

Futures Industry Disaster Recovery Test Briefings

September 2005



*Prepared and Moderated by
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AGENDA

- I. Introduction and Welcome
- II. Testing Goals and Objectives
- III. Review of Testing Protocol
- IV. Securities Industry Association Test Initiative
- V. Member Firm Readiness Discussion
- VI. Timeline and Next Steps

I. INTRODUCTION AND WELCOME

Our Panelists Today:

<i>CFE: Sandy Elliott</i>	<i>Eurex US: Todd Rich</i>
<i>CBOT: Susan Brown</i>	<i>NYBOT: Ian Nelson</i>
<i>CME: Karl Weinberg</i>	<i>NYCC: Brian Saylor</i>
<i>TCC: James Woods</i>	<i>NYMEX: Eric Aldrich</i>

II. TESTING GOALS AND OBJECTIVES

- Test the basic ability to conduct business (order entry through clearing) from alternate/back-up facilities simultaneously.
- Test disaster recovery capabilities among futures commission merchants, back-office service providers, recovery services providers, trading system vendors, clearing banks and market data vendors.
- Test the connectivity between exchanges, clearinghouses and their constituents' back-up facilities ("back-up to back-up"), and confirm member firms' ability to send/receive information to/from their back-up facilities/interfaces.

GOALS AND OBJECTIVES ... Continued

- Enter a small but meaningful sampling of orders and trades, carried out by a limited number of essential personnel, from alternate locations.
- Confirm the receipt/transmission of information to/from clearing members.
- Transmit key clearing reports and information to clearing firms to verify “round-trip” communications.

GOALS AND OBJECTIVES ... *Continued*

- Extensive application testing will be unnecessary since there will not be any required changes to application code.
- Success criteria will be defined by each exchange or clearinghouse.
- The exercise scope will be kept manageable from a cost and resource standpoint, so that the test can be repeated and performed routinely in the future.

III. REVIEW OF TESTING PROTOCOL

- Exchanges will specify products available for order entry/trading.
- Except for NYBOT, all exchanges will use their electronic trading venues for the test.
- Firms will use test accounts.
- Testing will take place between 9:00 am and 3:00 pm EDT.
- Member firms will confirm connectivity with their respective exchanges/clearinghouses:
 - Pre-test connectivity testing.
- Firms will execute a pre-defined script of orders.
- Exchanges will generate fill reports on the orders.

THE DAY OF THE TEST

- 8:30 am (EDT): “All Hands” conference call with exchanges, clearinghouses, firms, FIA etc.
 - Discuss readiness to start and any potential problems.
- Open Line: FIA’s Disaster Recovery conference line will remain open from 8:30 am to 3:00 pm to field questions on the status of test participants.
- Hourly closed calls: Test progress and status update with exchanges, clearing houses and FIA only.
- End of Day: Wrap-up conference call with exchanges, clearinghouses, FIA only.
- Test day exchange contact information will be provided the week before the test.

CBOE FUTURES EXCHANGE

- Will use production CBOEdirect ETS.
- Trade entry via scripts:
 - Products to be traded: VIX futures.
- Pre-test requirement- users must register via the FIA web site and establish back-up connectivity to CFE via the CBOE API Client Relations Group.
- Data will be edited to modify the trade date:
 - Order entry systems will reflect October 14 trade date.
- Trades to be transmitted from CBOEdirect to Clearing Corp. back-up site.

CBOE FUTURES EXCHANGE (Cont'd)...

- The Clearing Corp. will transmit end-of-day files to Options Clearing Corp. back-up site.
- Receive OCC data services from OCC back-up.
- OCC to produce gross position adjustments, position adjustments and transfers.
- Clearing Corp. will transmit trade confirmations from its back-up site to member firms' back-up bookkeeping systems.

CHICAGO BOARD OF TRADE

- Firms must register via the FIA web site.
- *No order entry will be permitted – post trade only.*
- CME Clearing will generate 10 trades:
 - December contracts in 10-year T-Notes, Corn and Dow futures.
- CME Clearing will generate a minimum of 10 trades from previous day's trading:
 - Trade date will be October 14th.
 - Buy-side trades will have customer origins and sell-side trades will have house origins.

