



**THE FOUNDATION
FOR SECURE
MARKETS**

#43861

DATE: OCTOBER 17, 2018

SUBJECT: HONEYWELL INTERNATIONAL INC. – DISTRIBUTION
OPTION SYMBOLS: HON/2HON
NEW SYMBOLS: HON2/2HON2
FUTURES SYMBOL: HON1D
NEW SYMBOL: HON3D
DATE: 10/29/18

CONTRACT ADJUSTMENT – OPTIONS

EFFECTIVE DATE: October 29, 2018

OPTION SYMBOLS: HON changes to HON2
2HON changes to 2HON2

STRIKE PRICES: No Change

NUMBER OF CONTRACTS: No Change

MULTIPLIER: 100 (e.g., a premium of 1.50 yields \$150; a strike of 155 yields \$15,500.00)

NEW DELIVERABLE PER CONTRACT:

- 1) 100 Honeywell International Inc. (HON) Common Shares
- 2) 16 (New) Resideo Technologies, Inc. (REZI) Common Shares
- 3) Cash in lieu of approximately 0.6667 fractional REZI Common Shares

SETTLEMENT ALLOCATION: HON: 95%
REZI: 5%

CUSIPS: HON: 438516106
REZI: 76118Y104

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 HON2/2HON2 will be determined as follows:

$$\text{HON2} = \text{HON} + 0.166667 (\text{REZI})$$

DELAYED SETTLEMENT

The HON and REZI components of the HON2/2HON2 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the HON2/2HON2 deliverable until the cash in lieu of fractional REZI Common 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: October 29, 2018

FUTURES SYMBOL: HON1D changes to HON3D

Note: All active Honeywell International Inc. (HON) futures will be adjusted in a manner similar to that of HON1D 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 Honeywell International Inc. (HON) Common Shares
- 2) 16 (New) Resideo Technologies, Inc. (REZI) Common Shares
- 3) Cash in lieu of approximately 0.6667 fractional REZI Common Shares

SETTLEMENT ALLOCATION:

HON: 95%
REZI: 5%

CUSIPS:

HON: 438516106
REZI: 76118Y104

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 HON3D/all active HON Futures contracts deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{HON3D} = \text{HON} + 0.166667 (\text{REZI})$$

Please note that the valuation would apply only to the HON3D/all active HON Futures 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 HON and REZI components of the HON3D/all active HON Futures deliverables will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the cash portion of the HON3D/all active HON Futures deliverables until the cash in lieu amount is determined. Upon determination of the cash in lieu amount, OCC will require delivery of the appropriate cash amount.

BACKGROUND

Honeywell International Inc. (HON) has announced a distribution of (New) Resideo Technologies, Inc. (REZI) Common Shares. The distribution ratio is approximately 0.166667 of a REZI share for each HON share held. The record date is October 16, 2018; the payable date is October 29, 2018. The New York Stock Exchange (NYSE) has set October 29, 2018, as the ex-distribution date for this distribution.

Resideo Technologies, Inc. Common Shares began trading on a when issued basis on October 15, 2018 on the NYSE under the trading symbol "REZI 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.