

The Depository Trust Company

IMPORTANT

B#: 3052-08

DATE: February 29, 2008

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)**

On December 24, 2007, DTC issued Important Notice #2816-07 which outlined the modifications to its Collateral Loan System for OCC Pledges and Release Requests and its Payment Order System for Premium Payment Orders (PPOs). **Subject to SEC approval**, these modifications are being implemented in support of the industry-wide Options Symbology Initiative (OSI). They also include the requested modifications being mandated by OCC related to sub-accounting requirements for OCC Pledges and Release Requests. Subject to a migration period, the OCC Pledge and Release Request modifications are scheduled for implementation on October 10, 2008. These modifications will incorporate the new and expanded fields required for OSI.

As a follow-up to that notice, please be advised that DTC has made available the updated user guide documents to its website at www.dtcc.com. This section can be accessed directly by clicking on the following URL address: <http://www.dtcc.com/products/documentation/cs/cs.php#formats>. Participants should refer to these documents in order to process the necessary modifications to their input and output file formats in accordance with these initiatives.

For participants who currently use the Legacy CF2 file formats (**CF2PLR** for OCC Pledges & Release Requests and **CF2POC** for PPOs), please be advised that DTC **will not** be making modifications to these input file formats. These participants are advised to program for the following:

- **OCC Pledges and Release Requests** – Program for MQ input PLG1 or NDM/FTP input PLG5 (**Record Type COLC02**) located in user guide **Document 5.19**

- **Premium Payment Orders (PPOs)** – Program for MQ input POL1 or NDM/FTP input POL5 (**Version 02**) located in user guide **Document 5.22**

Listed below are the timelines and proposed modifications for OCC Pledges & Release Requests and Premium Payment Orders (PPOs). Also listed are the user guide documents affected by these initiatives, what they are used for and a summary of the key modifications to their file formats.

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 your Relationship Manager or the undersigned 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.

Louis Lepore
Product Manager
Equity Clearance & Settlement

Proposed Timeline - OCC Pledges & Release Requests

June 2008	DTC's & OCC's test systems will be available to participants
August 8, 2008	Start of migration to new record & data formats. Participants can send Pledges & Release Requests in production in either the new format or the current (old) format. Output will be available in the new format and the current (old) format based upon input choice
October 10, 2008	Participants must fully convert to the new input & output file formats. Current (old) formats will no longer be supported
March/April 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 OSI
August 2009	Start of the conversion for options symbols into base symbols as announced in more details by the OCC

Modifications - OCC Pledges & Release Requests

OCC Pledges & Release Requests - New fields

New Fields	Field Size Requirements (Bytes)
OCC Clearing Group ID (OCC Future Use)	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

File Formats - OCC Pledges & Release Requests

1) Document 5.19

- Used by participants to program MQ & NDM/FTP input of OCC Pledges and Release Requests (also known as an Options Release of Deposit Request)
- For OCC Pledges and Release Request processing, DTC has created a new header record type called **COLC02** which has a new **Record Length = 500 characters** (See Sections 4.5 & 4.6)
- During the migration period beginning August 8, 2008 and ending October 9, 2008, participants can submit using this new input file format (**Record Type - COLC02**) or continue to submit using their current (old) input file format(s)
- Effective October 10, 2008, participants will be required to submit OCC Pledges and Release Requests using this new input format (**Record Type - COLC02**)
- In addition, participants should be advised of the new error messages that will apply to both **COLC01 & COLC02** transaction types (effective August 8, 2008) for errors associated with an OCC Options Release of Deposit Request transaction (See sections 6.5 & 7.2)

