Notices to Members
YEAR 2000 UPDATE

March 1999

Deadline For Completion Of Form BD-Y2K Is Near

The National Association of Securities Dealers, Inc. (NASD®) recently mailed a Form BD-Y2K package to each member firm for completion by **April 30, 1999**.

The recent amendments to Securities and Exchange Commission (SEC) Rule 17a-5 require all NASD members with minimum net capital requirements of $5,000 or greater as of March 15, 1999, to file the Form BD-Y2K report with the SEC and the firm's designated examining authority (DEA). Broker/dealers with minimum net capital requirements of $5,000 or greater as of March 15, 1999, are required to file Part I of Form BD-Y2K by **April 30, 1999**.

Broker/dealers with minimum net capital requirements of $100,000 or greater are required to file, also by **April 30, 1999**, the Part II narrative and Part III—an independent public accountant's report—in addition to Part I. Part III of the Form must be completed by an independent public accountant; to complete this process, the independent public accountant must review completed Parts I and II. For background on constructing the independent public accountant's report, visit the American Institute of Certified Public Accountants Web Site (*www.aicpa.org*).

If you did not get a copy of this package, please call the Year 2000 Program Office at (888) 227-1330 or visit the Year 2000 Web Pages on the NASDR and NASD Web Sites (*www.nasdr.com and www.nasd.com*, respectively).

See the following page for helpful hints in preparing the Form BD-Y2K.

SEC Readiness Information

The SEC has provided a searchable database on the SEC Web Site (*www.sec.gov*), which features information from Year 2000 required reports from securities firms and other constituents. Currently, the database includes more than 13,000 reports that describe the following for each firm included in the database:

- *state of Year 2000 readiness*
- *costs to address the Year 2000 problem*
- *Year 2000 risks*
- *progress in developing contingency plans*

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1999 Form BD-Y2K Best Practices And Helpful Hints

Firms should keep in mind the following points when completing and submitting the Form BD-Y2K:

1) *Each broker/dealer firm must file separately.*

2) *Forms must be signed by those authorized to sign FOCUS reports. Unsigned and/or incomplete forms will not be accepted; and, therefore, will not be considered filed by the deadline.*

3) *The CRD number must be that of the member firm responding.*

4) *The address must be the firm's principal place of business and not a Post Office Box number.*

5) *Forms submitted to the DEA must be preserved in accordance with SEC Rules 17a-3 and 4 (for a period of three years).*

6) *Each firm must fill out the proper filing and identification information at the top of each page.*

7) *The original report and two copies must be mailed to the Securities and Exchange Commission, 450 Fifth Street, N.W., Mail Stop A-2, Washington, D.C. 20549.*

8) *One copy must be mailed to Lyn Kelly, Year 2000 Program Office, NASD Year 2000 Program Office,15201 Diamondback Drive, Rockville, MD 20850, ATTN: Report-BD-Y2K.*

9) *Firms required to file Parts I, II, and III must file these parts together for receipt at the SEC and DEA by close of business on April 30, 1999. Incomplete report submissions will not be accepted, and reports will not be considered "filed" unless all applicable parts are received together with the signed cover sheet (Appendix A) by the April 30th due date.*

10) *All Parts of Form BD-Y2K will be made available to the public.*

11) *Each firm should send the Form BD-Y2K in as early as possible (your firm may want to use a form of delivery that permits a receipt to be kept for records).*

12) *Form BD-Y2K may not be filed by fax.*

13) *The Form BD-Y2K should represent each firm's Year 2000 progress, not that of a separate clearing firm or service bureau.*

14) *If the firm's DEA is a self-regulatory organization (SRO) other than the NASD, the report should be sent to that DEA, not the NASD.*

More Information/Questions

NASD Year 2000 Program Office
e-mail: ***y2k@nasd.com***
phone: (888) 227-1330

Year 2000 Education And Events

New York Workshop

The NASD Year 2000 Program Office will host a workshop on contingency planning at the Marriott World Trade Center in New York City on April 5, 1999. Please note that registration is required; to register, call (888) 227-1330.

