



CASSA DI
COMPENSAZIONE
E GARANZIA S.p.A.

YAK

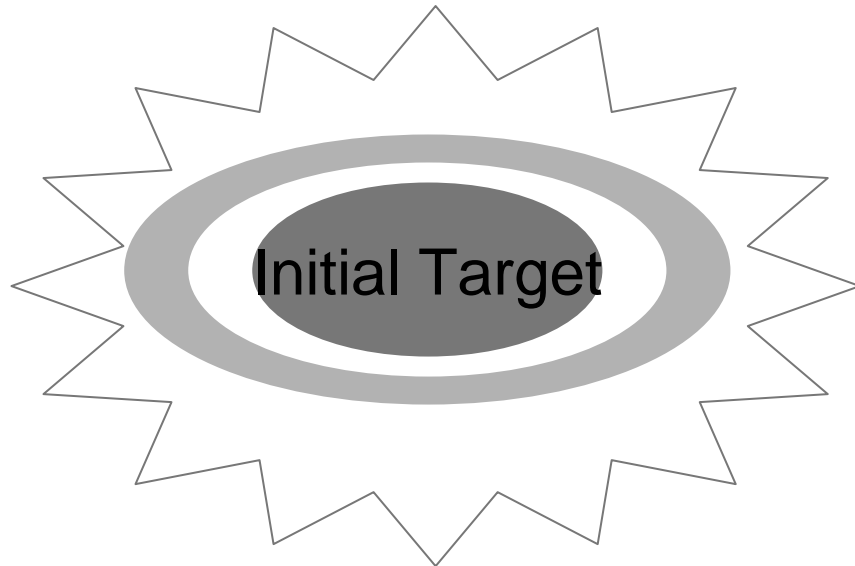
June 16, 1999

Project

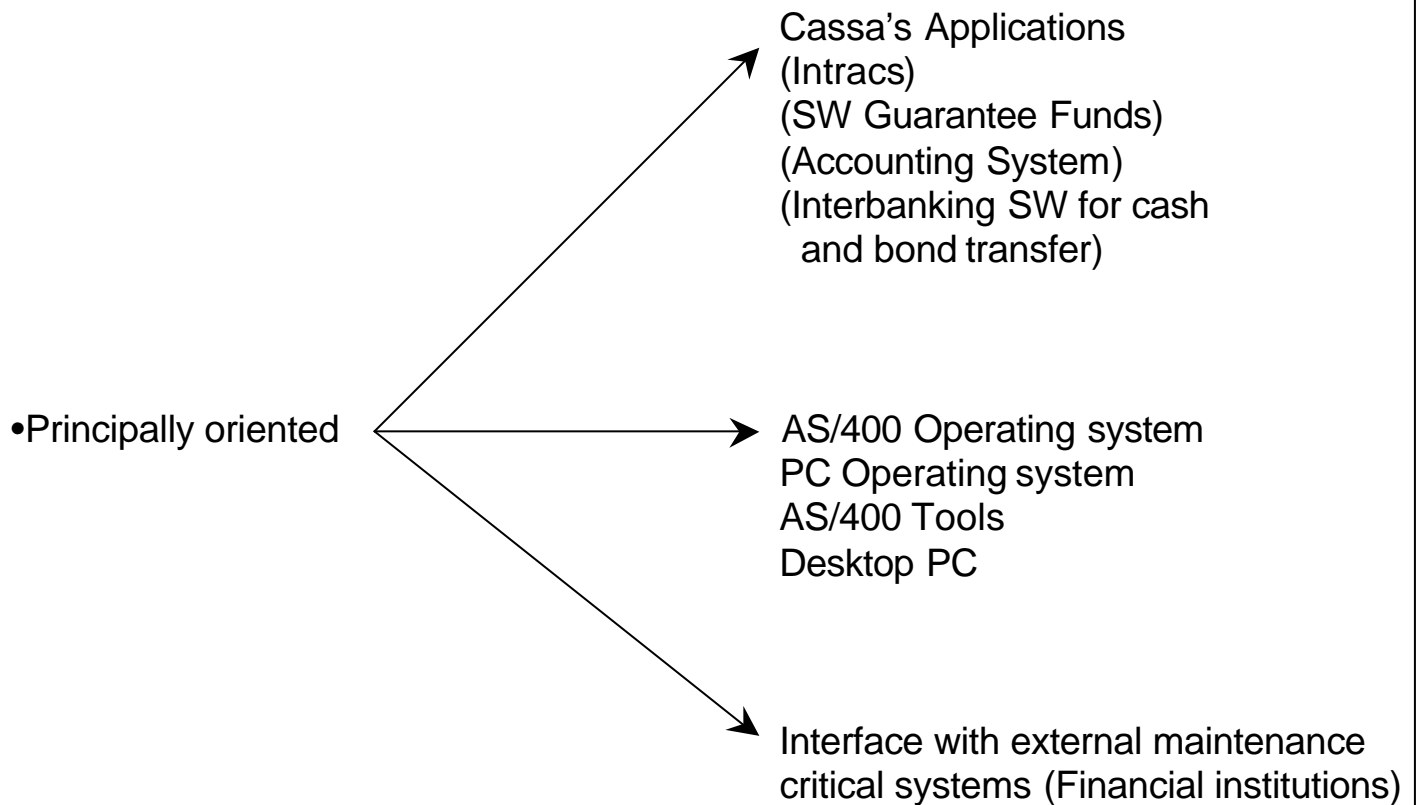


- MISSION -

- Central counterparty in the derivatives clearing (IDEM and MIF/MTO) market;
- General clearing member of MATIF (Parisbourse) for Italian members (Euroglobex).
- Manage the Guarantee Funds, to secure the proper performance of contracts on listed equities convertible bonds and warrants (Contract Guarantee Fund), as well as securing the proper settlement of these contracts (Guaranteed Settlement Fund) .



- Y2K Impact analysis -





Slide 2 - description

1. Cassa's System Configuration - mission critical systems

1.1 Internal maintenance areas: Cassa's applications

- INTRACS/400: clearing of contracts as central counterparty in the derivatives (IDEM and MIF/MTO) markets;
