

Because the issuer of a particular foreign currency may unilaterally issue a new currency to replace its existing currency or alter the exchange rate or exchange characteristics of its existing currency with respect to other currencies, an adjustment panel has the discretion to adjust the terms of the options on such foreign currency. (At the date of this booklet, the representative of OCC on an adjustment panel has the power to vote on adjustments to all foreign currency options whether or not the votes of the other panel members result in a tie.) Ordinarily, the terms of foreign currency options will not be adjusted to reflect a devaluation or revaluation of a currency. The monetary authorities of the European Economic Community may change the weighting and identity of the currencies comprising the ECU from time to time. Except in extraordinary circumstances, the terms of ECU options will not be adjusted to reflect such changes.

Premiums for currently available dollar-denominated options on foreign currencies other than the French franc and the Japanese yen are expressed in U.S. cents per unit of foreign currency.

EXAMPLE: If a dollar-denominated option covering 62,500 Swiss francs is purchased at a premium of .81, the cost of the option will be \$506.25 (.81 cents, or \$.0081, times the unit of trading of 62,500).

Premiums for currently available dollar-denominated French franc options are expressed in tenths of U.S. cents.

EXAMPLE: If a dollar-denominated option covering 250,000 French francs is purchased at a premium of .65, the cost of the option will be \$162.50 (.065 cents, or \$.00065, times the unit of trading of 250,000).

Premiums for currently available dollar-denominated Japanese yen options are expressed in hundredths of U.S. cents.

EXAMPLE: If a dollar-denominated option covering 6,250,000 Japanese yen is purchased at a premium of .42, the cost of the option will be \$262.50 (.0042 cents, or \$.000042, times the unit of trading of 6,250,000).

Settlement of exercises of physical delivery dollar-denominated and cross-rate options is significantly different from settlement of exercises of other types of options. The following is a description of the settlement procedures pertaining to such options.