



Investor Relations  
Supplementary Disclosure:

The Options Clearing  
Corporation (OCC)  
capital plan changes and  
implications for Nasdaq

March 2019

# The Options Clearing Corporation (OCC) capital plan changes and implications for Nasdaq

- **In February 2019, the SEC disapproved the Options Clearing Corporation's (OCC) rule change** that established OCC's 2015 capital plan.
- **Nasdaq, owning 40% of OCC, contributed a combined total of \$60 million in new equity capital** to OCC under the 2015 capital plan. **OCC began a phased return of capital** contributed under that plan, and Nasdaq received \$44 million on February 28, 2019 with the remainder to be repaid at a later date.
- We are also **released from commitments under the 2015 plan to contribute additional capital** if OCC needs it to comply with applicable capital requirements.
- **Following the disapproval of the 2015 capital plan, OCC informed Nasdaq of its intent to respond (and ensure it remains adequately capitalized)** by suspending customer rebates and dividends to owners (including the unpaid dividend on 2018 results) and announcing an intention to raise pricing.
- Nasdaq accounts for its ownership in OCC under the equity method of accounting and **income recognized on the OCC investment represented 1-2% of our non-GAAP net income** between 2016-2018.
- We expect to continue to recognize income on the OCC investment under the equity method of accounting. **We do not expect to receive dividends in 2019 or future periods.** As a result, **in future periods we will exclude such income when presenting non-GAAP earnings resulting in an expected impact in diluted earnings per share of approximately (\$0.02) per quarter.**<sup>1</sup>

<sup>1</sup>U.S. GAAP impact is not provided as we are unable to estimate OCC's net earnings for future periods.

# Disclaimer

## Cautionary Note Regarding Forward-looking Statements

Information set forth in this communication contains forward-looking statements that involve a number of risks and uncertainties. Nasdaq cautions readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. Such forward-looking statements include, but are not limited to (i) projections relating to our future financial results, market share, trading volumes, business strategy, products and services, (ii) projections about the competitive and regulatory environment relevant to our cash equity, options and other exchanges and related businesses, (iii) statements about strategic developments in industries in which we compete and (iv) other statements that are not historical facts. Forward-looking statements involve a number of risks, uncertainties or other factors beyond Nasdaq's control. These factors include, but are not limited to, Nasdaq's ability to implement its strategic initiatives, economic, political and market conditions and fluctuations, government and industry regulation, U.S. and global competition, and other factors detailed in Nasdaq's filings with the U.S. Securities and Exchange Commission, including its annual reports on Form 10-K and quarterly reports on Form 10-Q which are available on Nasdaq's investor relations website at <http://ir.nasdaq.com> and the SEC's website at [www.sec.gov](http://www.sec.gov). Nasdaq undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

## Website Disclosure

Nasdaq intends to use its website, [ir.nasdaq.com](http://ir.nasdaq.com), as a means for disclosing material non-public information and for complying with SEC Regulation FD and other disclosure obligations. These disclosures will be included on Nasdaq's website under "Investor Relations."