

Required fields are shown with yellow backgrounds and asterisks.

Page 1 of * 11		SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549 Form 19b-4		File No. * SR 2025 - * 017 Amendment No. (req. for Amendments *) 1	
Filing by Options Clearing Corporation					
Pursuant to Rule 19b-4 under the Securities Exchange Act of 1934					
Initial * <input type="checkbox"/>		Amendment * <input checked="" type="checkbox"/>		Withdrawal <input type="checkbox"/>	
Pilot <input type="checkbox"/>		Extension of Time Period for Commission Action * <input type="checkbox"/>		Date Expires * <input type="text"/>	
		Section 19(b)(2) * <input checked="" type="checkbox"/>		Section 19(b)(3)(A) * <input type="checkbox"/>	
				Section 19(b)(3)(B) * <input type="checkbox"/>	
				Rule	
		<input type="checkbox"/> 19b-4(f)(1)		<input type="checkbox"/> 19b-4(f)(4)	
		<input type="checkbox"/> 19b-4(f)(2)		<input type="checkbox"/> 19b-4(f)(5)	
		<input type="checkbox"/> 19b-4(f)(3)		<input type="checkbox"/> 19b-4(f)(6)	
Notice of proposed change pursuant to the Payment, Clearing, and Settlement Act of 2010 Section 806(e)(1) * <input type="checkbox"/>			Section 806(e)(2) * <input type="checkbox"/>		
			Security-Based Swap Submission pursuant to the Securities Exchange Act of 1934 Section 3C(b)(2) * <input type="checkbox"/>		
Exhibit 2 Sent As Paper Document <input type="checkbox"/>		Exhibit 3 Sent As Paper Document <input type="checkbox"/>			
Description Provide a brief description of the action (limit 250 characters, required when Initial is checked *). <div></div>					
Contact Information Provide the name, telephone number, and e-mail address of the person on the staff of the self-regulatory organization prepared to respond to questions and comments on the action. First Name * <input type="text"/> Last Name * <input type="text"/> Title * <input type="text"/> E-mail * <input type="text"/> RuleFilings@theocc.com Telephone * <input type="text"/> Fax <input type="text"/>					
Signature Pursuant to the requirements of the Securities Exchange of 1934, Options Clearing Corporation has duly caused this filing to be signed on its behalf by the undersigned thereunto duly authorized. Date <input type="text"/> 12/05/2025 (Title *) By <input type="text"/> <input type="text"/> (Name *) NOTE: Clicking the signature block at right will initiate digitally signing the form. A digital signature is as legally binding as a physical signature, and once signed, this form cannot be changed. <div></div> Date: 2025.12.05 09:09:28 -06'00'					

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SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549		
For complete Form 19b-4 instructions please refer to the EDFS website.		
<div>Form 19b-4 Information *</div> <div><div>AddRemoveView</div><div></div></div>	<p>The self-regulatory organization must provide all required information, presented in a clear and comprehensible manner, to enable the public to provide meaningful comment on the proposal and for the Commission to determine whether the proposal is consistent with the Act and applicable rules and regulations under the Act.</p>	
<div>Exhibit 1 - Notice of Proposed Rule Change *</div> <div><div>AddRemoveView</div><div></div></div>	<p>The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)</p>	
<div>Exhibit 1A - Notice of Proposed Rule Change, Security-Based Swap Submission, or Advanced Notice by Clearing Agencies *</div> <div><div>AddRemoveView</div><div></div></div>	<p>The Notice section of this Form 19b-4 must comply with the guidelines for publication in the Federal Register as well as any requirements for electronic filing as published by the Commission (if applicable). The Office of the Federal Register (OFR) offers guidance on Federal Register publication requirements in the Federal Register Document Drafting Handbook, October 1998 Revision. For example, all references to the federal securities laws must include the corresponding cite to the United States Code in a footnote. All references to SEC rules must include the corresponding cite to the Code of Federal Regulations in a footnote. All references to Securities Exchange Act Releases must include the release number, release date, Federal Register cite, Federal Register date, and corresponding file number (e.g., SR-[SRO]-xx-xx). A material failure to comply with these guidelines will result in the proposed rule change being deemed not properly filed. See also Rule 0-3 under the Act (17 CFR 240.0-3)</p>	
<div>Exhibit 2- Notices, Written Comments, Transcripts, Other Communications</div> <div><div>AddRemoveView</div><div></div></div>	<p>Copies of notices, written comments, transcripts, other communications. If such documents cannot be filed electronically in accordance with Instruction F, they shall be filed in accordance with Instruction G.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 3 - Form, Report, or Questionnaire</div> <div><div>AddRemoveView</div><div></div></div>	<p>Copies of any form, report, or questionnaire that the self-regulatory organization proposes to use to help implement or operate the proposed rule change, or that is referred to by the proposed rule change.</p> <div><input type="checkbox"/> Exhibit Sent As Paper Document</div>	
<div>Exhibit 4 - Marked Copies</div> <div><div>AddRemoveView</div><div></div></div>	<p>The full text shall be marked, in any convenient manner, to indicate additions to and deletions from the immediately preceding filing. The purpose of Exhibit 4 is to permit the staff to identify immediately the changes made from the text of the rule with which it has been working.</p>	
<div>Exhibit 5 - Proposed Rule Text</div> <div><div>AddRemoveView</div><div>Exhibit 5 (SR-OCC-2025-017 Partial A</div><div></div></div>	<p>The self-regulatory organization may choose to attach as Exhibit 5 proposed changes to rule text in place of providing it in Item I and which may otherwise be more easily readable if provided separately from Form 19b-4. Exhibit 5 shall be considered part of the proposed rule change</p>	
<div>Partial Amendment</div> <div><div>AddRemoveView</div><div>Partial Amendment No. 1 (SR-OCC-20</div><div></div></div>	<p>If the self-regulatory organization is amending only part of the text of a lengthy proposed rule change, it may, with the Commission's permission, file only those portions of the text of the proposed rule change in which changes are being made if the filing (i.e. partial amendment) is clearly understandable on its face. Such partial amendment shall be clearly identified and marked to show deletions and additions.</p>	

Partial Amendment No. 1 to SR-OCC-2025-017

The Options Clearing Corporation (“OCC”) is filing this partial amendment (“Partial Amendment No. 1”) to File No. SR-OCC-2025-017 (the “Initial Filing”). Specifically, Partial Amendment No. 1 would: (1) correct the text of proposed Rule 2802(a)(2) to reflect the current composition of the Securities Committee in current Article VI, Section 11(c) as approved by the Securities and Exchange Commission (“Commission”) in a prior proposed rule change, and (2) conform cross references found elsewhere in OCC’s rules to the restatement of the contract adjustment rules proposed by the Initial Filing.

(1) Composition of the Securities Committee

Partial Amendment No. 1 would correct the text of proposed Rule 2802(a)(2) to reflect the current composition of the Securities Committee in current Article VI, Section 11(c), last approved by the Commission in File No. SR-OCC-2021-007.¹ In that filing, OCC amended Article VI, Section 11(c) so that the Securities Committee would include OCC’s Chief Executive Officer (“CEO”), rather than its then-Executive Chairman. As explained in that filing, OCC believed that the responsibilities were best assigned to the CEO familiar with OCC’s day-to-day operations, rather than to a Chairman who may or may not possess that familiarity.² OCC did not intend File No. SR-OCC-2025-017 to implement a change to this governance arrangement. Accordingly, this Partial Amendment No. 1 would amend the text of proposed Rule 2802(a)(2) to replace all references to “Executive Chairman” in the proposed Rule with “Chief Executive Officer.” In addition, the explanatory footnotes to Rule 2802(a)(2) and (b) would be corrected to reflect the appropriate numbering in alignment with the 19b-4 Information and Notice of Filing for the Initial Filing.³ As such, the text of proposed Rule 2802(a)(2), inclusive of the explanatory footnotes, in Exhibit 5 to the Initial Filing would be amended as follows:

RULE 2802 – Statements of Adjustment Policies and Interpretations

(a)(1) Statements of Policies and Interpretations Regarding Adjustments of Option Contracts.

* * *

(2) Securities Committee; Composition and Governance. The composition and manner of acting of the Securities Committee and panels comprised of representatives of Securities Exchanges that have authority under the By-Laws and Rules to adopt statements of policy or interpretations under paragraph (a)(1) above will be as set forth below, unless otherwise provided in the By-Laws and Rules of the Corporation:

¹ See Exchange Act Release No. 93102 (Sept. 22, 2021), 86 FR 53718 (Sept. 28, 2021) (SR-OCC-2021-007).

