

MEMO# 11161

August 4, 1999

SECURITIES INDUSTRY ASSOCIATION (SIA) - YEAR 2000 EVENT MANAGEMENT COMMITTEE REPORTS

[11161] August 4, 1999 TO: PRIMARY CONTACTS - MEMBER COMPLEX No. 74-99 BOARD OF GOVERNORS No. 50-99 OPERATIONS COMMITTEE No. 30-99 SMALL FUNDS COMMITTEE No. 11-99 TRANSFER AGENT ADVISORY COMMITTEE No. 50-99 TECHNOLOGY TASK FORCE MUTUAL FUND YEAR 2000 PROJECT LEADERS RE: SECURITIES INDUSTRY ASSOCIATION (SIA) - YEAR 2000 EVENT MANAGEMENT COMMITTEE REPORTS

Enclosed are two reports recently released by the SIA's Year 2000 Event Management Committee (the "Committee"), whose primary objectives are to provide securities firms with guidance on establishing Coordination and Communication Centers and to explore how the U.S. securities industry can optimize the exchange of information during the transition to the year 2000. The Committee's work included both firm and industry issues. Three distinct working groups - Internal Firm Event Management, U.S. Financial Services (Coordination and Communications Center), and Global 2000 Event Management - have issued the reports described below. While these reports have a securities industry orientation, they include information that could assist mutual fund firms to refine their year 2000 event management and contingency plans.

- _ Internal Firm Event Management - The attached report dated 6/17/99 is intended as a reference document for securities firms to use when preparing their plans to transition to the year 2000. The document offers suggestions regarding a number of topics including: Creation and administration of a coordination and communication center; Decision rules which could govern the activation of firm-level contingency plans; Status and information reporting, monitoring and communication capabilities; Firm-wide dress rehearsals; and Physical recommendations for coordination and communication centers.
- _ U.S. Financial Services Coordination and Communication Center ("FSCCC") - The attached report dated 6/29/99 sets forth a detailed blueprint of the Committee's plans to establish a coordination and communication center within the U.S. financial securities sector that will act as one of the primary resources to support information dispersal to the financial services industry in the U.S. The FSCCC will gather and disseminate information from the exchanges and utilities (E&Us), payment systems as well as regulators. The FSCCC will provide continuous communication to all registered participants (firms, E&Us, regulators, payment systems, and banks), throughout the crossover to the year 2000, regarding the overall status of industry infrastructure. Participants will have access to this information within a secure website environment and telephone message system. The Institute is investigating how mutual fund firms can gain access to this information.
- 1 Global 2000, an informal organization of banks, securities firms and insurance companies, is a voluntary, private-sector financial industry grouping made

up of 508 institutions from 68 countries. The mission of Global 2000 is to identify and resource areas where co-ordinated initiatives will facilitate efforts by the global financial community to minimize the risks to global financial markets arising from the Year 2000 date change. Global 2000 welcomes the participation of all financial service providers from the banking, securities, and insurance sectors which are active in global markets. _ Global 2000 Event Management - The Global 2000 Co-ordinating Group¹ recently issued "Global Financial Services Year 2000 Risk Mitigation & Contingency Plan Exposure Draft" dated 7/2/99 which is available on the Global 2000 website at www.global2k.com. This report provides eleven recommendations for consideration by global securities market participants and presents a framework for global communications, risk mitigation and contingency planning. The framework includes plans for a cross border "Event Management Structure and Communications Process" that will serve as a means for sharing information about: industry-wide "alerts," pending decisions and readiness information through self-disclosure by countries and potentially by firms. Information would be available to the financial industry over established communication lines (e.g. SWIFT, Reuters, and the Internet) and include reports on critical "milestones" and checkpoints over the period. The Event Management Committee and Global 2000 Co-ordinating Group reports include information of interest to year 2000 project managers, and other mutual fund personnel responsible for year 2000 event management and contingency planning. We encourage you to review this information with the appropriate personnel in your organization and consider the various issues raised in these reports as you complete the preparation of your Y2K event management and contingency plans. The Institute is pursuing registration options for ICI members who would like access to Y2K status information from the FSCCC or Global 2000 cross-border event management facility during the millennium crossover. If you have any questions please contact me at (202) 326-5857, Don Boteler at (202) 326-5845 or Kathy Joaquin at (202) 326-5930. Lawrence R. Maffia Senior Vice President Enclosures

Copyright © by the Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice.