



**THE FOUNDATION
FOR SECURE
MARKETS**

#50310

Date: April 13, 2022

Subject: T1/2T1 Options - Expiration Pricing Consideration

T1/2T1 (adjusted AT&T Inc. options) will be subject to special pricing consideration in expiration processing on April 14, 2022. The pricing consideration is due to the undetermined cash in lieu of fractional shares amount included in the option deliverable of T1/2T1 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.

T1/2T1

T1/2T1 options are adjusted AT&T Inc. options, adjusted April 11, 2022, (see OCC Information Memo #50308). The deliverable of T1/2T1 options is:

NEW DELIVERABLE

PER CONTRACT:

- 1) 100 AT&T Inc. (T) Common Shares
- 2) 24 Warner Bros. Discovery, Inc. (WBD) Common Shares
- 3) Cash in lieu of 0.1917 fractional WBD shares

As of April 13, 2022, the T Distribution Agent has not yet determined the price to be used to determine the cash in lieu amount.

For purposes of calculating an T1/2T1 price for use in expiration processing, OCC will use the following formula:

$$T1 = T + 0.241917 \text{ (WBD)}$$

For example, if T closes at 19.56, and WBD closes at 24.68, the T1/2T1 price would be:

$$T1 = 19.56 + 0.241917 (24.68) = 25.53$$

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

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.