



#39953

DATE: OCTOBER 26, 2016

SUBJECT: ALCOA INC. - DISTRIBUTION
OPTION SYMBOL: AA
NEW SYMBOL: ARNC2
FUTURES SYMBOL: AA1D
NEW SYMBOL: ARNC3D
DATE: 11/01/2016

CONTRACT ADJUSTMENT - OPTIONS

EFFECTIVE DATE: November 1, 2016

OPTION SYMBOL: AA changes to ARNC2

STRIKE PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 27.00 yields \$2,700.00)

NEW DELIVERABLE PER CONTRACT

- 1) 100 Arconic Inc. (ARNC) Common Shares
- 2) 33 (New) Alcoa Corporation (AA) Common Shares
- 3) Cash in lieu of approximately 0.333333 fractional AA shares

SETTLEMENT ALLOCATION: ARNC: 75%
(New) AA: 25%

CUSIPS: ARNC: 03965L100
(New) AA: 013872106

THE SETTLEMENT ALLOCATION OF THE TOTAL STRIKE PRICE AMOUNT IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the cash in lieu amount is determined, the underlying price for ARNC2 will be determined as follows:

$$\text{ARNC2} = \text{ARNC} + 0.333333 (\text{AA})$$

DELAYED SETTLEMENT

The ARNC and AA components of the ARNC2 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the ARNC2 deliverable until the cash in lieu of fractional AA shares is determined. Upon determination of the cash in lieu amount, OCC will require Put exercisers and Call assignees to deliver the appropriate cash amount.

CONTRACT ADJUSTMENT - FUTURES

EFFECTIVE DATE: November 1, 2016

FUTURES SYMBOL: AA1D changes to ARNC3D

Note: Weekly Alcoa Inc. (AA) futures active at the time of the contract adjustment will be adjusted in a similar matter to that of AA1D futures.

SETTLEMENT PRICES: No Change

NUMBER OF CONTRACTS: No Change

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

NEW DELIVERABLE PER CONTRACT

- 1) 100 Arconic Inc. (ARNC) Common Shares
- 2) 33 (New) Alcoa Corporation (AA) Common Shares
- 3) Cash in lieu of approximately 0.333333 fractional AA Common Shares

SETTLEMENT ALLOCATION: ARNC: 75%
(New) AA: 25%

CUSIPS: ARNC: 03965L100
(New) AA: 013872106

THE SETTLEMENT ALLOCATION IS BEING PROVIDED SOLELY FOR THE PURPOSE OF THE INTERFACE BETWEEN OCC AND THE NATIONAL SECURITY CLEARING CORPORATION (NSCC), AND IS NOT INTENDED TO BE USED FOR ANY OTHER PURPOSE, TRANSACTION OR CUSTOMER ACCOUNT STATEMENTS.

PRICING

Until the cash in lieu amount is determined, the underlying price for the ARNC3D Futures contract deliverable, expressed in term of current market value, would be calculated as follows:

$$\text{ARNC3D} = \text{ARNC} + 0.333333 (\text{AA})$$

Please note that the valuation would apply only to the ARNC3D deliverable in terms of current market value of the deliverable securities. The resulting price would not be equivalent to the daily settlement price of a futures contract month, whose determination would include cost of money carrying charges, adjustment for dividends, and other factors.

DELAYED SETTLEMENT

The ARNC and AA components of the ARNC3D deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the ARNC3D deliverable until the cash in lieu of fractional AA shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

BACKGROUND

Alcoa Inc. (AA) has announced a distribution of (New) Alcoa Corporation (AA) Common Shares. The distribution ratio is one (New) AA share for every three (old) Alcoa Inc. shares held, or approximately 0.333333 of a (New) AA share for each (old) AA share held. At the effective time of the distribution, Alcoa, Inc. will change its name, trading symbol, and CUSIP to Arconic Inc. (ARNC), CUSIP 03965L100. The record date is October 20, 2016; the payable date is November 1, 2016. The New York Stock Exchange has set November 1, 2016, as the ex-distribution date for this distribution.

Alcoa Corporation Common Shares began trading on a when issued basis on October 18, 2016 on the NYSE under the trading symbol "AA WI".

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.