- INTRACS 2: clearing of contracts as general clearing member in the MATIF market;
- Guarantee Funds: securing the proper performance of contracts on listed equities convertible bonds and warrants, as well as securing the proper settlement of these contracts.
- Interface applications with the Italian Banking Network (RNI).

Sizing:

50% of all programs contain date fields or date manipulation procedures (960 in total - 550.000 lines of code).

1.2 Internal maintenance areas: third party products

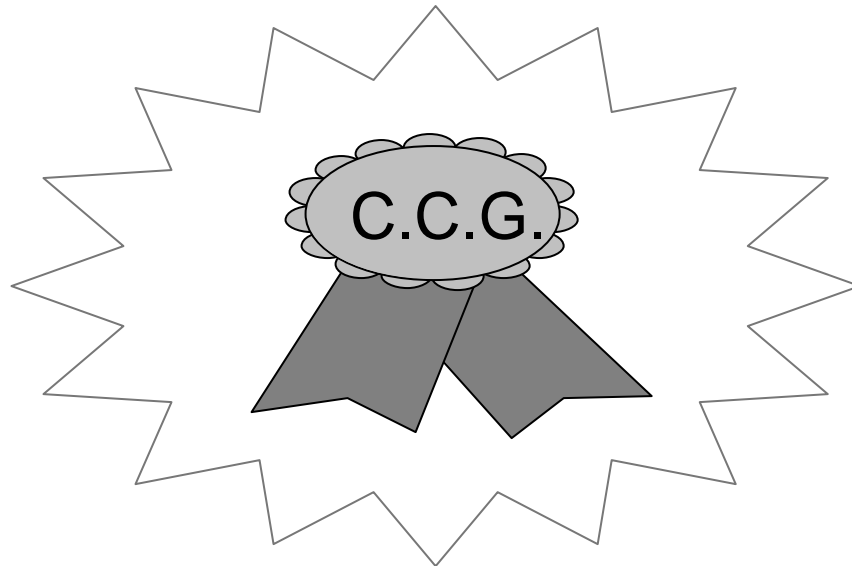
- Operating systems: OS400 (AS/400), Microsoft Windows (NT 4.0).
- Management and intermediate software: Banking Network (RNI) interface, Automated management tools, synchronization Systems for restart.
- Microcode: BIOS;
- Application packages: IBM's ACG for bookkeeping operations.

