



Year 2000 Fiduciary Services Guidance

FIL-95-98
August 31, 1998

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Interagency Guidance on Fiduciary Services and Year 2000 Readiness*

The Federal Financial Institutions Examination Council (FFIEC) has issued the attached statement to alert financial institutions to the potential risks associated with fiduciary services and the Year 2000 date change. The interagency statement identifies areas of potential risk and recommended actions to manage those risks.

The Federal Deposit Insurance Corporation (FDIC) expects financial institutions that offer fiduciary services to conduct a review of those services to identify potential liabilities. Examination staff will evaluate the review process as part of an institution's upcoming Phase II on-site assessment to ensure the institution has taken appropriate action to manage identified exposure.

Management is encouraged to actively utilize the services of its internal audit process and external audit programs. A well-coordinated review and reporting process should substantially lessen the risk that problems will go undetected.

The FDIC and state banking authorities will continue to review the efforts of all FDIC-supervised banks to become Year 2000 ready. An institution's failure to appropriately address Year 2000 readiness problems may result in supervisory action, including formal and informal enforcement actions, denials of applications filed pursuant to the Federal Deposit Insurance Act, civil money penalties, reductions in the institution's management component or composite ratings, and increased risk-related premiums.

The attached interagency statement and related information on Year 2000 issues are available on the Internet via the World Wide Web at </news/news/financial/> or <http://www.ffiec.gov>.

Nicholas J. Ketcha Jr.
Director

Attachment:

[FFIEC Interagency Statement](#)

Distribution: FDIC-Supervised Banks (Commercial and Savings)

NOTE: Paper copies of FDIC financial institution letters may be obtained through the FDIC's Public Information Center, 801 17th Street, NW, Room 100, Washington, DC 20434 (800-276-6003 or (703) 562-2200).