~~be gain from the sale or exchange of a capital asset held for less than six months on the day that the option expires.~~

~~"(2) Definitions.—~~

~~"(A) For purposes of this section a 'straddle' is defined as a combination of an option to buy and an option to sell, giving the holder the right to both buy and sell a specified quantity of a security at a fixed price for a stated period of time.~~

~~"(B) For purposes of this paragraph 'security' shall not include contracts to buy or sell commodities.~~

~~"(3) Exclusion of dealers.—This subsection shall not apply to any person who holds securities for sale to customers in the ordinary course of his trade or business."~~

~~EFFECTIVE DATE~~

~~Sec. 2. This Act shall apply to options granted after January 25, 1965.~~

That section 1234 of the Internal Revenue Code of 1954 (relating to options) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) Special Rule for Grantors of Straddles.—

"(1) Gain on lapse.—In the case of gain on lapse