CHICAGO BOARD OF TRADE (Cont'd)...

- Firms will receive TREP formatted confirmation trade records:
 - Viewable via CME's Internet-based Electronic Trade Poster (ETP).
 - Firm submitted trades will not be included in the test.
- Ability to submit other record types via CME network:
 - EFPs.
 - Change records.
 - These records will not be processed further by CME.
- Confirm that records have been received by verifying acknowledgement records have been sent by CME clearing systems.

CHICAGO BOARD OF TRADE (Cont'd)...

- Submission of PCS and Large Trader files from either the test files OR the firm's previous day's activity, modified with the correct submission date.
- Confirm records have been received by verifying via CME's FTP site:
 - No reports will be generated from data submitted by firms.
- Previous day's reports will be available to firms to verify the capability to receive and generate reports at firms' BC/DR sites.
- Contact the CME Customer Support Group to confirm you can reach them at the recovery site at both the beginning and end of the exercise.

CHICAGO MERCANTILE EXCHANGE

- Will use GLOBEX via remote back up site.
- Firms must pre-register via the FIA's web site.
- Verify firm connectivity:
 - All GLOBEX Markets will be in Pre-Opening state.
 - Can use either October 14th or October 15th trade dates. All fills will be sent to the firms with October 14th trade date.
 - Firms can send a test order in any market they wish.
 - No trades will occur during the pre-opening period.
 - Firms will verify connectivity and can send/receive messages.

CHICAGO MERCANTILE EXCHANGE (Cont'd)...

- Order entry via test script as follows:
 - Enter bids as customer and offers as house at the settlement price in the market you choose. Enter about 10 trades.
 - Firms may use any market. It is suggested that orders be submitted on Floor-Only Contracts (e.g. SPZ6). These will be listed on GLOBEX for the test.
 - Firms may receive crossed trades and/or trades with other counterparties.
- Trade reporting to firms' back office systems:
 - Should be verified and then deleted.
- Enter ex-pit transactions via CME portal URL.

CHICAGO MERCANTILE EXCHANGE (Cont'd)...

- Change FTP IP address to CME's remote site IP address to be able to:
 - Send Friday's PCS and Large Trader reports.
 - Receive Friday's Trade Register Data and SPAN files.
- Connect to CME FTP site via RDC IP:
 - Using Friday's data; FTP the PCS and Large Trader reports.
 - CME staff will verify receipt and then delete them.
- CME will transmit Friday's Trade Register and SPAN files:
 - Firms will verify receipt of these, delete them and contact the GCC to recap the test results.

CHICAGO MERCANTILE EXCHANGE (Cont'd)...

- Connect to RDC URL and enter a block trade for:
 - 5000 EDH @9740.0
- CME staff will verify receipt of the block trades and then delete them.
- Firms can contact CME Clearing Support (CCS) team to obtain CME Production IP address, RDC IP address or RDC URL address.
- Switch back to CME production site IP address at test conclusion.

THE CLEARING CORP.

- Will test from Clearing Corp. back-up site.
- Members must pre-register via the FIA web site.
- Firms will verify connectivity via a ping test from their back-up site :
 - Will receive successful log-in message.
- Previous day's clearing reports will be available for firms to retrieve to their back-up processing sites:
 - Match off files.
 - Report files.
 - SPAN files.
- PCS, large trader and/or ex-pit transactions will not be accepted.
- Contact Client Services Support Group at 312 786 5718.

EUREX U.S.

- Will use production Eurex U.S. ETS.
- Members must pre-register via the FIA web site.
- Firms should confirm all software/versions at firms' **primary** sites including ISV, proprietary and exchange software applications are also running at **back-up** site.
- Firms will conduct a connectivity test:
 - Will receive successful log-in message.
- No order entry will be permitted.
- The Clearing Corp. to provide previous day's clearing reports to members:
 - Match off files
 - Report files
 - SPAN files
- Contact Technology Help Desk at 312 544 1200.

NEW YORK BOARD OF TRADE NEW YORK CLEARING CORP.

