

PRO RATA ASSIGNMENT PROCEDURE

The following is a description of the pro rata assignment methodology which is used for options on the S&P 100 Index contracts that are listed on CBOE.

The number of contracts in all short positions in a given series will be summed to determine the total open interest in that series. Next, the number of exercised long contracts within that series will be summed, and that total divided by the total open interest in order to determine the "exercise percentage" (carried to 17 decimal points). The number of contracts in each short position in each Clearing Member position account (including any sub-account) will then be multiplied by the exercise percentage to determine the pro rata assignment amount (carried to 5 decimal points).¹ A number of contracts equal to the assignment amount, ignoring any decimals, will then be assigned in the first round of assignments. If the total number of long positions exercised has not been assigned in this first assignment round, then a second assignment round is necessary to assign the remaining contracts (i.e., the number of contracts remaining after subtracting the number of contracts assigned in the first

¹ Assignments are made to short positions carried in a clearing member's position accounts (i.e., an account or sub-account that can hold positions). Each sub-account is treated as a separate "position account". Therefore, OCC will assign exercise notices directly to short positions held in a sub-account established by a clearing member for a single beneficial owner (including sub-accounts established by a clearing member for individual market makers in a combined market maker account).

round from the total number of long positions exercised). Those remaining contracts will be assigned -- one at a time -- in descending order from the short positions with the largest decimal amount to the short position with the smallest decimal. In the event that two or more short positions had equal decimal numbers, and there were an insufficient number of remaining exercises to assign to all such short positions, a random number will be used to determine which would be assigned.