

## FAQs



### Symbology Frequently Asked Questions – With Answers

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*The following frequently asked questions and the corresponding answers have been approved by a majority of the participating members of the Options Symbology Committee.*

## 1. What is the Options Symbology Initiative (OSI)?

The OSI is a plan to overhaul the existing method of identifying exchange-listed options contracts to decrease the current limitations in today's marketplace. This will be accomplished with the elimination of OPRA codes and fractional strike price values. The new Symbology Key will contain explicit expiration dates (including day) and decimal strike price values. Conversion of option symbols into the base underlying symbol to create consistency is also included in the OSI plan. An example of the new Symbology key is given below:

Symbol	Yr	Mo	Day	C/P	Explicit Strike	Decimal
MSFT	08	06	21	C	00045	500
6 bytes	2 bytes	2 bytes	2 bytes	1 byte	5 bytes	3 bytes

The above Symbology Key may be represented as MSFT 080621C00045500. Note that there are two spaces following the MSFT symbol, which is 4 characters in length, while the format accommodates up to 6 char for a Symbol

The series key represents minimum data requirements in the transmission of listed Option contracts between exchanges, the clearinghouse and their constituents. All participants in the Options Market must conform to the new Symbology key elements in order to communicate with the OCC or Exchanges. Failure to adopt the new Symbology key will prohibit trading and any instruction related to the exercise and assignment activity to the OCC.

## 2. Where can I find additional information regarding the Options Symbology Initiative?

- All current information regarding the Options Symbology Initiative is located at <http://www.theocc.com/initiatives/symbology/default.jsp>.

This includes links to all specific Exchange OSI websites containing updated technical specifications.

## 3. Who developed the plan?

- The plan was developed by a group of option industry professionals that are responsible in supporting the infrastructures from the business and technical areas from broker dealers, vendors, exchanges and the clearinghouse. Representatives from varying industry organizations were also involved. Participating Committee members may be viewed @ <http://www.theocc.com/initiatives/symbology/default.jsp>. The plan was published on The Options Clearing Corporations public web site for comment for 120 days. Exchange, clearinghouse and industry organization email distribution lists and press releases were used to disseminate information regarding the plan and the comment period.

## 4. Were there comments to the original OSI plan?

- Yes, 6 comment letters were received and are available at <http://www.theocc.com/initiatives/symbology/default.jsp>.
- The plan was amended to reflect considerations for market data with regard to the sensitivity expressed in message sizes. Both the OSI plan and the OPRA specification for OSI reflect the use of a single alpha code to depict the expiration month and call/put code (as is done today).

## 5. What is the next milestone date planned?

- **October 1, 2007** - OCC and Exchanges publish individual implementation plans for acceptance and validation of new data elements related to the June 30, 2008 conversion date.
- **June 2008** - Detailed test scripts for the January 2009 scripted industry testing communicated.
- **June 30, 2008** - OCC and Exchanges supply and accept OSI compliant data values in new record layouts for industry internal testing efforts. The data will be available on production data feeds only. Firms may use the remainder of the 2008 calendar year to conduct system readiness testing.
- **June 2008 - December 2008** - Market participants conduct internal testing of OSI compliant data elements contained in the production record layouts.
- **December 1, 2008** - Detailed symbol conversion strategy communicated.
- **January 2009 - July 2009** - Scripted industry testing of the new environment under OSI post symbol conversion.

- [July 31, 2009](#) - Mandatory cut over for use of explicit OSI data elements by all market participants. No symbol conversions will be completed at this time.
- [August 2009 - ?](#) - Conversion of all current symbols into their base symbols completed in the least number of cycles as defined by industry participants.

## 6. Why is the new symbol so big (21 characters)?

- The size of the “symbol” was extensively debated prior to the first release of the plan and throughout the comment period (the OSI plan details the discussions within the committee. Committee members ultimately agreed that the concept of symbol and a string of data elements comprising a unique identifier for each option contract was in essence the same thing. The 21 character “symbol” resulted from discussions where the recommendations ranged from 9 characters to 35 characters. Market participants are reminded that the OSI defines the minimum data requirements when interfacing directly with options utilities (exchanges or the clearing house).

## 7. Aren’t we taking a step backwards with a 2 character year requirement?

- The minimum year requirement was debated extensively and Committee members’ agreed to compromise to this requirement based upon message size and throughput concerns that were raised on a consistent basis. The technical specifications for many exchanges and the clearinghouse reveal the fact that many data interfaces will continue to require four character year data elements.

