THE FOUNDATION FOR SECURE MARKETS

#49356

Date: October 05, 2021

Subject: Trading Halts Weekly Update - Removal from Ex by Ex Processing
* * * No Changes from Prior Week * * *

As of October 5, 2021, the below options have been removed from automatic exercise in expiration processing because either trading has been halted in the underlying securities, or a corporate action has occurred on an underlying, resulting in uncertain pricing on a deliverable. If the issues surrounding these events are not resolved prior to the expiration date for the affected options, these options will not be subject to OCC's automatic exercise thresholds in expiration processing. If OCC becomes aware that the issues have been resolved, automatic exercise thresholds will be restored prior to expiration.

Please note the removal of automatic thresholds will affect ALL options on the affected security and ALL expiration dates: "standard" equity option expiration (the third Friday of the month), weekly expiration (Fridays), daily FLEX option expirations, and quarterly expirations.

Holders of long positions in these affected options will need to make independent determinations of the value of the option deliverables in deciding to exercise, or not exercise, any expiring long position.

This policy regarding halted securities in expiration processing is described in OCC Information Memo #27391. The below table shows options that have been removed from ex by ex.

Option Symbol	Security	Reason Out Of Ex-By-Ex
CHL	China Mobile Limited (CHL)	Security not trading
DOFQ1	Diamond Offshore Drilling, Inc. Warrants	Security not trading
MMAT1	Torchlight Energy Resources, Inc. Series A Preferred Shares	Security not trading

Please note that FLEX options introduced after this Information Memo has been published will also be subject to removal from automatic exercise thresholds.

OPTION EXERCISE - EXPIRATION PROCESSING

Options subject to a removal of automatic exercise thresholds can be exercised *only* if positive exercise instructions are given to OCC. If no positive exercise instructions are entered, expiring option positions will not be exercised by OCC regardless of the extent they may be in-the-money.

To exercise the expiring options listed above, Members must either manually enter positive exercise instructions via the Exercise by Exception Instruction screen in ENCORE™ or submit Expiring Exercise Declarations (EED's). The expiring positions in the affected series can be located by inquiring on the option symbol in the ENCORE Exercise By Exception Instructions Filter. When all expiring positions for the filtered symbol are returned, Clearing Members will notice that none are subject to automatic exercise,

regardless of how much they may appear in-the-money. An underlying security price will be shown, but Members should not view this price as a reliable estimate of underlying security value, which is sufficient to determine exercise decisions. In order to exercise these positions, the Clearing Member user will need to enter the desired quantity in the Exer Instr column. Repeat the process for all symbols listed above. OCC will exercise the final quantity in the Will Be column of the Exercise by Exception Instruction screen.

RESUMPTION OF TRADING

As mentioned, if trading in any of the above underlying securities resumes, automatic exercise threshold procedures **will** apply in expiration processing.

OCC will notify Clearing Members via Information Memos and Member Radar if trading in any of the securities listed above does resume prior to expiration.

OCC will publish a summary of all halted underlying securities and special option pricing considerations in the **"EXPIRATION SUMMARY"** and **"TRADING HALT/REMOVAL FROM EX-BY-EX PROCESSING/EXPIRATION SUMMARY"** Information Memos which are customarily posted after the close on expiration Friday.

PUT OPTION EXERCISE CONSIDERATIONS

Although OCC has not imposed exercise restrictions on the options referenced in this Information Memo, the acceptance of a customer's exercise instructions by a brokerage firm may also be affected by rules or regulations promulgated by regulatory authorities and other self-regulatory organizations. OCC's rules and procedures do not override or take precedence over these regulations. Questions about such rules or their applicability to the exercise of a given option position should be addressed to the brokerage firm holding the investor's position.

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.