

Appendix A

**FORM BD-Y2K**  
**Cover Page**  
**United States**  
**Securities and Exchange Commission**  
**Mail Stop A-2**  
**450 5th Steet, N.W.**  
**Washington, DC 20549**

OMB Number:	3235-0511
Expires	12/31/1999
Estimated Average Burden Hours per response	2

**Name of Broker-Dealer:** \_\_\_\_\_  
**SEC File No:** \_\_\_\_\_  
**CRD File No:** \_\_\_\_\_

**Address of Principal Place of Business (Do Not Use P.O. Box No.):**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Contact Person Responsible for Filling Out This Form (Please provide your business address and phone number):**

**Name:** \_\_\_\_\_  
**Title:** \_\_\_\_\_  
**Phone:** \_\_\_\_\_  
**Address:** \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
**Signature**

\_\_\_\_\_  
**Title**

**Attention:** Intentional misstatements or omissions of fact constitutes Federal Criminal Violations (See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a))

SEC 2435 (6-98)

## **GENERAL INSTRUCTIONS**

These instructions are considered an integral part of Form BD-Y2K.

Form BD-Y2K is divided into two parts. As discussed below, Part I applies to each broker or dealer with a minimum net capital requirement of \$5,000 or greater. Part II applies to only those brokers or dealers with a minimum net capital requirement of \$100,000 or greater.

An original and two copies of each Form BD-Y2K must be filed with the Commission's principal office at mail stop A-2, 450 5th Street, N.W., Washington, D.C. 20549, and one copy of each Form BD-Y2K must be filed with the designated examining authority of the broker or dealer.

The original Form BD-Y2K that is required to be filed with the Securities and Exchange Commission ("Commission") must be manually signed. If the broker or dealer is a sole proprietorship, the signature shall be made by the proprietor; if a partnership, by a general partner; or if a corporation, by the Chief Executive Officer, or if not available, by any person authorized to act on behalf of the broker or dealer.

For the purposes of this Form BD-Y2K, the term "Year 2000 Problem" includes any erroneous result caused by computer software (i) incorrectly reading the date "01/01/00" or any year thereafter; (ii) incorrectly identifying a date in the year 1999 or any year thereafter; (iii) failing to detect that the Year 2000 is a leap year; and (iv) any other computer error that is directly or indirectly related to the problems set forth in (i), (ii), or (iii) above.

### **PART I**

Pursuant to section 240.17a-5(e)(5)(ii)(A), no later than August 31, 1998, every broker or dealer required to maintain minimum net capital of \$5,000 or greater as of July 15, 1998, pursuant to section 240.15c3-1(a)(2) shall file Part I of Form BD-Y2K prepared as of July 15, 1998, and no later than April 30, 1999, every broker or dealer required to maintain minimum net capital of \$5,000 or greater as of March 15, 1999, pursuant to section 240.15c3-1(a)(2) shall file Part I of Form BD-Y2K prepared as of March 15, 1999.

Pursuant to section 240.17a-5(e)(5)(ii)(B), every broker or dealer that registers pursuant to section 15 of the Act between July 16, 1998 and December 31, 1998 or between March 16, 1999 and October 1, 1999, and that is required to maintain net capital pursuant to § 240.15c3-1(a)(2) of \$5,000 or greater, shall file Part I of Form BD-Y2K no later than 30 days after its registration becomes effective. Part I of Form BD-Y2K shall be prepared as of the date its registration became effective.

Please do not write explanatory notes next to the questions on the form.

## **PART II**

Pursuant to section 240.17a-5(e)(5)(iii), no later than August 31, 1998, every broker or dealer with a minimum net capital requirement pursuant to section 240.15c3-1(a)(2) of \$100,000 or greater as of July 15, 1998, shall file Part II of Form BD-Y2K prepared as of July 15, 1998.

Pursuant to section 240.17a-5(e)(5)(iii), no later than April 30, 1999, every broker or dealer with a minimum net capital requirement pursuant to section 240.15c3-1(a)(2) of \$100,000 or greater as of March 15, 1999, and every broker or dealer required to file Part II of Form BD-Y2K as of July 15, 1998 shall file Part II of Form BD-Y2K prepared as of March 15, 1999.

Pursuant to section 240.17a-5(e)(5)(iii), every broker or dealer that registers pursuant to section 15 of the Act between July 15, 1998 and December 31, 1998 or between March 16, 1999 and October 1, 1999, and that is required to maintain net capital pursuant to § 240.15c3-1(a)(2) of \$100,000 or greater, shall file Part II of Form BD-Y2K no later than 30 days after registration becomes effective. Part II of Form BD-Y2K shall address each topic in paragraphs (e)(5)(iv) of this section as of the effective date of its registration.

