

Joint Audit Committee

Regulatory Update

To: Chief Financial Officer
Chief Compliance Officer

9902

Date: March 17, 1999

Re: CFTC Record Retention Requirement Regarding Year 2000 Testing

With the industry wide Year 2000 test just around the corner, many FCMs have asked what the requirements are with regard to record retention of their Year 2000 efforts including the upcoming test. The CFTC has stated that these records must be kept in accordance with "*CFTC Regulation 1. 31 Books and records; keeping and inspection*". This regulation states in part that all books and records required to be kept by the ACT or by these regulations shall be kept for a period of five years from the date thereof and shall be readily accessible during the first 2 years of the 5 year period. *CFTC Regulation 1. 35 requires documents that "relate to [the] business of dealing in commodity futures, commodity options, and cash commodities" to be kept in accordance with CFTC Regulation 1.31. The CFTC has advised us that any documents relating to Year 2000 testing results must be kept as noted*

The basic reports that are required to be maintained include, but are not limited to the following: Customer Account Statements, Reports of Account Equity and Margin Status, Open Position Listings, Day Trade Listings, P& S Recap by Exchange and the report of Exercises, Assignments and Expirations.

If you have any questions regarding this requirement, please contact your DSRO.