² Id. at 53719-20.

³ See Exchange Act Release No. 104104 (Sept. 26, 2025), 90 FR 47470, Tables 1-2 at 47472-73 (Oct. 1, 2025) (SR-OCC-2025-017) (describing Proposed Rules 2801(b), 2802(a)(2) and 2802(b)).

(i) The Securities Committee shall consist of one designated representative of each Securities Exchange and the ~~Executive Chairman~~ Chief Executive Officer. The ~~Executive Chairman~~ Chief Executive Officer shall not be a voting member of the Committee or of any panel except in the case of a tie vote, in which case the ~~Executive Chairman~~ Chief Executive Officer shall have the right to cast a vote to break the tie and shall, for such purpose, be deemed to be a voting member.

(ii) The vote of a majority of the voting members of the Securities Committee shall constitute the determination of the Securities Committee. With respect to a panel convened for the purpose of determining a required amount or value (other than as provided for in Rule 1703), a majority of the Securities Exchanges on which such cleared contract is open for trading shall constitute a quorum for purposes of acting.

(iii) The Securities Committee or any panel may transact its business by telephone or such other means as may be designated by the Securities Committee from time to time.

(iv) Notwithstanding the foregoing provisions of this Rule or any other requirements of the By-Laws and Rules, the ~~Executive Chairman~~ Chief Executive Officer may designate any other representative of the Corporation, and any representative of an Exchange may designate any other representative of such Exchange, to serve in his place at any meeting of the Securities Committee or of any panel. In the event of such designation, the designee shall, for the purposes of such meeting, have all of the powers and duties under this Rule of the person designating them. Neither the Corporation nor any Exchange shall designate to serve on any panel (i) any Exchange member or Clearing Member, or any director, officer, partner, or employee of any Exchange member or Clearing Member, or (ii) any person who, to the knowledge of the self-regulatory organization designating such person, is the beneficial holder of a long or short position in the cleared contracts as to which such panel is to make a determination.^[6]

(b) *Statements of Policies Regarding Adjustments of Futures and Futures Options.* The Corporation may for futures and futures options adopt statements of policy having general application to specified types of events.^[7]

* * *

^[6] Proposed Rule 2802~~(b)~~(a)(2) relocates Section 11(c) of Article VI with changes as marked. Proposed Rule ~~2802(a)~~2801(b) would replace the last sentence of Section 3(b) of Article XII with respect to stock futures.]

^[7] ~~This sentence of proposed Rule 2802(a)~~Proposed Rule 2802(b) relocates the third sentence of Section 3 of Article XII with modifications to delete “in addition to

determining adjustments to futures and futures options on a case-by-case basis” because that authority will already be addressed in proposed Rule 2804 and 2805.]

(2) Cross Reference Updates

Following the submission of the Initial Filing, the Securities Committee approved changes to the Interpretative Guidance on the Adjustment Policy for Cash Dividends and Distributions (the “Interpretative Guidance”), last updated and published in 2024,⁴ to align with the restatement of the contract adjustment provisions and migration of those provisions from the OCC By-Laws to the OCC Rules.⁵ Specifically, OCC would update two cross references in the Interpretative Guidance to Interpretation and Policy .08 to Article VI, Section 11A of the OCC By-Laws, which concerns adjustments related to capital gains distributions in respect of fund shares. OCC would update the cross references to refer instead to the applicable OCC Rules in which the restated provisions would be located:

- (1) OCC Rule 2803(c)(1)(iv)(B) with respect to the general rule that OCC will not classify distributions of short-term or long-term capital gains in respect of fund shares to be ordinary distributions for purposes of OCC’s contract adjustment rules; and
- (2) OCC Rule 2803(c)(2) with respect to the \$0.125 per share adjustment threshold for cash distributions in respect of stock option contracts, inclusive of fund shares’ capital gains distributions as a result of Article I of the OCC By-Laws, which defines “stock option contract” to include options on fund shares.

OCC believes that these conforming changes are consistent with Section 17A of the Exchange Act and the rules and regulations thereunder for the same reasons identified in the Initial Filing. Partial Amendment No. 1 would not change the purpose of, or statutory basis for, the Initial Filing. All other representations in the Initial Filing remain as stated therein and no other changes are intended.

