

capped options that have been automatically exercised on any trading day other than the one immediately prior to expiration are settled on the second business day after the automatic exercise is triggered. The settlement of exercises of cash-settled options that have a settlement currency that is not U.S. dollars is discussed under "Settlement Currency" in Chapter VII.

OCC has authority to postpone settlement of any option on any type of underlying interest when OCC considers such action to be necessary in the public interest or to meet unusual conditions.

Each brokerage firm involved in an exercise or assignment settles with its own customer. Neither OCC nor any options market has any responsibility to customers with respect to funds or securities that have been received by brokerage firms for their customers. Investors may determine from their brokerage firms when and how settlement amounts will be credited or debited to their brokerage accounts.

In certain unusual circumstances, it might not be possible for uncovered call writers of physical delivery stock and stock index options to obtain the underlying equity securities in order to meet their settlement obligations following exercise. This could happen, for example, in the event of a successful tender offer for all or substantially all of the outstanding shares of an underlying security or if trading in an underlying security were enjoined or suspended. In situations of that type, OCC may impose special exercise settlement procedures. These special procedures, applicable only to calls and only when an assigned writer is unable to obtain the underlying security, may involve the suspension of the settlement obligations of the holder and writer and/or the fixing of cash settlement prices in lieu of delivery of the underlying security. In such circumstances, OCC might also prohibit the exercise of puts by holders who would be unable to deliver the underlying security on the exercise settlement date. When special exercise settlement procedures are imposed, OCC will announce to its Clearing Members how settlements are to be handled. Investors may obtain that information from their brokerage firms.