

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6856
P&S# 6426
Date: August 7, 2009
To: ALL PARTICIPANTS
Attention: **MANAGING PARTNER/OFFICER, OPERATIONS PARTNER/OFFICER, COMPLIANCE OFFICER, DIRECTOR OF OPERATIONS, MANAGER CUSTOMER ACCOUNT TRANSFER DEPARTMENT, MANAGER MUTUAL FUND OPERATIONS, MANAGER MARGIN DEPARTMENT, DATA PROCESSING MANAGER**
From: LOUIS LEPORE
Subject: **OPTIONS SYMBOLOGY INITIATIVE (OSI) – ACATS & CBRS MODIFICATIONS - MANDATORY**

In Important Notice A#6808, P&S# 6378 dated April 1, 2009, the National Securities Clearing Corporation (NSCC) outlined modifications required for both the **Automated Customer Account Transfer Service (ACATS)** and **Cost Basis Reporting Service (CBRS)** resulting from the industry-wide Options Symbology Initiative (OSI). Please be advised NSCC will make available its Participant Services Environment (PSE) for testing the modifications to both services beginning **Friday, August 21, 2009**. Additionally, once the new code is implemented into PSE, Members can no longer test either of these services without (or excluding) the OSI modifications. For ACATS, any testing using the option asset extension record must be processed with the OSI modified fields. Additionally, any option asset(s) on an ACATS transfer in progress previously submitted in PSE in the old format will be reported as outlined in the conversion process below. For CBRS, only the revised file formats (which include all the shifted fields and the OSI option asset modifications) will be available for testing purposes. For additional information on testing, please see the Participant Services Environment section below.

Conversion Process

For this initiative, Members are reminded that NSCC will run a conversion process after ACATS and CBRS processing has been completed for the close of business on Friday, February 5, 2010. As a result, all Members must be able to submit and accept options in the new formats on **Monday, February 8, 2010** (which is 4 business days prior to the scheduled industry implementation date of Friday, February 12, 2010).

This is the plan for the conversion process for ACATS on February 5, 2010 after the end of day process has been completed:

- 1) NSCC will convert all ACATS system accepted option asset transfers (in the database) from the old format to the new format as follows:
 - ACATS will convert all values in the Strike Price Fractional/Decimal Field **to decimal only**. If ACATS finds the matching option on the OCC master file, they will add the Strike Price expiration day, otherwise the day will be set to a value of '00'
- 2) NSCC will convert all ACATS system "accepted with error" option asset transfers (within standard transfers in status "Review Error - 220") as follows:
 - If the strike price value in the Fractional/Decimal field **cannot** be converted from fractional to decimal value, NSCC will leave the value in ACATS unchanged adding a zero in the third decimal place. For example, if the fractional value submitted is '09', this will be converted to '090'. The Strike Price expiration day field will then be set to a value of '00'
 - If the strike price decimal value **can** be converted from fractional to decimal, NSCC will convert the value in ACATS and attempt to locate the matching option on the OCC master file. If the option is not found, the Strike Price expiration day field will be set to a value of '00'

ACATS Print Image Reports

In addition to the ACATS MRO files outlined in Important Notice A#6808, P&S# 6378, Members are advised NSCC will be reporting option assets in the new formats on the following production print image reports beginning February 8, 2010. The reports are: 02090710 (ACATS Multi-Cycle Transaction), 02090711 (ACATS End of Day) and 02090712 (ACATS Settlement/Option). The option expiration date on these reports will be displayed as MMDDCCYY.

Participant Services Environment

NSCC will make available its PSE beginning August 21, 2009. The PSE region will remain open and available for Member testing until the modifications for OSI implement on February 8, 2010. Again, once the new code is implemented into PSE, testing can no longer occur for ACATS and CBRS without (or excluding) the OSI modifications. Additionally, the Options Clearing Corporation (OCC) will make available its testing region to support a complete option asset transfer end to end test sometime during Q4 2009 (details to follow in a future important notice). Members are strongly encouraged to take advantage of testing to ensure a seamless transition. They can test with themselves or are responsible to locate their own test partners. Additionally, Members should coordinate their own test scripts. Any option asset on the current ACATS master file in production can be used for testing in the new formats. To ensure proper set up for the PSE region, each Member must contact the Enterprise Service Center (ESC) by calling the NSCC Production Support Hotline at 888-382-2721, option 5, then option 4. It is recommended at least three days prior notice be provided to the ESC.

Additional Information

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

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