TMX | Montréal Exchange

The Canadian Options Symbology Initiative

What is the Canadian Options Symbology Initiative (OSI)?
To coincide with the Options Symbology Initiative (OSI) being implemented in the United States by the Options Clearing Corporation (OCC), a joint Montréal Exchange/Canadian Derivatives Clearing Corporation (CDCC) project was launched. This project's principal objective is to adapt exchange-listed options on equities, exchange-traded funds, indices and currencies to coincide with the model that is being implemented in the U.S. in order to support long-term growth in the options industry.

There are two main components of OSI:

1. **Conversion** to the new OSI format (February 12, 2010)
   - Alpha strike price codes will be eliminated in favour of an explicit numeric strike price.
   - Year and day of expiry will be required in addition to the month to identify an option.

2. **Option Symbol Consolidation** (March 2010 to May 2010)
   - The new OSI format to be implemented on February 12, 2010 will permit multiple options symbols related to the same underlying deliverable to be consolidated.
   - Upon consolidation, standard options symbols will match the underlying root symbol.

Why is the industry changing how options are identified?
The old symbology has been used for over 25 years and poses several limitations in today's marketplace. The project will modernize how North American listed options are identified and will reduce investor confusion by enabling the vast majority of options to trade with the same symbol as their underlying. For example, an explicit expiry date to the day will allow consolidation of long-term options symbols to the same underlying root symbol as the near-term options, eliminating the need for long-term option roll-over processes.

Removing the constraints imposed by the old symbology will reduce the risk of errors in the front-, middle-, and back-office processes and will provide exchanges with a greater flexibility in product development.

What is changing as a result of OSI?
To identify an options series, the new symbology requires:

- Option symbol (standard symbol to match the underlying root symbol after consolidation)
- Expiration date (including the year, month and day the option expires)
- Call/Put indicator
- Strike price (numeric representation)

The new symbology requires all of the above elements to be provided to identify an option; however, because of field constraints, the display on some systems (vendors and brokers) could be slightly different. You must contact your broker to discuss how the firm will be displaying options in account statements and end-user applications.

When are changes expected?
Broker dealers, exchanges and vendors are in the process of implementing the new symbology right now. The use of alpha codes will be completely eliminated no later than February 12, 2010. The industry symbol consolidation from the existing options root symbols (e.g., BMO, BMZ, LBM, VBM) to the underlying symbol (e.g., BMO) will be complete in May 2010.