



**THE FOUNDATION
FOR SECURE
MARKETS**

#47695

DATE: OCTOBER 9, 2020

SUBJECT: MS1 OPTIONS - EXPIRATION PRICING CONSIDERATION

MS1 (adjusted E*TRADE Financial Corporation options) will be subject to special pricing consideration in expiration processing on October 9, 2020. The pricing consideration is due to the undetermined cash in lieu of fractional shares amount included in the option deliverable of MS1 as indicated below. These options will continue to be subject to normal exercise based on customary exercise thresholds in OCC's Ex-by-Ex processing.

MEMBERS SHOULD ADVISE THEIR CUSTOMERS TO TAKE THE FOLLOWING CONSIDERATIONS INTO ACCOUNT IN DECIDING TO EXERCISE, OR NOT TO EXERCISE, THESE OPTIONS.

MS1

MS1 options are adjusted E*TRADE Financial Corporation options, adjusted October 2, 2020 (see OCC Information Memo #47669). The deliverable of MS1 options is:

NEW DELIVERABLE

PER CONTRACT: 1) 104 Morgan Stanley (MS) Common Shares
 2) Cash in lieu of 0.32 fractional MS shares

As of October 9, 2020, the ETFC Exchange Agent has not determined the price to be used to determine the cash in lieu amount.

For purposes of calculating an MS1 price for use in expiration processing, OCC will use the following formula:

$$\text{MS1} = 1.0432 (\text{MS})$$

For example, if MS closes at 49.00, the MS1 price would be:

$$\text{MS1} = 1.0432 (49.00) = 51.12$$

This formula includes an estimate for the value of the cash in lieu amount and not the actual amount applicable in the merger.

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. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.