

YOUR GUIDE TO OIC & OCC

An Overview

 **OCC & OIC**

Who we are and what we do.

 **ABOUT OCC**

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U.S. Equity Option Market Structure. What the Trading, Pricing and Market Models Mean. Glossary of Terms. Role of the Order Router.



Who we are



OIC is an industry resource provided by OCC that offers trustworthy information about the benefits and risks of exchange listed options.



OCC is the world's largest equity derivatives clearing organization. OCC's mission is to promote stability and market integrity through effective and efficient clearance, settlement and risk management services while providing thought leadership and education to market participants and the public about the prudent use of products we clear.

OCC's participant exchanges include all U.S. listed equity option exchanges. OCC has approximately 100 clearing members, serving both professional traders and public customers. OCC also clears futures contracts for three futures exchanges and provides central counterparty services for securities lending.

<https://www.theocc.com>

OIC The Options Industry Council

The Options Industry Council (OIC) is an industry resource provided by OCC, the world's largest equity derivatives clearing organization. Its mission is to provide free and unbiased education to retail investors, financial advisors and institutions about the benefits and risks of exchange-listed options.

OIC offers education which includes webinars, online classes, podcasts, videos, investing tools, and live help. OIC's Roundtable is OIC's advisory group and is comprised of representatives from the exchanges, member brokerage firms and OCC.

For more information on the educational services OIC provides for investors, visit

<https://www.OptionsEducation.org>



About OCC

THE FOUNDATION FOR SECURE MARKETS

OCC helps protect the integrity of the U.S. equity options and futures markets by delivering world-class risk management, clearing and settlement services for options, futures, and securities lending transactions.

In its role as guarantor and central counterparty, OCC ensures that the obligations of the contracts it clears are fulfilled. Through a novation process, OCC becomes the buyer for every seller and the seller for every buyer, protecting its members from counterparty risk.

As the marketplace evolves, so do the clearing capabilities at OCC. Although OCC began as a clearinghouse for listed equity options, it has grown into a globally recognized entity that clears a multitude of diverse and sophisticated products.

OCC operates under the jurisdiction of both the U.S. Securities and Exchange Commission (SEC) and the U.S. Commodity Futures Trading Commission (CFTC). OCC has been designated as a "systemically important financial market utility" (SIFMU) under Title VIII of the Dodd-Frank Act.

The management of OCC's business affairs is vested in its Board of Directors which includes representation from owner exchanges, clearing members, public directors and management.

OCC receives most of its revenue from clearing fees charged to its members.

OCC is also, via OIC, a leading provider of online, unbiased educational content for users of these markets; whether it is individual investors who want to learn the basics or knowledgeable investors who want to use more complex options trading strategies.

RECENT OCC HIGHLIGHTS

RISK & CONTROL IMPROVEMENTS

OCC Launches Renaissance Initiative to Modernize Technology Infrastructure

In January 2019 OCC announced the Renaissance Initiative, a multi-year investment to comprehensively redevelop and modernize its risk management, clearing and data systems.

When completed, The Renaissance Initiative will provide OCC with the ability to operate clearing, data and risk applications based on a modular architecture.



It will improve OCC's real-time and extended hours risk management capabilities, drive operational efficiency through process engineering and automation, improve information transparency and service to clearing firms, and increase product development agility.



Phase One of OCC Financial Safeguards Framework Approved by SEC

Phase one of OCC's new Financial Safeguards Framework (FSF) was approved by the U.S. Securities and Exchange Commission (SEC) in July 2018. The new FSF includes an improved methodology for OCC to better determine the size of its clearing fund, a new "Cover Two" approach that exceeds U.S. regulatory standards and better aligns with other systemically important derivative clearing houses, and a new risk-based allocation on clearing fund contribution requirements that improves transparency and incentivizes clearing members to reduce margin risk.

Under the new clearing fund methodology, OCC returned over \$3 billion to its clearing firms.



OCC Recovery Tools, Recovery and Orderly Wind-Down Plan Approved by SEC

In August 2018, OCC became the first SEC-regulated central counterparty to receive approval of its recovery tools and proposed recovery and orderly wind-down (RWD) plan, providing critical tools designed to enable OCC to successfully manage extreme market disruptions in future financial crises.

