



**THE FOUNDATION
FOR SECURE
MARKETS**

#48173

DATE: JANUARY 15, 2021

SUBJECT: OPERATIONAL PROCESSING FOR CHU and CHL OPTIONS

*** * *REMINDER* * ***

As stated in Information Memo #48140, regulatory guidance is that CHU and CHL options may not settle in either shares or cash pursuant to the prohibitions of the Executive Order 13959 ("EO"), and therefore exercises in option symbols CHL and CHU will not be permissible beginning January 11, 2021. Exercise restrictions will be in place for CHL and CHU option exercises commencing January 11, 2021 and will remain in effect while the EO prohibitions remain in place. THEREFORE, HOLDERS OF CHL AND CHU OPTIONS WILL NOT BE ABLE TO EXERCISE THEIR OPTIONS WHILE THE EO PROHIBITIONS REMAIN IN PLACE FOR CHL AND CHU OPTIONS AND EXISTING OPTION POSITIONS WOULD EXPIRE WORTHLESS ON THEIR EXPIRATION DATE. OCC will update this information immediately if other information becomes available.

EXERCISE AND EXPIRATION PROCESSING

Option positions for CHU and CHL will continue to be included on Clearing Member reports until their expiration date. Beginning January 11, 2021, any exercise instruction submitted for symbols CHU and CHL will be rejected. On expiration, any EED or DNED instructions submitted will also be rejected. Existing CHU and CHL option positions will appear on the Ex by Ex screens on their expiration date as a non-auto exercise, and changes to the exercise quantity for those symbols will be restricted.

MARGIN TREATMENT

Because the option classes CHL and CHU will expire worthless while the EO prohibitions remain in place, they will be removed from OCC margin processing and also removed from Risk Based Haircut/Customer Portfolio Margin theoretical output files. No value should be applied to positions in these option classes.

If you have any questions regarding this memorandum, please contact the Member Services Help Desk at the following numbers: 800-544-6091 or 800-621-6072. Within Canada, please call 800-424-7320. Clearing members may also e-mail OCC at memberservices@theocc.com.