2. External maintenance critical systems:

- Trading Systems (MIF/MTO, IDEM, MATIF).
- Market networks connecting members to clearing and trading systems.
- Italian/European payment systems (BI-Rel / Target).
- Bonds/equity settlement system.
- Bonds/Equity central depositories (Monte Titoli and Bank of Italy CAT).

3. Other external maintenance critical services:

- Outsourcing for facilities management (external housing of Cassa's machines – Disaster Recovery).
- Telecommunications.
- Electric power.



- Certified Step -



1. Cassa's applications



2. AS/400 Operating system



3. PC Operating system



4. Tools AS/400



5. Desktop PC



6. Third party products and services



Slide 3 - Description

Compliance schedule

1. Internal maintenance – Cassa’s applications

<i>Phase</i>	<i>Predicted completion date</i>	<i>Current %age of completion</i>
<i>Awareness</i>	end of 1996	100%
<i>Assessment</i>	first Q of 1997	100%
<i>Mission critical applications</i>		
<i>Guarantee Funds</i>		
Analysis	first Q of 1997	100%
Programming and internal testing	third Q 1997	100%
Production	November 1997	100%
External testing (simulation of future dates)	second Q 1999	100%
<i>Derivatives clearing</i>		
Analysis	end of 1997	100%
Programming and internal testing	end of 1998	100%
Production	first Q of 1999	100%
External testing (simulation of future dates)	second Q of 1999	100%
<i>Non mission critical applications</i>		
<i>Business Resumption Contingency Plan</i>	third Q of 1999	80%
	third Q of 1999	50%

2. Internal maintenance – third party products

For these products, Cassa has asked and obtained all of the necessary Y2K compliance certifications and has updated its products, when necessary.

3. External maintenance – with Cassa’s involvement

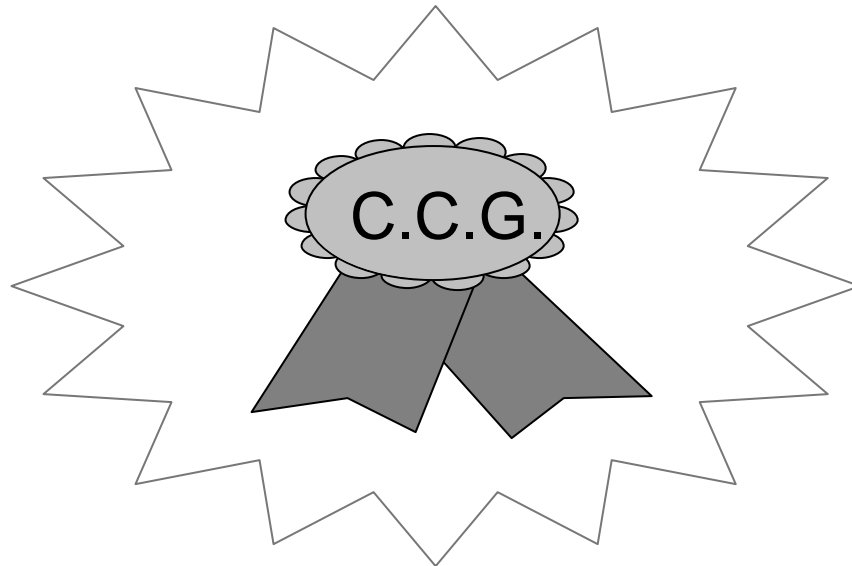
For these systems, which are controlled by other financial institutions, Cassa works with groups of Italian financial regulators (“Y2K Government Committee”, “Y2K ABI Project”) in order to coordinate testing and develop contingency plans and regulatory matters along with other institutions that control these critical systems.

4. External maintenance – without Cassa’s involvement

For these third party services, Cassa is inquiring as to their status of compliance and is modifying or substituting non compliant equipment, when necessary.

5. Costs

- Internal mission critical procedures have been modified by Cassa’s Information Technology staff.
- Cassa spent approximately 300 million Lira for the purchase of additional hardware and software.



