

Joint Audit Committee

Regulatory Update

TO: Chief Financial Officers 9711
Chief Compliance Officer

DATE: December 17, 1997

RE: YEAR 2000 PREPAREDNESS

The Joint Audit Committee would like to stress the importance of having computer technology that is capable and ready to handle the Year 2000 and to reiterate the points in the [CFTC's Advisory](#) letter of November 4, 1997, on this topic (attached). It bears echoing the CFTC's four minimum phases of action:

1. Identify each system that is Year 2000 vulnerable;
2. Update the system;
3. Extensively test; and
4. Have a contingency plan in the event of malfunction.

In order to assist firms in ensuring their preparedness, several activities/options are being offered by various industry participants. The Futures Industry Association ("FIA") has formed a task force ("Task Force") that includes information resource professionals from the SROs and FIA members as well as service bureaus. The attached "[Year 2000 Industry Testing](#)" notice from the Task Force outlines development plans and test dates. As you will note, there is a plan to conduct an industry-wide test between clearing members and exchanges during the first quarter of 1999. This test will be open to all clearing member FCMs regardless of membership in the FIA. Prior to that, various SROs will be offering test dates to assist members. To that end, attached is a listing of individuals, by SRO, that may be contacted for information on test dates or any other questions you may have. In addition, your DSRO will be asking about your preparedness status during the course of its next audit.

The Year 2000 technology issue will affect all segments of the industry. The coordination efforts initiated by the exchanges, clearing organizations and the FIA will enhance all parties' efforts towards ensuring Year 2000 readiness. However, please keep in mind that it is each firm's responsibility to ensure its compliance with regulatory requirements at all points in time. Please feel free to phone your DSRO if you have questions or concerns regarding this very important issue.

The Joint Audit Committee is a representative committee of U.S. futures exchanges and regulatory organizations including the ACC, CBOT, CME, COMEX, CSC, KCBOT, MGE, NYCE, NYFE, NYMEX, PBOT and the NFA

Year 2000 SRO Contacts

AMEX Commodities Corp.	Gary Gray Surveillance + Automation Enhancement Group	212-306-1546
Chicago Board of Trade	Rich Lee Info. Systems	312-435-3711
Chicago Mercantile Exchange	Wayne Wright Mgr., Systems Architecture	312-930-2332
Coffee, Sugar, Cocoa Exchange	Richard Hampf Project Manager, MIS	212-742-6172
Commodity Exchange	Allen Feryus Sr. VP Info. Systems	212-496-5029
Kansas City Board of Trade	Joseph Ott Manager, Compliance	816-753-7500
Minneapolis Grain Exchange	Gary Wollan VP of Operations	612-321-7171
National Futures Association	Ken Haase VP of Info. Systems -or- Steve Earl Director of Info. Systems	312-781-1350 312-781-1354
New York Cotton Exchange	Joe Giordano Financial Coordinator	212-742-5144
New York Mercantile Exchange	Allen Feryus Sr. VP Info. Systems	212-299-2740
Philadelphia Board of Trade	Bruce A. Smith VP of Project Planning and Control	215-496-5029