



**DATE:** JUNE 20, 2019

**SUBJECT:** KAR AUCTION SERVICES, INC. - DISTRIBUTION  
OPTION SYMBOLS: KAR/1KAR  
NEW SYMBOLS: KAR1/1KAR1  
FUTURES SYMBOL: KAR1D  
NEW SYMBOL: KAR2D  
DATE: 6/28/19

**CONTRACT ADJUSTMENT – OPTIONS**

**EFFECTIVE DATE:** June 28, 2019

**OPTION SYMBOLS:** KAR changes to KAR1  
1KAR changes to 1KAR1

**STRIKE PRICES:** No Change

**NUMBER OF CONTRACTS:** No Change

**MULTIPLIER:** 100 (e.g., a premium of 1.50 yields \$150; a strike of 60 yields \$6,000.00)

**NEW DELIVERABLE PER CONTRACT:** 1) 100 KAR Auction Services, Inc. (KAR) Common Shares  
2) 100 (New) IAA, Inc. (IAA) Common Shares

**SETTLEMENT ALLOCATION:** KAR: 35%  
IAA: 65%

**CUSIPS:** KAR: 48238T109  
IAA: 449253103

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**

The underlying price for KAR1/1KAR1 will be determined as follows:

$$\text{KAR1} = \text{KAR} + \text{IAA}$$

## **CONTRACT ADJUSTMENT - FUTURES**

EFFECTIVE DATE: June 28, 2019

FUTURES SYMBOL: KAR1D changes to KAR2D

Note: All active KAR Auction Services, Inc. (KAR) futures will be adjusted in a manner similar to that of KAR1D 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 KAR Auction Services, Inc. (KAR) Common Shares  
2) 100 (New) IAA, Inc. (IAA) Common Shares

SETTLEMENT ALLOCATION: KAR: 35%  
IAA: 65%

CUSIPS: KAR: 48238T109  
IAA: 449253103

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**

The underlying price for KAR2D/all active KAR futures contract deliverables, expressed in term of current market value, would be calculated as follows:

$$\text{KAR2D} = \text{KAR} + \text{IAA}$$

Please note that the valuation would apply only to the KAR2D 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.

## **BACKGROUND**

KAR Auction Services, Inc. (KAR) has announced a distribution of (New) IAA, Inc. (IAA) Common Shares. The distribution ratio is 1.0 IAA share for each KAR share held. The record date is June 18, 2019; the payable date is June 28, 2019. The NYSE has set June 28, 2019, as the ex-distribution date for this distribution.

IAA, Inc. Common Shares began trading on a when issued basis on June 17, 2019 on the NYSE under the trading symbol "IAA WI", and are anticipated to begin trading regular way on June 28, 2019, under the trading symbol "IAA".

## **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 OCC pursuant to OCC By-Laws, Article VI, Sections 11 and 11A. 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](mailto: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](mailto:memberservices@theocc.com).