The recovery tools and RWD plan provide several key enhancements to OCC's resiliency, including improved assessment powers, new tools to extinguish losses and an updated RWD plan.

INDUSTRY RECOGNITION

OCC Named 2018 "Clearing House of the Year - The Americas" by FOW Magazine

The announcement took place on December 4 at the FOW International Award gala dinner in London, which honors achievements that have supported the advancement of the global derivatives industry.

OCC Named Best Clearing House by Markets Media

OCC was named Best Clearing House by Markets Media in 2018 as part of the publication's 6th Annual Markets Choice Awards.

Winners are determined based on feedback from readers of Markets Media and Traders Magazine, as well as editorial interviews with leaders in financial markets and the MCA Advisory Board.

WHO OCC SERVES

16 Options Exchanges

OCC's participant option exchanges include:

BOX Exchange LLC

Cboe Exchange Inc

Cboe BZX Options Exchange

Cboe C2 Exchange Inc

Cboe EDGX Options Exchange

MIAX Emerald LLC

MIAX Options Exchange

MIAX PEARL LLC

Nasdaq BX Options

Nasdaq GEMX

Nasdaq ISE

Nasdaq MRX

Nasdaq Options Market

Nasdaq PHLX, LLC

NYSE American Options

NYSE Arca Options

3



Future Markets

Cboe Futures Exchange LLC

Nasdaq Futures, Inc

OneChicago, LLC

3



Regulators

**U.S. Securities and Exchange
Commission**

**U.S. Commodity Futures Trading
Commission**

**Board of Governors of the Federal
Reserve System**



1 Stock Loan Alternative Trading System

Automated Equity Finance
Markets, Inc. (AQS)

Approximately



100

Clearing Members

Intermediaries supporting asset managers, mutual funds, pension funds, retail investors, insurers, and other market participants.

OCC Sets New Records in 2018 for Cleared Contract and Options Contract Volumes

5.24  Billion

OCC cleared 5.24 billion total contracts and 5.14 billion options contracts in 2018. These numbers surpass the previous records, set in 2011, of 4.60 billion total contracts and 4.56 billion options contracts.

21% ↗

Total Cleared Volume
up 21.1% from 2017

23% ↗

Options Cleared Volume
up 22.6% from 2017

13% ↗

Index Options Volume
up 12.8% from 2017

26% ↗

ETF Options Volume
up 25.7% from 2017

OCC also cleared 567,833,544 total contracts in October 2018, the highest monthly total since OCC's founding in 1973.

SECURITIES LENDING

OCC stock loan activity up 17%.2 from 2017 with 1,374,319 new loan transactions in 2018.

OCC average daily loan value in 2018 was \$84,894,847,049, up 12.6% from 2017. (See note.)



FUTURES

OCC cleared 104,888,351 futures contracts in 2018, a 24.0% decrease from 2017.

OCC average daily cleared futures volume was 417,882 contracts in 2018.



Note: Beginning in October 2018, OCC adjusted its reporting of stock loan transactions and average daily loan value to better reflect prevailing industry standards. OCC now reports average daily loan value and number of transactions based only on loans: previous reporting was based on both loans and borrows.

