

Are You Ready for the Options Symbology Initiative?

In February 2010, significant changes to options symbology will go into effect as part of a mandatory industry initiative spearheaded by The Options Clearing Corporation called the Options Symbology Initiative (OSI). This mandatory change in how options are identified will call for a switch from a maximum of five characters to twenty-one characters. It will also eliminate Options Price Reporting Agency (OPRA) strike price codes and fractional strike price values in favor of explicit strike price, expiration date, and a call/put indicator. The conversion of option root symbols into the base underlying symbol, where possible, is also called for under OSI.

OSI is designed to accomplish a number of objectives, including to reduce front, middle and back office data processing errors, represent the majority of options using the same root symbol as the underlying security, make option customization easier in order to facilitate product growth, reduce corporate action symbol conversion and eliminate LEAP rollovers. But as these changes will impact any firm working with U.S. or Canadian exchange-traded equity, currency or index options, what should firms consider to help ensure that they are prepared?

The degree of impact for OSI on a firm depends on many proprietary variables, including how deeply embedded the current five-character OPRA symbol is in its systems. For instance, OSI is likely to impact option order and risk management systems, trade processing and clearing applications, customer statements, compliance and tax reporting applications, reference data repositories, interfaces with external entities, terminal displays and more. While OSI sounds like a simple change, it has the potential for major disruption if not properly analyzed and implemented.

Interactive Data has identified several key questions for firms to consider when assessing their readiness, including:

- Has the impact to your firm been thoroughly assessed? The impact inventory should include every application, database, interface, feed, report, query, etc. that handles options.
- Have your application/database/customer product priorities been determined? Priorities should specify which will be updated, which to replace and if any will be

rendered defunct. Prioritization should consider business and regulatory impact, operations risk and implementation efforts amongst other considerations.

- Have you determined how your firm will represent the new identification internally and externally? Because the new identification is a combination of four key elements (symbol, strike price, expiration date, call/put indicator) it can be stored and represented in many ways. Do you want a consistent solution and presentation convention?
- If applicable, have you determined a customer communications plan including customer updates as well as any customer service or sales contact training required?
- Have you identified and contacted all of your impacted vendors for product and service changes? Do you have a calendar for vendor and client testing?

Interactive Data's Pricing and Reference Data business has conducted its impact inventory and enhancement plans are complete. The Company will provide updated or parallel services early, so that clients can transition to the new symbology on their own schedule and need not wait for the final cutover deadline of February 12, 2010. Interactive Data also actively participates in various OSI industry groups to help ensure that the Company stays abreast of changing developments. During the transition period, Interactive Data is available to work closely with clients to review the impact on their services and operations.

For additional information, please contact your Interactive Data representative.

*For information from The Options Clearing Corporation regarding OSI visit:
<http://theocc.com/initiatives/symbology/default.jsp>*