A broker or dealer required to complete Part II of the Form must also complete Part I. Each question should be answered in narrative form, even if your answer covers the same topics included in Part I of this Form.

## **PAPERWORK REDUCTION ACT DISCLOSURE**

Form BD-Y2K requires a broker or dealer to file with the Commission and with its designated examining authority information concerning the broker's or dealer's efforts to address Year 2000 Problems. The form is designed to (i) increase broker-dealer awareness that they should be taking specific steps now to prepare for the Year 2000; (ii) facilitate coordination with self regulatory organizations on industry wide testing, implementation, and contingency planning; (iii) supplement the Commission's examination module for Year 2000 issues; and (iv) provide information regarding the securities industry's preparedness for the Year 2000.

It is estimated that a broker or dealer will spend approximately 2 hours completing Part I of Form BD-Y2K and will spend approximately 35 hours completing Part II of Form BD-Y2K. Any member of the public may direct to the Commission any comments concerning the accuracy of this burden estimate and any suggestions for reducing this burden.

No assurance of confidentiality is given by the Commission with respect to the responses made in the Form BD-Y2K. This filing will be available to the public.

This collection of information has been reviewed by the Office of Management and Budget (OMB) in accordance with the clearance requirements of 44 U.S.C. § 3507. This collection of information has been assigned Control Number 3235-0511 by OMB.

An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid number. Section 17(a) of the Securities Exchange Act of 1934 authorizes the Commission to collect the information on this Form from registrants. See 15 U.S.C. § 78q.

**PART I**

**Firm Name** \_\_\_\_\_

**Firm Address** \_\_\_\_\_

**SEC File No.** \_\_\_\_\_

**CRD No.** \_\_\_\_\_

1. Year 2000 compliance plan

(a) Do you have a plan for Year 2000 compliance to address whether your computer systems will operate correctly after December 31, 1999?

- Yes
- No

(b) If not, are you?

- Developing a written plan.

It is expected to be completed by: \_\_\_\_\_(MM/DD/YYYY)

- Not developing a written plan because you do not plan to be conducting business after January 1, 2000.

Plan to be out of business by: \_\_\_\_\_(MM/DD/YYYY)

- Other (Please specify) \_\_\_\_\_

***If you do not have a plan, go to question 2.***

(c) Does the plan address external interfaces with third party computer systems that communicate with your systems?

- Yes
- No

(d) Is your Year 2000 compliance plan in writing?

- Yes
- No

(e) Who has approved the plan? (Check all that apply)

- No approval
- Board of Directors
- Corporate officers
- Executive management
- Head of Information Technology
- Employees

(f) Has the plan been discussed with your outside auditors?

- Yes
- No

(g) What is the scope of coverage of the plan? (Check all that apply)

- All systems
- Mission critical systems
- Physical facilities
- Communications systems

(h) Which of your facilities does the plan cover? (Check all that apply)

- Our primary facility
- Certain U.S. facilities
- All U.S. facilities
- Certain facilities worldwide
- All facilities worldwide
- We have no international facilities

(i) Are your activities for non-US clients covered by the plan?

- Yes
- No
- Not Applicable

2. Funding for Year 2000 compliance

(a) Please indicate the month your fiscal year begins. \_\_\_\_\_

(b) Has specific funding been allocated for fiscal year 1998, fiscal year 1999, or fiscal year 2000 for your Year 2000 compliance plan?

- (i) 1998    • Yes        • No
- (ii) 1999    • Yes        • No
- (iii) 2000    • Yes        • No

***If funding has not been allocated for fiscal year 1999 or fiscal year 2000, mark “no.”  
If you marked “no” for 1998, 1999, and 2000 go to question 3.***

(c) What is your specific 1998 fiscal year budget allocation for Year 2000 compliance (including operating and capital expenditures)?

- Less than \$1,000        • \$1,001 - \$10,000        • \$10,001 - \$50,000
- \$50,001 - \$100,000    • \$100,001 - \$500,000    • \$500,001 - \$1 million
- \$1-2 million            • \$2-5 million            • \$5-10 million
- \$10-20 million        • \$20-50 million        • \$50-100 million
- over \$100 million

(d) What items are contained in your 1998 budget for Year 2000 compliance?  
(Check all that apply)

- Assessment of the problem
- Correction of systems
- Replacement of systems
- Internal testing
- Point-to-point testing (including testing with broker-dealers, custodians, transfer agents, clearing agencies, other service providers, etc.)
- Training
- SIA industry wide testing
- Implementation of contingency plans

***If you marked “no” for fiscal year 1999 and fiscal year 2000 in question 2(b), go to question 3.***

(e) What is your specific 1999 fiscal year budget allocation for Year 2000 compliance (including operating and capital expenditures)?

