

CIRCULAR



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**To: All Members
Back Office Accounting Suppliers
Quote Vendors**

No: 225/98

Year 2000 Compliance - Circular 3

This is the third circular published by the SFE and NZFOE to provide updates describing the current status and progress made by the Exchanges towards Year 2000 readiness.

Status

The SFE and NZFOE's Year 2000 project is on target for the project's published date of January 1999 for compliance of critical systems.

Approach

The SFE and NZFOE established a project to address the potential Year 2000 problems in mid 1996. The SFE and NZFOE's role as co-regulators of their respective Futures and Options on Futures markets, necessitates that the SFE and NZFOE's Year 2000 program incorporate both reviewing the market's Year 2000 progress and enhancing and upgrading our own systems so they are ready for the millennium.

The SFE and NZFOE have adopted the British Standards Institute definition of Year 2000 Conformity - DISC PD 2000-1.

The Year 2000 project has the highest priority at both Exchanges. The project has the full support of senior management and progress, including the highlights and related issues, is reported to the SFE and NZFOE Board and Steering Committee on a monthly basis.

The SFE and NZFOE together have a core centralised project team of 7 people dedicated to promoting and progressing the Year 2000 program. Additionally there are 11 other full time and 35 part time resources working on the project which include representatives from all business units including Legal and Internal Audit.

An inventory has been prepared of all SFE infrastructure (software, hardware, telecommunications, vendors, premises, key utilities) and all items have been reviewed for

compliance. Infrastructure and systems are being migrated to appropriate platforms. Any upgrades and enhancements necessary have been prioritised based on criticality to business continuance and length of time to effect.

Market Profile

An ongoing process to survey the market readiness for the Year 2000 is in progress. A questionnaire has been sent to all dealing and clearing members requesting details of their Year 2000 programs. Responses to the questionnaires will be reviewed to monitor the market's ability to maintain services into the Year 2000 and onwards.

Vendor Communication / Infrastructure

Initial contact was made with suppliers in the third quarter of 1997. Follow-up letters to confirm SFE and NZFOE compliance status from vendors are ongoing. These letters request advice and confirmation from vendor suppliers on the issues faced with regard to Year 2000 as well as versions of the hardware and software required to be compliant.

Upgrades are progressing to plan and SFE and NZFOE are enhancing, implementing and testing all critical systems and all feeds to and from both Exchanges.

Premises

Initial letters to Building Managers have been sent and responses received. System testing is taking place where possible. Follow-up letters will be sent seeking evidence of testing where our own testing is not possible.

Compliance Testing

The SFE and NZFOE have established a number of mandatory and recommended test dates. These dates are:-

Mandatory Dates

9/9/1999; 31/12/1999; 3/1/2000; 29/2/2000; 31/12/2000; 2/1/2001

Additional Recommended Dates

1/1/2000; 4/1/2000; 31/1/2000; 1/2/2000; 28/2/2000; 1/3/2000

Detailed test plans have been developed with particular focus on date related functionality using the mandatory dates, and depending on system functionality, other dates as required for testing purposes. Where practical, testing of vendor certified compliant infrastructure is planned.

Integrated end to end testing across SFE and NZFOE core systems has been scheduled.

Member Testing

The SFE and NZFOE aim to provide Members with test packs (trade script, trade maintenance and test data) by the end of September 1998. Interactive testing facilities are being evaluated and if required could be made available in the first quarter 1999.

The Exchanges are recommending that members upgrade their BOA Node PCs (confirmed trades feed) to DOS version 6.2.2 and compliant BIOS versions. Members will be advised when these upgrades can be implemented.

Milestones

Description	Status	Estimated/ Actual Completion Date
Planning		
Inventory Prepared	Completed	September 1997
Priorities Established	Completed	December 1997
Strategy Identified	Completed	December 1997
Detailed Project Plan Prepared	On-going	Updated fortnightly
Vendors / Infrastructure/ SFE & NZFOE Systems		
Request for details of Y2K compliance	Completed	October 1997
Follow-ups/ upgrades/ testing	In progress	January/April 1999
Critical Systems	Remediation and testing in progress	January 1999
Non-Critical systems	Remediation and testing in progress	April 1999
SFE and NZFOE Futures and Options Market		
Provide details on SFE Y2K approach and progress - Quarterly Circulars	On-going	December 1999
Review and monitoring of the Y2K status of the futures and options market.	On-going - Questionnaire sent, - 6 monthly follow-ups planned	July 1998 December 1998 and July 1999
Establish test facilities Test data available Interactive facilities	Planning in progress Test Pack TBA	September 1998
Premises		
Building Managers contacted for Y2K compliance	Completed	October 1997
Follow-ups requesting testing evidence	On-going	April 1999
Contingency Planning		
Will be reviewed for Y2K and supplemented where necessary	Scope being defined	September 1998 July 1999

Critical Systems Target Dates

Critical Systems	Description	Notes	Estimated Completion Date
SYCOM®	Automated Trading system	SYCOM® IV currently being tested	December 1998
STACS	Allocation System	Current production release has been enhanced for Y2K.	November 1998
CPS	Clearing and Settlement System	Current production release has been enhanced for Y2K.	November 1998
BOA End User Package	Confirmed trades and allocations feed	Hardware to be upgraded	October 1998

If you have any queries on the above or on any other issues regarding the SFE and NZFOE Year 2000 project, please either email to

year2000@sfe.com.au

or call Ian Kessell, Year 2000 Project Manager on (02) 9256 0631 or Fiona Diplock, Year 2000 Member Liaison on (02) 9256 0479.

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