

The Depository Trust Company

IMPORTANT

B#: 2816-07

DATE: December 24, 2007

TO: All Participants

CATEGORY: Settlement / Underwriting

FROM: Product Management

ATTENTION: Settlement Manager/Managing Director/Cashier

SUBJECT: **Options Symbology Initiative (OSI) – OCC Pledges & Release Requests and Premium Payment Orders (PPOs)**

In an effort to standardize option symbols and overhaul the existing method of identifying exchange-listed options contracts, the Options Clearing Corporation (OCC) is spearheading the industry-wide adoption of the Options Symbology Initiative (OSI). The OSI supports the elimination of alpha codes that are currently used to denote expiration month, call/put code and strike price. The OCC has additionally asked DTC to make changes related to sub-accounting requirements for OCC Pledges and Release Requests.

In support of these initiatives, DTC is implementing changes that will impact its Collateral Loan System for OCC Pledges and Release Requests and its Payment Order System for Premium Payment Orders (PPOs). The proposed modifications in reference to participant input and output formats will include the expansion of field sizes for OCC related fields that currently exist in the “comments field” and the addition of new fields to DTC’s PTS/PBS screens, MQ/NDM/CF2 record layouts and ISO message formats.

DTC will support a migration plan that allows participants to migrate to the new OCC Pledge and Release Request formats beginning on August 8, 2008. Participants must complete migration to the new formats by October 10, 2008. PPO input and output changes will follow a more elongated timeline. A summary of the changes and their respective timelines for implementation is outlined on the following page:

OCC Pledges and Release Requests:

January 2008	Updated version of user guides will be available.
June to July 2008	DTC's and OCC's test systems will be available to participants.
August 8, 2008	Start of migration to new record and data formats. Participants can send in Pledges and Release Requests in production in either the new format or the old format. Output will be available in the new format and the old format.
October 10, 2008	Participants must fully convert to the new input and output formats. Old formats will no longer be supported.
January to July 2009	For the collateral type of Specific Deposits, DTC will support testing for the OCC Expiration Day & OCC Option Strike Price (Fractional/Decimal) fields.
July 31, 2009	For the collateral type of Specific Deposits, participants must populate the OCC Expiration Day & OCC Option Strike Price (fractional/decimal) fields as required by the OCC.
August 2009	Start of conversion for option symbols into base symbols as announced in more details by the OCC.

PPOs

January 2008	Updated version of user guides available.
June to December 2008	DTC's test system will be available to Participants .
January to July 2009	Migration to new input and output formats.
July 31, 2009	Participants must fully convert to new input and output formats. Old formats will no longer be supported.
August 2009	Start of conversion for option symbols into base symbols as announced in more details by the OCC.

Please note that DTC will issue subsequent important notices in reference to setup information for the testing process. If you have any further questions, please contact the undersigned at (212) 855-3558 or aramkalawon@dtcc.com or Louis Lepore at (212) 855-4223 or llepore@dtcc.com. If you need any additional information on the Options Symbology Initiative (OSI), please refer to the Options Clearing Corporation's website at www.optionsclearing.com/initiatives/symbology or contact Sharon Basso at (312) 322-7620 or sbasso@theocc.com.

Ashik Ramkalawon
Product Manager

Proposed modifications for Collateral Loans – OCC Pledges & Release Requests

OCC Pledges & Release Requests - New fields

New Fields	Field Size Requirements (Bytes)
OCC Clearing Group ID	2
OCC Account ID	15
OCC Option Expiration Day	2

OCC Pledges & Release Requests - Existing OCC field size and name updates

Current Field Name (In free form "COMMENTS" section)	Current Field Size (Bytes)	New Field Name	Field Size Requirements (Bytes)
OCC 3rd Party	3	OCC Clearing Member Number	5
OCC Entry Type	1	OCC Collateral Type	2
OCC Account Type	1	OCC Account Type	2
OCC Put or Call Code	1	OCC Option Type	1
OCC Trade Symbol	6	OCC Options Symbol	6
OCC Expiration Year	1	OCC Option Expiration Year	4
OCC Expiration Month	2	OCC Option Expiration Month	2
OCC Exercise Price	3	OCC Option Strike Price	6
OCC Fraction	1	OCC Option Strike Price (Fractional / Decimal)	6
Cross Reference Number	12	OCC Cross Reference	20
Customer Account Number	16	OCC Customer Account	20

• **January 2008**

- DTC issues the updated version of the collateral loan services user guides for new input and output data formats and record layouts (MQ, NDM, CF2, ISO) reflecting new fields and expanded field sizes for OCC pledges & release requests.
- Participants should refer to the updated version of all applicable collateral loan services user guides and documents available on www.dtc.org for all necessary changes.

- User guides for input & output formats:

- 5.19 Collateral Loan Services PLG 1& 5 Function User's Guide (section 4.4 Col Detail Record Format for Input)
- ISO 15022 Message Layouts - Pledges
- 20.03 User Guide for Release Request and Pledge/Pledge Return processing
- 5.06 CF2PLR Function User's Guide Pledge/Release Function via CCF2
- 5.11 Settlement Participant Activity (DTFPART) Function User's Guide
- 5.17 Pledge Release Request Data Transmission (DTF/RLSERQ) via DTF Function User's Guide

• **June to July 2008**

- DTC conducts user acceptance testing (UAT) with participants in reference to new input and output data & record formats (MQ, NDM, CF2, ISO, PTS) for OCC pledges & release requests. This testing will include participant roundtrip testing through to/from the OCC in the new format.

