THE FOUNDATION FOR SECURE MARKETS®

#58904

Date: May 05, 2026

Subject: BINARY OPTION PRODUCTS

To prepare for the listing of binary options, OCC is providing clearing information on the product. Binary options will be classified as index/other options with a sub-classification of binary (BINY) and a settlement method of Cash Fixed Return (CFR). Both tags will be visible on binary options in OCC's nightly security definition file. Clearing Members who are eligible to clear index options will automatically be eligible to clear binary options.

At expiration, binary options will pay a predetermined fixed cash amount. Settlement is determined solely by whether the index value is at, above, or below the strike price. Contrary Intentions are not allowed for binary options.

Binary Options

- For call exercises, if the underlying index settles at or above the strike price at expiration, there will be a fixed cash payment from the short call writer to the long call holder. If the underlying index settles below the strike price at expiration, there will be no payout.
- For puts, if the underlying settles .001 or more below the strike price at expiration, there will be a fixed cash payment from the short put writer to the long put holder. If the underlying index settles at or above the strike price at expiration, there will be no payout.
- Please see the listing exchange website for product specifications and exercise thresholds for any future binary product offerings.

DDS Tags

Participants should reference the following tags to identify binary options on the security definition file.

- Tag 107 (Desc) will have an enumeration of BINY (Binary)
- Tag 1039 (SetMeth) will have an enumeration of CFR (Cash Fixed Return)

Tag 1039 (SetMeth) is also included in Settlement Activity file and will have an enumeration of CFR (Cash Fixed Return) for binary options.

Testing Window

OCC will offer testing beginning on **Monday, May 4, 2026.** To participate in this testing, Clearing Members should submit a testing request indicating the date(s) they will participate using the following link: http://www.theocc.com/clearing/certification-testing/default.jsp

If you have any questions, please contact your Clearing Member representative or the Member Services Help Desk at the following numbers: 800-621-6072 or 800-544-6091. Within Canada, please call 800-424-7320. Clearing Members may also e-mail us at memberservices@theocc.com