



**THE FOUNDATION
FOR SECURE
MARKETS®**

#53250

Date: September 22, 2023

Subject: Novartis AG – Distribution
Option Symbols: NVS/2NVS
New Symbols: NVS1/2NVS1
Date: 10/04/2023

Novartis AG (NVS) has announced a distribution of (New) Sandoz Group AG (“SpinCo”) American Depositary Shares. The distribution ratio is 0.2 of a SpinCo share for each NVS share held. The record date is September 25, 2023; the payable date is October 3, 2023. The NYSE has set October 4, 2023, as the ex-distribution date for this distribution.

Sandoz Group AG American Depositary Shares are expected to trade on an over-the-counter market under a trading symbol that has yet to be determined.

Possible Settlement Procedures

OCC anticipates that if an OTC or OTCBB (Bulletin Board) market develops, NSCC will accept transactions in the SpinCo American Depositary Shares which arise as a result of option exercise and assignment activity. In that event, NVS1/2NVS1 option exercise and assignment activity will settle in the normal fashion through NSCC. However, if a market does not develop or NSCC does not accept transactions in the SpinCo American Depositary Shares, OCC anticipates requiring broker to broker settlement for NVS1/2NVS1 options. Pursuant to customer OCC broker to broker settlement procedures, inability to effect delivery may subsequently occasion cash settlement as determined by OCC.

Contract Adjustment

Effective Date: October 4, 2023

Option Symbols: NVS changes to NVS1
2NVS changes to 2NVS1

Strike Prices: No Change

Number of Contracts: No Change

Multiplier: 100 (e.g., a premium of 1.50 yields \$150; a strike of 103 yields \$10,300.00)

New Deliverable Per Contract: 1) 100 Novartis AG (NVS) American Depositary Shares

2) 20 (New) Sandoz Group AG American Depositary Shares (subject to delayed settlement until the trading status can be determined)

Settlement

Allocation: NVS: 95%
SpinCo: 5%

CUSIPs: NVS: 66987V109
TBD: 799926100

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 NVS1/2NVS1 will be determined as follows:

$$\text{NVS1} = \text{NVS} + 0.2 (\text{SpinCo})$$

Delayed Settlement

The NVS component of the NVS1/2NVS1 deliverable will settle through National Securities Clearing Corporation (NSCC). OCC will delay settlement of the SpinCo American Depositary Share component of the NVS1/2NVS1 deliverable until the trading status of SpinCo American Depositary Shares is determined. Upon determination of the trading status, OCC will require Put exercisers and Call assignees to deliver the appropriate number of SpinCo shares.

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, please email the Investor Education team at options@theocc.com. Clearing Member Firms of OCC may contact Member Services at 1-800-544-6091 or, within Canada, at 1-800-424-7320, or email memberservices@theocc.com.