2018 OCC FACT SHEET

BY THE NUMBERS

Total Contracts Cleared

5,242,089,870

Cleared Options Volume

4,572,482,342

Equity Contracts

Cleared Futures Volume

7,066,292

Single Stock Futures Contracts

564,719,177

Index Contracts

97,822,059

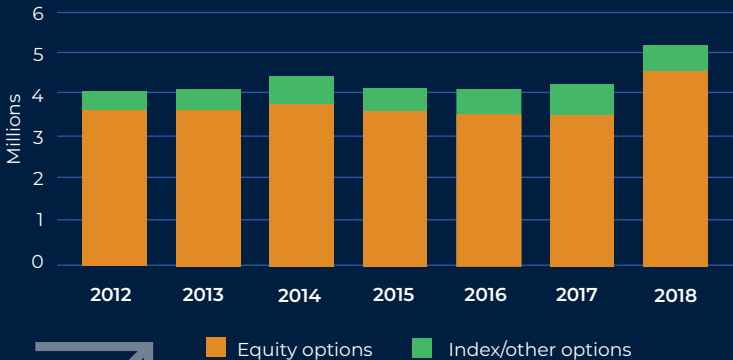
Index/Other Futures Contracts

Margin Held at Year End

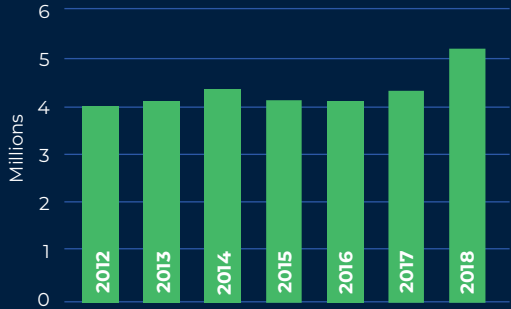
\$112,600,000,000

OCC CLEARED VOLUMES

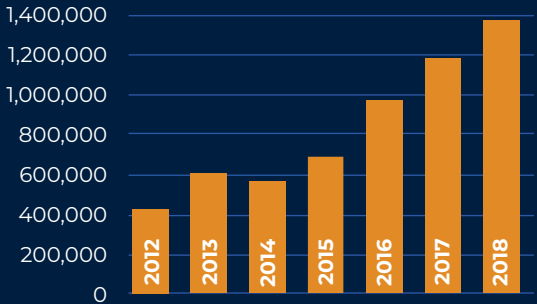
OCC Cleared Options Volume: 2012-2018



Total Contracts Cleared (Options and Futures)



Yearly Stock Loan Volume



THOUGHT LEADERSHIP

Through its work on behalf of the U.S. Securities Markets Coalition, OCC is an active contributor to thought leadership and discussion of the major developments in the listed options industry.

See OCC's views on the Newsroom tab at:

<https://www.theocc.com/about/newsroom/occ-views/overview.jsp>

OCC's comment letters on regulatory and legislative initiatives are at:

<https://www.theocc.com/about/newsroom/comment-letters/default.jsp>

The OCC News page is at:

<https://www.theocc.com/about/publications/occ-news.jsp>

The OCC Subscription Center is a **FREE** email service that provides clearing members, exchanges, and investors with options and futures related data and information generated by OCC.

To subscribe go to

<https://www.theocc.com/webapps/subscription-center>



About OIC

OIC The Options Industry Council

OIC is an educational resource provided by OCC. It supports the work of the U.S. equity options industry. OIC's experienced options instructors provide valuable insight on the challenges and successes that individual investors encounter when trading options. In addition, options industry professionals have created the content used in OIC's educational offerings. Appropriate compliance and legal reviews are done to ensure that all OIC-produced information includes a balance of the benefits and risks of options. More and more investors understand the versatility that options can offer, due in large part to the industry's ongoing educational efforts.

OIC Tools And Educational Material

Comprehensive, unbiased and free-of-charge, <https://www.OptionsEducation.org> is an online resource for market participants to help them take control of their understanding of options markets. Do you have a gap in your knowledge that you need to fill?

Video Library

<https://www.optionseducation.org/videolibrary>

Short educational videos covering everything from basic definitions to complex strategies, from ETFs to rolling positions and from income generation to hedging.

Podcasts

Free downloads on topics ranging from the Wide World of Options Radio Show, to fundamental, intermediate and advanced themes.

<https://www.optionseducation.org/podcasts>

Options Overview

Getting Started with Options. Basic definitions. Benefits & risks.

<https://www.optionseducation.org/optionoverview/getting-started-with-options>

Strategies

Bearish, bullish, neutral. Hedging. Income generation.
Trading volatility.

<https://www.optioneducation.org/strategies/choosing-the-right-strategy>

Advanced Concepts

Index options. Greeks. Put-call parity.

<https://www.optioneducation.org/advancedconcepts/getting-started>

Option quotes and calculators

Most active options. Quotes. Historical and implied volatility. Strategy builders. Options calculator. Collar calculator. Covered call calculator.

Go to

<https://www.OptionsEducation.org>

Click Menu and then Section 10, Options Quotes & Calculators.

Reference Library

Glossary. FAQs. Brochures & Literature. White papers.
Research articles.

Go to

<https://www.OptionsEducation.org>

Click Menu and then Section 11, Reference Library.