• **August 8, 2008**

- Participants begin migration to new record and data formats for OCC pledges & release requests:
 - Input record formats: DTC permits participants to submit data in either old or new formats.
 - Output record formats: DTC will provide output to participants in either old or new formats.
- Please note that participants who are migrating to the new record formats are expected to submit data as per the following requirements:

- **OCC Clearing Group ID – OCC Future Use**
- **OCC Clearing Member Number - Expanded required field**
- **OCC Account Type - Expanded required field**
- **OCC Account ID - New optional field**
- **OCC Collateral Type - Expanded required field**
- **OCC Option Symbol** – Required for collateral type of Specific Deposit. Continues to be populated with current option symbol until the OSI Symbol Conversion Plan is finalized. After which, this field must be populated with the option base symbol.
- **OCC Option Expiration Year - Expanded field** required for the collateral type of Specific Deposits. Field must now be populated with a 4 character expiration year.
- **OCC Option Expiration Day - New field. Optional (until July 2009)** for the collateral type of Specific Deposits. Participants may populate this new field but OCC will not require or validate this data until July 31, 2009.
- **OCC Option Strike Price (Integer) - Expanded field** required for the collateral type of Specific Deposits.
- **OCC Option Strike Price (Fractional/Decimal) - Expanded field** required for the collateral type of Specific Deposits. Participants must continue to populate the fractional/decimal field with fractional data until July 31, 2009.
- **OCC Cross Reference - Expanded optional field.**
- **OCC Customer Account - Expanded optional field**

- **October 10, 2008**

- Participants must fully convert to new input and output record formats and must submit transactions to DTC as per the data requirements mentioned above.
- Validation of data inputs will be effective and participants must be ready to accept new output formats from DTC.

- **January 2009 to July 2009**

- Participants engage in a second roundtrip testing phase through to/from the OCC for the following fields:
 - OCC Option Expiration Day - For the collateral type of Specific Deposits, field should be populated with the explicit expiration day.
 - OCC Option Strike Price (Fractional/Decimal) - For the collateral type of Specific Deposits, field should be populated with decimal data.

- **July 31, 2009**

- For the collateral type of Specific Deposits, participants must submit data for the OCC Option Expiration Day field and the OCC Option Strike Price (Fractional/Decimal) field in decimal format for collateral type of Specific Deposits.

- **August 2009**

- Start of industry-wide conversion for all current option symbols into their base symbols.

Proposed modifications for Premium Payment Orders (PPOs)

Premium Payment Orders (PPOs) – New field

New Field Name	Field Size Requirements (Bytes)
Expiration Day (as component of Expiration Date field)	2

Premium Payment Orders (PPOs) - Existing field size updates

Current Field Name	Current Field Size (Bytes)	Field Size Requirements (Bytes)
Expiration Year (as component of Expiration Date field)	2	4
Trading Symbol	5	6
Exercise Price (Integer)	5	6
Exercise Price (Fraction / decimal)	2	6

• **January 2008**

- DTC issues the updated version of payment orders user guides for new input and output data formats and record layouts (MQ, NDM, CF2, ISO) reflecting new fields and expanded field sizes for PPOs.
- Participants should refer to the updated version of all applicable payment orders user guides and documents available on www.dtc.org for all necessary changes.

- **User guides for input & output formats:**

- 5.22 Payment Orders Instructions POL1 & 5 Function User’s Guide (Section 4.3 PPO Input Record)
- 25.03 ISO 15022 Message Layouts – Payment Orders
- 20.02 Payment Order Output for SPO, PPO and ACATS Payorder (Exhibit 6 Data Response Block for PPOs)
- 5.04 CF2POC Function User’s Guide Payment Orders via CCF2
- 5.13 PARTPO Function User’s Guide DTC Participant Account Return Payment Order

• **June to December 2008**

- DTC conducts user acceptance testing (UAT) with participants in reference to new PPO input and output data/record formats (MQ, NDM, CF2, ISO, PTS, PBS).

• **January 2009 to July 2009**

- Participants migrate to new PPO record and data formats.
 - Input record formats: DTC permits participants to submit data in both old and new formats.
 - Output record formats: DTC will provide output to participants in both old and new formats.
- Please note that participants who are migrating to the new PPO record formats are expected to submit data as per the following requirements although DTC does not edit or validate option symbols for PPO transactions.
 - **Expiration Day - New field**
 - **Expiration Year - Expanded field:** Field must now be populated with a 4 character expiration year (e.g: 2008)
 - **Option Symbol - Expanded field**
 - **Exercise Price (Integer) - Expanded field**
 - **Exercise Price Fraction/Decimal - Expanded field**

- **July 31, 2009**
 - Participants must fully convert to new PPO input and output record formats and must submit transactions to DTC as per the data requirements mentioned above.
- **August 2009**
 - Start of industry-wide conversion for all current option symbols into their base symbols.