

IMPORTANT NOTICE

National Securities Clearing Corporation



A#: 6933
P&S# 6503
Date: January 15, 2010
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 and Important Notice A#6856, P&S# 6426 dated August 7, 2009, the National Securities Clearing Corporation (NSCC) outlined system 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). Members are reminded these system modifications will be implemented into production on **Monday, February 8, 2010**. At this time, all transactions for both ACATS and CBRS must be submitted and accepted in the new formats. Additionally, once the OSI format modifications implement industry-wide on February 12, 2010, the options industry will then begin the process of consolidating options that share the same underlying symbol. Members are urged to learn more about this symbol consolidation plan, by visiting the Options Clearing Corporation (OCC) website at: http://www.theocc.com/components/docs/initiatives/symbology/osi_consolidation_plan.pdf

Symbol Consolidation Plan

For option symbol consolidation, seven events will occur between February 26, 2010 and May 14, 2010. These events will occur over the weekend after Friday business processing has completed. In order to support these changes, NSCC will run a conversion to consolidate any option symbol into the new underlying as outlined according to the specified date in the plan. This conversion process will update those option symbols included in any current ACATS transfer in progress and any previously settled ACATS transfer which contained those options. Beginning the following Monday (next business day), any consolidated symbol must be submitted with its new underlying symbol in both ACATS and CBRS. If the old symbol is submitted in ACATS, the transfer will be either rejected or placed in Review-Error Status. If submitted in CBRS, the record will be rejected.

Options with 1/2 Point Strikes

Options with 1/2 point strikes are an exception to symbol consolidation. Instead of consolidating, options with 1/2 point strikes will be subject to strike price modification. In ACATS, NSCC will update the strike price on any option symbol (as outlined in the plan) for any current ACATS transfer in progress or any previously settled ACATS transfer which contained those options. This event is scheduled to occur the weekend of March 5, 2010. As outlined above, Members must submit these options with the correct strikes prices beginning on Monday (which incorporates changing the strike price multiplier from .1 to 1).

Participant Services Environment (PSE)

NSCC will continue to make its Participant Service Environment (PSE) available for OSI testing. In order to accommodate Members with testing option symbol consolidation, NSCC will add the following options (reflective of post symbol consolidation) to the ACATS Master File in PSE. These options will be accepted and reported by ACATS. They will not be processed in an end-to-end test with the OCC.

The symbols to be added are as follows:

Symbol Consolidation

Type	New Underlying	Strike Price	Expiration	Current Symbol
Flex	2UPS	54.000	05/22/2010	2UPS22
Flex	2T	35.000	01/22/2011	2T 22
Equity	MSFT	31.000	07/17/2010	MSQ
Equity	MSFT	17.500	07/17/2010	MQF
Equity	INTC	24.000	07/17/2010	NQ
Equity	INTC	22.500	01/22/2011	VNL
Equity	VZ	45.000	01/22/2011	VBU

Options with 1/2 Point Strikes

Type	Symbol	New Strike Price	Expiration	Current Strike Price
1/2 Pt.	MNX	145.00	09/18/2010	1450.00
1/2 Pt.	MNX	152.50	09/18/2010	1525.00

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. In addition to the new options assets above, any option asset on the current ACATS master file in production can be used for testing. 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 6, then option 7, then option 3. 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.

Louis J. Lepore
Manager
Product Marketing and Development