SPECIALIST AREAS

Institutional Investor Center

<https://www.optionseducation.org/institutionalinvestors/white-papers>

Free. Registration required.

Key research and analysis on listed derivatives, focusing on topics that are particularly relevant for professional investors and portfolio managers.

Designed to present unique information on the issues and trends that affect markets around the world, in a manner specifically meant for financial professionals. Learn about hedge fund strategies, how options can work for mutual funds and techniques for managing risk with derivatives.

Financial Advisor Center

<https://www.optionseducation.org/advisor-center/advisor-resources>

Free. Registration required.

Material to help financial advisors understand how options can benefit their clients. Research on income-generating strategies, such as covered call writing. Insightful research papers and studies. A user-friendly guide focused on discussing options with clients.

Investor Services

<https://www.optionseducation.org/abouttheoptionsindustry/council/investor-services>

A comprehensive options resource center that provides information and education about options and supports all products traded on all OCC participant exchanges.

→ Answering basic options-related questions on topics such as industry terms, product specifications and discussions about basic risks and rewards associated with options.

→ Responding to more complex strategic and operational questions about options trading.

Email your questions to options@theocc.com

CONNECTING WITH OIC

Interest in options is on the rise as investors become increasingly aware of how options can be used as part of a successful investment strategy. Look to OIC's educational resources to help expand your understanding of options.

Here are a few ways in which the investing community can connect with OIC:

→ **Seminars**

OIC speakers are available to conduct or participate in seminars for customers and prospects. Let OIC help you with practical suggestions to make your seminar a success.

→ **Webinars**

OIC participates in many online broker and investor presentations and workshops. Webinars are a cost-effective way for people to attend without leaving their office or home.

WHITE PAPERS AND RESEARCH

European Demand for Exchange Listed Equity Options
(Burton Taylor, 2018).

This study builds upon previous studies done in 2014 and 2011. Order flow from Europe is estimated to account for 9% of total trading in U.S. exchange-listed equity options. This has been against a background of sustained, low volatility. The upward spike in volatility in Q1 2018 increased total U.S. option market volume by over 30%. European investors are using U.S. options to focus on income generation, capital appreciation and volatility strategies. Liquidity, price transparency and market structure are key drivers, with clearing house OCC reducing counterparty risk. 71% of those interviewed reported more demand for U.S. equity options over the past 2 years.

<https://www.optionseducation.org/referencelibrary/research-articles>

European Trading of U.S. Listed Equity Options: Shifting Demand in a Changing Landscape (Tabb Group, 2014).

<https://www.optionseducation.org/referencelibrary/research-articles/page-assets/euro-trading-us-listed-equity-options-2014.aspx>

European Demand for U.S. Listed Equity Options (Tabb Group, 2011).

<https://www.optionseducation.org/referencelibrary/research-articles/page-assets/doc-european-tabb.aspx>

How Institutional Investors Use and Think About Exchange-Listed Options (Greenwich Associates, 2018).

Research from Greenwich Associates to understand how options are being utilized to meet investment objectives while controlling risk. Free registration required.

Go to

<https://www.optionseducation.org/institutionalinvestors/white-papers>

U.S. Listed Equity Options: A Primer for Hedge Funds (OIC, 2017).

<https://www.optionseducation.org/referencelibrary/white-papers/page-assets/2017-02-28-hedge-fund-articles-v4.aspx>

Box Spreads: Exchange-listed Options Strategies for Borrowing or Lending Cash (OCC).

<https://www.optionseducation.org/referencelibrary/white-papers/page-assets/listed-options-box-spread-strategies-for-borrowing-or-lending-cash.aspx>

How Financial Advisors Use and Think About Exchange-Listed Options (Cerulli Associates, 2017).

This OIC-commissioned study found that approximately one-third of US-based financial advisors currently use options in 20 percent of client portfolios, and that usage is expected to increase by 30 percent in the following three years. Free registration required.

Go to

<https://www.optionseducation.org/advisor-center/white-papers-research>

The Performance of Options-Based Investment Strategies: Evidence for Individual Stocks During 2003-2013 (Hemler & Miller, 2015).

This academic study found that certain options-based portfolio strategies appear capable of outperforming long stock strategies and improving the risk-return trade-off of long equity portfolios over time.

