after which time they will be dropped from the deliverable of the option contract. When the Rights expire and are dropped from the deliverable of the option contract, any value the Rights may have had will no longer be associated with the option contract. *As a result, holders of in-the-money calls may be disadvantaged unless they exercise in sufficient time to obtain the Rights. After the Rights expire and are dropped from the deliverable of the option contract, holders of short put positions who are assigned will be required to purchase TRQ stock whose value may have been substantially diminished by the Rights distribution.***

### **Uncovered Short Obligations**

Holders of assigned calls or exercised puts, and holders of short positions in physically-settled security Futures at maturity who do not possess the underlying security at the time of assignment or exercise are subject to special risk. Suspension of trading of the underlying security, inability to borrow the security, or similar events may preclude the possibility of effecting timely delivery, thereby exposing persons with an obligation to deliver to liability if timely delivery is not effected (See Delivery Settlement and Protect Provisions above).

## **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.

**For questions regarding this memo, call 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com).**