1. Cassa's applications

Description	Vendor	Version	Certified
Intracs	Internal maintenance		June 1999
Guarantee Funds	Internal maintenance		December 1998
ACDS(1)	Seceti	V3	January 1998
ACG(2)	IBM	V7	August 1998

(1) Banking Network (RNI) interface

(2) Bookkeeping



Slide 4 - description

While developing its remediation plan, Cassa used the following tools and methodologies:

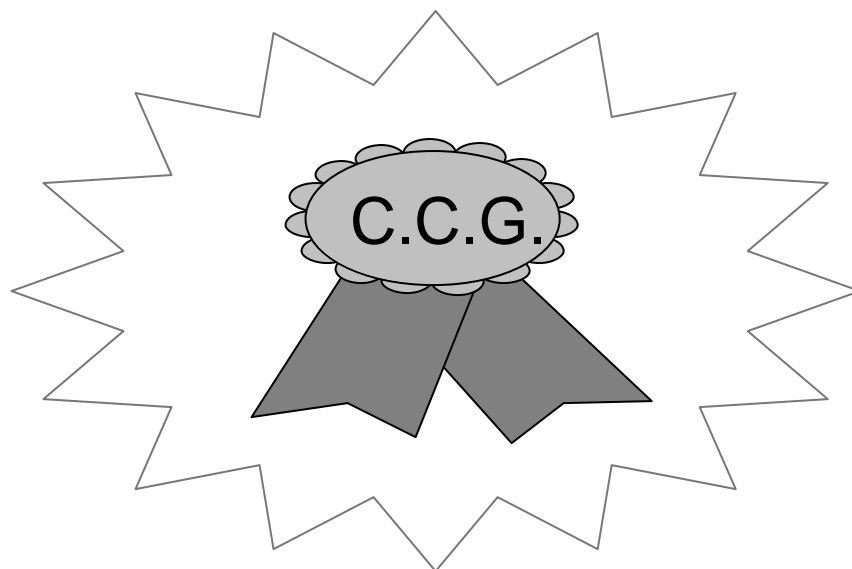
- Lifecycle project control, change management methodology and “Turnover” by SoftLanding.
- “Abstract Probe” and “Century Update”, by Advanced System Concepts, for cross reference and impact analysis.
- “Anydate” by Advanced System Concepts, for year 2000 simulation.



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2. AS/400 Operating System

Description	Vendor	Version	Certified
AS/400 Oper.System	IBM	V4R3 (1)	January 1999

