THE FOUNDATION FOR SECURE MARKETS

#50206

Date: March 18, 2022

Subject: PROCESSING OF BROKER-TO-BROKER EXERCISE AND ASSIGNMENT ACTIVITY OF RECENTLY HALTED OPTIONS

OCC is publishing this Information Memo in response to questions OCC has received regarding the exercise and assignment processing of options recently halted and now subject to broker-to-broker settlement. **Exercise and assignment activity of options subject to broker-to-broker settlement continues to require delivery of the underlying securities of such options.** In the event that delivery of the underlying security cannot be completed by T+2, OCC will suspend such settlement obligations and delay settlement pursuant to the OCC By-Laws until such time as physical delivery can be made or OCC determines an alternative settlement method.

OCC will continue to monitor the status of the underlying securities to options subject to broker-to-broker settlement. If settlement of broker-to-broker delivery obligations is not completed through the delivery of shares, OCC may determine an alternate method of settlement, such as requiring a buy-in of the shares by the receiving clearing member pursuant to OCC Rules or the establishment of a cash settlement value. No assurances can be made at this time as to the length of time unsettled options will be subject to delayed settlement. In addition, no assurances can be made at this time whether OCC will utilize an alternative settlement method or which alternative settlement method OCC would employ for options subject to broker-to-broker settlement that do not settle through the delivery of physical shares.

If you have any questions regarding this memo, 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 Member Services at memberservices@theocc.com.