



**Date:** April 17, 2025

**Subject:** Updates to Trading Halts Processing

OCC Rule 805 provides that if an underlying security is not traded on the last trading day before expiration, OCC may either (i) fix a closing price on such basis as it deems appropriate (including using the last sales price from the most recent trading day for which a last sales price is available); or (ii) determine not to fix a closing price for that security in which case clearing members may exercise only by giving OCC affirmative instructions.

In accordance with Rule 805, on Tuesday of each week, OCC posts a trading halt information memo identifying options that have been removed from exercise by exception (ex by ex) processing because trading has been halted in the underlying security. Additionally, under certain circumstances, the memo may also include an option that is not subject to ex by ex processing because the option's adjusted deliverable is not yet definitive as the result of a contract adjustment.

Under current procedures, if OCC has not identified that an option should be included on the trading halt information memo by the posting of the memo each Tuesday, ex by ex processing will remain in place for options on any such halted underlying security and OCC will fix a closing price for the underlying security to be used in expiration processing. If OCC becomes aware that trading in the underlying security of an option has resumed prior to expiration processing or, for options with an adjusted option deliverable included on the trading halts information memo, the option deliverable is confirmed to the extent that pricing is possible, OCC will published an information memo stating that ex by ex thresholds will apply to such option and the option will be subject to ex by ex processing.

Given the changes to the industry since this practice was established (see OCC Information Memo #27391), OCC reviewed the existing practice and worked with Clearing Members to establish an updated timeline that will go into effect the week of April 21, 2025.

- On Tuesday of each week, OCC will post a trading halt information memo identifying options that will not be subject to ex by ex processing because either trading has been halted in the underlying security or, in certain circumstances, a corporate action has occurred on an underlying security and the resulting adjusted deliverable of the option cannot reasonably be priced.
- On the business day prior to weekly or monthly expiration processing (typically Thursday), OCC will post an updated trading halt information memo identifying any additional options that will not be subject to ex by ex processing. If OCC is aware that trading has resumed for a previously halted underlying security or if the pricing uncertainty for an underlying security for an adjusted option has been resolved, the related option will be removed from the updated trading halt information memo, and ex by ex processing will apply to any option removed from the updated information memo. If a Clearing Member wishes to exercise any expiring long option position that is not subject to ex by ex processing, the Clearing Member must submit affirmative exercise instructions to OCC.

- If, following the posting of the updated trading halt information memo, OCC becomes aware that trading in a halted security has resumed prior to expiration processing, or the deliverable of an adjusted option on the updated trading halt memo has been defined, ex by ex procedures will apply to the options with a defined adjusted deliverable or options on the security that is no longer halted, and OCC will use the closing price of the underlying security for expiration processing. OCC will publish an information memo confirming that ex by ex processing will apply to such options.
- If OCC does not become aware until the business day prior to expiration processing that trading in a security has halted or a corporate action has occurred on an underlying security and the resulting adjusted deliverable of the option cannot reasonably be priced, ex by ex procedures will apply and OCC will fix a closing price on such basis as it deems appropriate in the circumstances (including, without limitation, using the last sales price from the most recent trading day for which the last sales price is available).

**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](mailto: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](mailto:memberservices@theocc.com).