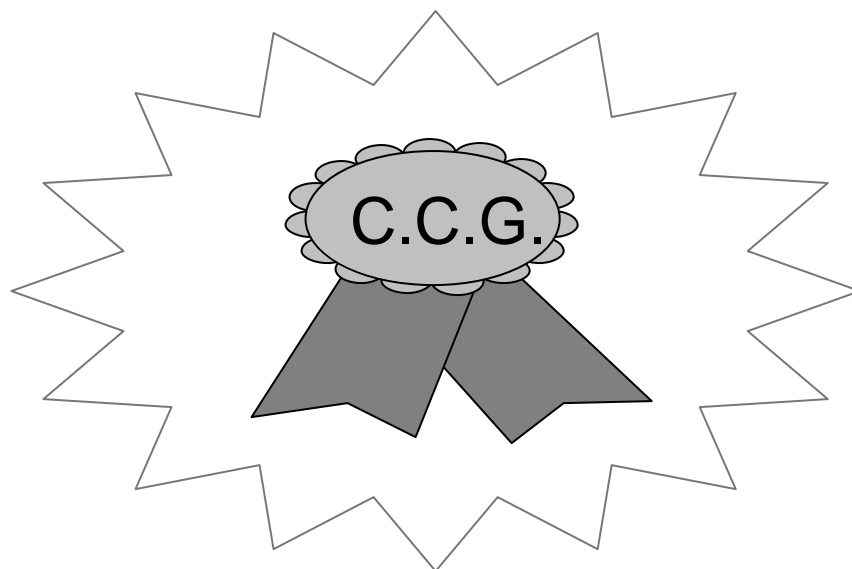
(1) Totally certified



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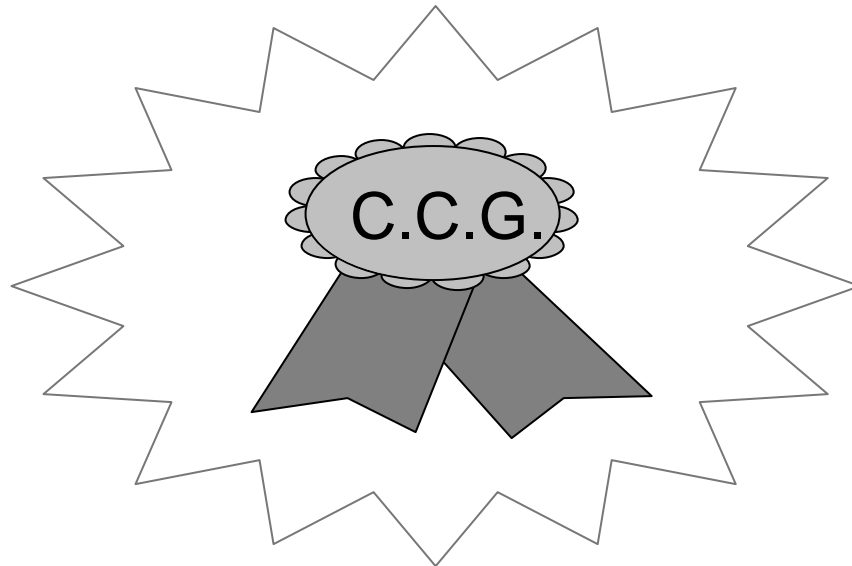
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3. PC's

Description	Vendor	Version	Certified
Windows NT 4.0	Microsoft	Service Pack 4	June 1999
PC BIOS	IBM		January 1999



4. AS/400 Tools

Description	Vendor	Version	Certified
Syncro (1)	SVIB	Base	December 1996
Autoconsole (2)	IBM	V1R3	September 1998
Turnover	Softlanding	V4R2	January 1996
Abstract	ASC		January 1996
Modulo Base	IBM	V6R1	January 1998

(1) Automated synchronization of the "Disaster Recovery" System.

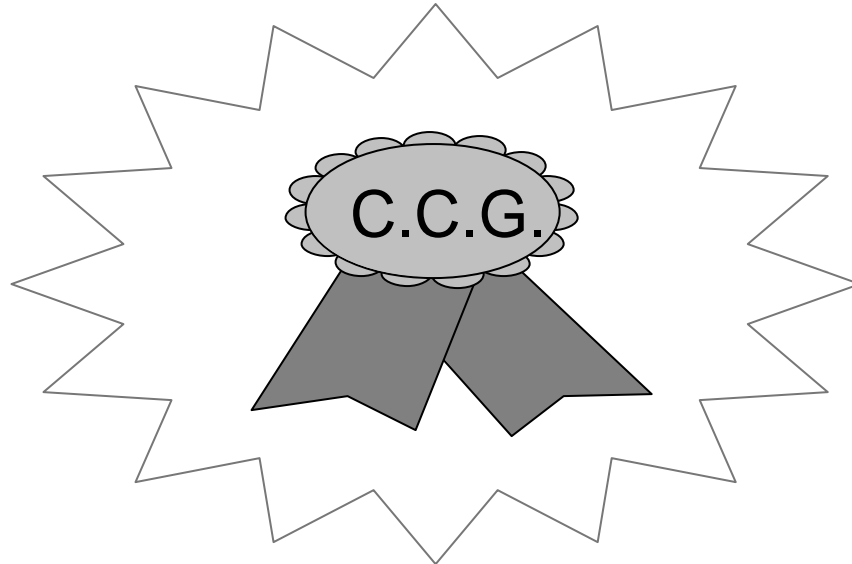
(2) Automated console of the AS/400 system.



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5. PC software

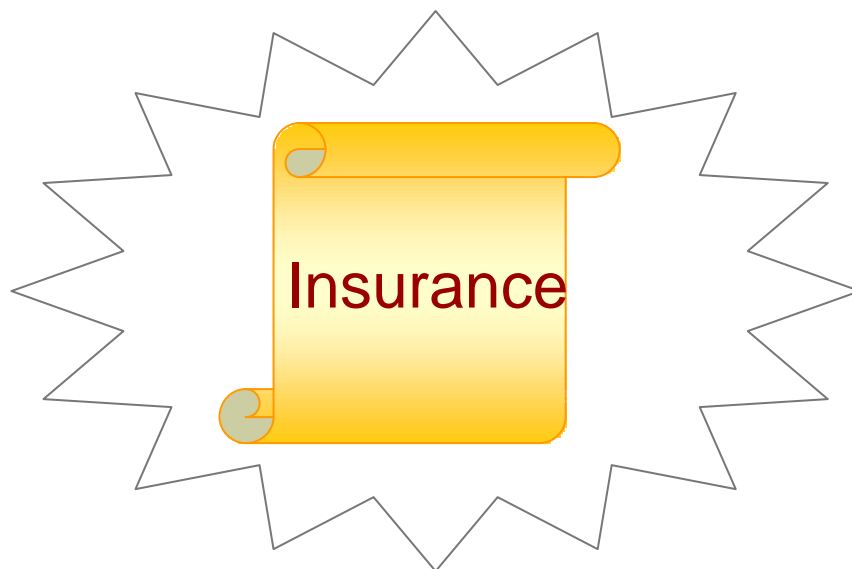
Description	Vendor	Version	Certified
OFFICE '97	Microsoft	V8	June 1999



