

## Market Operations Information Circular – 2001-04

**To: ISE Members**

**Date: November 19th, 2001**

**Subject: ISE Guidelines for Naming and Adding Equity Options Series**

The purpose of this information circular is to outline the general guidelines that ISE follows for the naming and listing of Equity Options series. Generally, these guidelines are the same as those in use on other US options exchanges.

### A. Naming Conventions

#### Series

Each series is either a call or put and has a unique strike price and expiration month. The strike price is related to the price of the underlying and each option class has a specific expiration cycle that determines the expiration months for the option series.

#### ISE Series Name

Each series on the ISE has the following naming standard:

<i>Stock Symbol</i>	Three or 4 characters
<i>Year</i>	Last digit of year
<i>Month</i>	Three characters
<i>Strike Price</i>	Price with one decimal
<i>C or P</i>	Call or Put Code
<i>X</i>	Modifier to show past adjustment (Corporate Action)

#### Options or OPRA Codes

Each series also has a unique OPRA Code, comprised of an Option Symbol, Expiration Month Code and Strike Price Code.

*Option Symbol* --- NYSE Symbol if NYSE Listed;  
ASE Symbol if ASE listed or  
Unique 3 Letter Code if NASDAQ issue,  
(usually includes a "Q" or "U")

*Expiration Month Code* is the "letter" code for months of the year.  
The letters A to L are used for Calls and M to X are used for Puts.

*Strike Price Code* is a letter code (A-Z) and limited to 26 strikes, before a wrap symbol is required. Strike prices have standard codes, but non-standard codes can be used at any time.

Refer Attachment A - Expiration Calendar for Expiration Month and standard Strike Price Codes

The expiration date and strike of a series determine the ISE series name. In contrast OPRA Codes are restricted to 5 characters. Different option symbols than the underlying symbol for NASDAQ listed underlyings, wraps and LEAPS are required. Frequently non-standard strike codes are assigned for strike prices. These non-standard codes are selected by the options exchange adding the new series. Some of the exchanges have system restrictions on strike codes, but the ISE does not. However, to facilitate clearing the OCC mandates that series should have OPRA codes. Therefore ISE follows the other exchanges in assigning OPRA codes.

## **B. Listing Guidelines**

### **Strike Prices Ranges**

ISE follows these guidelines for listing additional strike prices:

By 2 ½ point intervals from \$5 to \$25

By 5 point intervals from \$25 to \$200 except when underlying is one of the 200 that are in 2 ½ Point Pilot Program, then, by 2 ½ point intervals up to \$50.

By 10 point intervals above \$200

LEAPS normally add by 10 point intervals until rolled into regular months. However some LEAPS will add by 5 point intervals but never by ½ point intervals.

No strike prices below \$5 unless cause by a stock split. (This is a proposal to allow 2 ½ point strikes pending at the SEC.

No 2 ½ point intervals above 50 unless there is a stock split

### **Expirations Months**

ISE follows these guidelines for expiration months:

Every Options Class has 4 or 5 months trading. This is considered “regular way” trading.  
Near month, next to near month, next two months in Cycle and  
rolled over LEAPS if applicable

The months trading regular way depends on assigned Expiration Month Cycle

January Cycle: January, April, July, October

February Cycle: February, May, August, November (January if have LEAPS)

March Cycle: March, June, September, December (January if have LEAPS)

LEAPS always have a January Expiration; 2 and 3 years out

If LEAPS are traded, then two years are traded

For example, 2003 and 2004 LEAPS are trading now.

LEAPS Rollover

January Cycle LEAPS rollover to “regular way” after May expiration

(Ex: June, July, October January)

February Cycle LEAPS rollover to “regular way” after June expiration

(Ex: July, August, November, January and February)

March Cycle LEAPS rollover to “regular way” after July expiration

(Ex: August, September, December, January and March)

### **New Series Added for New Expiration Months**

One new expiration month per option class added following each expiration. The months added depends on the Expiration Month cycle of the option class.

Generally three strikes are added for new expiration months (in the money, at the money and out of the money) unless an ISE PMM requests more strikes or another exchange is adding more. The rules for strike price ranges are followed.

### **New Series Added during Month**

New strikes prices are added if the price of the underlying passes or touches the highest or lowest strike currently being traded.

Market makers or customers can request additional new strikes.

ISE adds all new strikes added by other markets.

The rules for strike price ranges are followed for all adds.

New strikes can be added immediately or for the next day.

Please direct all questions to the ISE market data group, headed by Iris Rodriguez.

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