



THE OPTIONS CLEARING
CORPORATION

January 22, 2009

Mr. Peter D. Cherasia
Managing Director,
Investment Bank
J.P. Morgan Chase Bank, N.A.
383 Madison Avenue
New York, NY 10179

Dear Mr. Cherasia:

Thank you for your letter of December 15, 2008 regarding the implementation schedule of the Options Symbology Initiative ("OSI"). This specific issue has been a much discussed one in the past weeks and as we have discussed, was an agenda item at the most recent meeting of OCC's Board of Directors.

As you are well aware, OCC has been an active supporter and participant in the OSI since the kickoff of the effort in 2005. OCC's Board authorized OCC to undertake systems development and industry testing resources, as well as provide staff resources to help organize the industry effort.

OCC's Board, at its most recent meeting, had a very comprehensive discussion of the current status of the OSI. Subsequent to that discussion the Board unanimously approved a resolution endorsing the current February, 2010 implementation schedule published by the OSI Committee. It was the consensus of the Board that the schedule had already been extended nine months, and that the cost to the industry of another delay would be extremely harmful. Of particular concern was the cost of maintaining the extensive systems changes already completed by the vast majority of firms, while still operating the current methodology.

We appreciate your concerns over the cost of the project to your firm and others, however, we believe that the value of implementing this critical enhancement across our industry is of paramount importance. Options have outgrown the two alpha digits representing put/call indicator, expiration month, expiration year, and strike price. With the increases in volume, the operational processes that have been developed to maintain the limited standard, (LEAP Rollover, WRAP's, etc.) have become inefficient and impart significant operational risk. Using a ticker symbol has prevented options from moving to

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Page Two
Mr. Peter D. Cherasia
January 22, 2009

decimal strikes thus creating confusion and inaccuracies in corporate actions. New product development is forced to confine all contract specifications to a two digit field hampering industry innovation. Together, these issues have caused the proliferation of contrived symbols that no longer resemble the underlying security. With the momentum created by the majority of the industry being ready for a 2010 implementation, we share the view that there will never be a better time to permanently eliminate these substantial limitations and costs.

I have taken the liberty of sending a copy of your letter, as well as several other letters on this topic, to the OSI Committee for its review and information. It is our intention to continue to support the schedule set out by the OSI Committee.

If you have specific issues relative to the OSI and/or the implementation schedule, please direct them to Mr. David Harrison of OCC at 312/322-6262, dharrison@theooc.com.

Sincerely,

cc: F. Bisignano, D. Harrison