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#51120

Date: October 03, 2022

Subject: Halcon Resources Corporation - Contract Adjustment
Option Symbol: 10/08/2019 - HKRSQ remained HKRSQ
10/09/2019 - HKRSQ became HKRS1
Date: 10/08/2019
* * * Update - Broker to Broker Settlement * * *

On September 24, 2019 United States Bankruptcy Court for the Southern District of Texas Houston Division confirmed the Joint Prepackaged Chapter 11 Plan ("Plan") for Halcon Resources Corporation (HKRSQ). The Plan became effective on October 8, 2019, and all existing HKRSQ shares were canceled. As a result of the plan becoming effective, HKRSQ shareholders are entitled to receive 0.002319 (New) Halcon Resources Corporation Common Shares, 0.011138 (New) Series A Warrants, 0.013923 (New) Series B Warrants, 0.017901 (New) Series C Warrants for each HKRSQ share held. Fractional Halcon Resources Corporation Common Shares and Warrants will be rounded down to the nearest whole share or warrant.

Because fractional shares will be rounded down, HKRS1 options will not be adjusted to call for delivery of (New) Halcon Resources Corporation Common Shares ($100 \times 0.002319 = 0.2319$, which rounds down to 0).

On February 20, 2020, Halcon Resources Corporation changed its name to Battalion Oil Corporation. The warrant CUSIPs also changed as follows:

Series A Warrants: 07134L123
Series B Warrants: 07134L115
Series C Warrants: 07134L131

Broker-to-Broker Settlement

Battalion Oil Corporation (f/k/a Halcon Resources Corporation) warrants were not listed for trading on a U.S. Market. Consequently, exercise/assignment activity from October 8, 2019 and thereafter, will be subject to broker to broker settlement.

Pursuant to OCC By-Law Article VI, Section 19, OCC has determined that, effective with exercises of October 8, 2019 and thereafter, all HKRS1 exercise and assignment activity shall settle on a broker-to-broker basis. If it is not possible for the delivering Clearing Member to effect delivery of the HKRS1 warrants on the designated settlement date, then the settlement obligations of both delivering and receiving Members shall be delayed until such time as OCC designates a new exercise settlement date, settlement method and/or settlement value. This determination allows delivering Members the opportunity to effect settlement if they have HKRS1 warrants and are able to effect delivery, but delays the settlement obligation when this is not possible. Both the delivering and receiving Clearing Members are required to immediately notify OCC if they are unable to effect settlement.

In determining that delivery of the HKRS1 warrants is in fact not possible in respect of a given exercise or assignment, OCC shall require an appropriate officer(s) of the delivering Clearing Member to represent in writing that delivery is not possible. (Upon exercise or assignment of HKRS1 options, OCC will contact each delivering Clearing Member to provide the specific requirements and procedures for such representation.)

Pursuant to customary OCC broker to broker settlement procedures, inability to effect delivery may subsequently occasion cash settlement as determined by OCC.

Broker-to-Broker Delivery Advice/Settlement Procedures

Clearing Members should note that HKRS1 exercise and assignment activity will be reported on the **Broker-to-Broker Delivery Advice**, which is a separate report from the regular Delivery Advice. Members will need to refer to this report each day to be informed of HKRS1 exercise/assignment activity. The Broker-to-Broker Delivery Advice will also identify the opposite side Clearing Member with whom settlement is to be made. **Members are responsible for contacting the opposite side on all HKRS1 activity and for making arrangements for settlement. Both delivering and receiving Members are also reminded of their obligation to inform OCC when settlement is made.** OCC will continue to margin HKRS1 exercise/assignment activity until settlement is accomplished.

Contract Adjustment

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| Date: | October 8, 2019 |
| Option Symbol: | 10/08/2019 – HKRSQ remained HKRSQ 10/09/2019 – HKRSQ became HKRS1 |
| Strike Divisor: | 1 |
| Contracts Multiplier: | 1 |
| New Multiplier: | 100 (e.g., a premium of 1.50 yields \$150; a strike of 2.50 yields \$250.00) |
| New Deliverable Per Contract: | 1) 1 (New) Series A Warrants (subject to broker to broker settlement) 2) 1 (New) Series B Warrants (subject to broker to broker settlement) 3) 1 (New) Series C Warrants (subject to broker to broker settlement) |
| CUSIPs: | Series A Warrants: 07134L123 Series B Warrants: 07134L115 Series C Warrants: 07134L131 |
| Settlement Allocation: | Series A Warrants: 30% Series B Warrants: 35% Series C Warrants: 35% |

SETTLEMENT

The Series A Warrants, Series B Warrants, and Series C Warrants components of the HKRS1 delivery class, which have been subject to delayed settlement from October 8, 2019 through September 30, 2022, will now be subject to broker to broker settlement.

Disclaimer

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, please email the Investor Education team at options@theocc.com. Clearing Member Firms of OCC may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.