<https://www.optionseducation.org/referencelibrary/research-articles/page-assets/perf-options-strategies.aspx>

Option-Based Risk Management in a Multi-Asset World. Loosening Your Collar: Alternative Implementations of QQQ Collars (Szado & Schneeweis, 2012).

The contagion across asset classes during the financial crisis was staggering. But is there potentially a way to mitigate such risk with options? In this research report's conclusions, it seems that collars may be able to do so. In this study, the impacts of collar strategies on a wide range of asset classes, including equities, currencies, commodities and real estate, are considered.

<https://cdn.optionseducation.org/OCC/media/OIC/Institutional%20Investor%20Content/Institutional%20Research%20Articles/cisdm-qqqactive-full.pdf>



Appendix

U.S. EQUITY OPTION MARKET STRUCTURE

U.S. equity option market structure can appear to be complicated. This section is designed to explain and clarify some of the terms and roles.

Introduction

Unlike equities, the Securities and Exchange Commission (SEC) mandates that standardized U.S. equity options are to be executed solely on exchanges. They are issued and cleared by a single clearing house, OCC, and are fungible (see definition on following page) across options exchanges, except in the case of contracts that are licensed exclusively to one exchange.

Options that are not multiply listed are those that may be subject to exclusive or preferential licensing arrangements. Because of licensing restrictions, these options are solely listed on one exchange.

FUNGIBILITY

Fungibility is the ability to open a transaction on one exchange and close it on another. Most equity options listed on U.S. national exchanges are fungible due to standardized contracts, while listed proprietary options and over-the-counter options generally are not. Classes of options listed and traded on more than one U.S. national exchange are referred to as multiple-listed or multiple-traded options.

With 'Proprietary' options, i.e. options that have either been created by or solely licensed to one exchange, fungibility is not available and the position has to be opened and closed on the same exchange.

Examples of proprietary products are index options (both for volatility and specific industrial sectors); foreign exchange, and options created to enable the easy implementation of specific strategies (e.g. to capture risk free return of one share versus a benchmark, buy-write strategies, long-term options, binary options etc.)

WHY ARE THERE DIFFERENT MARKET MODELS?

The U.S. equity option market is intensely competitive. All the exchanges utilise OCC to clear their trades, leaving them free to focus on running their business. Each exchange has different internal structures with varying types of membership and participation, fee structures, execution allocation models, access and data management.

Each exchange strives to provide services or products that differentiate it from other exchanges, developing trading rules and fee schedules to accommodate customer needs on different platforms.

MARKET MODELS

The 16 equity option exchanges collectively offer a range of market, trading and pricing models, which target different areas of the market.

Exchange	Trading Model	Pricing Model	Market Model
BOX Exchange LLC	Hybrid	Traditional	Price/Time
Cboe BZX Options Exchange	Electronic	Maker/ Taker	Price/Time
Cboe C2 Exchange, Inc	Electronic	Maker/ Taker	Pro-rata
Cboe EDGX Options Exchange	Electronic	Traditional	Pro-rata
Cboe Exchange, Inc	Hybrid	Traditional, plus incentives to high volume traders	Pro-rata
MIAX Emerald, LLC	Electronic	Maker/Taker	Pro-rata/ customer priority
MIAX Options Exchange	Electronic	Traditional	Pro-rata/ customer priority
MIAX PEARL, LLC	Electronic	Maker/Taker	Price/Time
Nasdaq GEMX	Electronic	Maker/Taker	Pro-rata/customer priority
Nasdaq ISE	Electronic	Maker/ Taker/ Traditional	Pro-rata/customer priority
Nasdaq BX Options	Electronic	Taker/ Maker	Price/Time, Pro-rata & customer priority
Nasdaq MRX	Hybrid	Traditional	Pro-rata/customer priority
Nasdaq PHLX, LLC	Hybrid	Maker/ Taker/ Traditional	Pro-rata/customer priority
Nasdaq Options Market	Electronic	Maker/ Taker	Price/Time (anonymous)
NYSE American Options	Hybrid	Traditional	Pro-rata
NYSE Arca Options	Hybrid	Maker/ Taker/ Traditional	Price/Time

WHAT THE TRADING MODELS MEAN

Electronic trading model

All orders are executed electronically. Electronic exchanges seek to replicate as much as possible the function of the floor broker.

Hybrid

Orders are executed by a mixture of open outcry and electronic methods.

Designated Primary Market Maker (DPM) system

Used on Cboe EDGX Options and Cboe Exchange. DPM is responsible for maintaining a two-sided market for a specific product. Similar to a Specialist.

Specialist/ Specialist group/ Specialist system

One or more exchange members whose function is to maintain a fair and orderly market in a given stock or a given class of options.

This is accomplished by managing the limit order book and making bids and offers for their own account in the absence of opposite market side orders. See also Market maker and Market maker system (competing).

Floor Brokers

A floor broker is a trader on an exchange floor who executes trading orders for other people. Floor brokers find liquidity, provide market commentary, cross orders, contact buyers and sellers creating order flow, provide a level of anonymity for upstairs firms' orders and usually broker large orders. Floor brokers are also usually able to route electronically to other exchanges for liquidity.

On-Floor Market Makers

Are able to interact with large brokered orders, provide price improvement and supply liquidity. They have electronic access to options classes beyond their on-floor pit location.

Remote/ Off-Floor Market Makers

Add liquidity, are able to trade across the floor, and allow firms to consolidate trading in one off-floor location, with fewer traders.

Market maker

An exchange member who buys and sells options for their own account and who has the responsibility of making bids and offers and maintaining a fair and orderly market. See also Specialist / Specialist group / Specialist system.

Market maker system (competing)

A method of supplying liquidity in options markets by having market makers in competition with one another. As an alternative to a specialist system, they are also responsible for making fair and orderly markets in a given class of options.

Electronic Trading

Exchanges offer robust electronic capabilities, including complex orders, crossing mechanisms and price improvement.

WHAT THE PRICING MODELS MEAN

Maker-Taker Model

Charges customers who remove liquidity from the exchange while providing rebates to traders who provide liquidity. (Applies to executed trades only.)

Taker-Maker Model

Charges customers who provide liquidity to the exchange while providing rebates to traders who remove liquidity. (Applies to executed trades only.)

Traditional Pricing Model

The favourite of retail-oriented options firms. Order flow providing firms are paid for orders sent to exchanges with traditional pricing models. Customers trade free and are given execution priority over market makers and proprietary trading firms.

WHAT THE MARKET MODELS MEAN

Price/time priority

Orders at each price point are filled in timestamp order.

Pro-rata

Incoming orders are allocated to liquidity providers based on the size of their quotes and not on their place in the queue. Pro-rata is also combined with a market model that provides customers execution priority over other participants.

Order Protection

As multiple-listed trading developed, the U.S. SEC determined that the options exchanges would need to create systems to help ensure that customers receive best execution of their orders. The linkage plan requires each exchange to enforce rules to prevent trade-throughs (see Glossary of Terms) in all options series and classes available for trading on two or more exchanges that are participants in the plan.

Each exchange is also obliged to conduct surveillance of its market to ascertain the effectiveness of the policies and procedures to prevent trade-throughs.

The plan provides a number of exceptions for certain transactions from the prohibition against trade-throughs, e.g. systems issues, trading rotations, crossed markets, intermarket sweep orders and price improvement trades.

Locked and Crossed Markets

(See Glossary of Terms.) The linkage plan requires each exchange to enforce rules requiring its members to avoid displaying locked or crossed quotes and to have procedures designed to assure reconciliation of any lock or cross.

GLOSSARY OF TERMS

Intermarket Sweep Orders (ISOs)

These orders sweep several different exchanges to complete an order. These provide an exception to the order protection rule. For example, if a trader is trying to buy 100 shares of XYZ, and there are 10 shares of XYZ being offered at \$1 at one exchange and 1000 at \$1.10 at another exchange, the order protection rule would let you buy only those 10 shares at \$1, after which you would need to send in other orders to execute at \$1.10 once the quote at \$1 had cleared. With the ISO, you can buy the 10 shares at \$1 and the remaining 90 at \$1.10 on the other exchange simultaneously.

Linkage Plan

Refers to the Options Order Protection Rule and the Locked/Crossed Market Plan, which all options exchanges have agreed to. Imposes requirements similar to those imposed by Regulation NMS for equity securities, including rules related to order protection and locked and crossed markets.

