



**THE FOUNDATION  
FOR SECURE  
MARKETS**

**#47244**

**DATE: JULY 1, 2020**

**SUBJECT: OCCIDENTAL PETROLEUM CORPORATION – WARRANT  
DISTRIBUTION  
OPTION SYMBOLS: OXY/2OXY  
NEW SYMBOLS: OXY2/2OXY2  
FUTURES SYMBOL: OXY1D  
NEW SYMBOL: OXY2D  
DATE: 7/2/20**

Occidental Petroleum Corporation (OXY) has declared a warrants distribution to OXY Common Shareholders, as described below:

**WARRANTS:** Each warrant will provide the right to purchase one share of Occidental Petroleum Corporation (OXY) Common Stock

**PRICE:** \$22.00 per OXY share

**DISTRIBUTION RATIO:** 0.125 of a warrant per one Occidental Petroleum Corporation (OXY) Common Share

**RECORD DATE:** July 6, 2020

**EXPIRATION:** To be determined

**GUARANTY PERIOD:** To be determined

Occidental Petroleum Corporation (OXY) Warrants are anticipated to trade on The New York Stock Exchange.

**CONTRACT ADJUSTMENT – OPTIONS**

**EFFECTIVE DATE:** July 2, 2020

**OPTION SYMBOLS:** OXY changes to OXY2  
2OXY change to 2OXY2

**STRIKE DIVISOR:** 1

**CONTRACT MULTIPLIER:** 1

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

NEW DELIVERABLE  
PER CONTRACT: 1) 100 Occidental Petroleum Corporation (OXY) Common Shares  
2) 12 Occidental Petroleum Corporation Warrants  
3) Cash in lieu of 0.5 fractional OXY Warrants

SETTLEMENT  
ALLOCATION: OXY: 95%  
OXY Warrants: 5%

CUSIPS: OXY: 674599105  
OXY Warrants: TBD

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 OXY2 will be determined as follows:

$$\text{OXY2} = \text{OXY} + 0.125 (\text{OXY Warrants})$$

### **DELAYED SETTLEMENT**

The OXY component of the OXY2/2OXY2 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the warrants and the cash portion of the OXY2/2OXY2 deliverable until the trading status and cash in lieu of fractional OXY Warrants are determined. Upon determination of the warrant trading status and cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate number of warrants and cash amount.

### **CONTRACT ADJUSTMENT - FUTURES**

EFFECTIVE DATE: July 2, 2020

FUTURES SYMBOL: OXY1D changes to OXY2D

Note: All active Occidental Petroleum Corporation (OXY) futures will be adjusted in a manner similar to that of OXY1D futures.

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 Occidental Petroleum Corporation (OXY) Common Shares  
2) 12 Occidental Petroleum Corporation Warrants  
3) Cash in lieu of 0.5 fractional OXY Warrants

SETTLEMENT

ALLOCATION: OXY: 95%  
OXY Warrants: 5%

CUSIPS: OXY: 674599105  
OXY Warrants: TBD

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 OXY2D/all active OXY Futures contract deliverable, expressed in term of current market value, would be calculated as follows:

$$\text{OXY2D} = \text{OXY} + 0.125 (\text{OXY Warrants})$$

Please note that the valuation would apply only to the OXY2D/all active OXY futures 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 OXY component of the OXY2D/all active OXY futures deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the warrants and the cash portion of the OXY2D/all active OXY futures deliverable until the warrant trading status and cash in lieu of fractional OXY warrants are determined. Upon determination of the warrant trading status and cash in lieu amount, OCC will require delivery of the appropriate number of warrants and cash amount.

## **BACKGROUND**

Occidental Petroleum Corporation (OXY) has announced a distribution of Occidental Petroleum Corporation Warrants. The distribution ratio is 0.125 of an OXY warrant for each OXY share held. The record date is July 6, 2020; the payable date is August 3, 2020. The warrant distribution will not be quoted ex on NYSE.

Occidental Petroleum Corporation Warrants are anticipated to start trading on NYSE on a date to be determined.

## **FURTHER CONTRACT ADJUSTMENT**

When the Warrants expire, adjusted OXY2/2OXY2 options will be further adjusted to no longer call for the delivery of the Warrants. No adjustment will be made to the adjusted contracts to compensate for any in-the-money value the OXY Warrants may have at the time of their expiration.

## **EXERCISE CONSIDERATIONS**

The Warrants are to be suspended from trading on a date to be determined and expire on a date to be determined. Call option holders who wish to exercise their adjusted options to obtain the Warrants for subsequent exercise, sale or other purposes bear sole responsibility for determining when to exercise their options as well as complying with all terms and conditions of the Warrants Distribution applicable to Warrants exercise or delivery.

## **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 adjustment described above, the Warrants will be part of the adjusted OXY2/2OXY2 options deliverable, but only until the Warrants expire, after which time they will be dropped from the deliverable of the option contract. When the Warrants expire and are dropped from the deliverable of the option contract, any value the Warrants 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 Warrants. After the Warrants expire and are dropped from the deliverable of the option contract, holders of short put positions who are assigned will be required to purchase OXY stock whose value may have been substantially diminished by the Warrants 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 OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. 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).