⁴ See Exchange Act Release No. 99641 (Feb. 29, 2024), 89 FR 16043 (Mar. 6, 2024) (SR-OCC-2024-003).

⁵ OCC filed the Interpretative Guidance with marked changes as Exhibit 5 to Partial Amendment No. 1 to File No. SR-OCC-2025-017.

Exhibit 5**INTERPRETATIVE GUIDANCE ON THE ADJUSTMENT POLICY FOR CASH DIVIDENDS
AND DISTRIBUTIONS****Frequently Asked Questions**

Disclaimer: This Information Memo is intended to provide useful guidelines for how the contract adjustment policy has been and will be applied in practice. However, as indicated several times below, all adjustments are individually determined by OCC on a case-by-case basis, and exceptions may be made to general rules, interpretations, and policies in cases where OCC determines such exceptions to be appropriate. In no instance are the examples provided below meant to determine in advance the decisions that OCC will make in the future.

Overview of the Adjustment Policy

- Q. Who decides if an option adjustment shall be made?
- A. All adjustments are determined on a case-by-case basis by OCC.
- Q. What cash dividends call for an adjustment?
- A. “Ordinary” cash dividends do not call for adjustments. An “ordinary” cash dividend is defined as one paid “pursuant to a policy or practice of paying such dividend on a quarterly or other regular basis.” A cash dividend which is considered to be *outside* this regular policy or practice is non-ordinary. Assuming a given dividend is non-ordinary according to this definition, a size test is also imposed: the value of the dividend must be at least \$12.50 per option contract. Thus, if the dividend is non-ordinary and yields at least \$12.50 per option contract, then an adjustment will be made.
- Q. What’s the rationale for this approach?
- A. In general, dividends declared pursuant to a policy or practice of a company can be anticipated and priced into option premiums according to standard models. Non-ordinary dividends declared outside the normal policy of the company cannot be anticipated and integrated into pricing with the same degree of assurance. Thus, when such dividends are announced, if no adjustment is made, the only way a call holder can capture the dividend is through exercise prior to the ex-dividend date. When this happens, significant option time value can be lost and financial losses due to operational error in submitting exercises may occur. The intention is to allow such dividends to accrue to the benefit of call holders without requiring them to exercise their options.
- Q. So any dividend that can’t be *anticipated* will be deemed a non-ordinary dividend?
- A. No. Although such dividends may be unanticipated, the important criterion is whether a dividend is paid pursuant to a program or policy of paying dividends on a quarterly or other regular basis. In some cases, the dividends of a company paid according to such a policy may be highly variable and subject to increases or decreases that some may

consider “unanticipated.” Nevertheless, these dividends would not normally be deemed non-ordinary.

Examples: What if...?

Q. Can you give an example of how the \$12.50 adjustment threshold will work in practice?

A. In order for an option to be adjusted, the value of the dividend must be at least \$12.50 per option contract. However, if the security on which the dividend is paid underlies option contracts with more than one contract size – e.g., as a result of adjustments for previous splits – then the nonstandard contracts would be adjusted only if the value of the dividend on the nonstandard contract is at least \$12.50 *and* the standard-size contract (normally 100 shares) would also be adjusted.

For example, suppose an option covers 100 shares of stock and a \$0.10 special cash dividend is declared. This dividend, although non-ordinary, would yield only \$10.00 in value for this option contract. Therefore, no adjustment would be made.

A second example: Suppose an option covers 100 shares of stock and another option covers 150 shares of the same stock (as the result of a previous adjustment for a 3 for 2 split). A \$0.10 special dividend is declared. The dividend would yield \$10.00 in value for the 100 share option and \$15.00 for the other. However, in this case, since the standard-size (100 share) contract would not be adjusted (the \$12.50 threshold not being met), the 150 share option would also **not** be adjusted.

A third: Suppose an option covers 100 shares of stock and another option covers 50 shares of the same stock (as a result of a previous adjustment for a 1 for 2 reverse split). A \$0.15 special dividend is declared. The dividend would yield \$15.00 in value for the 100 share option and \$7.50 for the 50 share option. In this case, the standard-size (100 shares) option would be adjusted, but the 50 share option would **not** be adjusted because the value of the dividend per contract would be only \$7.50, and a nonstandard option is not adjusted if the value of the dividend per contract is less than \$12.50 even if the standard-size option is adjusted.

