OSI Consolidation Plan as of 2/11/2010

Summary of Changes

1. The consolidation schedule in Appendix A has been updated to reflect the rebalanced consolidation events.

Overview:

After the February 12, 2010 conversion has been completed, the Options Industry will be in a position to begin the process of consolidating option symbols that share the same underlying. In nearly all cases, the resulting symbol will be the same symbol as the underlying symbol being delivered. For example, all LEAPS, wrap, short dated symbols with an underlying of MSFT will converted to MSFT. Furthermore, standard MSQ series will also be converted to MSFT.

There are four known exceptions to the consolidation strategy above. One is for previously adjusted options with non-standard terms of delivery. The strategy for consolidating these non-standard options is to convert the symbol to the *primary* underlying appended by a single integer. The initial integer being appended will be 1, and incremented for subsequent non-standard options created. For example, MSZ is the result of a prior adjustment and has multiple deliverables with the primary deliverable being MSFT. When Microsoft options are consolidated, MSZ options would become MSFT1.

The second exception is the strategy for consolidating FLEX options. An initial conversion of FLEX symbols will take place shortly after February 12, 2010. This conversion will remove the two digits reflecting expiration day that is currently appended to every FLEX symbol. Following this conversion, FLEX symbols will follow the regular consolidation schedule driven by the underlying symbol being delivered. For example, 1MSQ01, 1MSQ22 and 1MSQ31 will all become 1MSQ during the initial FLEX conversion stage. Subsequently, when Microsoft options are consolidated, 1MSQ options will become 1MSFT.

The third exception is the strategy for consolidating all non-standard deliverable products such as Binary and CDO options. Due to the unique nature of these products the Exchanges have agreed that these products will continue to have non-standard symbols and will be exempt from the consolidation process.

The fourth exception to the consolidation approach would be for previously adjusted options that have a 5 character underlying. The strategy for consolidating these would be to replace the 5^{th} charcter with a numeric. For example, if the underlying symbol for a previously adjusted option is CHINA the results of the consolidation would be a CHIN1.

The consolidation process has seven key events that will take place between February 26, 2010 and April 9, 2010. The first two events are preparatory events that ensure all products are expressed in explicit and economic terms. The remaining 5 events are the actual consolidation events. Consolidation events are structured to start out with small number of classes to ensure the process works effectively and the industry is comfortable before steadily ramping up the number of classes consolidated and the frequency of consolidations. The goal of this approach is to have all classes consolidated prior to May 2010.

Consolidation Process:

As noted above, there will be several consolidation efforts scheduled. The schedule is shown in Appendix A. The net effect of consolidating a single option class and its respective series will be similar to that of a Symbol Conversion corporate action. [Note: The difference between a symbol conversion and a symbol consolidation is that a conversion goes from one symbol to another symbol while a consolidation goes from multiple symbols into one symbol.] OCC will work in conjunction with the seven exchanges to determine the list of potential classes to be consolidated. For each consolidation effort a spreadsheet will be published via OCC's Symbology website identifying the symbols that will be consolidated. A sample of this spreadsheet is shown in Appendix B. The spreadsheet will be published in advance of the consolidation and will be finalized/locked down the day prior to the actual consolidation date. The spreadsheet published on OCC's symbology website will be used as input to OCC's consolidation process. Key consolidation functions are listed below:

- A spreadsheet identifying the From (source) option symbols to be consolidated, the respective To (target) symbols, the Consolidation Date and Effective Date will be used as input to the Symbology consolidation process. The Consolidation Date will be the date in which the processing of the consolidation will be completed. The Effective Date will reflect the date in which the newly consolidated option symbol/series will be available for industry wide processing (trading, positions processing, settlement, etc.)

- Products and series within the OCC security master will be updated with the future Effective Date reflected on the spreadsheet. The Effective Date will be one business day after the Consolidation Date. New series will be effective on this date. (This is the same process currently utilized by OCC's corporate action processing.)