- Will use back-up trading floor and back-up EOR facilities.
- Futures and options order entry via order entry scripts:
 - Sugar #11 and Cotton
- Trade date will be October 14, 2005.
- Firms must register via the FIA web site.
- Order entry via:
 - NYBOT EOR.
 - Clearing member order routing.
 - Phone orders to back-up trading floor.
- NYBOT EOR to NYBOT's back-up trading floor:
 - Managed by Securities Dealing Systems (SDS).
 - Will require change in EOR IP address.

NEW YORK BOARD OF TRADE/NEW YORK CLEARING CORP. (Cont'd)...

- Order routing to NYBOT back-up trading floor by phone:
 - Clearing members will call the phone numbers they use to enter orders to the NEA trading floor. Phones will forward to the LIC back-up facility.
 - NYBOT floor will be staffed by NYBOT floor operations personnel who will answer phones and take information from clearing members.
- Test cases – TIPS activity:
 - Clearing members will enter ex-pit transactions.
 - NYBOT staff will enter test trades.
 - Clearing members will accept test trades and ex-pits.

NEW YORK BOARD OF TRADE/NEW YORK CLEARING CORP. (Cont'd)...

- TIPS intra-day files will be available via Data Express.
- Firms will transmit PCS and large trader files to NYCC back-up site:
 - Firms will use production files from October 14 trade date.
- NYCC will generate end of day files:
 - Match off file will be available through Data Express
 - SPAN file will be available through CME SPAN web site.

NEW YORK BOARD OF TRADE/NEW YORK CLEARING CORP. (Cont'd)...

■ Ping Test:

- Test dates/times Sept. 10 and Oct. 1 - 9:00 am to 12:00 noon.
- Contact NYBOT staff LIC phone numbers.
- Frame relay network switched .
- Dial up connectivity available.
- TIPS over the internet available.
- EOR connectivity available:
 - TCP/IP address changed since last test.
- What to test:
 - TIPS connectivity.
 - Connectivity to NYBOT File Transfer Gateway.
 - EOR connectivity.
- Test script available FIA website.

NEW YORK BOARD OF TRADE/NEW YORK CLEARING CORP. (Cont'd)...

- Specific information (IP addresses, dial up #'s) regarding the connection of CM systems to the LIC back-up data center and NYCC's office is distributed to CM's directly.
- Contact the NYBOT Help Desk or NYCC for this information:

helpdesk@nybot.com

clearing@nybot.com

NEW YORK MERCANTILE EXCHANGE

- Will use ClearPort TMS back-up system.
- Trade date will be October 17, 2005.
- Firms must pre-register via FIA web site.
- Questions may be directed to NYMEX Director of Business Continuity – BCP@NYMEX.COM.
- Test environment will be monitored and managed via conference bridge set up for the test:
 - Bridge will act as test squawk box – monitored by NYMEX staff.
 - All problems will be brought up via bridge (taken off-line if necessary).
 - Test will be managed via bridge.
- Order entry will be via scripted trades entered into system by NYMEX staff.

NEW YORK MERCANTILE EXCHANGE (Cont'd)...

- Production accounts and products will be used.
- Production data will be backed up and restored over test data. Test data will be saved for subsequent review.
- Detailed test scripts describing what the firms are expected to do and when to do it will be created and provided to registered firms prior to the test date.
- The back-up dial-up (RJE) numbers will be re-sent to registered firms the same week:
 - Test links will be provided for ClearPort TMS.
 - New service: SFTP will be used to download or upload data. However, DR RJE numbers will also be available to connect to our back-up site (these have already been provided to all firms with connectivity to primary site).

NEW YORK MERCANTILE EXCHANGE (Cont'd)...

- Firms to connect to NYMEX via their back-up sites.
- The exchange will enter trades at DR site for allocation (give-ups) to registered participating firms.
- NYMEX Clearing will process all end-of-day reports:
 - Produce 591 Member Trade Register report.
- Data/Report Transfer:
 - Members will upload the previous day's PCS and Large Trader reports via RJE back-up lines.
 - Firms will retrieve clearing reports and data from Member Trade Register report and CM Download site.
- NYMEX will confirm report data against trades from test script.

EXCHANGE AND CLEARING HOUSE TESTING MATRIX

	CBOE Futures	CBOT	CME	TCC	EUREX US	NYBOT	NYMEX
<i>Back-Up Trading Floor Will Be Open</i>	N	N	N	N/A	N/A	Y	Y
<i>Systems To Be Used</i>	CBOEdirect Production	N/A	GLOBEX Production	B/U	Eurex US Production	EOR B/U	B/U
<i>Members Will Verify Connectivity Via Ping Test</i>	Y	N	Y	Y	Y	Y	Y
<i>Successful Login From Members' DR Sites</i>	Y	N		Y	Y		
<i>Trade Date</i>	10/14	N/A	10/14 or 10/15	N/A	N/A	10/14	10/17
<i>Receipt of 10 Orders From Member Firms Via Pre-Defined Scripts Of Orders Phone Or EOR/Member Order Routing Venues</i>	Y Y	N	Y	N/A	N	Y Y	Y
<i>Transmit 10 Fill Reports to Member Firms Generated By Exchange Floor Staff Back to Firms</i>	Y	Y Y	Y	N/A	N	Y	Y
<i>Receipt of 10 Ex-Pit Trade Reports From Member Firms Via Pre-defined Scripts</i>	N	Y Y	Y	N	N N	Y	Y
<i>Receipt of PCs and Large Trader Reports From Member Firms</i>	Dependent on SIAC	Y	Y+	N	N	Y	Y
<i>Download of Previous Day Clearing Reports To Member Firms Match Off File Report File Span File</i>	Depend on OCC Depend on OCC Depend on OCC	Y	N N N	Y Y Y	N/A	Y Y	
<i>All Production Systems Are Restored & Test Data/Parameters Re-set</i>	Y	Y	Y	Y	Y	Y	Y



* CME will accept either October 14 or October 15 trade dates on order input.

+ CME will accept previous day (October 14) large trader report information.

IV. SECURITIES INDUSTRY ASSOCIATION TEST INITIATIVE UPDATE

- Update on SIA's October 15th industry test.
- Test scope and objectives.
- Operational elements involved.
- Test protocol.
- Potential impact on futures industry test initiative.
- Register at SIA.com website.

TEST OVERVIEW

- Test Date: Saturday, October 15, 2005.
- Sponsored by Securities Industry Association, The Bond Market Association and Futures Industry Association.
- Part of an ongoing securities industry testing initiative that includes “Phase 1” connectivity testing, tabletop exercises and participation in DHS exercises.
- Will exercise and verify the ability of firms, markets and utilities to interact and operate through an emergency using backup sites, recovery facilities and backup communications capabilities across the industry.
- Includes components for equities, fixed income, options, futures and settlement.
- Firms will connect simultaneously from backup locations to exchanges and industry utilities.

PARTICIPATING EXCHANGES AND MARKETS

Equities

NASDAQ

AMEX

INET

PHLX

NYSE

SIAC

Options

The Options Clearing Corporation

American Stock Exchange

Chicago Board Options Exchange

International Securities Exchange

Pacific Exchange

Philadelphia Stock Exchange

Boston Options Exchange



Fixed Income

Municipal securities, Corporate securities, Treasuries, Mortgaged-backed securities.

Alternative Trading Systems

Bloomberg BondDesk TradeWeb

MarketAxess The Municenter

Inter-Dealer Brokers

eSpeed ICAP

Clearing Banks

Bank of New York JP Morgan Chase

Futures

CBOE Futures Exchange Chicago Board of Trade

Chicago Mercantile Exchange Eurex US

New York Board of Trade The Clearing Corp.

New York Mercantile Exchange New York Clearing Corp.

DTCC

U System/PSE test region

V. MEMBER FIRM READINESS

- Discussion with member firms as to the state of their readiness:
 - Back-up systems/communications links.
 - Order entry and routing.
 - Give up processing.
 - Clearance and settlement.
 - Use of third party service providers.
- Major issues or concerns.

VI. TIMELINE AND NEXT STEPS

Sept. - Calls with Steering Committee (9/21, 9/28).

Oct. - “All Hands” Calls (10/5, 10/12).

- Test on Saturday October 15th.
- Post-mortem review of test results.

FOUR MORE WEEKS TO GO !!!