These examples also illustrate that, in general, the \$12.50 threshold is applied at the **option contract** level– **not** per share.¹

Occasionally only nonstandard options exist. In these cases, since there is no standard-size option to refer back to, the application of the \$12.50 per contract threshold will determine whether an adjustment is made.

Q. Who determines if a cash dividend is “non-ordinary”?

A. OCC will make this determination. In doing so, OCC may consider the company’s characterization of the dividend but the company’s characterization is not binding. OCC may take into account other factors deemed appropriate including, but not limited to, the

¹ A threshold of .125 **per share** is used in determining contract adjustments for capital gains and other distributions for fund shares, as described in ~~Interpretation .08 to Article VI, Section 11A of the OCC By-Laws~~ [OCC Rule 2803\(c\)\(2\)](#).

company's stated dividend policy and payment history, prior option adjustments, and factors bearing on the maintenance of a fair and orderly market.

- Q. If a company accelerates the payment of its regular dividends, would such dividends be deemed non-ordinary and occasion an adjustment to options?
- A. No. If OCC determines such accelerated dividends are paid pursuant to the company's regular dividend payment program, they would generally be classified as ordinary, irrespective of the company's characterization of such dividends as "special" or similar designations. The same would be true regardless of whether a single regular dividend or multiple regular dividends are accelerated.
- Q. What if a company that previously paid no dividends initiates a regular dividend program – would the initial dividend be considered "non-ordinary" and therefore adjustable?
- A. No. The initial dividend would be paid pursuant to a policy under which the company intends to pay dividends on a regular basis. Therefore, it would not be deemed "non-ordinary" and adjustable.
- Q. What if a company announced a dramatic increase in a regular dividend? For example, what if a company's last quarterly dividend was \$.20 and the current quarterly dividend was bumped to \$1.00 – wouldn't that be a "non-ordinary", one-time event that would call for an adjustment?
- A. No – most likely not. As mentioned earlier, we would start with the company's description of its dividend. If the company has a quarterly dividend program and the company says this quarter's dividend is \$1.00, then we anticipate the dividend would be deemed to be ordinary and not adjustable. However, as mentioned, the decisions of OCC are always made on a case-by-case basis, in light of the circumstances and facts as understood at the time.
- Q. What if a company declares a "variable dividend"? Does it matter if the dividend is paid in addition to a regular dividend? Since the value of the dividend changes from dividend to dividend would it be considered a "non-ordinary" dividend?
- A. If a company has a policy or practice of paying a "variable dividend" on a regular interval, the variable dividend generally would be considered an ordinary dividend and not adjustable, even if on occasion no variable dividend is paid because a company-established threshold for paying the variable dividend is not met and even if the amount of the dividend may drastically increase or decrease based on such company-established thresholds.
- Q. What about REITs, natural resource trusts, and similar companies that pay very irregular dividends? Such companies could pay no dividends for many months and then suddenly pay a dividend. Would that be considered a "non-ordinary", adjustable dividend?
- A. No – most likely not. The kinds of companies mentioned in the question often have very regular dividend *policies* but will *actually* pay dividends only when certain conditions are met, or in response to market conditions. REITs, for example, are generally required to pay out profits to shareholders when and if profits are realized. They may determine

dividends monthly, although the cash amount available for distribution may actually be zero in any given month. Thus, although the dividend payouts of such companies may be irregular, insofar as they occur *pursuant to the policy of the company*, they would be considered ordinary and not adjustable.

