



**THE FOUNDATION
FOR SECURE
MARKETS**

#45779

DATE: OCTOBER 8, 2019

**SUBJECT: HALCON RESOURCES CORPORATION – CONTRACT
ADJUSTMENT**

**OPTION SYMBOL: 10/8/19 – HKRSQ remains HKRSQ
10/9/19 – HKRSQ becomes HKRS1**

DATE: 10/8/19

On September 24, 2019 United States Bankruptcy Court for the Southern District of Texas Houston Division confirmed the Joint Prepackaged Chapter 11 Plan (“Plan”) for Halcon Resources Corporation (HKRSQ). The Plan became effective on October 8, 2019, and all existing HKRSQ shares were canceled. As a result of the plan becoming effective, HKRSQ shareholders are entitled to receive 0.002319 (New) Halcon Resources Corporation Common Shares, 0.011138 (New) Series A Warrants, 0.013923 (New) Series B Warrants, 0.017901 (New) Series C Warrants for each HKRSQ share held. Fractional Halcon Resources Corporation Common Shares and Warrants will be rounded down to the nearest whole share or warrant.

Because fractional shares will be rounded down, HKRS1 options will not be adjusted to call for delivery of (New) Halcon Resources Corporation Common Shares ($100 \times 0.002319 = 0.2319$, which rounds down to 0).

HKRS1 options will be adjusted to call for delivery of the Series A Warrants, Series B Warrants, and Series C Warrants (see contract adjustment details below). The trading symbols for the Warrants are not known at this time. Until such time that the symbols of the Warrants can be confirmed, HKRS1 options will be subject to delayed settlement. It is anticipated that the Warrants will be traded on and Over-The-Counter (“OTC”) Market. If a market does not develop for the Warrants, OCC may require broker to broker settlement for any non-trading securities included in HKRS1 option exercise and assignment activity.

POSSIBLE SETTLEMENT PROCEDURES

After the Plan is effective, an OTC or OTCBB (Bulletin Board) market may develop in the U.S. for the Series A, Series B and Series C Warrants, although there is no assurance this will happen. OCC anticipates that if an OTC or OTCBB market develops, NSCC will accept transactions in the Warrants which arise as a result of option exercise and assignment activity. In that event, HKRS1 option exercise and assignment activity will settle in the normal fashion through NSCC. However, if a market does not develop or NSCC does not accept transactions in the Warrants, OCC anticipates requiring broker to broker settlement for HKRS1 option exercise and assignment activity.

Pursuant to customary OCC broker to broker settlement procedures, inability to effect delivery may subsequently occasion cash settlement as determined by OCC.

CONTRACT ADJUSTMENT

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STRIKE DIVISOR: 1

CONTRACTS
MULTIPLIER: 1

NEW MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 2.50 yields \$250.00)

NEW DELIVERABLE
PER CONTRACT: 1) 1 (New) Series A Warrants
2) 1 (New) Series B Warrants
3) 1 (New) Series C Warrants

CUSIPS: (New) Series A Warrants: 40537Q134
(New) Series B Warrants: 40537Q126
(New) Series C Warrants: 40537Q142

Settlement
Allocation: Series A Warrants: 30%
Series B Warrants: 35%
Series C Warrants: 35%

DELAYED SETTLEMENT

OCC will delay settlement of the warrants until the warrants' trading symbol and trading status are determined. Upon determination of the warrants' trading symbol and trading status, OCC will require Put exercisers and Call assignees to deliver the appropriate number of warrants.

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 OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. 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.