2) Document 20.03

- Used by participants to describe the receipt of Machine Readable Output (MRO) associated with OCC Pledge and Pledge Return transactions
- For reporting on OCC Pledges and Pledge Returns, DTC has created a new output file format which has a new **Record Length = 639 characters** (See Exhibit 5B)
- During the migration period beginning August 8, 2008 and ending October 9, 2008, participants who submit transactions using the new header input record type **COLC02** will receive output in this new file format (See Exhibit 5B). Participants who continue to submit using their current (old) input file formats will receive output in the current (old) output file formats
- Effective October 10, 2008, participants will be required to accept output in this new file format only (Exhibit 5B) for OCC Pledges and Pledge Returns

3) Document 5.11

- Used by participants to describe the receipt of NDM/FTP output associated with OCC Pledge and Pledge Return transactions
- For reporting on transactions related to OCC Pledges and Pledge Returns, DTC has expanded the **Record Length = 837 characters**. The breakdown of the new OCC related field positions begin on Byte 714 and end on Byte 837 (See Page 16). Participants who wish to receive this new data output must make the necessary programming modifications to receive this expanded file format
- This expanded output file format will be available beginning August 8, 2008

4) Document 5.06

- DTC **will not** be making modifications to this input format for OCC Pledges and Release Requests. Participants who currently use this input file format must program **MQ input PLG1 or NDM/FTP input PLG5** located in user guide Document 5.19

- During the migration period beginning August 8, 2008 and ending October 9, 2008, participants who continue to submit transactions using this input file format will receive output in the current (old) file format (**Exhibit 5 of Document 20.03**)
- Effective October 10, 2008, participants will no longer be able to input OCC Pledges and Release Requests using this input file format as it will be discontinued for these types of transactions

Proposed Timeline - PPOs

June 2008	DTC's test system will be available to Participants
January 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 the conversion for options symbols into base symbols as announced in more details by the OCC

Modifications for 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

File Formats - PPOs

1) Document 5.22

- Used by participants to program MQ & NDM/FTP input of PPO transactions
- For PPO processing, DTC has created a new input record called **Version 02** which has a new **Record Length=317 characters (See Section 4.4)**. This input record includes the expanded fields affected by OSI
- During the migration period beginning January 2009 and ending July 2009, participants can submit using this new input record (**Version 02**) or continue to submit using their current (old) input format(s)
- Effective July 31, 2009, participants will be required to submit PPOs using this new input record (**Version 02**)

2) Document 20.02

- Used by participants to describe the receipt of Machine Readable Output (MRO) associated with PPO transactions
- For reporting on PPO transactions, DTC has taken an existing filler beginning on Byte 399 and ending on Byte 440 and has used it for the new extended fields affected by OSI (**See Exhibit 6**)
- During the migration period beginning January 2009 and ending July 2009, both the original and new OSI extended data fields will be populated
- Effective July 31, 2009, participants will be required to program to receive the new extended data fields as the original data fields will no longer be populated

3) Document 5.13

- Used by participants to describe the receipt of NDM/FTP output associated with PPO transactions
- For reporting of new OSI extended fields on PPO transactions, DTC has expanded the **Record Length = 255 characters (See Exhibit 4.2)**. These new positions begin on Byte 211 and end on Byte 255
- During the transition period of January 2009 through July 2009, both the original and new OSI extended fields will be populated
- Effective July 31, 2009, participants should program to receive the new extended data fields as the original data fields will no longer be populated
- **Please note: Since the record length is expanding to 255 characters for the PPO Transaction Detail Record Format, the same record length (255 characters) will be expanded for the Security Payment Order (SPO) Transaction Detail Record Format (See Exhibit 4.1). The additional bytes will be added to the existing filler field starting on Byte 211. The last position is now a total of 45 bytes (Filler field)**

4) Document 5.04

- DTC **will not** be making modifications to this input file format for PPO transactions. Participants who use this input file format must program for **MQ input POL1 or NDM/FTP input POL5** located in user guide Document 5.22
- During the migration period beginning January, 2009 and ending July, 2009, participants can continue to submit transactions using this input format
- Effective July 31, 2009, participants will no longer be able to input PPOs using this input file format as it will be discontinued for this type of transaction