- Products and series being inactivated on OCC's security master will have an inactivate date equal to the Effective Date identified on the spreadsheet. The inactivate date will be one business day after the Consolidation Date. Old series will be inactivated on this date.

- In certain circumstances a product symbol must be created within OCC's security master for the scenario where a target product symbol does not previously exist. For example, MSFT must be created in order to convert MSQ. Security Definition Update messages will be generated for these updates. (Please note these update messages may be received in advance of the consolidation event.)

- The consolidation process will update OCC's security master for each symbol listed on the spreadsheet that is submitted as input. For each series updated, DDS Security List Update messages will be generated. The corporate action type code of "S" will be utilized to identify the consolidation event.

- On the consolidation date, once positions have been finalized and all reporting is complete, OCC will update the positions effective for the next business date to reflect the new consolidated symbols. Adjusted Position DDS will be generated reflecting these changes. (Please note that Adjusted Position DDS is a proprietary Clearing Member subscription.)

Half Point Strike Consolidation:

OCC will perform the ½ point strike consolidation as a next day corporate action. As part of the OSI implementation this will be executed on Friday, **March 5, 2010** effective for market open, Monday, **March 8, 2010.**

On Friday night, OCC will distribute the series in the new strike format. These will be included in the Security List (SecList) and Security List Update (SecListUpd) DDS messages.

Real-time DDS recipients will receive these messages once the changes are made. Batch DDS recipients will receive the change in the Friday night DDS file.

On Monday prior to market open, OCC will change the multiplier value from .1 to 1.0. The multiplier update will be reflected in the Security Definitional (SecDef) and Security Definition Update (SecDefUpd) DDS messages.

Real-time DDS recipients will receive these messages once the changes are made. Batch DDS recipients will receive the change in the Monday night DDS file.

Consolidation Data:

As part of the consolidation process, OCC will be providing the following data that can be utilized by members, exchanges, regulatory agencies and non-clearing organizations to update their systems or facilitate their own consolidation process.

- Consolidation Spreadsheet (see appendix B)
- DDS Security Update (See OCC DDS Reference Guide)
- DDS Security List Update (See OCC DDS Reference Guide)
- DDS Adjusted Positions (See OCC' DDS Reference Guide)

DDS Changes:

Due to this implementation, OCC will be making several changes to Data Distribution Services (DDS).

On February 12, 2010, the following changes will occur:

• OCC will eliminate the distribution of the OPRA codes on all outbound DDS messages.ID (Tag 48) where Src (Tag 22) equals J will no longer be included in any DDS transmissions. Please note that OCC will not produce Security Update messages associated with the removal of these tags.

• With the conversion of all fractional equity products to decimal format, the StrkQt tag will be removed from all DDS messages. The StrkPx (Tag 202) currently provides the strike price in decimal format and will not be changing. Please note that OCC will not produce Security Update messages associated with the removal of the StrkQt tag.

Consolidation Changes:

As a result of the symbol consolidations, the SDO and LEAP subclasses will be converted to the Standard subclass. Values SDO and LEAP for the Desc attribute (tag 107) will no longer be valid and will be converted to STAN. These changes will follow the published consolidation schedule.

NEW LISTING DURING THE CONSOLIDATION PERIOD:

Effective February 12, 2010 any new listing will come up in the OSI compliant format. The exchanges have agreed that new listing during the consolidation period can and should come up in the new OSI format and reduce the need for additional consolidations.

