



#41653

DATE: AUGUST 11, 2017

SUBJECT: REYNOLDS AMERICAN INC. - CASH IN LIEU SETTLEMENT
ADJUSTED OPTION SYMBOL: BTI1
ADJUSTED FUTURES SYMBOLS: RAI2D/RAI2J/RAI2K

Reynolds American Inc. options and futures were adjusted on July 25, 2017 (See OCC Information Memo #41557). The new deliverable became 1) 52 British American Tobacco p.l.c. (BTI) American Depositary Shares, 2) Cash in lieu of 0.6 fractional BTI share, and 3) \$2,944.00 Cash. Only settlement of the cash portion of BTI1 options exercise/assignment activity and RAI2D/RAI2J/RAI2K futures settlement activity was subject to delayed settlement.

OCC has been informed that a price of \$62.203563 per whole BTI share will be used to determine the cash in lieu amount. Accordingly, the cash in lieu amount is:

$$0.6 \times \$62.203563 = \$37.32 \text{ per BTI1 and RAI2D/RAI2J/RAI2K Contract}$$

Now that the exact cash in lieu amount has been determined, OCC will require Put exercisers and Call assignees, during the period of July 25, 2017 through August 11, 2017, to deliver the appropriate cash amount.

Terms of the BTI1 options and RAI2D/RAI2J/RAI2K futures are as follows:

New Deliverable Per Contract: 1) 52 British American Tobacco p.l.c. (BTI) Common Shares
2) \$2,981.32 Cash (\$2,944.00 + \$37.32)

STRIKE PRICES: Unchanged

CUSIP: BTI: 110448107

MULTIPLIER: 100 (i.e., a premium of 1.50 yields \$150)

SETTLEMENT

The BTI component of BTI1 exercise/assignment activity and RAI2D/RAI2J/RAI2K futures settlement activity from July 25, 2017 through August 10, 2017, has settled through National Security Clearing Corporation (NSCC). The \$2,981.32 cash amount will be settled by OCC.

PRICING

The underlying price for BTI1 options and RAI2D/RAI2J/RAI2K futures will be determined as follows:

$$\text{BTI1} = 0.52 (\text{BTI}) + 29.8132$$

For example, if BTI closes at 62.88, the BTI1 price would be calculated as follows:

$$BT11 = 0.52 (62.88) + 29.8132 = 62.51$$

DISCLAIMER

This Information Memo provides an unofficial summary of the terms of corporate events affecting listed options or futures prepared for the convenience of market participants. OCC accepts no responsibility for the accuracy or completeness of the summary, particularly for information which may be relevant to investment decisions. Option or futures investors should independently ascertain and evaluate all information concerning this corporate event(s).

The determination to adjust options and the nature of any adjustment is made by a panel of The OCC Securities Committee pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. The adjustment panel is comprised of representatives from OCC and each exchange which trades the affected option. The determination to adjust futures and the nature of any adjustment is made by OCC pursuant to OCC By-Laws, Article XII, Sections 3, 4, or 4A, as applicable. For both options and futures, each adjustment decision is made on a case by case basis. Adjustment decisions are based on information available at the time and are subject to change as additional information becomes available or if there are material changes to the terms of the corporate event(s) occasioning the adjustment.

ALL CLEARING MEMBERS ARE REQUESTED TO IMMEDIATELY ADVISE ALL BRANCH OFFICES AND CORRESPONDENTS ON THE ABOVE.

For questions regarding this memo, call Investor Services at 1-888-678-4667 or email investorservices@theocc.com. Clearing Members may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.