IMPORTANT NOTICE

National Securities Clearing Corporation

DTCC
The Depository Trust & Clearing Corporation

A#6578
P&S #6148

DATE: February 29, 2008

TO: ALL PARTICIPANTS

ATTENTION: MANAGING PARTNER/OFFICER,
OPERATIONS PARTNER/OFFICER,
DIRECTOR OF OPERATIONS,
MANAGER CUSTOMER ACCOUNT TRANSFER DEPARTMENT,
MANAGER MUTUAL FUNDS OPERATIONS,
MANAGER MARGIN DEPARTMENT,
DATA PROCESSING MANAGER,

FROM: Louis Lepore

SUBJECT: Cost Basis Reporting Service (CBRS) Modifications – Options Symbology Initiative

I. Proposed Modifications

On November 23, 2007, NSCC issued Important Notice A#6532, P&S#6102 which announced future modifications to the way option assets will be submitted and reported in ACATS resulting from the industry-wide Options Symbology Initiative (OSI). As mentioned in that important notice, OSI will also impact the file formats to the Cost Basis Reporting Service (CBRS). These modifications, which will be required by July 31, 2009, have been identified by NSCC and are outlined below. **Please be advised that all members who utilize CBRS are required to make these modifications, regardless of whether they transfer option asset tax lot information. This is due to a shift of field positions in the record layouts to accommodate the new and expanded fields resulting from OSI.** To learn more about OSI**,** members of the industry are urged to visit www.optionsclearing.com/symbology.

II. Proposed CBRS Modifications

As part of the OSI plan, NSCC has identified the following modifications which will be made to the CBRS file formats. These modifications will be required on July 31, 2009.

1) Option Expiration Date Data Field - The field length will change from 6 bytes to 8 bytes. **These 2 additional bytes will be for the day (DD)**. In addition, modifications will be made to the current field format of MMYYCC. **The new field format will be CCYYMMDD.**

2) Option Strike Price Fraction/Decimal Data Field - The field length will change from 2 bytes to 3 bytes to accommodate the minimum required 3 byte decimal format**.** Until July 30, 2009, ACATS will continue to accept and report both fractions and decimals as we do today. **After July 30, 2009, the option strike price will only be accepted and reported in decimals where the values will be 000 through 999.**

Until July 30, 2009, CBRS will only accept input for these data fields in the existing file formats. Output will continue to be reported as it is today. Members who submit data in the modified file formats before July 31, 2009 risk having their transactions rejected**. After July 30, 2009, members MUST be able to submit data input and receive data output with these modified file formats.**

In order to prepare for these changes, members will have the ability to test in the Participant Service Environment (PSE) beginning in January 2009 and ending in July 2009. A subsequent notice about testing details will be distributed at a later date.

The following is a list of the new modifications to the CBRS file formats.

New Input Modifications:

Cost Basis Tax lot Input (T) - 36708

1) Option Expiration Date: The field length will include 2 additional bytes (change from a 6 byte field to an 8 byte field). The field will start on Byte 130 and end on Byte 137, thus causing the Option Expiration Strike Price Integer field to start on Byte 138 and end on Byte 142 (see below). The new field format for the Option Expiration Date will be CCYYMMDD.
2) Option Strike Price Fraction/Decimal: The field length will include 1 additional byte (change from a 2 byte field to a 3 byte field). The new field values will be 000 through 999. The field will start on Byte 143 and end on Byte 145. A new Filler field will start on Byte 146 and end on Byte 149, thus causing the Asset Description field to start on Byte on 150 and end on Byte 289. The remaining filler will start on Byte 290 and end on Byte 302 (see below).

Name	Length	Start	End
Option Symbol	6	124	129
Option Expiration Date	8	130	137
Option Strike Price Integer	5	138	142
Option Strike Price Fraction/Decimal	3	143	145
Filler	4	146	149
Asset Description	140	150	289
Filler	13	290	302

Cost Basis Asset Input (A) - 36708

1) Option Expiration Date: The field length will include 2 additional bytes (change from a 6 byte field to an 8 byte field). The field will start on Byte 130 and end on Byte 137, thus causing the Option Expiration Strike Price Integer field to start on Byte 138 and end on Byte 142 (see below). The new field format for the Option Expiration Date will be CCYYMMDD.
2) Option Strike Price Fraction/Decimal: The field length will include 1 additional byte (change from a 2 byte field to a 3 byte field). The new field values will be 000 through 999. The field will start

on Byte 143 and end on Byte 145. A new Filler field will start on Byte 146 and end on Byte 149, thus causing the Asset Description field to start on Byte on 150 and end on Byte 289 and the Asset Category field to start on Byte 290 and end on byte 293. The remaining filler will start on Byte 294 and end on Byte 306 (see below).

Name	Length	Start	End
Option Symbol	6	124	129
Option Expiration Date	8	130	137
Option Strike Price Integer	5	138	142
Option Strike Price Fraction/Decimal	3	143	145
Filler	4	146	149
Asset Description	140	150	289
Asset Category	4	290	293
Filler	13	294	306

Please note: In addition to the CBRS input file formats referenced above, NSCC will also make modifications to the Cost Basis Data Input screen on DTCC Web Direct.

New Output Modifications:

Cost Basis Tax Lot MRO - 02400264

1) Option Expiration Date: The field length will include 2 additional bytes (change from a 6 byte field to an 8 byte field). The field will start on Byte 263 and end on Byte 270, thus causing the Option Expiration Strike Price Integer field to start on Byte 271 and end on Byte 275 (see below). The new field format for the Option Expiration Date will be CCYYMMDD.
2) Option Strike Price Fraction/Decimal: The field length will include 1 additional byte (change from a 2 byte field to a 3 byte field. The new field values will be 000 through 999. The field will start on Byte 276 and end on Byte 278. A new Filler field will start on Byte 279 and end on Byte 282, thus causing the Asset Description field to start on Byte on 283 and end on Byte 422. The remaining filler field will start on Byte 423 and end on Byte 435 (see below).

Name	Length	Start	End
Option Symbol	6	257	262
Option Expiration Date	8	263	270
Option Strike Price Integer	5	271	275
Option Strike Price Fraction/ Decimal	3	276	278
Filler	4	279	282
Asset Description	140	283	422
Filler	13	423	435

Again, effective July 31, 2009, all members who utilize the CBRS service are required to make these modifications to the input and output file formats. This is regardless of whether they transfer option asset tax lot information. The field positions in these record layouts are shifting and these modifications will be required.

III. Additional Information

A copy of this Important Notice can be obtained from NSCC's web site http://www.nscc.com in the Important Notice section. If you have any questions regarding these enhancements, please contact your DTCC Relationship Manager, Bill Kapogiannis at (212) 855-5667 or the undersigned at (212) 855-4223.

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