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On all certified and installed modules.



Slide 9 - description

1. Remediation

All of Cassa's mission critical applications now have full 4 digit year fields, except for some interfaces, which have been made compliant using the windowing technique.

Currently, all of Cassa's critical systems are compliant and in the production environment.

2. External Relationships

- For internal maintenance – third party products, Cassa has asked and obtained all of the necessary Y2K compliance certifications and has updated its products, when necessary.
- Y2K compliance projects for those critical systems which could affect Cassa's operations, but are controlled by other financial institutions, have been discussed with Italian regulatory "credit and finance" workgroups, of which, Cassa is a member.

3. Facilities

Facilities and infrastructures are supplied by external firms: suppliers of facilities management, disaster recovery sites, telecommunications, electric power, Cassa's office building.

For these services, Cassa is inquiring as to their status of compliance and is substituting non compliant equipment, when necessary.



Overall external integrated tests conducted in May - June 1999

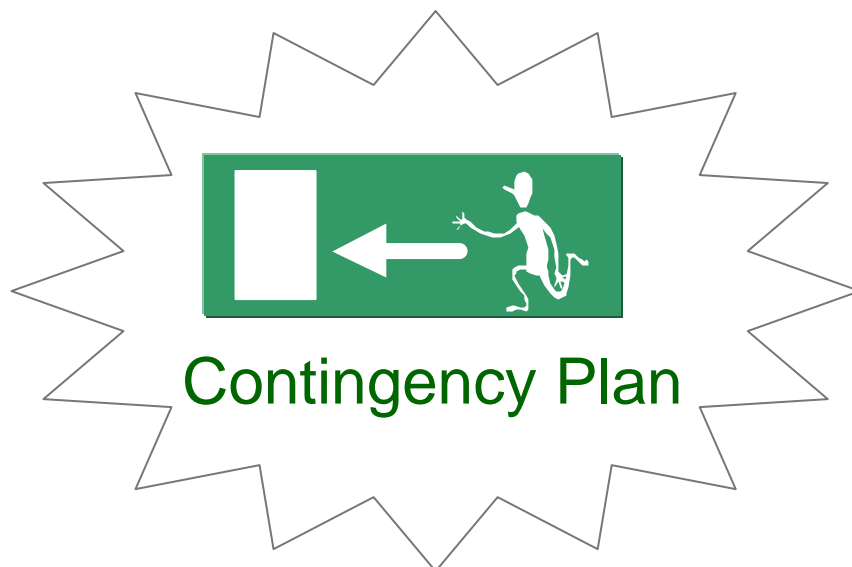
- 1. Intracs**
- 2. Guarantee Funds**
- 3. ACG**
- 4. ACDS**



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Contingency planning is now in progress and will be completed by September 20th. General guidelines were set up by the Information Technology manager (who is responsible for the Y2K project), but all of Cassa's areas and top management are currently engaged in this planning, viewed as a continuously updated document.

All planning follows the guidelines set up by the "Y2K Government Committee - Financial Area", in which Cassa participates as part of a workgroup, with other financial institutions: the Bank of Italy, Consob, Borsa Italiana, MTS, Montetitoli, Sia, ABI,



Slide 11 - description

In its contingency plan, Cassa is considering the potential impact of internal and external failure scenarios, relating to all of the critical systems and services mentioned in slide "2" above.

To minimize the effects of each failure, the contingency plan will identify a specific recovery process/procedure, classified as follow:

- organization process;
- fully or partially automated procedures, capable of solving the problem completely or in part;
- usual disaster recovery planning.

In addition, Cassa is in the process of stipulating an insurance policy, which also covers Y2K responsibility with unequivocal clauses.