

The Depository Trust Company

IMPORTANT

B#: 3777-08

DATE: August 1, 2008

TO: All Participants

CATEGORY: Compliance

FROM: General Counsel's Office

ATTENTION: Managing Partner/Compliance Officer/General Counsel's Office

SUBJECT: DTC Proposed Rule Change SR-DTC-2008-10 relating to the industry wide Options Symbology Initiative and OCC Sub-Accounting Initiative.

Recently, The Depository Trust Company ("DTC") filed a rule change with the Securities and Exchange Commission ("SEC") proposing to outline technical changes relating to the use of DTC's Collateral Loan System which allows DTC participants, who are also OCC members, to pledge securities to the Options Clearing Corporation ("OCC").

In an effort to standardize option symbols and overhaul the existing method of identifying exchange-listed options contracts, the 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.¹ As a result of the OSI, DTC is required to modify its record layouts for DTC's Collateral Loan System to comply with the new Symbology series key defined by the OSI. This includes the expansion of field sizes and the addition of new fields. These changes will increase efficiency and improve the mechanism for Participants to perform under the OSI initiative.

The purpose of the OCC sub-accounting initiative is to eliminate the need for multiple OCC clearing member numbers which reduces operational overhead as well as financial and operational risks. OCC sub-accounting also allows OCC clearing members

¹ For more information about the Options Clearing Corporation's Options Symbology Initiative see the most recent plan at http://www.optionsclearing.com/initiatives/symbology/symbology_initiative_v1_7.pdf

to separate retail and professional customers for purposes of reserve/PAID computations and to separate traditional and portfolio margin customers for purposes of portfolio margining. In support of the OCC sub-accounting initiative, OCC has requested that DTC implement record layout changes that will allow OCC members to process collateral loan transactions directly against these OCC sub-accounts.

The OCC has mandated that modifications for both the Options Symbology Initiative and the OCC sub-accounting initiative be implemented simultaneously because both initiatives require modifications to input and output file formats as well as some of DTC's screen based applications on PTS and PBS. 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.

OCC has requested that DTC implement these changes on August 8, 2008 so that OCC members can begin to migrate to the new formats. OCC has mandated that OCC members be ready to use the new formats by October 10, 2008

The full text of the rule change is available at our website, www.dtcc.com. Questions or inquiries regarding this proposed rule change may be directed to Candice Fordin, Associate Counsel at email cfordin@dtcc.com or (212) 855-7632; any such comments will be forwarded to the SEC. Written comments may also be addressed to the Secretary of the Commission, Securities and Exchange Commission, 100 First Street, N.E., Washington, D.C. 20549. We request that you provide DTC with a copy of your comments.