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#52489

**Date:** May 24, 2023

**Subject:** Oxford Square Capital Corporation – Rights Distribution  
Option Symbol: OXSQ  
New Symbol: OXSQ1  
Date: 05/25/2023  
\*\*\* Update \*\*\*

Oxford Square Capital Corporation (OXSQ) has declared a Rights distribution to OXSQ Common Shareholders, as described below:

**Rights:** Transferable Rights (“Rights”) to purchase one Common Share of Oxford Square Capital Corporation per Right at an exercise price estimated to be \$2.87 per share. The treatment of fractional Rights is not known at this time.

**Price:** Estimated to be \$2.87 per OXSQ share

**Distribution Ratio:** 1 transferable Right per 3 OXSQ Common Shares

**Record Date:** May 23, 2023

**Expiration:** June 14, 2023 at 5:00 p.m. New York City time, unless extended

**Depository:** Computershare Trust Company, N.A.

**Guaranty Period:** Two days

Oxford Square Capital Corporation Rights began trading on NASDAQ on May 24, 2023 under the symbol “OXSQR”.

**Contract Adjustment**

**Effective Date:** May 25, 2023

**Option Symbol:** OXSQ changes to OXSQ1

**Strike Divisor:** 1

**Contract Multiplier:** 1

**New Multiplier:** 100 (e.g., a premium of 1.50 yields \$150)

**New Deliverable**

**Per Contract:**

- 1) 100 Oxford Square Capital Corporation (OXSQ) Common Shares
- 2) 33 Oxford Square Capital Corporation Rights (XSQR)
- 3) Cash in lieu of 0.3333333 fractional XSQR Rights, if any

Note: Once determined, the cash in lieu of fractional share portion of the option deliverable remains fixed and does not vary with price changes of any security.

**Settlement**

**Allocation:** OXSQ: 95%  
XSQR: 5%

**CUSIPS:** OXSQ: 69181V107  
XSQR: 69181V115

THE ALLOCATION OF THE AGGREGATE STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITIES CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

**Settlement**

The OXSQ and XSQR components of the OXSQ1 exercise/assignment activity will settle through National Securities Clearing Corporation (NSCC). The cash component, if any, of the OXSQ1 deliverable will be subject to delayed settlement until treatment of fractional shares, and cash in lieu amount, if any, is determined.

NOTE: The Rights will cease trading on NASDAQ before the opening on June 14, 2023. The Rights will expire on June 14, 2023 at 5:00 p.m. New York City time. The XSQR component of adjusted option OXSQ1 will remain part of the OXSQ1 deliverable until the Rights have expired. Once the expiration of the Rights has been confirmed, the XSQR component will be removed from the OXSQ1 deliverable. This change to the deliverables is expected to be effective on June 15, 2023.

**Pricing**

Until the treatment of fractional shares is determined, the underlying price of OXSQ1 will be determined as follows:

$$\text{OXSQ1} = \text{OXSQ} + 0.333333 (\text{XSQR})$$

**Further Contract Adjustment**

When the Rights expire, adjusted OXSQ1 options will be further adjusted to no longer call for the delivery of the Rights. **No adjustment will be made to the adjusted contracts to compensate for any in-the-money value the XSQR rights may have at the time of their expiration.**

**Exercise Considerations**

The Rights are to be suspended from trading before the open on June 14, 2023 and are expected to expire on June 14, 2023 at 5:00 p.m. New York City time. Shares for which there is no subscription during the Primary Subscription will be offered, by means of the Over-Subscription Privileges. Call option holders who wish to exercise their adjusted options to obtain the Rights for subsequent exercise, sale or other

purposes bear sole responsibility for determining when to exercise their options as well as complying with all terms and conditions of the Rights offering applicable to Rights exercise or delivery.

### **Delivery Settlement and Protect Provisions**

Option contracts which are exercised, will require the settlement of all component securities included in the contract deliverable at the time of the option contract exercise, including rights, warrants, or similar instruments. Additional entitlements (such as due bills, eligibility to participate in tender offers, elections, etc.) may also automatically attach to securities deliverable upon option exercise. Conversely, exercised calls may be unable to realize the benefit of securities or entitlements **not** associated to the contract deliverable at the time of the option exercise or Option contract maturity.

Except in unusual cases, securities deliverable as a result of equity option exercises and or Option contract maturity are settled through National Securities Clearing Corporation (NSCC).

Rights and obligations of Members with respect to securities settling at NSCC as a result of an option exercise/assignment are governed by the rules of NSCC. NSCC has its own rules which enable purchasers of securities to protect themselves for value which may be lost if timely delivery is not made to them of securities subject to specific deadlines, such as the expiration of a tender offer, rights offering, election, or similar event. These rules are generally called protect or liability notice procedures, and are intended to protect purchasers by binding the delivering parties to liability if such value is lost because timely delivery is not effected. Purchasers of securities must observe the rules and procedures of NSCC to avail themselves of such protect provisions of NSCC. Questions regarding these provisions should be addressed to NSCC.

### **Special Risks**

#### **Call Holders/ Put Writers**

As a result of the adjustment described above, the Rights will be part of the adjusted OXSQ1 options deliverable, but only until the Rights expire, after which time they will be dropped from the deliverable of the option contract. When the Rights expire and are dropped from the deliverable of the option contract, any value the Rights may have had will no longer be associated with the option contract. As a result, holders of in-the-money calls may be disadvantaged unless they exercise in sufficient time to obtain the Rights. After the Rights expire and are dropped from the deliverable of the option contract, holders of short put positions who are assigned will be required to purchase OXSQ stock *whose value may have been substantially diminished by the Rights distribution*.

#### **Uncovered Short Obligations**

Holders of assigned calls or exercised puts who do not possess the underlying security at the time of assignment or exercise are subject to special risk. Suspension of trading of the underlying security, inability to borrow the security, or similar events may preclude the possibility of effecting timely delivery, thereby exposing persons with an obligation to deliver to liability if timely delivery is not effected (See Delivery Settlement and Protect Provisions above).

### **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@theoocc.com](mailto:options@theoocc.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@theoocc.com](mailto:memberservices@theoocc.com).