



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#43529**

**DATE:** AUGUST 15, 2018

**SUBJECT:** EXPRESS SCRIPTS HOLDING COMPANY - ANTICIPATED  
ADJUSTMENT  
OPTION SYMBOLS: ESRX/2ESRX  
NEW SYMBOLS: CI1/2CI1  
FUTURES SYMBOL: ESRX1D  
NEW SYMBOL: ESRX2D  
DATE: ???

**CONTRACT ADJUSTMENT**

**DATE:** Effective the opening of the business day after the merger is consummated.  
Contract adjustment is anticipated to occur in the second half of 2018.

**OPTION SYMBOLS:** ESRX becomes CI1  
2ESRX becomes 2CI1

**STRIKE DIVISOR:** 1

**CONTRACTS  
MULTIPLIER:** 1

**NEW MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 85 yields \$8,500.00)

**NEW DELIVERABLE  
PER CONTRACT:** 1) 24 Cigna Corporation (CI) Common Shares  
2) Cash in lieu of 0.34 fractional CI shares  
3) \$4,875.00 Cash (\$48.75 x 100)

**CUSIP:** CI: TBD

**PRICING**

Until the cash in lieu amount is determined, the underlying price for CI1/2CI1 will be determined as follows if the terms are unchanged:

$$CI1 = 0.2434 (CI) + 48.75$$

**DELAYED SETTLEMENT**

The CI component of the CI1/2CI1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the CI1/2CI1 deliverable until the cash in lieu of fractional CI 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.

## **FUTURES CONTRACT ADJUSTMENT**

DATE:	Effective the opening of the business day after the merger is consummated. Contract adjustment is anticipated to occur in the second half of 2018.
FUTURES SYMBOLS:	ESRX1D becomes ESRX2D  Note: All Express Scripts Holding Company (ESRX) futures active at the time of the adjustment will be adjusted in a manner similar to that of ESRX1D futures.
NUMBER OF CONTRACTS:	No Change
MULTIPLIER	100 (e.g., a premium of 1.50 yields \$150)
NEW DELIVERABLE PER CONTRACT:	1) 24 Cigna Corporation Common Shares 2) Cash in lieu of 0.34 fractional CI shares 3) \$4,875.00 Cash (\$48.75 x 100)
CUSIP:	CI: TBD

## **PRICING**

Until the cash in lieu amount is determined, the underlying price for the ESRX2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{ESRX2D} = 0.2434 (\text{CI}) + 48.75$$

Please note that the valuation would apply only to the ESRX2D deliverable 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 CI component of the ESRX2D deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the ESRX2D deliverable until the cash in lieu of fractional CI shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

## **BACKGROUND**

On August 28, 2018, Shareholders of Express Scripts Holding Company (ESRX) will vote concerning the proposed merger with Cigna Corporation (CI). If the merger is approved and consummated, each existing ESRX Common Share will be converted into the right to receive 0.2434 CI Common Shares plus \$48.75 Cash. Cash will be paid in lieu of fractional CI shares.

## **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).