

MEMO# 7947

June 10, 1996

YEAR 2000 DATA PROCESSING IMPACT

June 10, 1996 TO: ACCOUNTING/TREASURERS MEMBERS No. 16-96 BANK AND TRUST ADVISORY COMMITTEE No. 18-96 BROKER/DEALER ADVISORY COMMITTEE No. 11-96 MEMBERS - ONE PER COMPLEX No. 47-96 OPERATIONS MEMBERS No. 26-96 TRANSFER AGENT ADVISORY COMMITTEE No. 31-96 RE: YEAR 2000 DATA PROCESSING IMPACT

As you are aware, much attention has been directed recently to the approach of the year 2000 and its potential critical impact upon data processing and information management systems. Concern with this issue focuses primarily upon the practice within a significant number of computer systems of using a two digit convention for denoting the year portion of a date (i.e., 96 for 1996, 97 for 1997). Because date references within computer systems utilizing a two digit year convention are incapable of recognizing a change in century, those systems relying on a two digit year convention will be unable to recognize dates as of January 1, 2000. While many of you have already begun to address this issue within your own systems, or within the systems of your respective systems and data vendors, the Investment Company Institute wishes to stress how imperative it is that members ensure that the computer systems they utilize are prepared for the year 2000. As the attached letter from Lori Richards, Director of the Securities and Exchange Commissions Office of Inspections, Compliance, and Examinations, indicates, the SEC views preparedness for the year 2000 as a matter of the highest concern, and will be urging, during the course of on-site examinations, that members undertake appropriate modifications to their respective systems and programs. Given the state of concern that exists, and the minimal time window for effecting corrective action, we strongly suggest that all members undertake a comprehensive review of their systems, systems interfaces, and systems programming to ensure that all year 2000 systems transition issues have been dealt with accordingly. If you have questions or concerns regarding this issue, please do not hesitate to contact Kevin Farragher at 202/326-5848 or the undersigned at 202/326-5845. Thank you. Donald J. Boteler Vice President Operations and Training Attachment