



#34655

**TO: ALL CLEARING MEMBERS**

**DATE: MAY 20, 2014**

**SUBJECT: THERAVANCE, INC. - DISTRIBUTION**  
**OPTION SYMBOL: THRX**  
**NEW SYMBOL: THRX1**  
**FUTURES SYMBOLS: THRX1C/THRX1D**  
**NEW SYMBOLS: THRX2C/THRX2D**  
**DATE: 6/3/14**

**CONTRACT ADJUSTMENT - OPTIONS**

**EFFECTIVE DATE:** June 3, 2014

**OPTION SYMBOL:** THRX changes to THRX1

**STRIKE PRICES:** No Change

**NUMBER OF CONTRACTS:** No Change

**MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 29 yields \$2,900)

**NEW DELIVERABLE PER CONTRACT**

- 1) 100 Theravance, Inc. (THRX) Common Shares
- 2) 28 Theravance Biopharma, Inc. (TBPH) Ordinary Shares
- 3) Cash in lieu of 0.5714 fractional TBPH Shares

**SETTLEMENT ALLOCATION:** THRX: 85%  
TBPH: 15%

**CUSIPS:** THRX: 88338T104  
TBPH: G8807B106

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 THRX1 will be determined as follows:

$$\text{THR}X1 = \text{THR}X + 0.285714 (\text{TBPH})$$

## **DELAYED SETTLEMENT**

The THRX and TBPH components of the THRX1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the THRX1 deliverable until the cash in lieu of fractional TBPH 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:	June 3, 2014
FUTURES SYMBOLS:	THR1C changes to THR2C THR1D changes to THR2D
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 Theravance, Inc. (THRX) Common Shares 2) 28 Theravance Biopharma, Inc. (TBPH) Ordinary Shares 3) Cash in lieu of 0.5714 fractional TBPH Shares
SETTLEMENT ALLOCATION:	THRX: 85% TBPH: 15%
CUSIPS:	THRX: 88338T104 TBPH: G8807B106

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 THRX2C/THR2D Futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{THR}X2C = \text{THR}X + 0.285714 (\text{TBPH})$$

Please note that the valuation would apply only to the THRX2C/THR2D deliverables 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 THRX and TBPH components of the THRX2C/THR2D deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the THRX2C/THR2D

deliverable until the cash in lieu of fractional THRX shares is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

## **BACKGROUND**

Theravance, Inc. (THRX) has announced a distribution of Theravance Biopharma, Inc. (TBPH) Ordinary Shares. The distribution ratio is 0.285714 TBPH shares for each THRX share held. The record date is May 15, 2014; the payment date is June 2, 2014. The NASDAQ Stock Market has set June 3, 2014, as the ex-distribution date for this distribution.

Theravance Biopharma, Inc. Ordinary Shares began trading on a when issued basis on May 16, 2014 on the NASDAQ Stock Market under the trading symbol TBPHV.

## **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.**

Questions regarding this memo can be addressed to Member Services at (800) 544-6091. Within Canada call (800) 424-7320.

**CATEGORY:            CONTRACT ADJUSTMENT**