



#41328

**DATE:** JUNE 14, 2017

**SUBJECT: AVG TECHNOLOGIES N.V. – EXPIRATION PRICING  
CONSIDERATION/BROKER-TO-BROKER  
SETTLEMENT/ANTICIPATED CASH SETTLEMENT  
OPTION SYMBOL: AVGTF**

On October 28, 2016, Avast Software B.V., a wholly owned subsidiary of Avast Holding B.V. (“Avast”) completed its tender offer for All AVG Technologies N.V. (“AVG”) Ordinary Shares. On November 8, 2016, AVG Ordinary Shares were delisted from the New York Stock Exchange and began trading on an OTC Market with the trading symbol “AVGTF”. Effective November 22, 2016, the National Securities Clearing Corporation (“NSCC”) no longer accepted AVGTF exercise and assignment activity for settlement. As a result all exercise and assignment activity for AVGTF options beginning November 23, 2016 has been subject to broker to broker settlement. It is unknown if and when AVGTF shares will be eligible for settlement through NSCC again.

On March 16, 2017, Avast published a press release indicating that it has enforced the February 14, 2017, judgment of the Enterprise Chamber of the Court of Appeal of Amsterdam, the Netherlands, by transferring the aggregate squeeze-out price of the remaining outstanding shares in AVG Technologies N.V. to the Consignment fund of the Ministry of Finance of the Netherlands (“Consignment Fund”). As a result of the consignment, all remaining outstanding shares of AVG Technologies N.V. that were not yet held by Avast were transferred to Avast by order of law. Payment for AVG shares can be requested from the Consignment Fund at a rate of EUR 23.01 per share in AVG.

It has not yet been determined if or when a final USD cash merger consideration amount and applicable tax withholdings, if any, may be determined. **As of June 14, 2017, AVGTF shares continued to trade on an OTC Market.** The deliverable for AVGTF options will remain the underlying 100 AVGTF ordinary shares.

#### **EXPIRATION PRICING CONSIDERATION**

June series of AVGTF options expire June 16, 2017. For purposes of calculating a price for use in expiration processing, OCC will use the last available AVGTF price. AVGTF options will be processed in the normal fashion, including use of the customary in-the-money thresholds to effect exercise of expiring AVGTF positions.

#### **CUSTOMER EXERCISE INSTRUCTIONS**

Clearing Members are reminded that exercise thresholds are employed by OCC in expiration processing solely as an operational convenience, as described in interpretation .02 to OCC Rule 805(d): “The exercise thresholds provided for in Rule 805(d) and elsewhere in the rules are part of the administrative procedure established by the Corporation to expedite its processing of exercise of expiring options by Clearing Members, and are not intended to dictate to Clearing Members which positions in customer’s accounts should or must be exercised.” Clearing Members should remind customers of their obligations to submit exercise instructions before expiration, as described in the Options Disclosure Document “Characteristics and Risks of Standardized Options”: “An option holder who intends to exercise an option

before expiration must give exercise instructions to his brokerage firm before the firm's cut-off time for accepting exercise instructions on the last trading day before expiration. Many brokerage firms accept standing instructions to exercise, or have procedures for the exercise of, every option, which is in the money by a specified amount at expiration. These procedures often incorporate by reference OCC's administrative procedures that provide for the exercise of every option that is in the money by a specified amount at expiration unless the Clearing Firm carrying the option in its accounts instructs OCC not to exercise the option. Investors should determine from their brokerage firm the applicable cut-off times, the firm's procedures for submitting exercise instructions, and whether any of their options are subject to automatic exercise. Investors should also determine whether the exercise of their options is subject to standing instructions of their brokerage firm, and, if so, they should discuss with the firm the potential consequences of such instructions."

### **No Exercise Restrictions**

OCC has determined not to impose any exercise restrictions with respect to AVGTF options. Therefore, OCC will continue to accept and process exercise instructions in accordance with its Rules and as further described below. Because OCC has been informed NSCC will not accept exercise/assignment transactions involving AVGTF for settlement, such settlement will be effected as follows.

### **Broker-to-Broker Settlement**

Pursuant to OCC By-Law Article VI, Section 19, OCC has determined that, effective with exercises of November 23, 2016 and thereafter, all AVGTF exercise and assignment activity shall settle on a broker-to-broker basis. The deliverable for AVGTF options will remain 100 AVGTF Ordinary Shares. If it is not possible for the delivering Clearing Member to effect delivery of the AVGTF shares on the designated settlement date, then the settlement obligations of both delivering and receiving Members shall be delayed until such time as OCC designates a new exercise settlement date, settlement method and/or settlement value. This determination allows delivering Members the opportunity to effect settlement if they have AVGTF shares and are able to effect delivery, but delays the settlement obligation when this is not possible. Both the delivering and receiving Clearing Members are required to immediately notify OCC if they are unable to effect settlement.

In determining that delivery of the AVGTF shares is in fact not possible in respect of a given exercise or assignment, OCC shall require an appropriate officer(s) of the delivering Clearing Member to represent in writing that delivery is not possible. (Upon exercise or assignment of AVGTF options, OCC will contact each delivering Clearing Member to provide the specific requirements and procedures for such representation.)

Pursuant to customary OCC broker to broker settlement procedures, inability to effect delivery may subsequently occasion cash settlement as determined by OCC.

### **Broker-to-Broker Delivery Advice/Settlement Procedures**

Clearing Members should note that AVGTF exercise and assignment activity will be reported on the **Broker-to-Broker Delivery Advice**, which is a separate report from the regular Delivery Advice. Members will need to refer to this report each day to be informed of AVGTF exercise/assignment activity. The Broker-to-Broker Delivery Advice will also identify the opposite side Clearing Member with whom settlement is to be made. **Members are responsible for contacting the opposite side on all AVGTF activity and for making arrangements for settlement. Both delivering and receiving Members are also reminded of their obligation to inform OCC when settlement is made.** OCC will continue to margin AVGTF exercise/assignment activity until settlement is accomplished.

### **ANTICIPATED CONTRACT ADJUSTMENT**

DATE: Effective the opening of the business day after the merger is consummated.

**NEW DELIVERABLE  
PER CONTRACT:**

100 x the final cash merger consideration, less withholdings, if any (it is currently anticipated that the final merger consideration will be the USD cash equivalent of EUR 23.01, less withholdings, if any per share)

**SETTLEMENT:**

OCC will delay settlement of the AVGTF deliverable until the final net squeeze-out amount is confirmed. Once the final amount is determined, settlement in AVGTF options will take place through OCC's cash settlement system. Settlement will be accomplished by payment of the difference between the extended strike amount and the cash deliverable

**ACCELERATION OF EXPIRATIONS**

Pursuant to OCC Rule 807, equity stock option contracts whose deliverables are adjusted to call for cash-only delivery will be subject to **an acceleration of the expiration dates for outstanding option series** (See OCC Information Memo 23988).

**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.

**ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.**

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email [investorservices@theocc.com](mailto:investorservices@theocc.com). Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email [memberservices@theocc.com](mailto:memberservices@theocc.com).