- Less than \$1,000
- \$1,001 - \$10,000
- \$10,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$500,000
- \$500,001 - \$1 million
- \$1-2 million
- \$2-5 million
- \$5-10 million
- \$10-20 million
- \$20-50 million
- \$50-100 million
- over \$100 million

(f) What items are contained in your 1999 budget for Year 2000 compliance? (Check all that apply)

- Assessment of the problem
- Correction of systems
- Replacement of systems
- Internal testing
- Point-to-point testing (including testing with issuers, broker-dealers, custodians, clearing agencies, other service providers, etc.)
- Training
- SIA industry wide testing
- Implementation of contingency plans.

*If you marked “no” for fiscal year 2000 in question 2(b), go to question 3.*

(g) What is your specific 2000 fiscal year budget allocation for Year 2000 compliance (including operating and capital expenditures)?

- Less than \$1,000
- \$1,001 - \$10,000
- \$10,001 - \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$500,000
- \$500,001 - \$1 million
- \$1-2 million
- \$2-5 million
- \$5-10 million
- \$10-20 million
- \$20-50 million
- \$50-100 million
- over \$100 million



(h) What items are contained in your 2000 budget for Year 2000 compliance?  
 (Check all that apply)

- Assessment of the problem
- Correction of systems
- Replacement of systems
- Internal testing
- Point-to-point testing (including testing with broker-dealers, custodians, transfer agents, clearing agencies, other service providers, etc.)
- Training
- SIA industry wide testing
- Implementation of contingency plans

3. Persons responsible for Year 2000

(a) Has one or more individuals been designated as responsible for your Year 2000 compliance?

- Yes
- No

(b) If yes, please provide the following information on the person primarily responsible:

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Business address:** \_\_\_\_\_

4. Staffing for Year 2000

(a) Is this a full-time project for at least one individual (including both employees and consultants)?

- Yes
- No

(b) If yes, how many individuals are working full-time on Year 2000 compliance?

1	2-5	6-10	11-20	21-50	51-100	101-200	over 200

(c) Have you hired third parties to assist you on Year 2000 issues?

- Yes
- No

(d) If yes, what function(s) are the third parties performing? (Check all that apply)

- Assessment of the problem
- Correction of systems
- Replacement of systems
- Internal testing
- Training
- Vendor assessment
- Point-to-point testing (including testing with issuers, broker-dealers, custodians, clearing agencies, other service providers, and etc.)
- SIA industry wide testing
- Other (Please specify): \_\_\_\_\_

(e) If you have not completed staffing your Year 2000 project, are you?

- Defining resources. This will be completed by:  
\_\_\_\_\_ (MM/DD/YYYY)
- Unable to find sufficient staffing resources.
- Handling the staffing as part of your ongoing business operations.

5. Inventory of systems

(a) Have you inventoried all systems?

- Yes
- No

(b) What is the nature of the computer systems you utilize? (Check all that apply)

- Off the shelf
- Vendor provided
- In house developed (custom made)
- Other (Please specify): \_\_\_\_\_

(c) Have you identified your mission critical systems?

- Yes

- No

(d) If no, this will be completed by: \_\_\_\_\_(MM/DD/YYYY)

(e) Have you determined which of your critical systems are not currently Year 2000 compliant?

- Yes
- No

6. Awareness of the problem

What steps have you taken to enhance **awareness** of potential Year 2000 Problems? (Check all that apply)

- None to date
- Designated individuals for Year 2000 compliance
- Presentations to the Board
- Presentations to management
- Presentations to employees
- Contacted third parties
- Other (Please specify) \_\_\_\_\_

7. Progress on preparing critical systems for the Year 2000

What is your progress on the following stages of preparation for the Year 2000?

(a) **Assessment** of steps you will take to address Year 2000 Problems with your mission critical systems (including preparing an inventory of computer systems affected by the Year 2000):

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, assessment expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(b) **Implementation** of steps you will take to address Year 2000 Problems with your mission critical systems:

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, implementation expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(c) **Testing of your mission critical internal systems:**

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, testing expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(d) Did your testing of internal systems result in material exceptions that remain unresolved as of this filing?

- Yes
- No

(e) **Point-to-point testing** of your non-critical systems (including testing with other broker-dealers, other financial institutions, customers, and vendors):

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, testing expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(f) Did your point-to-point testing result in material exceptions that remain unresolved as of this filing?

- Yes
- No

(g) **Implementation** of tested software that addresses Year 2000 Problems with your non-critical systems:

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, implementation expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

8. Progress on preparing all other systems for the Year 2000.

What is your progress on the following stages of preparation for the Year 2000?