Appendix A – Consolidation Dates

Milestone Date	Action to Take Place	Issues/Series Impacted	Effective Date
Friday, February 12, 2010	• Hard OSI Cutover Date • Processing absent OPRA codes • Convert all equity strikes to decimal format • Current Symbol nomenclature in use.	• Approximately 330,000 series	• Friday, February 12, 2010
Saturday, February 20, 2010	• First Standard Expiration		
Friday, February 26, 2010	• Consolidate FLEX options with open interest (See Note Below) • First Weekly Expiration	• FLEX options with open interest	• Monday, March 1, 2010
Monday, March 1, 2010	• First day of trading following Flex Consolidation (See Note Below)		
Friday, March 5, 2010	• Convert all ½ point Index strike prices and Cash Settled FCO's	• All series for the 253 index issues	• Monday, March 8, 2010
Friday, March 12, 2010	• Initial group of options representing array of product scenarios to be consolidated	• Options associated with strategic group of underlyings including adjusted and non-standard symbols.	• Monday, March 15, 2010
Monday, March 15, 2008	• First day of trading following the consolidation to root symbols.		
Saturday, March 20, 2010	• Second Standard Expiration		
Wednesday, March 31, 2010	• First Quarterly Expiration		
Friday, April 9, 2010	• 2nd group to be consolidated • Consolidate options whose primary underlying starts with the letters A - C (app 503)	• All options associated with "A-C" underlyings including adjusted and non-standard symbols. `	• Monday, April 12, 2010

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Saturday, April 17, 2010	• Third Standard Expiration		
Friday, April 23, 2010	• 3rd group to be consolidated • Consolidate options whose primary underlying starts with letters D-I (app 486)	• All options associated with "D-I" underlyings including adjusted and non-standard symbols.	• Monday, April 26, 2010
Friday, May 7, 2010	• 4th group to be consolidated • Consolidate options whose primary underlying starts with letters J-R (app 575)	• All options associated with "J-R" underlyings including adjusted and non-standard symbols.	• Monday, May 10, 2010
Friday, May 14, 2010	• 5th and group to be consolidated • Consolidate all options whose primary underlying starts with letters S-Z (app 503)	• All options associated with "S-Z" underlyings including adjusted and non-standard symbols.	• Monday, May 17, 2010

Notes:

1. The initial consolidation of FLEX symbols on Friday, February 26, 2010 will be a consolidation effort that drops the expiration day representation from the symbol. For example, 2DLQ13 would become 2DLQ with this consolidation effort.
2. Consolidation of classes to the root symbol will include all option types, LEAPS, FLEX, Wraps, etc.
3. Adjusted symbols that are the result of a prior corporate action will be consolidated to the new OSI corporate action format at the time the underlying class consolidates.
4. Any completely new product listed on or after Friday, February 12, 2010 will be listed using the new OSI format.
5. If for any reason consolidations don't begin in February 2010, the approach can be adjusted to ensure LEAP classes are consolidated prior to May 2010.

Appendix B – Consolidation Spreadsheet Layout

Old Symbol	New Symbol	Primary Und	NonStandard	Consolidation Date	Effective Date
(From)	(To)			(Process on)	(Effective on)
OAE	A	A	N	3/12/2010	3/15/2010
YA	A	A	N	3/12/2010	3/15/2010
ZZA	A1	A	Y	3/12/2010	3/15/2010
OKH	AA	AA	N	3/12/2010	3/15/2010
YJA	AA	AA	N	3/12/2010	3/15/2010
ADU	AACC	AACC	N	3/12/2010	3/15/2010
AEW	AACC1	AACC	Y	3/12/2010	3/15/2010
ODJ	AAI	AAI	N	3/12/2010	3/15/2010
YGI	AAI	AAI	N	3/12/2010	3/15/2010
1AAQ	1AAPL	AAPL	N	3/12/2010	3/15/2010
2AAQ	2AAPL	AAPL	N	3/12/2010	3/15/2010
AAQ	AAPL	AAPL	N	3/12/2010	3/15/2010
AJL	AAPL	AAPL	N	3/12/2010	3/15/2010
APV	AAPL	AAPL	N	3/12/2010	3/15/2010
OBR	AAPL	AAPL	N	3/12/2010	3/15/2010
QAA	AAPL	AAPL	N	3/12/2010	3/15/2010
VAA	AAPL	AAPL	N	3/12/2010	3/15/2010
WAA	AAPL	AAPL	N	3/12/2010	3/15/2010