

Title: In the event of a spinoff of Gmerica, what happens to options?

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If, for example, it's a 1:2 (1 new Gmerica share for every 2 GME held) I understand that the options will start trading under a new ticker GME1, but do all previous options get converted to this new formula, or does GME1 simply begin option trading after the announcement?

Pre spinoff announcement (currently): GME options trade under GME

Post Spinoff Announcement Possibility 1: all existing GME converted to GME1 (1contract = 100GME + 50Gmerica) and GME begins trading without the value of Gmerica added in.

Post Spinoff Announcement Possibility 2: all existing GME continue to trade, but now the value of Gmerica is stripped out (lowering the value) and the GME1 begins options trading as 1 contract = 100GME + 50GMErica until the spinoff is complete.

Which possibility is the right one? Or are they both wrong?