



Year 2000 Safety and Soundness

FIL-112-98
October 15, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness*

Attached are the Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness ("Y2K Guidelines"). They were published in the *Federal Register* on October 15, 1998, and became effective immediately upon publication. The comment period for the Y2K Guidelines expires on December 14, 1998.

The Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, and Office of Thrift Supervision (collectively the "banking agencies") jointly are issuing these Y2K Guidelines. They establish minimum standards for safety and soundness under section 39 of the Federal Deposit Insurance Act (12 U.S.C. § 1831p-1). Through the Federal Financial Institutions Examination Council (FFIEC), the banking agencies have issued several guidance papers (FFIEC guidance) on important aspects of Year 2000 readiness. The Y2K Guidelines are taken from the FFIEC guidance. The Y2K Guidelines are consistent with the key principles contained in the guidance papers, and do not replace or supplant them.

Consistent with the FFIEC guidance papers, the Y2K Guidelines describe certain essential steps that each FDIC-supervised financial institution must take to become Year 2000 ready. Accordingly, the Guidelines require a bank to:

- ensure the involvement of the board of Directors and management in the institution's Year 2000 efforts,
- adopt a written project plan,
- renovate its mission-critical systems,
- complete tests of the renovated mission-critical systems by specific deadlines,
- plan for contingencies, and
- manage customer risk.

If an FDIC-supervised financial institution already has developed and adopted satisfactory plans and procedures to achieve Year 2000 readiness, it need not prepare new plans and procedures to satisfy the Y2K Guidelines.

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Director

Attachment: Interagency Guidelines Establishing Year 2000 Standards for Safety and Soundness

Distribution: FDIC-Supervised Banks (Commercial and Savings)

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