- Q. What if a company is reorganizing itself into a REIT and is required to pay out accumulated profits in a large dividend as it commences a dividend program. You said before that *initial* dividends would not normally call for adjustment. Would you adjust in this case?
- A. In our experience, companies reorganizing themselves into REITS or income trusts often designate this initial required pay-out as a “special” dividend. Precedent exists for adjusting for such dividends under OCC’s adjustment rules. Even if the company did not specifically characterize such a dividend as “special,” OCC may decide to deem them non-ordinary and adjust.
- Q. What if a company pays a dividend that is outside of its normal schedule of dividend payments but is required to maintain its tax status as a particular type of organization, such as a REIT?
- A. If a company pays a dividend to maintain its tax status that is not paid pursuant to the policy of the company, or if the distribution is paid in addition to an ordinary dividend, it will most likely be considered non-ordinary and warrant an adjustment, particularly if the company characterizes the pay-out as a “special” or “one-time.”
- Q. Fund share or ETF options have previously been adjusted in response to special dividends declared with respect to component securities of the fund. A notable instance was the Microsoft \$3.00 special dividend in 2004. How will these kinds of distributions be handled?
- A. If a fund (ETF, HOLDR, etc.) is making a cash distribution which is identified (in whole or part) by the fund as attributable to a special dividend on a component security, then the appropriate amount of the cash distribution will also be considered a non-ordinary, adjustable distribution. For example, if an ETF is making a \$1.00 quarterly cash distribution, \$.25 of which is attributable to a special dividend on a component security, the OCC will normally consider \$0.25 of the aggregate distribution as a non-ordinary dividend and adjust for \$.25 (\$25.00 per 100 share option).
- Q. How will the \$.125 per share adjustment threshold be applied to fund shares (e.g., ETFs)?
- A. Pursuant to ~~Interpretation .08 to Article VI, Section A of the OCC By Laws~~ [OCC Rule 2803\(c\)\(1\)\(iv\)\(B\)](#), fund shares can be adjusted for capital gains distributions. OCC may also determine that fund distributions attributable to non-ordinary dividends on component securities of a fund should be considered non-ordinary and call for adjustment. These distributions, considered individually, may be less than \$.125 per share but greater than \$.125 when considered in aggregate. The \$.125 per share adjustment threshold will generally be applied to the aggregate of capital gains and other non-ordinary fund share distributions which have the same ex-date. For example, if a fund identifies a capital gains distribution of \$.05 per share and a distribution of \$.10

attributable to non-ordinary distributions on component securities (itemized singly or in aggregate), OCC will ordinarily make an adjustment of \$.15 (\$15 per 100 share option) to the terms of the option.

Investors are nevertheless reminded that all adjustment decisions are made on a case-by-case basis by OCC, including determinations of distributions as ordinary or non-ordinary.

- Q. What if a company declares a non-ordinary dividend which is ex-distribution on the same date that a regular dividend is “ex”? Would these be considered one event or two separate events?
- A. Two separate events.
- Q. What if a company’s regular quarterly dividend is a “return of capital”? Would that make it a non-ordinary, adjustable dividend?
- A. No. Insofar as the dividend is still a regular quarterly dividend, it would not call for an adjustment. Ordinarily, the source of cash to be paid will not be determinative of the adjustment decision. In the past, however, determinations have been made to adjust for any dividends paid pursuant to a plan of liquidation – even regular dividends of the company included in the plan. OCC may follow this precedent in the future as well for companies undergoing liquidation.

Operational Matters

- Q. Will we have to wait until the official declaration date of a dividend before a decision is made about option adjustment?
- A. Not necessarily. OCC intends to make adjustment decisions as soon as practicable. OCC may decide it is appropriate to base a decision on the company’s press release or similar announcement, in advance of the formal declaration date. Of course, if this is done, the adjustment decision would be appropriately conditional. For example, “if declared and paid as described in the press release, then....”

For example, suppose a company announces its intention in a press release to pay a special dividend, but this dividend is contingent on shareholder approval or other conditions. Until the conditions are met, it will not be officially declared. Under the policy, it will be easy to see if the dividend meets the size criterion: would it yield \$12.50 per contract? If “yes”, then OCC may determine and announce it is a non-ordinary dividend if the dividend is approved by shareholders, and investors will immediately know an adjustment will occur if the dividend is actually declared.

- Q. If an adjustment is called for, *how* will it be done?
- A. There are two methods of adjustment: 1) simply reduce the strike prices by the amount of the dividend. This is the preferred method and will normally be used if the exact dividend amount is known in advance of the ex-date. 2) If the exact dividend amount is not known or if strike reduction would result in a strike of zero or less, then the amount of

the dividend will be added as a cash component to the option deliverable. When this is done, an option symbol change normally occurs.

Adjustments will continue to be made on the ex-date for the cash dividend as determined by the appropriate market.

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.