## 8. Charles Schwab OCC Symbology Program Committee has agreed on a Presentation Symbol (which is different than the Symbology Key)? Can you provide more details on this presentation symbol?

- Yes – The presentation symbol shall be used for all customer facing applications and internal reports (where required) to create a standard readable presentation of the data elements. Presentation Symbol comprises of the following layout:

Root Symbol	Separator	Exp Date	Separator	Strike Price (dollar)	Separator	Strike Price (decimal)	Separator	Call/ Put Indicator
6 bytes	1 byte	10 bytes	1 byte	1-5 bytes	1 byte	2-3 bytes	1 byte	1 byte
MSFT	(Space)	06/21/2008	(Space)	45	(Decimal)	500	(Space)	C

## 9. How will I differentiate between listed options contracts with identical deliverable securities that settle American style versus European style?

- Listed option contracts with different exercise characteristics on the same underlying deliverable security or cash will carry unique symbols.

## 10. How will I differentiate between listed options contracts with identical deliverable securities that settle on the underlying opening settlement price versus the underlying closing settlement price?

- Listed option contracts with different settlement price calculation methods on the same underlying deliverable security or cash will carry unique symbols.

## 11. I believe Flexible Options will follow a different symbology? What is it?

- Yes. The OCC has proposed a non-standard symbology for listed Flex Options. The existing Flex symbology provides for the delineation of American versus European style exercises, settle on open versus closing index values and expiration day. The new symbology eliminates the need to identify the expiration day because it is now part of the options series key. The industry practice of using numeric codes that preface the symbol on listed contracts for the same underlying that have different exercise terms (American/European) or settlement values (opening/closing) will continue.

The details of the non-standard symbology for Listed Flexible Options is given below:

### Current Flex Symbology:

A.M. = settle on open, P.M. = settle on closing underlying values on expiration date.

- 1= American/A.M.
- 2= European/A.M.
- 3= American/P.M.
- 4= European/P.M.

The symbols are comprised of three components:

1. The first character is numeric and represents the exercise style and settlement value method.
2. The next one to three characters represents the alpha option class symbol.
3. The day of expiration<sup>1</sup>.

Example:

3MSQ13 = American exercise, settle on the close on the 13th day of the expiration month.

2BA16 = European exercise, settle on open on the 16th day of the expiration month.

### New Flex Symbology:

The new flex symbols will have two components:

1. The first character is numeric and represents the exercise style and settlement value method in the same manner as today.
2. The next one to five characters represents the alpha option class symbol.

The new symbol will not include the expiration day. The expiration month, day and year must be transmitted in all data communications for all listed option contracts.

Example:

1IBM = IBM listed Flex contract with American exercise and settles on the underlying index opening value on the day of expiration.

2IBM = IBM listed Flex contract with European exercise and settles on the underlying index opening value on the day of expiration.

3IBM = IBM listed Flex contract with American exercise and settles on the underlying index closing value on the day of expiration.

4IBM = IBM listed Flex contract with European exercise and settles on the underlying index closing value on the day of expiration.

Information regarding the expiring month, day and year will be transmitted in all data communications.

Corporate actions for flex contracts that contain six character symbols prior to the event will replace the sixth character with the next available numeric value to ensure a unique symbol is achieved.

Example:

Pre-event flex symbol = 1ABCDE

Post-event flex symbol = 1ABCD1

### Expiring Year

There will be a 2 byte minimum data requirement to represent the option contracts expiring year to minimize the amount of data transferred in high volume transaction environments. Furthermore, all OCC data transmissions for proprietary (positions) and non-proprietary (option series) data will continue to contain a 4 byte year.

## Expiring Month and Day

Both the month and day fields carry 2 bytes.

## Call/Put indicator

Call/Put indicator will be a 1 byte field that will carry the values “c” or “p”.

### 12. Is it mandatory for all affected market participants to adhere to these OSI changes?

- Yes, all affected market participants including Exchanges, Clearing members, Vendors, the clearinghouse and additional participants must adhere to the OSI changes.
- Organizations that do not interface directly with the exchanges or clearinghouse should contact related parties to determine the impact to specific data interfaces.

### 13. Do I need to comply with OSI minimum data requirements in my internal systems?

- No, Committee Members’ recognized the fact that there is no way to control individual organizations decisions regarding proprietary software. Every market participant must determine the optimal solution given their specific business model.

### 14. Will market data be impacted by the OSI?

- Yes, organizations that take direct feeds through the OPRA network will need to accept new record layouts in June 2008 as described in the Technical Specifications link (OPRA) at:
- <http://www.theocc.com/initiatives/symbology/default.jsp>
- Organizations that use third party vendors must communicate directly with the market data vendor to determine the impact.
- Will market data be impacted by the OSI?

### 15. How will non-standard options be denoted?

- There is no special non-standard deliverable indicator envisioned under the OSI. The majority of the OSI committee members determined the requirement of an extra field for non-standard deliverables on every transmission would create extraneous overhead for a relatively small percentage of open interest.

### 16. How will corporate actions be handled?

- Non-standard deliverables that result from corporate actions will contain numeric values at the end of the symbol. Once a contract delivering non-standard shares or other delivery components is assigned a numeric value at the end of the root symbol, the numeric value should remain unchanged throughout the life of the contract.

### 17. Are DTCC products and services affected by OSI changes?

- Yes, the new option symbols and explicit data elements will affect how DTC participants pledge assets to OCC. Other DTCC services that will be affected will include ACATS and Payment Orders that support option premiums. Please refer to DTCC Important Notices for details regarding OSI changes.

### 18. How much time do I have?

- All internal applications should be coded and tested internally by year-end 2008. All market participants should create the appropriate testing environment(s) to conduct scripted industry testing beginning January 2009.

### 19. Will the current July 31, 2009 date be extended?

- No, some Committee Members’ argued that the implementation date is too far out and that the industry would be better served to make these changes sooner.

### 20. Will I be able to use OPRA codes after July 29, 2009?

- No, the exchanges and clearinghouse will no longer deliver the alpha codes for expiration month, call/put indicator or for strike price.

## 21. Am I required to operate in an environment absent OPRA codes, with validations on specific expiration day and with decimal strike prices?

- Yes, the exchange and clearing interfaces will validate on the new data elements prior the consolidation of symbols on July 31, 2009.

## 22. Are we undergoing a symbol conversion or a symbol consolidation after July 31, 2009?

As per OCC, Exchange Listed Options will undergo the following conversion and consolidation events at and after Jul 31, 2009.

- On Jul 31, 2009 all open Options will undergo a conversion in which the existing 5-character OPRA Code's last 2 character will be expanded to the new corresponding data elements for expiration date, strike price, and Call/ Put. This information will be required for trading and transmission to OCC.
- Subsequently, between Aug 2009 and Nov 2009, a symbol consolidation process will take place during which multiple representations for Options' root symbol for a given security will be collapsed into a single Options root symbol that is same as the symbol used in the underlying securities markets for that security. The consolidation will take place in multiple iterations, each iteration consisting of approximately 400 symbols.

Following example illustrates the changes in alignment with this timeline:

- **Prior to Jul 31, 2009**  
Let 5-character Options' OPRA Symbol for Apple's October 45.50 Call be AAQHT
- **On July 31, 2009 (First Conversion – Single Event)**  
The former Apple October 45.50 Call AAQHT becomes: "AAQ 091015C00045500"<sup>1</sup>
- **August – November 2009**  
Sometime during Aug-Nov 2009 (depending on the respective iteration), "AAQ 091015C00045500" will become "AAPL 091015C00045500" where AAPL is the root symbol of the underlying security. The "AAPL 091015C00045500" will be the new Symbology Key for options in Apple. This is applicable only for Options expiring beyond August 2009.

## 23. How will I know what new symbol maps to the old symbol during the symbol consolidation event(s) in 2009?

- The mechanisms to communicate old and new symbols are currently in place for use in corporate action scenarios. These existing mechanisms will be used in the conversion strategy. Any new communication mechanism will be identified in the symbol conversion strategy scheduled for release December 1, 2008.

## 24. Will open interest be consolidated at the same time the symbols are consolidated?

- Yes

## 25. How will I maintain historical data bases during and after the symbol consolidation?

- Each organization is responsible to maintain its own databases as is currently done for corporate actions where the options symbol changes.

## 26. How will I differentiate between option contracts that carry standard expiration, LEAP™, quarterly and short dated options?

- Interrogation of the expiration day will be required to determine the actual expiration date.

## 27. What is the impact of the NASDAQ symbology with respect to the OSI plan?

- The options symbology will not utilize special characters to reflect the designation of certain "special" underlying instruments. Unique option symbols will be used for those NASDAQ underlying securities that utilize special characters in the suffix and will mirror the underlying symbol to the greatest extent possible.

<sup>1</sup> Since the Symbol is 6 characters in the Symbology Format, it will be followed by three spaces



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