

# Information Notice

## January 2012 Supplement to the Options Disclosure Document

The SEC approved a [supplement](#) to the Options Disclosure Document (ODD) on January 19, 2012. The ODD contains general disclosures on the characteristics and risks of trading standardized options. The January 2012 supplement amends the ODD disclosure to accommodate the listing of relative performance index options where both components of the underlying relative performance index could be an exchange-traded fund (ETF) share. The supplement also clarifies that the ETF share components must be non-leveraged. In addition, the supplement added an example of the calculation of a relative performance index. As with other supplements to the ODD, this should be read in conjunction with the current ODD, [Characteristics and Risks of Standardized Options](#).

Rule 9b-1 under the Securities Exchange Act requires broker-dealers to deliver the ODD and supplements to customers.<sup>1</sup> FINRA has similar requirements in FINRA Rule 2360(b)(11)(A)(1), which requires firms to deliver the current ODD to each customer at or before the time the customer is approved to trade options. In addition, FINRA Rule 2360(b)(11)(A)(1) requires firms to distribute a copy of each ODD supplement to customers who previously received the ODD. Firms must deliver the ODD supplements no later than the time a customer receives a confirmation of a transaction in the category of options to which the supplement pertains. Rule 2360(b)(11)(A)(3) also requires FINRA to advise firms when revisions to the ODD are made.

To comply with the requirements of FINRA Rule 2360(b)(11)(A)(1), firms may distribute the ODD supplement in various ways, including, but not limited to, one of the following:

1. conducting a mass mailing of the supplement to all of its customers approved to trade options who have already received the ODD; or
2. distributing the supplement to a customer who has already received the ODD no later than the time the customer receives a confirmation of a transaction in the category of options to which the amendment pertains.

February 9, 2012

### Suggested Routing

- ▶ Compliance
- ▶ Institutional
- ▶ Legal
- ▶ Options
- ▶ Senior Management
- ▶ Trading

### Key Topics

- ▶ Options
- ▶ Options Disclosure Document
- ▶ Relative Performance Index Options

### Referenced Rules & Notices

- ▶ FINRA Rule 2360
- ▶ NTM 98-03
- ▶ SEA Rule 9b-1

FINRA reminds firms that they may electronically transmit documents that they are required to furnish to customers under FINRA rules, including the ODD and supplements, provided the firm adheres to the standards contained in the May 1996 and October 1995 Securities Exchange Commission Releases,<sup>2</sup> and as discussed in [Notice to Members 98-03](#). Firms may also transmit the ODD and supplements to customers who have consented to electronic delivery through the use of a hyperlink.<sup>3</sup>

Questions regarding this *Notice* may be directed to Kathryn M. Moore, Assistant General Counsel, Office of General Counsel, at (202) 974-2974.

## Endnotes

1. 17 CFR 240.9b-1.
2. See Securities Act Release No. 7288 (May 9, 1996) 61 FR 24644 (May 15, 1996) and Securities Act Release No. 7233 (October 6, 1995) 60 FR 53458 (October 13, 1995).
3. See Securities Act Release No. 58738 (October 6, 2008) 73 FR 60371 (October 10, 2008).