Locked and Crossed Markets

A market is locked if the national best bid price is the same as the national best ask price. A highly competitive market environment with the inside bid and offering at the same price.

Exchanges are required by Regulation NMS to have rules to deter and correct locked and crossed markets. Locked and crossed markets occur when a quote is temporarily inaccessible, or when the quotes have access fees that discourage hitting the quote.

Option class

A term referring to all options of the same type (either calls or puts) covering the same underlying stock.

Option series

Option contracts on the same class having the same strike price and expiration month. For example, all XYZ May 60 calls constitute a series.

Penny pricing

Refers to the adoption of smaller quotation intervals of \$0.01 in bid/ask spreads (previously \$0.05).

Trade-throughs

Refer to transacting an order on one market centre when a more advantageous price is available at another market centre, i.e. “trading-through” the price. The linkage plan requires the options exchanges to establish, maintain, and enforce written policies and procedures that are reasonably designed to prevent trade-throughs, subject to numerous exceptions.

ROLE OF THE ORDER ROUTER

When orders could only go to one exchange the procedure was straightforward. The emergence of competing exchanges with different pricing profiles has led to more complex order routing to achieve the best price.

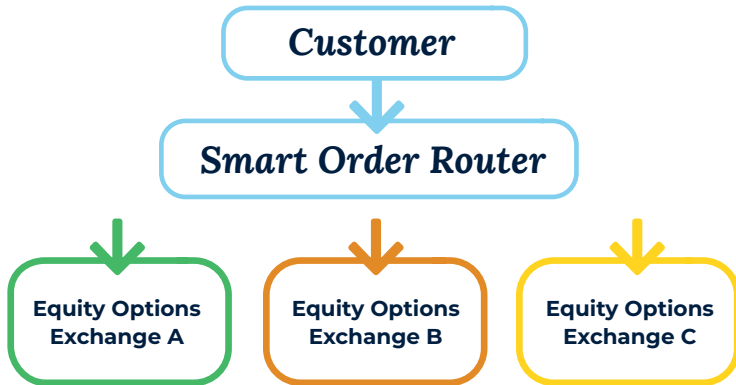
Most major brokers offer in-house capabilities that typically provide access to all options exchanges and often include additional functionality such as option trading, execution algorithms, volatility trading and hedging.

Third party order router systems also offer similar functionality, typically to higher volume users. Aggregating order flow from various sources, these firms use their own connections to route orders to the exchanges. Some option exchanges also offer order routing systems.

Order routers are important because exchanges frequently modify market structure through rule filings to the SEC that cover aspects such as pricing structures, market models, and order types. Buy-side accounts depend on brokers and vendors to navigate market structure. Many firms lack the resources to monitor rule filings.

Large customers have the ability to route their orders according to their preference.

Retail customers will normally leave the trade's execution in the hands of their broker, subject to the usual customer protection and best price safeguards.



Disclaimer

Options involve risks and are not suitable for everyone. Individuals should not enter into options transactions until they have read and understood the risk disclosure document, Characteristics and Risks of Standardized Options, available by visiting OptionsEducation.org or by contacting your broker, any exchange on which options are traded, or The Options Clearing Corporation at 125 S. Franklin St., #1200, Chicago, IL 60606.

In order to simplify the calculations used in the examples in these materials, commissions, fees, margin, interest and taxes have not been included. These costs will impact the outcome of any stock and options transactions and must be considered prior to entering into any transactions. Investors should consult their tax advisor about any potential tax consequences.

Any strategies discussed, including examples using actual securities and price data, are strictly for illustrative and educational purposes and should not be construed as an endorsement, recommendation, or solicitation to buy or sell securities. Past performance is not a guarantee of future results.

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OIC Investor Services

Provides information and education about options products traded on all OCC participant exchanges. E-mail options@theocc.com to have an Investor Services representative answer your options questions.

Chat live with an options professional on all trading days from 8:00 a.m. to 11:00 a.m. U.S. CT or 1:30 p.m. to 4:00 p.m. U.S. CT.

Go to

<https://www.optionseducation.org/abouttheoptionsindustrycouncil/investor-services>

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