

Year 2000 Bug – the legal issues

INTRODUCTION	1
1. YEAR 2000 PROBLEMS AND THE LIKELY IMPACT	2
What is the year 2000 problem?	2
Two-digit date storage	2
Leap year calculations	3
Special meanings for dates	3
Definition of year 2000 conformity	3
The scale of the problem	4
How serious is the problem?	6
How hard is the problem to fix?	6
How can lawyers help?	7
2. RISK MANAGEMENT	9
How might the year 2000 problem affect an organisation's operations?	9
<i>Computer systems</i>	9
<i>Office systems</i>	9
<i>Buildings</i>	10
<i>Factories</i>	10
<i>Infrastructure services and utilities</i>	11
<i>Legal breaches</i>	11
How can lawyers help their clients?	11
<i>Step 1: Recognise the risks</i>	11
<i>Step 2: Implement a compliance programme</i>	12
<i>Step 3: Identify and manage legal risks</i>	12
<i>Financial Reporting Act</i>	12
<i>Securities Act</i>	13
<i>Stock Exchange Listing Rules</i>	13
<i>Claims against directors</i>	14
<i>Offences</i>	15
<i>Directors' and officers' liability insurance</i>	15
<i>Business interruption insurance</i>	16
<i>Public liability and commercial general liability insurance</i>	16
<i>"Damages"</i>	16
<i>Unexpected nature</i>	16
<i>Personal injury and property damage</i>	16
<i>Policy "trigger"</i>	16
<i>Specific year 2000 policies</i>	17
<i>Generally</i>	17

3. COMPLIANCE PLANNING	22
Developing and implementing a year 2000 compliance programme	22
<i>Establish a year 2000 compliance team</i>	22
<i>Allocate resources</i>	22
<i>Promote awareness of year 2000 issues</i>	22
<i>Identify critical systems and services</i>	22
<i>Review compliance of critical systems and services</i>	23
<i>Internal systems</i>	24
<i>External suppliers</i>	26
<i>Suppliers</i>	26
<i>Customers</i>	26
<i>Compliance letters</i>	27
<i>Maintain compliance</i>	28
<i>Documentation of compliance activities</i>	29
How can lawyers help?	29
<i>Preparation and review of letters seeking year 2000 assurances</i>	29
<i>Contract review</i>	30
<i>Preparation of new contracts</i>	34
4. BUSINESS CONTINUITY PLANNING	38
Overview	38
Prerequisites to the development of a contingency plan	39
<i>Consult with users, experts and support personnel</i>	39
<i>Identify critical processes</i>	39
<i>Assess risks</i>	40
<i>Analyse current methods</i>	40
Elements of a contingency plan	41
<i>Scope and objective of the plan</i>	41
<i>Criteria for invoking the plan</i>	41
<i>Expected life of the plan</i>	41
<i>Roles, responsibilities and authority</i>	41
<i>Resource constraints</i>	41
<i>Training of personnel and testing of plans</i>	42
<i>Procedures for invoking contingency mode</i>	42
<i>Procedures for operating in contingency mode</i>	42
<i>Resource plan for operating in contingency mode</i>	42
<i>Criteria for returning to normal operating mode</i>	42
<i>Procedures for returning to normal operating mode</i>	42
<i>Procedures for recovering lost or damaged data</i>	42
Documentation of contingency plan	43
How can lawyers help?	43
<i>Scope of services</i>	43

<i>Trigger events</i>	43
<i>Procedures for invoking services</i>	44
<i>Standard of services (service levels)</i>	44
<i>Customer obligations</i>	44
<i>Charges and payment</i>	44
<i>Warranties</i>	44
<i>Confidentiality and security</i>	44
<i>Term and termination</i>	44
5. DEALING WITH DYSFUNCTIONS	45
Factors that make things go wrong	45
<i>Computer problems</i>	45
<i>Management problems</i>	45
<i>Communication problems</i>	45
Consequences	46
<i>Client problems</i>	46
<i>Lawyers' problems</i>	47
What to do	50
<i>Procedures</i>	50
<i>Types of dispute resolution</i>	51
APPENDIX 1	55
APPENDIX 2	58