(a) **Assessment** of steps you will take to address Year 2000 Problems with your non-critical systems (including preparing an inventory of computer systems affected by the Year 2000):

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, assessment expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(b) **Implementation** of steps you will take to address Year 2000 Problems with your non-critical systems:

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, implementation expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(c) **Testing of your non-critical internal systems:**

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, testing expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(d) Did your testing of internal systems result in material exceptions that remain unresolved as of this filing?

- Yes
- No

(e) **Point-to-point testing** of your non-critical systems (including testing with other broker-dealers, other financial institutions, customers, and vendors):

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, testing expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

(f) Did your point-to-point testing result in material exceptions that remain unresolved as of this filing?

- Yes
- No

(g) **Implementation** of tested software that addresses Year 2000 Problems with your non-critical systems:

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not completed, implementation expected to be completed by:  
 \_\_\_\_\_(MM/DD/YYYY)

9. Contingency plans

(a) Do you have a contingency plan for your systems if, after December 31, 1999, you have problems caused by Year 2000 Problems?

- Yes
- No

(b) If yes, is the contingency plan in writing?

- Yes
- No
- Not Applicable

(c) If not, what is your progress in preparing a contingency plan?

0%	1%-25%	26-50%	51-75%	76-99%	complete

(d) What is the scope of the contingency plan? (Check all that apply)

- No systems
- Mission critical systems
- Physical facilities
- Communications systems
- All systems

(e) Who has approved the contingency plan? (Check all that apply)

- No approval
- Board of Directors
- Corporate officers
- Executive management
- Head of Information Technology
- Employees

10. Third parties (including clearing firms, vendors, service providers, counterparties, etc.) who provide mission critical systems

(a) Have you identified all third parties upon whom you rely for your critical systems?

- Yes
- No

(b) If yes, how many third parties do you rely upon for your mission critical systems? \_\_\_\_\_

(c) What percentage of third parties upon whom you rely for mission critical systems have you contacted regarding their readiness for the Year 2000?

0%	1%-25%	26-50%	51-75%	76-99%	complete

If not all, contact expected to be completed by: \_\_\_\_\_(MM/DD/YYYY)

(d) Has any third party upon whom you rely for mission critical systems declined or failed to provide you with assurances that it is taking the necessary steps to prepare for the Year 2000?

- Yes
- No
- Not Applicable

(e) If yes, how many third parties providing mission critical systems have not provided such assurances? \_\_\_\_\_

(f) Does your contingency plan account for third parties whose systems may fail after December 31, 1999?

- Yes
- No
- We have no contingency plan



## PART II

**Firm Name** \_\_\_\_\_  
**Firm Address** \_\_\_\_\_  
**SEC File No.** \_\_\_\_\_  
**CRD No.** \_\_\_\_\_

Pursuant to section 240.17a-5(e)(5)(iv), identify a specific person or persons that are available to discuss the contents of this report and please respond to each of the following questions in narrative form. Each question must be answered, even if your answer covers the same topics included in Part I of this Form

(A) Has the broker's or dealer's board of directors (or similar body) approved and funded plans for preparing and testing its computer systems for Year 2000 Problems?

(B) Do the broker's or dealer's plans for preparing and testing its computer systems for Year 2000 Problems exist in writing and do the plans address all mission critical computer systems of the broker or dealer wherever located throughout the world?

(C) Has the broker or dealer assigned existing employees, hired new employees, or engaged third parties to provide assistance in addressing Year 2000 Problems? If so, provide a description of the work that these groups of individuals have performed as of the date of each report.

(D) What is the broker's or dealer's current progress on each stage of preparation for potential problems caused by Year 2000 Problems? These stages are:

- (1) Awareness of potential Year 2000 Problems;
- (2) Assessment of what steps the broker or dealer must take to address Year 2000 Problems;
- (3) Implementation of the steps needed to address Year 2000 Problems;
- (4) Internal testing of software designed to address Year 2000 Problems, including the number and a description of the material exceptions resulting from such testing that are unresolved as of the reporting date;
- (5) Point-to-point or industry wide testing of software designed to address Year 2000 Problems (including testing with other brokers or dealers, other financial institutions, and customers), including the number and a description of the material exceptions resulting from such testing that are unresolved as of the reporting date; and

(6) Implementation of tested software that will address Year 2000 Problems.

(E) Does the broker or dealer have written contingency plans in the event, that after December 31, 1999, it has problems caused by Year 2000 Problems?

(F) What levels of management of the broker or dealer are responsible for addressing potential problems caused by Year 2000 Problems? Provide a description of the responsibilities for each level of management regarding the Year 2000 Problems.

(G) Provide any additional material information concerning the broker's or dealer's management of Year 2000 Problems that will help the Commission and the designated examining authorities assess the readiness of the broker or dealer for the Year 2000.