



**THE FOUNDATION
FOR SECURE
MARKETS**

#52025

DATE: February 28, 2023

SUBJECT: SUBMISSION OF THE MARCH 2023 OPTION DISCLOSURE DOCUMENT

This notice is to advise Clearing Members that OCC has submitted to the SEC a new version of the options disclosure document entitled *Characteristics and Risks of Standardized Options* (also known as the "ODD"). The new version contains new language to (i) accommodate cash-settled flexibly structured options on certain fund shares that meet specified criteria as defined in the rules of the options market, (ii) provide additional details on the fungibility of flexibly structured options with standardized options, and (iii) address a scenario where an underlying security price may not be available and the resulting implications for cash-settled flexibly structured options on certain fund shares. Additionally, the March 2023 ODD updates language describing when trading in a.m. settled index options may not occur in relation to an option expiration date and, in unusual circumstances, due to market closures.

The new version of the ODD is not yet effective and is anticipated to become eligible for distribution in late March 2023. OCC will notify you of its effective date, at which time the new version of the ODD will supersede and replace the current March 2022 ODD version.

ONCE EFFECTIVE, THE NEW VERSION OF THE ODD MUST BE DISTRIBUTED TO CUSTOMERS AUTHORIZED TO TRADE INDEX OPTIONS IN ACCORDANCE WITH THE RULES OF YOUR FIRM'S DESIGNATED OPTIONS EXAMINING AUTHORITY REGARDING DELIVERY, INCLUDING DELIVERY BY ELECTRONIC MEANS. ANY QUESTIONS REGARDING SUCH RULES SHOULD BE ADDRESSED TO YOUR FIRM'S DESIGNATED OPTIONS EXAMINING AUTHORITY. Electronic delivery of the ODD is permissible if the requirements for electronic delivery as established by the SEC are met. Broker-dealers may wish to consider SEC guidance on electronic delivery as provided in the Federal Register, including but not limited to 60 FR 53458, 61 FR 24644, and 65 FR 25843. Broker-dealers should consult with their Legal and Compliance resources to determine the appropriate means of delivery of the ODD to investors. The pdf of the March 2023 ODD will be available on the OCC website once the document is effective.

For those firms who will purchase printed versions of the March 2023 ODD, Clearing Members and their correspondents may order the new version once it is eligible for distribution.

Clearing Members and market participants are reminded that new versions of the ODD may be issued at various times as necessary to address new products or industry changes.

COPIES OF THIS INFORMATION MEMORANDUM SHOULD BE IMMEDIATELY CIRCULATED TO YOUR OPTIONS MANAGERS AND CORRESPONDENTS.