Virtual Workshops

The NASD Year 2000 Program Office is continuing to offer Virtual Workshops—conference call-in sessions. The NASD strongly encourages registration, but it is not required. To register, call (888) 567-0578, listen to the greeting, and provide the following information when prompted: firm name, Broker/Dealer #, and workshop date. On the day of the session, call (800) 857-7323 and indicate the password and confirmation number provided for the specific workshop. See next page for a list of these specifics organized by date of session, as well as a brief summary of issues to be discussed.

See next page for Virtual Workshops.

Year 2000 Education And Events

Virtual Workshops

March 17 — BD-Y2K 1999 Frequently Asked Questions and Answers
Password: Questions
Conf #: 2920202

Issues to be covered:

- Frequently asked questions about the Form BD-Y2K 1999 in comparison to the Form BD-Y2K 1998
- Helpful hints in the completion of Part 2 and how your DEA will review your SOP

March 23 — Year 2000 Overview/ Business Continuity Strategies
Password: Strategies
Conf #: 2920237

Issues to be covered:

- Developing or updating a disaster and contingency plan
- Documenting plans
- Business impact analysis
- Recovering mission-critical systems
- Validating firms' business continuity strategies

April 6 — Investor Communication "Best Practices"
Password: Communication
Conf #: 3111435

Issues to be covered:

- Frequent problems
- Disclosure issues
- Best practices
- Questions & Answers

April 13 — Internal Testing
Password: Testing
Conf #: 3112914

Issues to be covered:

- What kinds of firms need to test
- Testing best practices
- Potential testing – contingency planning
- Questions & Answers

April 20 — Contingency Planning
Password: Contingency
Conf #: 3112165

Issues to be covered:

- Step-by-step guide
- Timeline/impact if no contingency - a case study
- External/internal contingency planning
- Global view
- Questions & Answers

April 27 — Utilities and Critical Services
Password: Services
Conf #: 3111865

Issues to be covered:

- State of utilities and recent guidelines
- Other critical services
- How these critical services affect broker/dealer's preparedness
- Best practices in dealing with uncertainty
- Questions & Answers

May 6 — Audit, Agreed Upon Procedures, and Examination
Password: Audit
Conf #: 3111848

Issues to be covered:

- Differences between audit and agreed upon procedures
- Purpose of examination
- Records retention and documentation
- Sources of information to retain (e-mails, letters, etc.)
- Questions & Answers

May 13 — Investor Communication "Best Practices"
Password: Communication
Conf #: 3111736

Issues to be covered:

- Frequent problems
- Disclosure issues
- Best practices
- Questions & Answers

May 20 — Utilities and Critical Services
Password: Services
Conf #: 3113760

Issues to be covered:

- State of utilities and recent guidelines
- Other critical services
- How these critical services affect broker/dealer's preparedness
- Best practices in dealing with uncertainty
- Questions & Answers

Year 2000 Education And Events

1999 NASD Regulation Spring Securities Conference

As mentioned in the last issue of *Notices to Members*, Year 2000 issues will be featured as part of the 1999 NASD Regulation annual Spring Securities Conference to be held in New Orleans on May 20-21. A conference brochure has been mailed to NASD members and is available on the NASD Regulation Web Site at *www.nasdr.com*.

NASD Year 2000 Event Calendar

Topic	Location	Date	Time
BD-Y2K 1999 Frequently Asked Questions and Answers	Virtual	March 17	11:00 a.m., ET
Y2K Overview/Business Continuity Strategies	Virtual	March 23	11:00 a.m., ET
Contingency Planning	New York	April 5	9:00 a.m. - 11:00 a.m.
Contingency Planning	New York	April 5	1:30 p.m. - 4:00 p.m.
Investor Communication "Best Practices"	Virtual	April 6	11:00 a.m., ET
Internal Testing	Virtual	April 13	11:00 a.m., ET
Contingency Planning	Virtual	April 20	11:00 a.m., ET
Utilities and Critical Services	Virtual	April 27	11:00 a.m., ET
Audit, Agreed Upon Procedures, and Examination	Virtual	May 6	11:00 a.m., ET
Investor Communication "Best Practices"	Virtual	May 13	11:00 a.m., ET
NASD Regulation Spring Securities Conference	New Orleans	May 20-21	
Utilities and Critical Services	Virtual	May 20	11:00 a.m., ET